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Part III

Statement of Program Service Accomplishments

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

☐ Yes ☒ No

1

Briefly describe the organization's mission

SEE SCHEDULE O

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 \$ 118,506,728 including grants of \$ 127,380) (Revenue \$ 189,545,330)

SEE SCHEDULE H

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 118,506,728

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 	Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I		No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	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		
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		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		No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III		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		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 	Yes	
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. 	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		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		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 	Yes	
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X		No
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 	Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII		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 	Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E		No
14a Did the organization maintain an office, employees, or agents outside of the United States?		No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV		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		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		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)		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		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		No
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H 	Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? 	Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	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? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If so, complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . .	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		No
b	If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b		No
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

☐

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.		
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.		
2b	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).		
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	Yes	
3b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O.	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		No
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		No
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7 Organizations that may receive deductible contributions under section 170(c).			
7a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		No
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
7d	If "Yes," indicate the number of Forms 8282 filed during the year.		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
9 Sponsoring organizations maintaining donor advised funds.			
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10 Section 501(c)(7) organizations. Enter			
10a	Initiation fees and capital contributions included on Part VIII, line 12.		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11 Section 501(c)(12) organizations. Enter			
11a	Gross income from members or shareholders.		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
13 Section 501(c)(29) qualified nonprofit health insurance issuers.			
13a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.		
13b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.		
13c	Enter the amount of reserves on hand.		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		No
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

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

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	AR
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 Crystal Bohannon 300 Werner St Hot Springs, AR 71913 (501) 622-1921	

Part VII

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

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

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

- 1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year
- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid

List all of the organization's **current** key employees, if any See instructions for definition of "key employee "

List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations

List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations

List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099- MISC)	(E) Reportable compensation from related organizations (W- 2/1099- MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) BRADLEY KIM DAY Interim CEO	4 00 6 00	X		X				0	845,114	114,696
(2) FORREST SPICHER II BOARD MEMBER/Former Chair	1 00 0 00	X		X				0	0	0
(3) JAMES NEWMAN BOARD MEMBER/Chair	1 00 1 00	X		X				0	0	0
(4) GUS BLASS III BOARD MEMBER	1 00 4 00	X						0	0	0
(5) MONDA BARLOW SPHR BOARD MEMBER	1 00 0 00	X						0	0	0
(6) PETER BANKO BOARD MEMBER	1 00 46 00	X						0	861,168	91,477
(7) SR ANN HARDCASTLE RSM BOARD MEMBER	1 00 0 00	X						0	0	0
(8) THOMAS FITZ BOARD MEMBER	1 00 59 00	X						0	0	0
(9) JONATHAN VITIELLO CFO	2 00 2 00			X				0	533,310	75,851
(10) BRENDA CHASE COO	50 00 0 00				X			0	430,930	79,679
(11) CHRISTINA WHATLEY Chief Quality Officer	60 00 0 00				X			239,694	0	25,851
(12) DOUGLAS ROSS MEDICAL DIRECTOR	60 00 0				X			509,726	0	30,863
(13) JON SWOPE PRES CENTRAL COMM	1 00 1 00				X			0	819,406	143,498
(14) MICHELE DIEDRICH CNO	60 00 0 00				X			188,926	85,390	46,633
(15) PATRICK MCCRUDEN EXECUTIVE VP MISSION	1 00 0 00				X			268,197	0	61,812
(16) SARA BRADLEY VP FINANCE	30 00 1 00				X			255,028	52,706	20,502
(17) WILLIAM HENNESSEY III REGIONAL VP MARKETING	5 00 0 00				X			0	236,699	62,247

Part VII

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099- MISC)	(E) Reportable compensation from related organizations (W- 2/1099- MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) ERIC VOGEL Physician	60 00 0					X		398,987	0	40,022
(19) GARY DRAKE physician	60 00 0 00					X		366,942	0	29,122
(20) KARL WAGENHAUSER Physician	0 00 0					X		368,757	0	17,209
(21) PATRICK KENNEDY PHYSICIAN	60 00 0					X		389,360	0	25,151
(22) WADE WERNECKE PHYSICIAN	60 00 0					X		489,817	0	28,928
(23) JAMES CARDENAS FORMER KEY EMPLOYEE	0 00 0 00						X	0	510,337	32,818
(24) JAMES TUTTON FORMER KEY EMPLOYEE	0 00 0						X	317,620	0	38,818
(25) JED LIUZZA FORMER KEY EMPLOYEE	0 00 0						X	0	178,415	17,542
(26) MARK LAREY FORMER KEY EMPLOYEE	0 00 0 00						X	25,988	314,622	42,671
(27) MICHAEL MERRIGAN FORMER KEY EMPLOYEE	1 00 0 00						X	0	594,878	58,560
1b Sub-Total							▼			
c Total from continuation sheets to Part VII, Section A							▼			
d Total (add lines 1b and 1c)							▼	3,819,042		5,462,973
										1,083,949

2Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization▶47

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

Section B. Independent Contractors

1Complete 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
MIDSTATE MEDICAL SERVICES PA 3810 CENTRAL AVE SUITE H HOT SPRINGS AR 71913	ANETHESIA COVERAGE	722,400
LINEN KING 1521 W 36TH PLACE TULSA OK 74107	LINEN SERVICES	623,448
FAYETTEVILLE LITHOTRIPERS ARI PO BOX 847324 DALLAS TX 75284	LITHOTRIPSY SERVICES	605,100
QUEST DIAGNOSTICS PO BOX 8740709 ATLANTA GA 30374	LAB SERVICES	595,946
DAVITA RENAL TREATMENT CENTER PO BOX 8500 1607 PHILADELPHIA PA 19178	CONTRACT SERVICES	442,000

2Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ▶18

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	72,651			
	e	Government grants (contributions) 1e	1,191,126			
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	275,600			
	g	Noncash contributions included in lines 1a-1f \$				
	h	Total. Add lines 1a-1f	1,539,377			
Program Service Revenue	Business Code					
	2a	NET PATIENT SERVICE REVENUE	621110	188,881,207	188,881,207	
	b	NON PATIENT LABORATORY	621500	2,111,387	2,111,387	
	c	RENTAL INCOME-RELATED ORGANIZATIONS	531120	602,441	602,441	
	d	FOOD CATERER	722320	2,400	2,400	
	e		0			
	f	All other program service revenue	61,682	61,682	0	0
	g	Total. Add lines 2a-2f	191,659,117			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	-64,569			-64,569
	4	Income from investment of tax-exempt bond proceeds	0			
	5	Royalties	0			
	(i) Real		(ii) Personal			
	6a	Gross rents	369,669			
	b	Less rental expenses				
	c	Rental income or (loss)	369,669	0		
	d	Net rental income or (loss)	369,669			369,669
	(i) Securities		(ii) Other			
	7a	Gross amount from sales of assets other than inventory	38,341	62,076,569		
	b	Less cost or other basis and sales expenses				
	c	Gain or (loss)	38,341	62,076,569		
	d	Net gain or (loss)	62,114,910			62,114,910
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18				
	a					
	b	Less direct expenses b				
	c	Net income or (loss) from fundraising events	0			
	9a	Gross income from gaming activities See Part IV, line 19				
	a					
	b	Less direct expenses b				
	c	Net income or (loss) from gaming activities	0			
	10a	Gross sales of inventory, less returns and allowances				
	a					
	b	Less cost of goods sold b				
	c	Net income or (loss) from sales of inventory	0			
	Miscellaneous Revenue		Business Code			
	11a	CAFE & VENDING	900099	926,799		926,799
	b			0		
	c			0		
	d	All other revenue		0	0	0
	e	Total. Add lines 11a-11d	926,799			
	12	Total revenue. See Instructions	256,545,303	189,545,330	2,113,787	63,346,809

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.	127,380	127,380		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.	0			
4	Benefits paid to or for members.	0			
5	Compensation of current officers, directors, trustees, and key employees.	1,630,486	1,482,260	148,226	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	0			
7	Other salaries and wages.	64,021,884	57,213,752	6,808,132	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	2,785,651	3	2,785,648	
9	Other employee benefits.	10,575,003	75,336	10,499,667	
10	Payroll taxes.	4,548,374	7	4,548,367	
11	Fees for services (non-employees):				
a	Management.	0			
b	Legal.	195,301	2,091	193,210	
c	Accounting.	0			
d	Lobbying.	0			
e	Professional fundraising services. See Part IV, line 17.	0			
f	Investment management fees.	0			
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	5,802,075	4,694,384	1,107,691	0
12	Advertising and promotion.	101,896	4,660	97,236	
13	Office expenses.	4,738,450	4,440,436	298,014	
14	Information technology.	18,697		18,697	
15	Royalties.	0			
16	Occupancy.	2,353,292	923,041	1,430,251	
17	Travel.	308,837	282,759	26,078	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.	0			
19	Conferences, conventions, and meetings.	989		989	
20	Interest.	1,007,000		1,007,000	
21	Payments to affiliates.	0			
22	Depreciation, depletion, and amortization.	6,081,944	4,150,242	1,931,702	
23	Insurance.	1,628,051		1,628,051	
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	SHARED SERVICE FEES	31,335,051	6,607,836	24,727,215	
b	BAD DEBT EXPENSE	21,339,049		21,339,049	
c	SEVERANCE	1,087,000	1,087,000		
d	DRUGS & MEDICAL EXPENSES	36,855,833	36,810,786	45,047	
e	All other expenses	1,707,421	604,755	1,102,666	0
25	Total functional expenses. Add lines 1 through 24e.	198,249,664	118,506,728	79,742,936	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ☐ if following SOP 98-2 (ASC 958-720).	0			

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		27,935,005	1	10,053,730
	2	Savings and temporary cash investments			2	
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		24,783,384	4	16,353,863
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L.		0	5	0
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L.		0	6	0
	7	Notes and loans receivable, net		344,253	7	111,167
	8	Inventories for sale or use		3,845,387	8	4,316,078
	9	Prepaid expenses and deferred charges		402,421	9	539,084
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D.	10a61,983,069			
	b	Less: accumulated depreciation	10b1,384,514	52,333,391	10c	60,598,555
	11	Investments—publicly traded securities			11	
	12	Investments—other securities. See Part IV, line 11.		0	12	0
	13	Investments—program-related. See Part IV, line 11.		0	13	0
	14	Intangible assets		4,828,394	14	
	15	Other assets. See Part IV, line 11.		11,156,902	15	26,778,276
	16	Total assets. Add lines 1 through 15 (must equal line 34).		125,629,137	16	118,750,753
Liabilities	17	Accounts payable and accrued expenses		9,782,350	17	17,712,390
	18	Grants payable			18	
	19	Deferred revenue		593,472	19	9,516
	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.		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties			23	84,600,000
	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.		0	25	0
	26	Total liabilities. Add lines 17 through 25.		10,375,822	26	102,321,906
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		115,135,534	27	16,326,444
	28	Temporarily restricted net assets		117,781	28	102,403
	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		115,253,315	33	16,428,847
	34	Total liabilities and net assets/fund balances		125,629,137	34	118,750,753

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	256,545,303
2	Total expenses (must equal Part IX, column (A), line 25)	2	198,249,664
3	Revenue less expenses Subtract line 2 from line 1	3	58,295,639
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	115,253,315
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-157,120,107
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	16,428,847

Part XII Financial Statements and Reporting

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

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

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 CHI ST VINCENT HOSPITAL HOT SPRINGS (FKA MERCY HOSPITAL HOT SPRINGS)	Employer identification number 71-0236913
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Part I

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

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

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

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

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

Part II

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

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

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

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

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

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

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

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

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

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

Facts And Circumstances Test

Return Reference	Explanation	
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SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

OMB No 1545-0047

2013

Open to Public Inspection

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

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

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

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

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

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

Name of the organization CHI ST VINCENT HOSPITAL HOT SPRINGS (FKA MERCY HOSPITAL HOT SPRINGS)	Employer identification number 71-0236913
--	--

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

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

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

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

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

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

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

Part II-A

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

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

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

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

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

Part II-B

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

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

		(a)	(b)	
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		10,633
j	Total. Add lines 1c through 1i.			10,633
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912.			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912.			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Return Reference	Explanation
Schedule C, Part II-B, Line 1, Description of the activities reported on Lines 1a through 1i.	THE FILING ORGANIZATION IS A MEMBER OF AND PAYS DUES TO THE FOLLOWING HOSPITAL ASSOCIATIONS: ARKANSAS HOSPITAL ASSOCIATION, CATHOLIC HEALTH ASSOCIATION, AND AMERICAN HOSPITAL ASSOCIATION. FOR THE YEAR ENDED JUNE 30, 2014, WE HAD LOBBY EXPENSE OF 10,633, AHA 9,330, AND CHA 1,303.

[illegible]

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization

CHI ST VINCENT HOSPITAL HOT SPRINGS (FKA MERCY HOSPITAL HOT SPRINGS)

Employer identification number

71-0236913

Part I

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

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

Part II

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

1

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

☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

2

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

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

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

Part III

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

1a

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

b

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

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

▶ \$ _____

(ii) Assets included in Form 990, Part X

▶ \$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ _____

b

Assets included in Form 990, Part X

▶ \$ _____

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

Cat No 52283D

Schedule D (Form 990) 2013

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

- 3

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

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other
- 4

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

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

☐ Yes

☐ No

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

- 1a

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

☐ Yes

☐ No
- b

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

Beginning balance

d

Additions during the year

e

Distributions during the year

f

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

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

☐ Yes

☐ No
- b

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

☐

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance	117,781	25,000	25,000	25,000	25,000
b Contributions	35,053	112,170			
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs	50,431	19,389			
f Administrative expenses					
g End of year balance	102,403	117,781	25,000	25,000	25,000

- 2

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

Board designated or quasi-endowment

100 000 %
- b

Permanent endowment
- c

Temporarily restricted endowment

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

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

3a(i)

No

(ii) related organizations

3a(ii)

No
- b

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

3b
- 4

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

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

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		9,224,542		9,224,542
b Buildings		30,970,571	304,060	30,666,511
c Leasehold improvements				0
d Equipment		19,131,867	1,021,095	18,110,772
e Other		2,656,089	59,359	2,596,730
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				60,598,555

Part XI

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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

Part XII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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

Part XIII

Supplemental Information

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

Return Reference	Explanation
Schedule D, Part V, Line 4, Intended uses of endowment funds	TEMPORARILY RESTRICTED NET ASSETS ARE RESTRICTED TO FUND NURSING SCHOOL SCHOLARSHIPS
Schedule D, Part X, Line 2, FIN 48 (ASC 740) footnote	CHI ST VINCENT HOSPITAL HOT SPRINGS' FINANCIAL INFORMATION IS INCLUDED IN THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS OF CATHOLIC HEALTH INITIATIVES (CHI), A RELATED ORGANIZATION. CHI'S FIN 48 (ASC 740) FOOTNOTE FOR THE YEAR ENDED JUNE 30, 2014, READS AS FOLLOWS: "CHI IS A TAX-EXEMPT COLORADO CORPORATION AND HAS BEEN GRANTED AN EXEMPTION FROM FEDERAL INCOME TAX UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE. CHI OWNS CERTAIN TAXABLE SUBSIDIARIES AND ENGAGES IN CERTAIN ACTIVITIES THAT ARE UNRELATED TO ITS EXEMPT PURPOSE AND THEREFORE SUBJECT TO INCOME TAX. MANAGEMENT REVIEWS ITS TAX POSITIONS ANNUALLY AND HAS DETERMINED THAT THERE ARE NO MATERIAL UNCERTAIN TAX POSITIONS THAT REQUIRE RECOGNITION IN THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS."

[illegible]

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CHI ST VINCENT HOSPITAL HOT SPRINGS (FKA MERCY HOSPITAL HOT SPRINGS)

Employer identification number
71-0236913

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☒ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care ☒ 100% ☐ 150% ☐ 200% ☐ Other _____ % b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☒ 400% ☐ Other _____ % c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care 4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	3a	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	3b	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	4	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5a	Yes	
6a	Did the organization prepare a community benefit report during the tax year?	5b		No
b	If "Yes," did the organization make it available to the public?	5c		
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H	6a	Yes	
		6b	Yes	

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			5,489,360		5,489,360	3 100 %
b Medicaid (from Worksheet 3, column a)			25,180,807	3,590,432	21,590,375	12 200 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . .					0	0 %
d Total Financial Assistance and Means-Tested Government Programs . .	0	0	30,670,167	3,590,432	27,079,735	15 300 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			605,623	130,063	475,560	0 270 %
f Health professions education (from Worksheet 5)			335,321		335,321	0 190 %
g Subsidized health services (from Worksheet 6)			1,038,393	600,000	438,393	0 240 %
h Research (from Worksheet 7)					0	0 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			34,600		34,600	0 020 %
j Total Other Benefits	0	0	2,013,937	730,063	1,283,874	0 720 %
k Total . Add lines 7d and 7j . .	0	0	32,684,104	4,320,495	28,363,609	16 020 %

Part IICommunity Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing					0	0 %
2Economic development					0	0 %
3Community support			121,311		121,311	0 060 %
4Environmental improvements					0	0 %
5Leadership development and training for community members					0	0 %
6Coalition building					0	0 %
7Community health improvement advocacy					0	0 %
8Workforce development					0	0 %
9Other					0	0 %
10Total	0	0	121,311	0	121,311	0 060 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

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

1Yes

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

221,339,049

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

30

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

Section B. Medicare

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

566,495,444

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

666,819,042

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

7-323,598

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

☐ Cost accounting system

☒ Cost to charge ratio

☐ Other

Section C. Collection Practices

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

9aYes

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

9bYes

Part IVManagement Companies and Joint Ventures

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

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

Part V

Facility Information

Section A. Hospital Facilities

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

Name, address, primary website address, and state license number

												Other (Describe)	Facility reporting group
	See Additional Data Table												

Part V

Facility Information *(continued)*

Section B. Facility Policies and Practices

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

CHI ST VINCENT HOSPITAL HOT SPRINGS (FKA MERCY HOSPITAL
HOT SPRINGS)

Name of hospital facility or facility reporting group

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

1

		Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years 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 If "Yes," indicate what the CHNA report describes (check all that apply)	1	Yes	
a ☒ A definition of the community served by the hospital facility			
b ☒ Demographics of the community			
c ☒ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☒ How data was obtained			
e ☒ The health needs of the community			
f ☒ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☒ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h ☒ The process for consulting with persons representing the community's interests			
i ☒ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>			
3 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	Yes	
4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		No
5 Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	Yes	
a ☒ Hospital facility's website (list url) _____			
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	Yes	
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 <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>100</u> % If "No," explain in Part VI the criteria the hospital facility used	10 Yes	
11	Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400</u> % If "No," explain in Part VI the criteria the hospital facility used	11 Yes	
12	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)	12 Yes	
a	☒ Income level		
b	☒ Asset level		
c	☒ Medical indigency		
d	☐ Insurance status		
e	☐ Uninsured discount		
f	☐ Medicaid/Medicare		
g	☐ State regulation		
h	☐ Residency		
i	☐ Other (describe in Part VI)		
13	Explained the method for applying for financial assistance?	13 Yes	
14	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	14 Yes	
a	☒ The policy was posted on the hospital facility's website		
b	☐ The policy was attached to billing invoices		
c	☒ The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d	☒ The policy was posted in the hospital facility's admissions offices		
e	☐ The policy was provided, in writing, to patients on admission to the hospital facility		
f	☒ The policy was available upon request		
g	☐ Other (describe in Part VI)		
Billing and Collections			
15	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	15 Yes	
16	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP		
a	☐ Reporting to credit agency		
b	☐ Lawsuits		
c	☐ Liens on residences		
d	☐ Body attachments		
e	☐ Other similar actions (describe in Section C)		
17	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged	17	No
a	☐ Reporting to credit agency		
b	☐ Lawsuits		
c	☐ Liens on residences		
d	☐ Body attachments		
e	☐ Other similar actions (describe in Section C)		

Part V

Facility Information *(continued)*

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

☐ Notified individuals of the financial assistance policy on admission
- b

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

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

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

☐ Other (describe in Section C)

Policy Relating to Emergency Medical Care

	Yes	No
19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	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		

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

[illegible]

Part V

Facility Information *(continued)*

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

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

Name and address		Type of Facility (describe)
1	MCAULEY SENIOR COMMUNITY CENTER 5010 HIGHWAY 7 NORTH HOT SPRINGS VILLAGE,AR 71900	URGENT CARE
2	MERCY HOME HEALTH 174 CORNERSTONE CT HOT SRPINGS,AR 71913	HOME CARE
3	MERCY WOUND CARE 221 MCAULEY COURT HOT SPRINGS,AR 71913	PHYSICIAN CLINIC/PRACTICE
4		
5		
6		
7		
8		
9		
10		

Part VI

Supplemental Information

Provide the following information

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

Form and Line Reference	Explanation
Schedule H, Part I, Line 7, Costing Methodology used to calculate financial assistance	THE COST-TO-CHARGE RATIO FOR THE YEAR ENDED 6/30/2014 WAS COMPUTED USING THE FOLLOWING FORMULA OPERATING EXPENSE (BEFORE RESTRUCTURING, IMPAIRMENT AND OTHER LOSSES) DIVIDED BY GROSS PATIENT REVENUE BASED ON THAT FORMULA, \$155,843,288 /\$736,763,734 RESULTS IN A 21.15% COST-TO-CHARGE RATIO WORKSHEET 2 WAS NOT USED TO DERIVE THE COST-TO-CHARGE RATIO

Form and Line Reference	Explanation
Schedule H, Part I, Line 7, col(f), Bad Debt Expense excluded from financial assistance calculation	21,339,049

Form and Line Reference	Explanation
Schedule H, Part I, Line 7g, Subsidized Health Services	THERE ARE NO PHYSICIAN CLINICS INCLUDED IN SUBSIDIZED HEALTH SERVICES

Form and Line Reference	Explanation
Schedule H, Part II, Community Building Activities	MERCY HOSPITAL HOT SPRINGS UTILIZES PUBLIC AND PRIVATE POPULATION HEALTH DATABASES TO ASSESS THE HEALTH NEEDS OF THE COMMUNITIES THEY SERVE THESE WOULD INCLUDE THE ARKANSAS DEPARTMENT OF HEALTH ARKANSAS BRFSS (BEHAVIORAL RISK FACTOR SURVEILLANCE SYSTEM), WHICH DISPLAYS THE PREVALENCE OF SELECTED HEALTH INDICATORS AT THE COUNTY LEVEL, AS WELL AS THE CDC COMMUNITY HEALTH STATUS INDICATORS REPORT LOCALLY, MERCY HOSPITAL HOT SPRINGS IS A FOUNDING MEMBER AND PARTICIPANT IN PROJECT HOPE THE GARLAND COUNTY HOMETOWN HEALTH INITIATIVE IN THIS CAPACITY WE PARTNER WITH OTHER COMMUNITY GROUPS AS WELL AS STATE AND LOCAL PUBLIC HEALTH OFFICIALS TO ASSESS HEALTH AND DETERMINE THE NEEDS OF OUR COMMUNITY, PARTICULARLY THE NEEDS OF VULNERABLE POPULATIONS ADDITIONALLY, MERCY HOSPITAL HOT SPRINGS ENGAGES IN A COMMUNITY MASTER PLANNING PROCESS THAT INCLUDES SOLICITING INPUT FROM COMMUNITY LEADERS AND GROUPS A FULL DESCRIPTION OF OUR EFFORTS CAN BE FOUND IN OUR COMMUNITY HEALTH NEEDS ASSESSMENT, WHICH CAN BE FOUND AT WWW.MERCY.NET/COMMUNITY-BENEFITS

Form and Line Reference	Explanation
Schedule H, Part III, Line 2, Bad debt expense - methodology used to estimate amount	COSTING METHODOLOGY FOR AMOUNTS REPORTED ON LINE 2 IS DETERMINED USING THE ORGANIZATION'S COST/CHARGE RATIO OF 21.15%. WHEN DISCOUNTS ARE EXTENDED TO SELF-PAY PATIENTS, THESE PATIENT ACCOUNT DISCOUNTS ARE RECORDED AS A REDUCTION IN REVENUE, NOT AS BAD DEBT EXPENSE.

Form and Line Reference	Explanation
Schedule H, Part III, Line 3, Bad Debt Expense Methodology	THE FILING ORGANIZATION DETERMINED THAT THE ESTIMATED AMOUNT OF BAD DEBT EXPENSE (AT COST) ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S CHARITY CARE POLICY IS \$0. ALTHOUGH THE CHARITY CARE POLICY REQUIRES THE PARTICIPATION OF THE PATIENT REQUESTING ASSISTANCE, WE HAVE A PROCESS UNDER PRESUMPTIVE CHARITY (REFER TO DISCLOSURE FOR PART III, #9B) TO ADDRESS ACCOUNTS FOR PATIENTS WHO DO NOT PROVIDE THE INFORMATION. WE BELIEVE THAT OUR CHARITY POLICY IS COMPREHENSIVE ENOUGH TO CAPTURE ALMOST ALL PATIENTS WHO QUALIFY FOR CHARITY CARE.

Form and Line Reference	Explanation
Schedule H, Part III, Line 4, Bad debt expense - financial statement footnote	CHI ST VINCENT HOSPITAL HOT SPRINGS' DOES NOT ISSUE SEPARATE COMPANY AUDITED FINANCIAL STATEMENTS. HOWEVER, THE ORGANIZATION IS INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS OF CATHOLIC HEALTH INITIATIVES. THE CONSOLIDATED FOOTNOTE READS AS FOLLOWS: "THE PROVISION FOR BAD DEBTS IS BASED UPON MANAGEMENT'S ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS, TAKING INTO CONSIDERATION HISTORICAL BUSINESS AND ECONOMIC CONDITIONS, TRENDS IN HEALTH CARE COVERAGE, AND OTHER COLLECTION INDICATORS. MANAGEMENT ROUTINELY ASSESSES THE ADEQUACY OF THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS BASED UPON HISTORICAL WRITE-OFF EXPERIENCE BY PAYOR CATEGORY. THE RESULTS OF THESE REVIEWS ARE USED TO MODIFY, AS NECESSARY, THE PROVISION FOR BAD DEBTS AND TO ESTABLISH APPROPRIATE ALLOWANCES FOR UNCOLLECTIBLE NET PATIENT ACCOUNTS RECEIVABLE. AFTER SATISFACTION OF AMOUNTS DUE FROM INSURANCE, CHI FOLLOWS ESTABLISHED GUIDELINES FOR PLACING CERTAIN BALANCES WITH COLLECTION AGENCIES, SUBJECT TO THE TERMS OF CERTAIN RESTRICTIONS ON COLLECTION EFFORTS AS DETERMINED BY EACH FACILITY. THE PROVISION FOR BAD DEBTS IS PRESENTED ON THE CONSOLIDATED STATEMENTS OF OPERATIONS AS A DEDUCTION FROM PATIENT SERVICES REVENUES (NET OF CONTRACTUAL ALLOWANCES AND DISCOUNTS) SINCE CHI ACCEPTS AND TREATS SUBSTANTIALLY ALL PATIENTS WITHOUT REGARD TO THE ABILITY TO PAY."

Form and Line Reference	Explanation
Schedule H, Part III, Line 8, Community benefit & methodology for determining medicare costs	IT IS THE POSITION OF CHI ST VINCENT HOSPITAL HOT SPRINGS THAT 100% OF ANY SHORTFALL SHOULD BE TREATED AS A COMMUNITY BENEFIT THIS AMOUNT REPRESENTS THE COST OF PROVIDING SERVICES THAT REMAIN UNCOMPENSATED TO THE PROVIDER THE UNREIMBURSED COSTS OF MEDICARE ARE CALCULATED BY TAKING THE GROSS CHARGES NET OF THE COST TO CHARGE RATIO LESS ANY PAYMENTS, DEDUCTIONS OR REIMBURSEMENTS USING THE ANNUAL MEDICARE COST REPORT (CMS FORM 2552-96)

Form and Line Reference	Explanation
Schedule H, Part III, Line 9b, Collection practices for patients eligible for financial assistance	CHI ST VINCENT HOSPITAL HOT SPRINGS ("CHISVH") DEBT COLLECTION POLICY PROVIDES THAT CHISVH WILL PERFORM A REASONABLE REVIEW OF EACH INPATIENT ACCOUNT BEFORE TURNING AN ACCOUNT OVER TO A THIRD-PARTY COLLECTION AGENT AND PRIOR TO INSTITUTING ANY LEGAL ACTION FOR NON-PAYMENT, TO ASSURE THAT THE PATIENT AND PATIENT GUARANTOR ARE NOT ELIGIBLE FOR ANY ASSISTANCE PROGRAM (E G , MEDICAID) AND DO NOT QUALIFY FOR COVERAGE THROUGH CHISVH'S COMMUNITY ASSISTANCE POLICY AFTER HAVING BEEN TURNED OVER TO A THIRD-PARTY COLLECTION AGENT, ANY PATIENT ACCOUNT THAT IS SUBSEQUENTLY DETERMINED TO HAVE MET THE CHISVH COMMUNITY ASSISTANCE POLICY IS REQUIRED TO BE RETURNED IMMEDIATELY BY THE THIRD-PARTY COLLECTION AGENT TO CHISVH FOR APPROPRIATE FOLLOW-UP CHISVH REQUIRES ITS THIRD-PARTY COLLECTION AGENTS TO INCLUDE A MESSAGE ON ALL STATEMENTS INDICATING THAT IF A PATIENT OR PATIENT GUARANTOR MEETS CERTAIN STIPULATED INCOME REQUIREMENTS, THE PATIENT OR PATIENT GUARANTOR MAY BE ELIGIBLE FOR FINANCIAL ASSISTANCE CHISVH UTILIZES THE "SEARCH AMERICA" TOOL TO ENHANCE THE ABILITY TO DETERMINE CHARITY QUALIFICATION PRESUMPTIVE CHARITY WILL BE GRANTED IN SITUATIONS WHERE CHISVH HAS BEEN UNABLE TO OBTAIN INFORMATION FROM PATIENTS OR THE INFORMATION PROVIDED IS NOT COMPLETE ENOUGH TO MAKE A CHARITY DETERMINATION CHISVH UTILIZES PRESUMPTIVE CHARITY PRIOR TO BAD DEBT PLACEMENT FOR CHARITY ADJUSTMENTS IN EXCESS OF \$6,500 IN THESE CASES, CHISVH UTILIZES THE SEARCH AMERICA REPORT STATUS OF "PROBABLE CHARITY" AS THE BASIS FOR ASSIGNING THE CHARITY LEVEL CHISVH WILL PURSUE APPROPRIATE MEANS IN THE COLLECTION OF DELINQUENT ACCOUNTS FROM PATIENTS WITH AN ESTABLISHED ABILITY TO PAY OR AN UNWILLINGNESS TO COOPERATE IN VALIDATING ELIGIBILITY FOR FINANCIAL ASSISTANCE THESE APPROPRIATE MEANS MAY INCLUDE LEGAL ACTION CONSISTENT WITH CHISVH MISSION AND VALUES ADDITIONALLY THEY MAY INCLUDE LIENS UPON REAL PROPERTY AND REASONABLE WAGE GARNISHMENTS LEGAL ACTIONS WILL GENERALLY NOT INCLUDE BANK GARNISHMENT, REPOSSESSION OF ASSETS OR FORECLOSURES TO ENFORCE SATISFACTION OF A LIEN CHISVH HAS POLICIES AND PROCEDURES ESTABLISHED TO ADDRESS THE INITIATION OF LEGAL ACTION AND ANNUALLY REVIEWS COMPLIANCE WITH ALL POLICIES

Form and Line Reference	Explanation
SCHEDULE H, PART IV, LINES 2, 4 & 5 - NEEDS ASSESSMENT AND COMMUNITY INFORMATION	CHI ST VINCENT HOSPITAL HOT SPRINGS, HAS A LONG HISTORY AND TRADITION OF WORKING TO IMPROVE COMMUNITY HEALTH, BOTH IN THE NARROW SENSE OF TREATING ILLNESS AND THE BROADER SENSE OF OTHER COMMUNITY SERVICES SINCE 1888 WE HAVE RESPONDED TO THE HEALTH CARE NEEDS OF INDIVIDUALS IN HOT SPRINGS AND THE SURROUNDING COMMUNITIES, AS WELL AS WORKING WITH OTHERS TO ACHIEVE COMMUNITY HEALTH CHISVH IS COMMITTED TO ENHANCING ACCESS TO HEALTHCARE SERVICES SO THAT ALL IN NEED ARE SERVED IN A TIMELY AND JUST MANNER OUR EFFORTS INCLUDE WORKING COLLABORATIVELY WITH OTHER HEALTHCARE PROVIDERS AND COMMUNITY ORGANIZATIONS TO IDENTIFY AND IMPLEMENT SOLUTIONS, DEVELOPING INTERNAL POLICIES AND PRACTICES TO PROMOTE JUST TREATMENT, ADDRESSING THE NEED OF GREATER COMMUNITY OUTREACH IN ORDER TO PROVIDE SERVICES AT THE APPROPRIATE LEVEL OF CARE AND SUPPORTING POLICY INITIATIVES THAT MAKE HEALTH CARE MORE ACCESSIBLE

Form and Line Reference	Explanation
Schedule H, Part VI, Line 2, Needs assessment	CHI ST VINCENT HOSPITAL HOT SPRINGS BELIEVES THAT ITS COMMUNITY HEALTH NEEDS ASSESSMENT PROCESS IS COMPREHENSIVE ENOUGH TO CAPTURE SUBSTANTIALLY ALL OF THE COMMUNITY'S NEEDS THEREFORE NO FURTHER STEPS WERE TAKEN TO IDENTIFY ADDITIONAL NEEDS

Form and Line Reference	Explanation
Schedule H, Part VI, Line 3, Patient education of eligibility for assistance	THE FILING ORGANIZATION HAS PRINTED MATERIAL AVAILABLE AT EACH POINT OF REGISTRATION IN OUR FACILITY, IN ADDITION TO ELECTRONICALLY AVAILABILITY AT OUR WEB SITE AT WWW.CHISTVINCENT.COM. FINANCIAL ASSISTANCE INFORMATION AS A PART OF OUR HEALING MINISTRY, THE FILING ORGANIZATION IS COMMITTED TO PROVIDING QUALITY HEALTHCARE SERVICES TO PATIENTS REGARDLESS OF THEIR FINANCIAL SITUATION. WE OFFER PAYMENT ASSISTANCE FOR THOSE WHO DO NOT HAVE INSURANCE OR WHO ARE IN FINANCIAL NEED. UNINSURED PATIENT DISCOUNTS A DISCOUNT FROM THE HOSPITAL'S REGULAR BILLED CHARGES WILL BE PROVIDED TO PATIENTS WHO DO NOT HAVE INSURANCE. THIS INCLUDES PATIENTS WHOSE FINANCIAL SITUATION NORMALLY WOULD NOT OTHERWISE QUALIFY THEM FOR CHARITY CARE DISCOUNTS. PATIENTS WITHOUT INSURANCE WHOSE FINANCIAL SITUATION QUALIFIES THEM FOR CHARITY CARE DISCOUNTS (SEE ELIGIBILITY GUIDELINES BELOW) ARE ASSISTED OR ASKED IN APPLYING FOR MEDICAID BEFORE APPLYING FOR FINANCIAL ASSISTANCE. MERCY WORKS TO EXHAUST ALL EFFORTS TO COORDINATE WITH THE PATIENT TO APPLY FOR MEDICAID, BUT DOES NOT PROHIBIT CHARITY CONSIDERATIONS IF DENIED NOR APPLIED. APPLICATIONS FOR CHARITY CARE DISCOUNTS WILL BE REVIEWED FOR ELIGIBILITY BASED ON THE APPLICANT'S INCOME, FAMILY SIZE, AMOUNT OF PAYMENT DUE AND AVAILABILITY OF OTHER ASSETS OR RESOURCES. PLEASE NOTE THAT CARE MUST BE MEDICALLY NECESSARY TO BE CONSIDERED ELIGIBLE FOR UNINSURED PATIENT DISCOUNTS.

Form and Line Reference	Explanation
Schedule H, Part VI, Line 4, Community Information	CHI ST VINCENT HOSPITAL HOT SPRINGS' PRIMARY SERVICE AREA INCLUDES SIX COUNTIES IN ARKANSAS, INCLUDING GARLAND, HOT SPRING, CLARK, PIKE, MONTGOMERY AND HOWARD. BASED ON TRUVEN 2012 DATA, THE AREA'S POPULATION IS 193,973. 16% OF THE POPULATION HAS AN AVERAGE HOUSEHOLD INCOME OF OVER \$75,000. 20% OF THE POPULATION IS AGE 65 AND OLDER. 23% OF THE POPULATION IS ON MEDICARE, 16% ON MEDICAID, AND 18% UNINSURED, BASED ON 2012 TRUVEN INSURANCE ESTIMATES.

Form and Line Reference	Explanation
Schedule H, Part VI, Line 5, Promotion of community health	CHI ST VINCENT HOSPITAL HOT SPRINGS PROMOTES COMMUNITY HEALTH IN A NUMBER OF WAYS THE ITEMS BELOW HAVE BEEN IDENTIFIED AS OUR PRIORITIES BASED ON COMMUNITY NEEDS ASSESSMENTS 1 PROVIDING CARE ACROSS THE CONTINUUM TO AT-RISK POPULATIONS ESPECIALLY THE ECONOMICALLY POOR WITHOUT INSURANCE 2 EXPANDING ACCESS TO PRIMARY CARE FOR AREA RESIDENTS ESPECIALLY LOW INCOME RESIDENTS COVERED BY THE MEDICAID PROGRAM 3 PROTECTING AND CARING FOR CHILDREN WHO ARE VULNERABLE TO OR VICTIMS OF CHILD ABUSE 4 MAINTAINING ACCESS TO SPECIALTY CARE ESPECIALLY IN THE AREAS OF EMERGENCY MEDICINE, TRAUMA, NEUROSURGICAL, CANCER, BREAST CANCER SCREENING AND CARDIAC CARE 5 IMPROVING ACCESS TO HEALTH CARE FOR LOW-INCOME EXPECTANT MOTHERS 6 EXPANDING ACCESS TO URGENT CARE FOR THE UNINSURED 7 MAINTAINING ACCESS TO NUTRITION, TRANSPORTATION AND SOCIALIZATION FOR THE LOW INCOME ELDERLY 8 DEVELOPING PRIMARY PREVENTION STRATEGIES TO IDENTIFY HEALTH RISKS AND CONDITIONS AND IMPLEMENT PREVENTION, CARE AND TREATMENT EARLIER IN THE CYCLE OF ILLNESS INCLUDING CHILDHOOD VACCINATIONS

Form and Line Reference	Explanation
Schedule H, Part VI, Line 6, Affiliated health care system	AS OF 6/30/14, CHI ST VINCENT HOSPITAL HOT SPRINGS, ALONG WITH ITS AFFILIATED OUTPATIENT FACILITIES, ARE PART OF CATHOLIC HEALTH INITIATIVES. CATHOLIC HEALTH INITIATIVES (CHI) IS A NATIONAL FAITH-BASED NONPROFIT HEALTH CARE ORGANIZATION WITH HEADQUARTERS IN ENGLEWOOD, COLORADO. CHI'S EXEMPT PURPOSE IS TO SERVE AS AN INTEGRAL PART OF ITS NATIONAL SYSTEM OF HOSPITALS AND OTHER CHARITABLE ENTITIES, WHICH ARE DESCRIBED AS MARKET-BASED ORGANIZATIONS, OR MBOS. AN MBO IS A DIRECT PROVIDER OF CARE OR SERVICES WITHIN A DEFINED MARKET AREA THAT MAY BE AN INTEGRATED HEALTH SYSTEM AND/OR A STAND-ALONE HOSPITAL OR OTHER FACILITY OR SERVICE PROVIDER. CHI SERVES AS THE PARENT CORPORATION OF ITS MBOS WHICH ARE COMPRISED OF 92 HOSPITALS, INCLUDING FOUR ACADEMIC MEDICAL CENTERS, AND 24 CRITICAL ACCESS FACILITIES, COMMUNITY HEALTH SERVICE ORGANIZATIONS, ACCREDITED NURSING COLLEGES, HOME HEALTH AGENCIES, AND OTHER FACILITIES THAT SPAN THE INPATIENT AND OUTPATIENT CONTINUUM OF CARE. TOGETHER, THESE FACILITIES PROVIDED \$910 MILLION IN CHARITY CARE AND COMMUNITY BENEFIT IN THE 2014 FISCAL YEAR, INCLUDING SERVICES FOR THE POOR, FREE CLINICS, EDUCATION AND RESEARCH. CHI PROVIDES STRATEGIC PLANNING AND MANAGEMENT SERVICES AS WELL AS CENTRALIZED "SHARED SERVICES" FOR THE MBOS. THE PROVISION OF CENTRALIZED MANAGEMENT AND SHARED SERVICES - INCLUDING AREAS SUCH AS ACCOUNTING, HUMAN RESOURCES, PAYROLL AND SUPPLY CHAIN -- PROVIDES ECONOMIES OF SCALE AND PURCHASING POWER TO THE MBOS. THE COST SAVINGS ACHIEVED THROUGH CHI'S CENTRALIZATION ENABLE MBOS TO DEDICATE ADDITIONAL RESOURCES TO HIGH-QUALITY HEALTH CARE AND COMMUNITY OUTREACH SERVICES TO THE MOST VULNERABLE MEMBERS OF OUR SOCIETY. CHI ST VINCENT HOSPITAL HOT SPRINGS OPERATES WITH ITS WHOLLY OWNED AFFILIATES AND COMMUNITY PARTNERS TO SERVE THE HEALTH CARE NEEDS OF THE ARKANSAS, KANSAS, MISSOURI & OKLAHOMA AND HAS OUTREACH MINISTRIES LOCATED IN LOUISIANA, MISSISSIPPI, AND TEXAS.

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

Additional Data

Software ID: 13000248
Software Version: 2013v3.1
EIN: 71-0236913
Name: CHI ST VINCENT HOSPITAL HOT SPRINGS (FKA MERCY HOSPITAL HOT SPRINGS)

990 Schedule H, Supplemental Information

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.	
Form and Line Reference	Explanation
Schedule H, Part V Sec B, Line 3, Community Served by Needs Assessment	
Schedule H, Part V Sec B, Line 20d, How amounts charged to FAP-eligible patients were determined	(1) - CHI ST VINCENT HOSPITAL HOT SPRINGS THE FEDERAL POVERTY GUIDELINES FOR INCOME ARE THE BASIS FOR DETERMINING ELIGIBILITY FOR CHARITY CARE DISCOUNTS FOR EXAMPLE, INDIVIDUALS WITH INCOMES BELOW 100% OF THE FEDERAL POVERTY GUIDELINES WILL BE ELIGIBLE FOR FREE CARE INDIVIDUALS WITH INCOMES GREATER THAN 100% OF THE FEDERAL POVERTY GUIDELINES MAY BE ELIGIBLE FOR CARE AT DISCOUNTED RATES DEPENDING ON THEIR INCOME LEVEL AND/OR THE AMOUNT DUE TO THE HOSPITAL ,

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
CHI ST VINCENT HOSPITAL HOT SPRINGS (FKA MERCY HOSPITAL HOT SPRINGS)

Employer identification number
71-0236913

Part I

General Information on Grants and Assistance

- 1

Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?

☒ Yes ☐ No
- 2

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

Part II

Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) AMERICAN CANCER SOCIETY 250 WILLIAMS ST NW STE 400 ATLANTA,GA 30303	13-1788491	501(C)(3)	7,500				SPONSORSHIP RELAY FOR LIFE - GARLAND COUNTY
(2) HOT SPRINGS AIDS RESOUC E CENTER 1801 CENTRAL AVE STE C HOT SPRINGS,AR 71901	71-0306406	501(C)(3)	8,400				DONATIONS
(3) ARKANSAS HOSPITAL ASSOCIATION 419 NATURAL RESOURCES DRIVE LITTLE ROCK,AR 72205		501(C)(3)	14,807				DONTATION AHEART
(4) ST JOHN'S CATHOLIC SCHOOL 583 WEST GRAND AVENUE HOT SPRINGS,AR 71901	71-0539026	GOV'T	5,000				SPONSORSHIP
(5) UNIVERSITY OF ARKANSAS FOUNDATION 535 RESEARCH CENTER BLVD SUITE 120 FAYETTEVILLE,AR 72701	71-6056774	501(C)(3)	10,000				GARVAN WOODLAND GARDENS SPONSORSHIP
(6) AMERICAN HEART ASSOCIATION 7272 GREENVILLE AVE DALLAS,TX 75231	13-5613797	501 (C)(3)	12,500				SPONSORSHIP AHA HEART BALL
(7) GARLAND COUNTY HABITAT FOR HUMANITY PO BOX 171 HOT SPRINGS,AR 71902	71-0776139	501(C)(3)	65,000				HABITAT HOUSE

2

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

6

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
Schedule I, Part I, Line 2, Procedures for monitoring use of grant funds	THE ASSISTANCE PROVIDED IS INTENDED TO BE USED FOR THE GENERAL OPERATING PURPOSES OF THE DONEE THE USE OF GRANT FUNDS IS NOT MONITORED AFTER GRANTS ARE GIVEN

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
CHI ST VINCENT HOSPITAL HOT SPRINGS (FKA MERCY HOSPITAL HOT SPRINGS)

Employer identification number
71-0236913

Part I

Questions Regarding Compensation

	Yes	No
1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. ☒ First-class or charter travel ☐ Housing allowance or residence for personal use ☒ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)		
b If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain.	1bYes	
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?	2Yes	
3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III. ☐ Compensation committee ☐ Written employment contract ☐ Independent compensation consultant ☐ Compensation survey or study ☐ Form 990 of other organizations ☐ Approval by the board or compensation committee		
4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization:		
a Receive a severance payment or change-of-control payment?	4a	No
b Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4bYes	
c Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.	4c	No
Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:		
a The organization?	5a	No
b Any related organization? If "Yes," to line 5a or 5b, describe in Part III.	5b	No
6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:		
a The organization?	6a	No
b Any related organization? If "Yes," to line 6a or 6b, describe in Part III.	6b	No
7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III.	7Yes	
8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III.	8	No
9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9	

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

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

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

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

Part III Supplemental Information

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

Return Reference	Explanation
Schedule J, Part I, Line 1a, First-class or charter travel	CHARTER TRAVEL IS PROVIDED TO CERTAIN EMPLOYEES AS AND WHEN APPROPRIATE, AND AS DEEMED NECESSARY FOR BUSINESS TRAVEL. AFTER CHARTER TRAVEL APPROVAL HAS BEEN GRANTED IN ACCORDANCE WITH THE FINANCIAL JUSTIFICATION PROCESS, THE APPROVED CHARTER TRAVEL FOR BUSINESS IS A REIMBURSABLE EXPENSE WHICH IS NOT TAXABLE TO THE EMPLOYEES.
Schedule J, Part I, Line 1a, Travel for companions	TRAVEL FOR COMPANIONS IS PROVIDED IN RARE INSTANCES AND IN ACCORDANCE WITH THE CO-WORKER TRAVEL AND OTHER EXPENSE POLICY AND PROCEDURES. WHERE COMPANION TRAVEL HAS RESULTED IN A TAXABLE EVENT, THE EMPLOYEES ARE TAXED FOR SUCH TRAVEL.
Schedule J, Part I, Line 4b, Supplemental nonqualified retirement plan	CHI ST VINCENT HOSPITAL HOT SPRINGS OFFERS SUPPLEMENTAL NON-QUALIFIED PLANS TO CERTAIN EXECUTIVES WHICH PROVIDE BENEFITS UPON VESTING DATE, BASED ON COMPENSATION, AGE AT THE TIME OF BENEFIT COMMENCEMENT, LENGTH OF SERVICE WITH THE COMPANY AND/OR ITS AFFILIATES, AND LENGTH OF TENURE IN THE PLAN. THE INDIVIDUALS REPORTABLE ON THIS RETURN WHO PARTICIPATE IN THE SUPPLEMENTAL RETIREMENT PLANS INCLUDE BRADLEY (KIM) DAY, JONATHAN VITIELLO, BRENDA CHASE, MICHELE DIEDRICH, WILLIAM HENNESSEY III, PATRICK MCCRUDEN AND JON SWOPE. THE AMOUNT OF ALL ACCRUED BENEFITS IS INCLUDED IN COMPENSATION AMOUNTS PROVIDED IN SCHEDULE J, PART II, COLUMN (C). DURING THE 2013 CALENDAR YEAR CATHOLIC HEALTH INITIATIVES (CHI), A RELATED ORGANIZATION, MAINTAINED A SUPPLEMENTAL NON-QUALIFIED DEFERRED COMPENSATION PLAN FOR MBO CEOs AND OTHER CHI EMPLOYEES AT THE LEVEL OF SENIOR VICE PRESIDENT AND ABOVE. THE FOLLOWING REPORTABLE INDIVIDUALS WERE ELIGIBLE TO PARTICIPATE IN THAT PLAN: PETER BANKO. INCLUDE IF APPLICABLE: DURING 2013 THE FOLLOWING CONTRIBUTIONS WERE MADE BY CHI TO THE DEFERRED COMPENSATION PLAN: PETER BANKO - \$45,503. INCLUDE IF APPLICABLE: DURING 2013 THE FOLLOWING DISTRIBUTIONS WERE MADE BY CHI FROM THE DEFERRED COMPENSATION PLAN: PETER BANKO - \$37,353.
Schedule J, Part I, Line 7, Non-fixed payments	MERCY HEALTH PROVIDES A NON-FIXED BONUS PLAN FOR WHICH CERTAIN TIERS OF ITS EMPLOYEES ARE ELIGIBLE. FOR FISCAL YEAR 2014, PAYMENT OF ALL OR PART OF THE BONUS WAS CONTINGENT UPON ATTAINMENT OF CERTAIN FINANCIAL TARGETS, AS WELL AS OTHER SPECIFIC NON-FINANCIAL GOALS DEEMED NECESSARY BY MERCY. PAYMENTS ARE MADE ANNUALLY IN OCTOBER FOLLOWING (I) THE CONCLUSION OF THE FISCAL YEAR AND (II) DETERMINATION OF GOAL ACHIEVEMENT. BONUS OPPORTUNITIES ARE TIERED PERCENTAGES AND ARE DEPENDENT UPON THE LEADERSHIP LEVEL AND ATTAINMENT PERCENTAGE. MERCY'S ATTAINMENT OF FINANCIAL GOALS IS REVIEWED BY THE COMPENSATION COMMITTEE OF MERCY HEALTH AND IS TAKEN INTO ACCOUNT WHEN ANALYZING EXECUTIVE COMPENSATION FOR REASONABLENESS.

Additional Data

Software ID: 13000248

Software Version: 2013v3.1

EIN: 71-0236913

Name: CHI ST VINCENT HOSPITAL HOT SPRINGS (FKA MERCY HOSPITAL HOT SPRINGS)

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				
BRADLEY KIM DAY INTERIM CEO	(i)	0	0	0	0	0	0	0
	(ii)	573,530	236,973	34,611	99,978	14,718	959,810	0
PETER BANKO BOARD MEMBER	(i)	0	0	0	0	0	0	0
	(ii)	504,581	296,468	60,119	69,005	22,472	952,645	37,353
JONATHAN VITIELLO CFO	(i)	0	0	0	0	0	0	0
	(ii)	318,639	85,619	129,052	58,801	17,050	609,160	0
JED LIUZZA FORMER KEY EMPLOYEE	(i)	0	0	0	0	0	0	0
	(ii)	78,180	69,151	31,084	12,148	5,393	195,957	0
MICHAEL MERRIGAN FORMER KEY EMPLOYEE	(i)	0	0	0	0	0	0	0
	(ii)	19,811	530,868	44,198	57,901	658	653,437	0
JAMES CARDENAS FORMER KEY EMPLOYEE	(i)	0	0	0	0	0	0	0
	(ii)	476,515	0	33,822	15,485	17,333	543,155	0
MARK LAREY FORMER KEY EMPLOYEE	(i)	25,988	0	0	0	1,383	27,371	0
	(ii)	314,622	0	0	25,498	15,790	355,910	0
JAMES TUTTON FORMER KEY EMPLOYEE	(i)	140,533	122,426	54,661	0	0	317,620	0
	(ii)	0	0	0	0	0	0	0
SARA BRADLEY VP FINANCE	(i)	148,102	91,239	15,688	8,043	6,800	269,871	0
	(ii)	51,323	30	1,353	2,859	2,800	58,365	0
BRENDA CHASE COO	(i)	0	0	0	0	0	0	0
	(ii)	198,580	152,212	80,138	71,640	8,039	510,610	0
MICHELE DIEDRICH CNO	(i)	81,086	93,332	14,508	0	9,884	198,810	0
	(ii)	61,575	0	23,815	30,754	5,995	122,139	0
WILLIAM HENNESSEY III REGIONAL VP MARKETING	(i)	0	0	0	0	0	0	0
	(ii)	140,074	39,788	56,838	46,187	16,061	298,946	0
PATRICK MCCRUDEN EXECUTIVE VP MISSION	(i)	124,662	99,721	43,814	45,883	15,929	330,009	0
	(ii)	0	0	0	0	0	0	0
DOUGLAS ROSS MEDICAL DIRECTOR	(i)	430,726	29,505	49,495	14,340	16,522	540,589	0
	(ii)	0	0	0	0	0	0	0
JON SWOPE PRES CENTRAL COMM	(i)	0	0	0	0	0	0	0
	(ii)	569,643	200,920	48,842	124,905	18,593	962,904	0
CHRISTINA WHATLEY CHIEF QUALITY OFFICER	(i)	132,987	86,396	20,312	13,785	12,065	265,545	0
	(ii)	0	0	0	0	0	0	0
PATRICK KENNEDY PHYSICIAN	(i)	180,936	179,541	28,883	8,750	16,401	414,512	0
	(ii)	0	0	0	0	0	0	0
WADE WERNECKE PHYSICIAN	(i)	261,946	175,270	52,602	12,527	16,401	518,745	0
	(ii)	0	0	0	0	0	0	0
GARY DRAKE PHYSICIAN	(i)	112,790	199,528	54,624	19,591	9,530	396,064	0
	(ii)	0	0	0	0	0	0	0
ERIC VOGEL PHYSICIAN	(i)	171,192	175,193	52,602	23,621	16,401	439,009	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				
KARL WAGENHAUSER	(i)	178,061	163,183	27,513	13,022	4,187	385,966	0
PHYSICIAN	(ii)	0	0	0	0	0	0	0

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 CHI ST VINCENT HOSPITAL HOT SPRINGS (FKA MERCY HOSPITAL HOT SPRINGS)	Employer identification number 71-0236913
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Return Reference	Explanation
FORM 990, PART III, LINE 1, ORGANIZATION'S MISSION	THE MISSION OF THE CORPORATION IS TO NURTURE THE HEALING MINISTRY OF THE CHURCH, SUPPORTED BY EDUCATION AND RESEARCH FIDELITY TO THE GOSPEL URGES THE CORPORATION TO EMPHASIZE HUMAN DIGNITY AND SOCIAL JUSTICE AS IT CREATES HEALTHIER COMMUNITIES THE CORPORATION, SPONSORED BY A LAY-RELIGIOUS PARTNERSHIP, CALLS OTHER CATHOLIC SPONSORS AND SYSTEMS TO UNITE TO ENSURE THE FUTURE OF CATHOLIC HEALTH CARE TO FULFILL THIS MISSION, THE CORPORATION, AS A VALUES-BASED ORGANIZATION, WILL ASSURE THE INTEGRITY OF THE MINISTRY IN BOTH CURRENT AND DEVELOPING ORGANIZATIONS AND ACTIVITIES, RESEARCH AND DEVELOP NEW MINISTRIES THAT INTEGRATE HEALTH, EDUCATION, PASTORAL, AND SOCIAL SERVICES, PROMOTE LEADERSHIP DEVELOPMENT AND FORMATION FOR MINISTRY THROUGHOUT THE ENTIRE ORGANIZATION, ADVOCATE FOR SYSTEMIC CHANGES WITH SPECIFIC CONCERN FOR PERSONS WHO ARE POOR, ALIENATED, AND UNDERSERVED, AND STEWARD RESOURCES BY GENERAL OVERSIGHT OF THE ENTIRE ORGANIZATION

Return Reference	Explanation
Form 990, Part VI, Sec A, Line 1a, Delegate broad authority to a committee	THE EXECUTIVE COMMITTEE SHALL CONSIST OF ONLY DIRECTORS OF THE CORPORATION AND SHALL BE COMPOSED OF THE CHAIRPERSON OF THE BOARD, THE VICE CHAIRPERSON OF THE BOARD, THE PRESIDENT, EACH OF WHOM SHALL SERVE AS AN EX OFFICIO VOTING MEMBER OF THE EXECUTIVE COMMITTEE. EACH INDIVIDUAL APPOINTED TO THE EXECUTIVE COMMITTEE SHALL SERVE FOR A TERM OF ONE (1) YEAR OR UNTIL HIS OR HER SUCCESSOR IS DULY APPOINTED BY THE BOARD OF DIRECTORS. ANY VACANCY OF AN APPOINTED EXECUTIVE COMMITTEE MEMBERSHIP MAY BE FILLED FOR THE UNEXPIRED PORTION OF THE TERM IN THE MANNER THAT THE ORIGINAL COMMITTEE MEMBER WAS APPOINTED. EXCEPT AS PROVIDED BY LAW, THE EXECUTIVE COMMITTEE SHALL HAVE AND MAY EXERCISE SUCH POWERS AS MAY BE DELEGATED TO IT BY THE BOARD OF DIRECTORS. ADDITIONALLY, THE EXECUTIVE COMMITTEE SHALL HAVE AND MAY EXERCISE SUCH POWERS TO TRANSACT ROUTINE BUSINESS OF THE CORPORATION IN THE INTERIM PERIOD BETWEEN REGULARLY SCHEDULED MEETINGS OF THE BOARD OF DIRECTORS, PROVIDED THAT SUCH ACTIONS TAKEN SHALL BE CONSISTENT WITH AND NOT CONFLICT WITH ANY ACTIONS OR POLICIES OF THE BOARD OF DIRECTORS, THE CORPORATE MEMBER, THE PARENT CORPORATION OR WITH THESE BYLAWS, OR WITH APPLICABLE LAW. ALL ACTIONS TAKEN BY THE EXECUTIVE COMMITTEE SHALL BE PROMPTLY REPORTED TO THE BOARD OF DIRECTORS AT THE NEXT REGULAR OR ANNUAL MEETING OF THE BOARD OF DIRECTORS. THE EXECUTIVE COMMITTEE SHALL MEET AT SUCH TIMES AS SHALL BE DETERMINED BY THE CHAIRPERSON. THE EXECUTIVE COMMITTEE SHALL KEEP REGULAR MINUTES OF ITS PROCEEDINGS AND REPORT THE SAME TO THE BOARD OF DIRECTORS AT EACH REGULAR MEETING OF THE BOARD.

Return Reference	Explanation
Form 990, Part VI, Sec A, Line 4, Significant changes to organizational documents	ON APRIL 1, 2014 CHI ST VINCENT HOSPITAL HOT SPRINGS WAS ACQUIRED BY CATHOLIC HEALTH INITIATIVES AND HAS ADOPTED THE SYSTEM STANDARD ARTICLES & BYLAWS

Return Reference	Explanation
Form 990, Part VI, Sec A, Line 6, Classes of members or stockholders	THE FILING ORGANIZATION HAS A SOLE CORPORATE MEMBER, ST VINCENT HOT SPRINGS

Return Reference	Explanation
Form 990, Part VI, Sec A, Line 7a, Members or stockholders electing members of governing body	DIRECTORS OF THE CORPORATION SHALL BE APPOINTED BY THE CORPORATE MEMBER NO LATER THAN JUNE 30 OF EACH YEAR PRIOR TO EACH ANNUAL MEETING OF THE CORPORATE MEMBER, OR SUCH OTHER MEETING CALLED FOR THE PURPOSE OF APPOINTING DIRECTORS OF THE CORPORATION, THE NOMINATING COMMITTEE SHALL SELECT AND SUBMIT TO THE BOARD OF DIRECTORS A SLATE OF NOMINEES QUALIFIED TO SERVE ON THE BOARD OF DIRECTORS OF THE CORPORATION THE BOARD OF DIRECTORS SHALL REVIEW THE NAMES AND QUALIFICATIONS OF EACH INDIVIDUAL ON THE RECOMMENDED SLATE AND SHALL VOTE TO ACCEPT OR REFUSE EACH NOMINEE THE NAMES AND QUALIFICATIONS OF EACH INDIVIDUAL ACCEPTED BY THE BOARD OF DIRECTORS SHALL THEN BE SUBMITTED TO THE CORPORATE MEMBER, WHO SHALL THEN APPOINT OR REFUSE EACH NOMINEE IN ACCORDANCE WITH THE CORPORATE MEMBER'S BYLAWS AND WITH THE ENDORSEMENT OF THE EXECUTIVE VICE PRESIDENT AND CHIEF OPERATING OFFICER OR OTHER DESIGNEE NOTWITHSTANDING ANYTHING IN THESE BYLAWS TO THE CONTRARY, THE CORPORATE MEMBER MAY UNILATERALLY APPOINT ONE OR MORE INDIVIDUALS TO THE BOARD OF DIRECTORS SHOULD THE BOARD FAIL TO FURNISH THE CORPORATE MEMBER WITH A LIST OF INDIVIDUALS QUALIFIED TO SERVE ON THE BOARD OF DIRECTORS OF THE CORPORATION IN ACCORDANCE WITH THIS SECTION

Return Reference	Explanation
Form 990, Part VI, Sec A, Line 7b, Decisions requiring approval by members or stockholders	THE ORGANIZATION'S CORPORATE MEMBER IS CHI ST VINCENT HOT SPRINGS PURSUANT TO SECTION 5.5 OF THE ORGANIZATION'S BYLAWS, BOTH ST VINCENT HOT SPRINGS AND CATHOLIC HEALTH INITIATIVES (CHI) (ST VINCENT INFIRMARY MEDICAL CENTER'S SOLE CORPORATE MEMBER WHO IS ST VINCENT HOT SPRING'S SOLE MEMBER) HAVE RESERVED POWERS AS OUTLINED IN THE CHI GOVERNANCE MATRIX PURSUANT TO THE GOVERNANCE MATRIX THE FOLLOWING RIGHTS ARE HELD BY THE ST VINCENT HOT SPRINGS BOARD *APPROVE MEMBERS OF THE ST VINCENT HOSPITAL HOT SPRINGS BOARD *AMENDMENT OF THE CORPORATE DOCUMENTS OF THE ST VINCENT HOSPITAL HOT SPRINGS *APPROVE REMOVAL OF A MEMBER OF THE GOVERNING BODY OF THE ST VINCENT HOSPITAL HOT SPRINGS *ADOPTION OF LONG RANGE AND STRATEGIC PLANS FOR THE ST VINCENT HOSPITAL HOT SPRINGS THE FOLLOWING RIGHTS ARE RESERVED TO THE CHI BOARD DIRECTLY OR THROUGH POWERS DELEGATED TO THE CHI CHIEF EXECUTIVE OFFICER *SUBSTANTIAL CHANGE IN THE MISSION OR PHILOSOPHY OF THE ST VINCENT HOSPITAL HOT SPRINGS *REMOVAL OF A MEMBER OF THE GOVERNING BODY OF THE ST VINCENT HOSPITAL HOT SPRINGS *APPROVAL OF ISSUANCE OF DEBT BY ST VINCENT HOSPITAL HOT SPRINGS *APPROVAL OF PARTICIPATION OF ST VINCENT HOSPITAL HOT SPRINGS IN A JOINT VENTURE *APPROVAL OF FORMATION OF A NEW CORPORATION BY ST VINCENT HOSPITAL HOT SPRINGS *APPROVAL OF A MERGER INVOLVING THE ST VINCENT HOSPITAL HOT SPRINGS *APPROVAL OF THE SALE OF ALL OR SUBSTANTIALLY ALL OF THE ASSETS OF THE [ST VINCENT HOSPITAL HOT SPRINGS *TO REQUIRE THE TRANSFER OF ASSETS BY THE ST VINCENT HOSPITAL HOT SPRINGS TO CHI TO ACCOMPLISH CHI'S GOALS AND OBJECTIVES, AND TO SATISFY CHI DEBTS PURSUANT TO SECTION 5.5 OF THE ORGANIZATION'S BYLAWS, ST VINCENT HOT SPRINGS OR CHI MAY, IN EXERCISE OF THEIR APPROVAL POWERS, GRANT OR WITHHOLD APPROVAL IN WHOLE OR IN PART, OR MAY, IN ITS COMPLETE DISCRETION, AFTER CONSULTATION WITH THE BOARD AND ITS PRESIDENT AND THE CHIEF EXECUTIVE OFFICER OF THE ORGANIZATION, RECOMMEND SUCH OTHER OR DIFFERENT ACTIONS AS IT DEEMS APPROPRIATE

Return Reference	Explanation
Form 990, Part VI, Sec B, Line 11b, Review of form 990 by governing body	THE FORM 990 IS PREPARED BY THE CHI TAX DEPARTMENT, USING INFORMATION PROVIDED BY THE FILING ORGANIZATION. A DRAFT FORM 990 IS REVIEWED BY THE FILING ORGANIZATION'S FINANCE TEAM, INCLUDING THE MANAGER OF ACCOUNTING AND THE VICE-PRESIDENT OF FINANCE. THE DRAFT FORM 990 IS ALSO REVIEWED INTERNALLY, TO ENSURE ACCURACY AND CONSISTENCY WITH OTHER RELATED ORGANIZATIONS' FORMS 990. ONCE REVIEWED AND APPROVED, IT IS THEN SIGNED AND FILED WITH THE IRS.

Return Reference	Explanation
Form 990, Part VI, Sec B, Line 12c, Conflict of interest policy	EACH OF THE CORPORATION'S OFFICERS AND DIRECTORS SHALL ACT AT ALL TIMES IN A MANNER THAT FURTHERS THE CORPORATION'S CHARITABLE PURPOSE OF SERVICE TO THE COMMUNITY AND SHALL EXERCISE CARE THAT HE OR SHE DOES NOT ACT IN A MANNER THAT FURTHERS HIS OR HER PRIVATE INTERESTS TO THE DETRIMENT OF THE CORPORATION'S COMMUNITY BENEFIT PURPOSES. A CONFLICT OF INTEREST CAN BE CONSIDERED TO EXIST IN ANY INSTANCE WHERE THE ACTIONS OR ACTIVITIES OF AN INDIVIDUAL ON BEHALF OF THE CORPORATION ALSO INVOLVE THE OBTAINING OF A DIRECT OR INDIRECT PERSONAL GAIN OR ADVANTAGE, OR AN ADVERSE OR POTENTIALLY ADVERSE EFFECT ON THE INTERESTS OF THE CORPORATION. THE CORPORATION'S OFFICERS AND DIRECTORS SHALL AVOID CONFLICTS OF INTEREST AND OTHERWISE FULLY DISCLOSE TO THE CORPORATION ANY POTENTIAL OR ACTUAL CONFLICTS OF INTEREST, IF SUCH CONFLICTS CANNOT BE AVOIDED, SO THAT SUCH CONFLICTS ARE DEALT WITH IN THE BEST INTERESTS OF THE CORPORATION. THE CORPORATION AND ALL OF ITS OFFICERS AND DIRECTORS WILL COMPLY WITH ANY POLICIES OF THE CORPORATION AND ANY POLICIES OF THE CORPORATE MEMBER REGARDING CONFLICTS OF INTEREST, AS WELL AS ALL REQUIREMENTS OF ARKANSAS LAW REGARDING SUCH CONFLICTS, AND SHALL COMPLETE ANY AND ALL SUCH DISCLOSURE FORMS AS MAY BE DEEMED NECESSARY OR USEFUL BY THE CORPORATION FOR IDENTIFYING POTENTIAL CONFLICTS OF INTEREST.

Return Reference	Explanation
FORM 990, PART VI, LINE 15A, PROCESS FOR DETERMINING COMPENSATION	FOR THE TOP MANAGEMENT OFFICIAL, THE ORGANIZATION RELIES UPON MERCY HEALTH, WHICH USES THE FOLLOWING TO ESTABLISH THE COMPENSATION EXTERNAL MARKET SALARY SURVEYS, EXTERNAL MARKET SALARY STUDIES, ENGAGEMENT OF AN INDEPENDENT COMPENSATION CONSULTANT, AND REVIEW/APPROVAL OF COMPENSATION BY THE COMPENSATION COMMITTEE OF THE BOARD OF MERCY HEALTH FOR THOSE CLASSIFIED AS KEY EMPLOYEES, THE ORGANIZATION USES THE FOLLOWING TO ESTABLISH THE COMPENSATION EXTERNAL MARKET SALARY SURVEYS, EXTERNAL MARKET SALARY STUDIES, AND REVIEW/APPROVAL OF EXECUTIVE MANAGEMENT COMPENSATION REVIEWS ARE COMPLETED ON AN ANNUAL BASIS, AND A REVIEW WAS COMPLETED DURING THE REPORTING YEAR

Return Reference	Explanation
Form 990, Part VI, Sec B, Line 15b, Process to establish compensation of other employees	FOR THOSE CLASSIFIED AS OFFICERS (AND THUS DISQUALIFIED PERSONS), THE ORGANIZATION RELIES UPON MERCY HEALTH, WHICH USES THE FOLLOWING TO ESTABLISH THE COMPENSATION EXTERNAL MARKET SALARY SURVEYS, EXTERNAL MARKET SALARY STUDIES, ENGAGEMENT OF AN INDEPENDENT COMPENSATION CONSULTANT, AND REVIEW/APPROVAL OF COMPENSATION BY THE COMPENSATION COMMITTEE OF THE BOARD OF MERCY HEALTH FOR THOSE CLASSIFIED AS KEY EMPLOYEES, THE ORGANIZATION USES THE FOLLOWING TO ESTABLISH THE COMPENSATION EXTERNAL MARKET SALARY SURVEYS, EXTERNAL MARKET SALARY STUDIES, AND REVIEW/APPROVAL OF EXECUTIVE MANAGEMENT COMPENSATION REVIEWS ARE COMPLETED ON AN ANNUAL BASIS, AND A REVIEW WAS COMPLETED DURING THE REPORTING YEAR

Return Reference	Explanation
Form 990, Part VI, Sec C, Line 19, Required documents available to the public	THE ORGANIZATION'S FINANCIAL STATEMENTS, CONFLICT OF INTEREST POLICY AND GOVERNING DOCUMENTS ARE AVAILABLE TO THE PUBLIC UPON REQUEST THE ORGANIZATION'S FINANCIAL STATEMENTS ARE INCLUDED IN CATHOLIC HEALTH INITIATIVES' CONSOLIDATED AUDITED FINANCIAL STATEMENTS THAT ARE AVAILABLE AT WWW CATHOLICHEALTHINIT ORG OR AT WWW DACBOND ORG

Return Reference	Explanation
Form 990 , Part XI, Line 9, Other changes in net assets or fund balances	SALE TRANSACTION - -157120107,

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
CHI ST VINCENT HOSPITAL HOT SPRINGS (FKA MERCY HOSPITAL HOT SPRINGS)

Employer identification number
71-0236913

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

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

Part III

Identification of Related Organizations Taxable as a Partnership

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

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

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust

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

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

Part V

Transactions With Related Organizations

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

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

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		Yes	No
a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity	1a		No
b Gift, grant, or capital contribution to related organization(s)	1b		No
c Gift, grant, or capital contribution from related organization(s)	1c		No
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		No
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		No
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		No
s Other transfer of cash or property from related organization(s)	1s		No

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

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

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

[illegible]

Part VII

Supplemental Information

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

Return Reference	Explanation
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Additional Data

Software ID: 13000248

Software Version: 2013v3.1

EIN: 71-0236913

Name: CHI ST VINCENT HOSPITAL HOT SPRINGS (FKA MERCY HOSPITAL HOT SPRINGS)

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c) (3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled entity?	
						Yes	No
(1) ALEGENT CREIGHTON CLINIC 12809 W DODGE RD OMAHA, NE 68154 47-0765154	HEALTHCARE	NE	501(C)(3)	3	ACH	Yes	
(1) ALEGENT CREIGHTON HEALTH 12809 W DODGE RD OMAHA, NE 68154 47-0757164	HEALTHCARE	NE	501(C)(3)	3	CHI NEBRASKA	Yes	
(2) ALEGENT CREIGHTON HEALTH FOUNDATION 12809 W DODGE RD OMAHA, NE 68154 47-0648586	FUNDRAISING	NE	501(C)(3)	7	ACH	Yes	
(3) ALEGENT HEALTH - BERGAN MERCY HEALTH SYSTEM 7500 MERCY RD OMAHA, NE 68124 47-0484764	HEALTHCARE	NE	501(C)(3)	3	CHI NEBRASKA	Yes	
(4) ALEGENT HEALTH - COMMUNITY MEMORIAL HOSPITAL OF MISSOURI VALLEY IA 631 N 8TH ST MISSOURI VALLEY, IA 51555 42-0776568	HEALTHCARE	IA	501(C)(3)	3	CHI NEBRASKA	Yes	
(5) ALEGENT HEALTH - IMMANUEL MEDICAL CENTER 6901 N 72ND ST OMAHA, NE 68122 47-0376615	HEALTHCARE	NE	501(C)(3)	3	CHI NEBRASKA	Yes	
(6) ALEGENT HEALTH - MEMORIAL HOSPITAL SCHUYLER 104 W 17TH ST SCHUYLER, NE 68661 47-0399853	HEALTHCARE	NE	501(C)(3)	3	CHI NEBRASKA	Yes	
(7) ALEGENT HEALTH - MERCY HOSPITAL CORNING IOWA PO BOX 368 CORNING, IA 50841 42-0782518	HEALTHCARE	IA	501(C)(3)	3	CHI NEBRASKA	Yes	
(8) ALVERNA APARTMENTS 300 SE 8TH AVE LITTLE FALLS, MN 56345 41-1351177	LTERM CARE	MN	501(C)(3)	9	CHI	Yes	
(9) APPLETREE COURT 601 OAK ST BRECKENRIDGE, MN 56520 41-1850500	SENIOR LIVING	MN	501(C)(3)	9	SFH	Yes	
(10) BISHOP DRUMM RETIREMENT CENTER 1111 6TH AVE DES MOINES, IA 50314 42-0725196	LTERM CARE	IA	501(C)(3)	9	CHI-IA CORP	Yes	
(11) BORNEMANN HEALTHCARE CORPORATION 2500 BERNVILLE RD PO BOX 316 READING, PA 19603 23-2187242	HEALTHCARE	PA	501(C)(3)	11 - Type I	CHI	Yes	
(12) CARRINGTON HEALTH CENTER 800 N 4TH ST CARRINGTON, ND 58421 45-0227311	HEALTHCARE	ND	501(C)(3)	3	CHI	Yes	
(13) CASA DE MISERICORDIA 1602 MCCLELLAND STREET LAREDO, TX 78044 74-2912461	SHELTER	TX	501(C)(3)	7	MM LAREDO	Yes	
(14) CATHOLIC HEALTH INITIATIVES 198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 47-0617373	HEALTHCARE	CO	501(C)(3)	9	NA	Yes	
(15) CATHOLIC HEALTH INITIATIVES - COLORADO 188 INVERNESS DRIVE WEST STE 500 ENGLEWOOD, CO 80112 84-0405257	HEALTHCARE	CO	501(C)(3)	3	CHI	Yes	
(16) CATHOLIC HEALTH INITIATIVES - IOWA CORP 1111 6TH AVE DES MOINES, IA 50314 42-0680448	HEALTHCARE	IA	501(C)(3)	3	CHI	Yes	
(17) CATHOLIC HEALTH INITIATIVES COLORADO FOUNDATION 6385 CORPORATE DR STE 301 COLORADO SPRINGS, CO 80919 84-0902211	FUNDRAISING	CO	501(C)(3)	7	CHIC	Yes	
(18) CATHOLIC HEALTH INITIATIVES NATIONAL FOUNDATION 6385 CORPORATE DR COLORADO SPRINGS, CO 80919 27-0930004	FUNDRAISING	CO	501(C)(3)	11 - Type I	CHI	Yes	
(19) CATHOLIC HEALTH INITIATIVES VIRTUAL HEALTH SERVICES 198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 46-0992796	HEALTHCARE	CO	501(C)(3)	11 - Type I	CHINS	Yes	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c) (3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled entity?	
						Yes	No
(21) CENTENNIAL MEDICAL GROUP INC 2700 STEWART PKWY ROSEBURG, OR 97471 26-3946191	PHYSICIANS	OR	501(C)(3)	9	MMC	Yes	
(1) CENTRAL KANSAS MEDICAL CENTER 3515 BROADWAY GREAT BEND, KS 67530 48-0543724	SURGERY CENTER	KS	501(C)(3)	3	CHI	Yes	
(2) CHI HEALTH CONNECT AT HOME - FARGO 4816 AMBER VALLEY PKWY S FARGO, ND 58104 27-1966847	HEALTHCARE	MN	501(C)(3)	9	CHI	Yes	
(3) CHI INSTITUTE FOR RESEARCH AND INNOVATION 198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 27-1050565	HEALTHCARE	CO	501(C)(3)	11 - Type I	CHI	Yes	
(4) CHI KENTUCKY INC 3900 OLYMPIC BLVD STE 400 ERLANGER, KY 41018 20-2741651	HEALTHCARE	KY	501(C)(3)	11 - Type I	CHI	Yes	
(5) CHI NATIONAL HOME CARE 198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 45-1261716	HEALTHCARE	CO	501(C)(3)	9	CHI NS	Yes	
(6) CHI NATIONAL SERVICES 198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 45-2532084	HEALTHCARE	CO	501(C)(3)	11 - Type I	CHI	Yes	
(7) CHI NEBRASKA 6940 O ST STE 200 LINCOLN, NE 68510 36-3233121	HEALTHCARE	NE	501(C)(3)	11 - Type III - FI	CHI	Yes	
(8) CHI ST LUKE'S HEALTH BAYLOR COLLEGE OF MEDICINE MEDICAL CENTER 6624 FANNIN ST HOUSTON, TX 77030 74-1161938	HEALTHCARE	TX	501(C)(3)	3	SLHS	Yes	
(9) CHI ST VINCENT HOSPITAL HOT SPRINGS 300 WERNER ST HOT SPRINGS, AR 71913 71-0236913	HEALTHCARE	AR	501(C)(3)	3	CHISVHS	Yes	
(10) CHI ST VINCENT HOT SPRINGS 300 WERNER ST HOT SPRINGS, AR 71913 26-1125064	HOLDING CO	AR	501(C)(3)	11 - Type II	SVIMC	Yes	
(11) CHI ST VINCENT MEDICAL GROUP HOT SPRINGS 1 MERCY LANE STE 201 HOT SPRINGS, AR 71913 26-1125131	HEALTHCARE	AR	501(C)(3)	3	CHISVHS	Yes	
(12) COMMUNITY LIMITED CARE DIALYSIS CENTER 619 OAK ST ACCOUNTING-3 W CINCINNATI, OH 45206 23-7419853	HOLDING CO	OH	501(C)(2)	N/A	GSH	Yes	
(13) COMMUNITY MEMORIAL HOSPITAL MEDICAL SERVICE FOUNDATION 631 N 8TH ST MISSOURI VALLEY, IA 51555 42-1294399	FUNDRAISING	IA	501(C)(3)	11 - Type I	AH-CMHMV	Yes	
(14) CONTINUING CARE HOSPITAL 150 NORTH EAGLE CREEK DR LEXINGTON, KY 40509 61-1400619	LT ACH	KY	501(C)(3)	3	SJHS	Yes	
(15) COVENANT HOME CARE 198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 23-2028429	HOME HEALTH	PA	501(C)(3)	11 - Type II	CHI NHC	Yes	
(16) ENUMCLAW REGIONAL HOSPITAL ASSOCIATION 1450 BATTERSBY AVE ENUMCLAW, WA 98022 91-0715805	HEALTHCARE	WA	501(C)(3)	3	FHS	Yes	
(17) FLAGET HEALTHCARE INC 4305 NEW SHEPHERDSVILLE RD BARDSTOWN, KY 40004 61-1345363	HEALTHCARE	KY	501(C)(3)	3	KOH	Yes	
(18) FLAGET MEMORIAL HOSPITAL FOUNDATION INC 4305 NEW SHEPHERDSVILLE RD BARDSTOWN, KY 40004 56-2351341	FUNDRAISING	KY	501(C)(3)	11 - Type I	FH	Yes	
(19) FRANCISCAN FOUNDATION 1717 SOUTH J ST TACOMA, WA 98405 91-1145592	FUNDRAISING	WA	501(C)(3)	9	FHS	Yes	

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						Yes	No
(41) FRANCISCAN HEALTH SYSTEM 1717 SOUTH J ST TACOMA, WA 98405 91-0564491	HEALTHCARE	WA	501(C)(3)	3	CHI	Yes	
(1) FRANCISCAN HEALTH VENTURES FKA SJMGROUP TACOMA FNC CTR BLDG 1145 BROADWAY TACOMA, WA 98402 43-1882377	PHYSICIANS	MO	501(C)(3)	9	CHI	Yes	
(2) FRANCISCAN MEDICAL GROUP 1313 BROADWAY STE 200 TACOMA, WA 98402 91-1939739	HEALTHCARE	WA	501(C)(3)	9	FHS	Yes	
(3) FRANCISCAN VILLA OF SOUTH MILWAUKEE INC 3601 S CHICAGO AVE SOUTH MILWAUKEE, WI 53172 39-1093829	HEALTHCARE	WI	501(C)(3)	9	CHI	Yes	
(4) GLOBAL HEALTH INITIATIVES 198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 20-1536108	MINISTRIES	CO	501(C)(3)	11 - Type I	CHI	Yes	
(5) GOOD SAMARITAN COLLEGE OF NURSING & HEALTH SCIENCE 619 OAK ST ACCOUNTING-3 W CINCINNATI, OH 45206 31-1778403	EDUCATION	OH	501(C)(3)	2	GSH	Yes	
(6) GOOD SAMARITAN FOUNDATION OF CINCINNATI INC 619 OAK ST ACCOUNTING-3 W CINCINNATI, OH 45206 31-1206047	FUNDRAISING	OH	501(C)(3)	11 - Type I	GSH	Yes	
(7) GOOD SAMARITAN HOSPITAL PO BOX 1990 KEARNEY, NE 68848 47-0379755	HEALTHCARE	NE	501(C)(3)	3	CHI NEBRASKA	Yes	
(8) GOOD SAMARITAN HOSPITAL FOUNDATION 111 W 31ST ST KEARNEY, NE 68847 47-0659443	FUNDRAISING	NE	501(C)(3)	7	GSH	Yes	
(9) GOOD SAMARITAN HOSPITAL FOUNDATION - DAYTON 110 N MAIN ST STE 500 DAYTON, OH 45402 23-7296923	FUNDRAISING	OH	501(C)(3)	7	SHP	Yes	
(10) HARRISON MEDICAL CENTER 2520 CHERRY AVE BREMERTON, WA 98310 91-0565546	HEALTHCARE	WA	501(C)(3)	3	FHS	Yes	
(11) HARRISON MEDICAL CENTER FOUNDATION 2520 CHERRY AVE BREMERTON, WA 98310 91-1197626	FUNDRAISING	WA	501(C)(3)	7	HMC	Yes	
(12) HEALTH SET 2420 W 26TH AVE STE 460D DENVER, CO 80211 84-1102943	LOW INC CARE	CO	501(C)(3)	7	CHIC	Yes	
(13) HEALTHCARE AND WELLNESS FOUNDATION 2400 ST FRANCIS DR BRECKENRIDGE, MN 56520 76-0761782	FUNDRAISING	MN	501(C)(3)	11 - Type I	SFMC	Yes	
(14) HIGHLINE MEDICAL CENTER 16251 SYLVESTER RD SW BURIEN, WA 98166 91-0712166	HEALTHCARE	WA	501(C)(3)	3	FHS	Yes	
(15) HOUSE OF MERCY 1111 6TH AVE DES MOINES, IA 50314 42-1323808	SHELTER	IA	501(C)(3)	7	CHI-IA CORP	Yes	
(16) JEWISH HOSPITAL AND ST MARY'S HEALTHCARE INC 539 S 4TH ST LOUISVILLE, KY 40202 61-1029768	HEALTHCARE	KY	501(C)(3)	3	KOH	Yes	
(17) KENTUCKYONE HEALTH MEDICAL GROUP INC 539 S 4TH ST LOUISVILLE, KY 40202 61-1352729	HEALTHCARE	KY	501(C)(3)	9	JHSMH	Yes	
(18) KENTUCKYONE HEALTH INC 200 ABRAHAM FLEXNER WAY LOUISVILLE, KY 40202 61-1029769	HEALTHCARE	KY	501(C)(3)	9	CHI	Yes	
(19) LAKEWOOD HEALTH CENTER 600 MAIN AVE S BAUDETTE, MN 56623 41-0758434	HEALTHCARE	MN	501(C)(3)	3	CHI	Yes	

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						Yes	No
(61) LAREDO MEDICAL GROUP 14528 S OUTER FORTY STE 100 CHESTERFIELD, MO 63017 74-2764726	INACTIVE	TX	501(C)(3)	9	MHS TEXAS	Yes	
(1) LINUS OAKES INC 2700 STEWART PKWY ROSEBURG, OR 97471 93-0821381	SENIOR LIVING	OR	501(C)(3)	9	MMC	Yes	
(2) LISBON AREA HEALTH SERVICES 905 MAIN ST LISBON, ND 58054 82-0558836	HEALTHCARE	ND	501(C)(3)	3	CHI	Yes	
(3) LUFKIN VISION ACQUISITIONS PO BOX 1447 LUFKIN, TX 75901 82-0563768	PROPERTY MGMT	TX	501(C)(3)	11 - Type III - FI	MHSET	Yes	
(4) MCAULEY PORTFOLIO MANAGEMENT COMPANY 14528 S OUTER FORTY STE 100 CHESTERFIELD, MO 63017 26-1708048	PORT MGMT	MO	501(C)(3)	11	MERCY HEALTH	Yes	
(5) MEMORIAL HEALTH CARE SYSTEM FOUNDATION INC 2525 DE SALES AVE CHATTANOOGA, TN 37404 62-1839548	FUNDRAISING	TN	501(C)(3)	7	MHCS	Yes	
(6) MEMORIAL HEALTH CARE SYSTEM INC 2525 DE SALES AVE CHATTANOOGA, TN 37404 62-0532345	HEALTHCARE	TN	501(C)(3)	3	CHI	Yes	
(7) MEMORIAL HEALTH PARTNERS FOUNDATION INC 5600 BRAINERD RD STE 500 CHATTANOOGA, TN 37411 03-0417049	HEALTHCARE	TN	501(C)(3)	9	MHCS	Yes	
(8) MEMORIAL HEALTH SYSTEM OF EAST TEXAS PO BOX 1447 LUFKIN, TX 75902 75-0755367	HEALTHCARE	TX	501(C)(3)	3	CHI	Yes	
(9) MEMORIAL MEDICAL CENTER - LIVINGSTON PO BOX 1447 LUFKIN, TX 75902 76-0436439	HEALTHCARE	TX	501(C)(3)	3	MHSET	Yes	
(10) MEMORIAL MEDICAL CENTER - SAN AUGUSTINE PO BOX 1447 LUFKIN, TX 75902 75-2663904	HEALTHCARE	TX	501(C)(3)	3	MHSET	Yes	
(11) MEMORIAL MULTISPECIALTY ASSOCIATES 1201 FRANK AVE LUFKIN, TX 95904 75-2721155	PHYSICIANS	TX	501(C)(3)	11 - Type III - FI	MHSET	Yes	
(12) MEMORIAL SPECIALTY HOSPITAL PO BOX 1447 LUFKIN, TX 95902 75-2492741	HEALTHCARE	TX	501(C)(3)	3	MHSET	Yes	
(13) MERCY AUXILIARY OF CENTRAL IOWA 1111 6TH AVE DES MOINES, IA 50314 42-6076069	AUXILIARY	IA	501(C)(3)	11 - Type I	MF-DM IA	Yes	
(14) MERCY CLINIC EAST COMMUNITIES 14528 S OUTER FORTY STE 100 CHESTERFIELD, MO 63017 43-1771217	PHYS GROUP	MO	501(C)(3)	9	MH EAST COMM	Yes	
(15) MERCY CLINIC FORT SMITH COMMUNITIES 7301 ROGERS AVENUE FORT SMITH, AR 72903 26-1318597	PHYS CLINIC	AR	501(C)(3)	9	MH FS COMM	Yes	
(16) MERCY CLINIC OKLAHOMA COMMUNITIES INC 4300 W MEMORIAL ROAD OKLAHOMA CITY, OK 73120 27-0473057	PHYS GROUP	OK	501(C)(3)	9	MH OK COMM	Yes	
(17) MERCY CLINIC SPRINGFIELD COMMUNITIES 1965 FREMONT STREET STE 2950 SPRINGFIELD, MO 65804 43-1560263	PHYS GROUP	MO	501(C)(3)	9	MH SF COMM	Yes	
(18) MERCY CLINICS INC 1111 6TH AVE DES MOINES, IA 50314 42-1193699	PHYSICIANS	IA	501(C)(3)	9	CHI-IA CORP	Yes	
(19) MERCY COLLEGE OF HEALTH SCIENCES 1111 6TH AVE DES MOINES, IA 50314 42-1511682	EDUCATION	IA	501(C)(3)	2	CHI-IA CORP	Yes	

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						Yes	No
(81) MERCY FAMILY CENTER 14528 S OUTER FORTY STE 100 CHESTERFIELD, MO 63017 72-1069468	COUNSELING	MO	501(C)(3)	7	MERCY HEALTH	Yes	
(1) MERCY FOUNDATION FOR HEALTH INNOVATION 14528 S OUTER FORTY STE 100 CHESTERFIELD, MO 63017 20-0901499	FOUNDATION	MO	501(C)(3)	11	MERCY HEALTH	Yes	
(2) MERCY FOUNDATION OF DES MOINES IA 1111 6TH AVE DES MOINES, IA 50314 23-7358794	FUNDRAISING	IA	501(C)(3)	7	CHI-IA CORP	Yes	
(3) MERCY FOUNDATION INC 2700 STEWART PKWY ROSEBURG, OR 97471 93-6088946	FUNDRAISING	OR	501(C)(3)	7	MMC	Yes	
(4) MERCY HEALHT FOUNDATION BERRYVILLE 214 CARTER STREET BERRYVILLE, AR 72616 71-0759301	FOUNDATION	AR	501(C)(3)	11	MH BRYVILLE	Yes	
(5) MERCY HEALTH 14528 S OUTER FORTY STE 100 CHESTERFIELD, MO 63017 43-1423050	CORP OFFICE	MO	501(C)(3)	1	CHI		No
(6) MERCY HEALTH CARE FOUNDATION PO BOX 368 CORNING, IA 50841 42-1461064	FUNDRAISING	IA	501(C)(3)	11 - Type I	AHMH-CORNING	Yes	
(7) MERCY HEALTH EAST COMMUNITIES 14528 S OUTER FORTY STE 100 CHESTERFIELD, MO 63017 43-1718408	HLTH SYSTEM	MO	501(C)(3)	11	MERCY HEALTH	Yes	
(8) MERCY HEALTH EAST COMMUNITIES SOUTH REG 14528 S OUTER FORTY STE 100 CHESTERFIELD, MO 63017 46-1412322	HLTH SYSTEM	MO	501(C)(3)	11	MH EAST COMM	Yes	
(9) MERCY HEALTH FORT SMITH COMMUNITIES 7301 ROGERS AVENUE FORT SMITH, AR 72917 26-1318515	HOLDING CO	AR	501(C)(3)	11	MERCY HEALTH	Yes	
(10) MERCY HEALTH FOUNDATION JEFFERSON 1400 US HIGHWAY 61 SOUTH FESTUS, MO 63028 46-2797051	FOUNDATION	MO	501(C)(3)	11	MH E COMM SR	Yes	
(11) MERCY HEALTH FOUNDATION WASHINGTON 901 E FIFTH STREET WASHINGTON, MO 63090 56-2610022	FOUNDATION	MO	501(C)(3)	11	MH EAST COMM	Yes	
(12) MERCY HEALTH FOUNDATION ARDMORE 1011 14TH AVENUE NW ARDMORE, OK 73401 71-0962525	FOUNDATION	OK	501(C)(3)	11	MH ARDMORE	Yes	
(13) MERCY HEALTH FOUNDATION FORT SCOTT 401 WOODLAND HILLS BLVD FORT SCOTT, KS 66701 48-1077073	FOUNDATION	KS	501(C)(3)	11	M KS COMM	Yes	
(14) MERCY HEALTH FOUNDATION HOT SPRINGS 300 WERNER STREET HOT SPRINGS, AR 71913 71-0804718	FOUNDATION	AR	501(C)(3)	11	MH H SPRINGS	Yes	
(15) MERCY HEALTH FOUNDATION INDEPENDENCE 800 W MYRTLE INDEPENDENCE, KS 67301 48-1079981	FOUNDATION	KS	501(C)(3)	11	M KS COMM	Yes	
(16) MERCY HEALTH FOUNDATION JOPLIN 2817 ST JOHNS BLVD JOPLIN, MO 64804 27-0906136	FOUNDATION	MO	501(C)(3)	11	MH SWMK COMM	Yes	
(17) MERCY HEALTH FOUNDATION NW ARKANSAS 2710 RIFE MEDICAL LANE ROGERS, AR 72758 71-0601687	FOUNDATION	AR	501(C)(3)	11	MH ROGERS	Yes	
(18) MERCY HEALTH FOUNDATION OF OKLAHOMA 4300 W MEMORIAL ROAD OKLAHOMA CITY, OK 73120 45-4732301	FOUNDATION	OK	501(C)(3)	11	MH OK COMM	Yes	
(19) MERCY HEALTH FOUNDATION OKLAHOMA CITY 4300 W MEMORIAL ROAD OKLAHOMA CITY, OK 73120 73-1593024	FOUNDATION	OK	501(C)(3)	11	MH OK CITY	Yes	

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						Yes	No
(101) MERCY HEALTH FOUNDATION SPRINGFIELD 1235 E CHEROKEE STREET SPRINGFIELD, MO 65804 32-0195818	FOUNDATION	MO	501(C)(3)	11	MH SF COMM	Yes	
(1) MERCY HEALTH FOUNDATION ST LOUIS 14528 S OUTER FORTY STE 100 CHESTERFIELD, MO 63017 56-2410020	FOUNDATION	MO	501(C)(3)	11	MH EAST COMM	Yes	
(2) MERCY HEALTH OKLAHOMA COMMUNITIES INC 4300 W MEMORIAL ROAD OKLAHOMA CITY, OK 73120 73-1453048	HOLDING CO	OK	501(C)(3)	11	MERCY HEALTH	Yes	
(3) MERCY HEALTH SOUTHWEST MOKS COMMUNITIES 2817 ST JOHNS BLVD JOPLIN, MO 64804 30-0584463	HLTH SYSTEM	MO	501(C)(3)	11	MERCY HEALTH	Yes	
(4) MERCY HEALTH SPRINGFIELD COMMUNITIES 1235 E CHEROKEE STREET SPRINGFIELD, MO 65804 43-1856028	HLTH SYSTEM	MO	501(C)(3)	11	MERCY HEALTH	Yes	
(5) MERCY HEALTH SYSTEM OF TEXAS INC 14528 S OUTER FORTY STE 100 CHESTERFIELD, MO 63017 74-2764727	INACTIVE	TX	501(C)(3)	11	MERCY HEALTH	Yes	
(6) MERCY HEALTHCARE FOUNDATION 570 CHAUTAUQUA BLVD VALLEY CITY, ND 58072 45-0435338	FUNDRAISING	ND	501(C)(3)	11 - Type III - FI	MHVC	Yes	
(7) MERCY HOME HEALTH BERRYVILLE 804 W FREEMAN SUITE 4 BERRYVILLE, AR 72616 87-0781247	HOME HEALTH	AR	501(C)(3)	11	MH SF	Yes	
(8) MERCY HOSPITAL ADA INC 430 N MONTE VISTA STREET ADA, OK 74820 46-2288155	HOSPITAL	OK	501(C)(3)	3	MH OK COMM	Yes	
(9) MERCY HOSPITAL ARDMORE INC 1011 14TH AVENUE NW ARDMORE, OK 73401 73-1500629	HOSPITAL	OK	501(C)(3)	3	MH OK COMM	Yes	
(10) MERCY HOSPITAL AURORA 500 PORTER AVENUE AURORA, MO 65605 43-1936696	HOSPITAL	MO	501(C)(3)	3	MH SF COMM	Yes	
(11) MERCY HOSPITAL BERRYVILLE 214 CARTER STREET BERRYVILLE, AR 72616 71-0759299	HOSPITAL	AR	501(C)(3)	3	MH SF COMM	Yes	
(12) MERCY HOSPITAL CARTHAGE 3125 DR RUSSELL SMITH WAY CARTHAGE, MO 64836 45-3808607	HOSPITAL	MO	501(C)(3)	3	MH SWMK COMM	Yes	
(13) MERCY HOSPITAL CASSVILLE 94 MAIN STREET CASSVILLE, MO 65625 43-1936699	HOSPITAL	MO	501(C)(3)	3	MH SF COMM	Yes	
(14) MERCY HOSPITAL COLUMBUS 220 PENNSYLVANIA AVENUE COLUMBUS, KS 66725 27-0842031	HOSPITAL	MO	501(C)(3)	3	MH SWMK COMM	Yes	
(15) MERCY HOSPITAL EL RENO INC 2115 PARKVIEW DRIVE EL RENO, OK 73036 27-2716065	HOSPITAL	OK	501(C)(3)	3	MH OK COMM	Yes	
(16) MERCY HOSPITAL FORT SMITH 7301 ROGERS AVENUE FORT SMITH, AR 72917 71-0240352	HOSPITAL	AR	501(C)(3)	3	MH FS COMM	Yes	
(17) MERCY HOSPITAL FOUNDATION COUNCIL BLUFFS 800 MERCY DR COUNCIL BLUFFS, IA 51503 42-1178204	FUNDRAISING	IA	501(C)(3)	11 - Type I	AHBMHS	Yes	
(18) MERCY HOSPITAL HEALDTON INC 918 SOUTH 8TH STREET HEALDTON, OK 73438 26-3173902	HOSPITAL	OK	501(C)(3)	3	MH ARDMORE	Yes	
(19) MERCY HOSPITAL JEFFERSON 1400 HIGHWAY 61 SOUTH FESTUS, MO 63028 43-0687077	HOSPITAL	MO	501(C)(3)	3	MH E COMM SR	Yes	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c) (3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled entity?	
						Yes	No
(121) MERCY HOSPITAL JOPLIN 2817 ST JOHNS BLVD JOPLIN, MO 64804 27-0814858	HOSPITAL	MO	501(C)(3)	3	MH SWMK COMM	Yes	
(1) MERCY HOSPITAL LEBANON 100 HOSPITAL DRIVE LEBANON, MO 65536 43-1767432	HOSPITAL	MO	501(C)(3)	3	MH SF COMM	Yes	
(2) MERCY HOSPITAL LOGAN COUNTY INC 200 SOUTH ACADEMY GUTHRIE, OK 73044 45-2998842	HOSPITAL	OK	501(C)(3)	3	MH OK COMM	Yes	
(3) MERCY HOSPITAL OF DEVILS LAKE 1031 7TH ST NE DEVILS LAKE, ND 58301 45-0227012	HEALTHCARE	ND	501(C)(3)	3	CHI	Yes	
(4) MERCY HOSPITAL OF DEVILS LAKE FOUNDATION 1031 7TH ST NE DEVILS LAKE, ND 58301 35-2367360	FUNDRAISING	ND	501(C)(3)	7	MHDL	Yes	
(5) MERCY HOSPITAL OF LAREDO 14528 S OUTER FORTY STE 100 CHESTERFIELD, MO 63017 74-1189682	INACTIVE	TX	501(C)(3)	3	MHS TEXAS	Yes	
(6) MERCY HOSPITAL OF VALLEY CITY 570 CHAUTAUQUA BLVD VALLEY CITY, ND 58072 45-0226553	HEALTHCARE	ND	501(C)(3)	3	CHI	Yes	
(7) MERCY HOSPITAL OKLAHOMA CITY INC 4300 W MEMORIAL ROAD OKLAHOMA CITY, OK 73120 73-0579285	HOSPITAL	OK	501(C)(3)	3	MH OK COMM	Yes	
(8) MERCY HOSPITAL OZARK 801 W RIVER STREET OZARK, AR 72949 71-0689680	HOSPITAL	AR	501(C)(3)	3	MH FT SMITH	Yes	
(9) MERCY HOSPITAL PARIS 500 E ACADEMY PARIS, AR 72855 71-0655753	HOSPITAL	AR	501(C)(3)	3	MH FT SMITH	Yes	
(10) MERCY HOSPITAL ROGERS 2710 RIFE MEDICAL LANE ROGERS, AR 72758 71-0294390	HOSPITAL	AR	501(C)(3)	3	MH NWAR COMM	Yes	
(11) MERCY HOSPITAL SPRINGFIELD 1235 E CHEROKEE STREET SPRINGFIELD, MO 65804 44-0552485	HOSPITAL	MO	501(C)(3)	3	MH SF COMM	Yes	
(12) MERCY HOSPITAL TISHOMINGO INC 1000 SOUTH BYRD TISHOMINGO, OK 73460 27-4433830	HOSPITAL	OK	501(C)(3)	3	MH ARDMORE	Yes	
(13) MERCY HOSPITAL WALDRON 1341 W 6TH STREET WALDRON, AR 72958 71-0557895	HOSPITAL	AR	501(C)(3)	3	MH FT SMITH	Yes	
(14) MERCY HOSPITAL WATONGA INC 500 CLARENCE NASH BLVD WATONGA, OK 73772 45-5199762	HOSPITAL	OK	501(C)(3)	3	MH OK COMM	Yes	
(15) MERCY HOSPITALS EAST COMMUNITIES 14528 S OUTER FORTY STE 100 CHESTERFIELD, MO 63017 43-0653493	HOSPITAL	MO	501(C)(3)	3	MH EAST COMM	Yes	
(16) MERCY KANSAS COMMUNITIES INC 401 WOODLAND HILLS BLVD FT SCOTT, KS 66701 48-0956045	HOSPITAL	KS	501(C)(3)	3	MH SWMK COMM	Yes	
(17) MERCY MEDICAL CENTER 1301 15TH AVE WEST WILLISTON, ND 58801 45-0231183	HEALTHCARE	ND	501(C)(3)	3	CHI	Yes	
(18) MERCY MEDICAL CENTER - CENTERVILLE ONE ST JOSEPHS DRIVE CENTERVILLE, IA 52544 42-0680308	HEALTHCARE	IA	501(C)(3)	3	CHI-IA CORP	Yes	
(19) MERCY MEDICAL CENTER INC 2700 STEWART PKWY ROSEBURG, OR 97471 93-0386868	HEALTHCARE	OR	501(C)(3)	3	CHI	Yes	

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						Yes	No
(141) MERCY MEDICAL FOUNDATION 1301 15TH AVE WEST WILLISTON, ND 58801 45-0381803	FUNDRAISING	ND	501(C)(3)	11 - Type I	MMC	Yes	
(1) MERCY MEDICAL RESEARCH INSTITUTE 1235 E CHEROKEE STREET SPRINGFIELD, MO 65804 87-0796305	RESEARCH	MO	501(C)(3)	4	MH SF COMM	Yes	
(2) MERCY MINISTRIES OF LAREDO 2500 ZACATECAS LAREDO, TX 78046 20-0198462	OUTREACH	TX	501(C)(3)	7	MERCY HEALTH	Yes	
(3) MERCY PROFESSIONAL PRACTICE ASSOCIATES INC 1111 6TH AVE DES MOINES, IA 50314 42-1470935	PHYSICIANS	IA	501(C)(3)	9	CHI-IA CORP	Yes	
(4) MERCY ST FRANCIS HOSPITAL 100 W HIGHWAY 60 MOUNTAIN VIEW, MO 65548 44-0607149	HOSPITAL	MO	501(C)(3)	3	MH SF COMM	Yes	
(5) MERCY SUPPORT SERVICES 14528 S OUTER FORTY STE 100 CHESTERFIELD, MO 63017 43-1677952	INACTIVE	MO	501(C)(3)	11	MH EAST COMM	Yes	
(6) MHM SUPPORT SERIVCES 14528 S OUTER FORTY STE 100 CHESTERFIELD, MO 63017 20-2553101	HLTH SYSTEM	MO	501(C)(3)	11	MERCY HEALTH	Yes	
(7) MISSION CLINICAL SERVICES 300 WERNER STREET HOT SPRINGS, AR 71913 13-4239691	NURSING HOME	AR	501(C)(3)	9	MH HS COMM	Yes	
(8) NEBRASKA HEART HOSPITAL 7500 S 91ST ST LINCOLN, NE 68526 39-2031968	HEALTHCARE	NE	501(C)(3)	3	CHI NEBRASKA	Yes	
(9) OAKES COMMUNITY HOSPITAL 1200 N 7TH ST OAKES, ND 58474 45-0231675	HEALTHCARE	ND	501(C)(3)	3	CHI	Yes	
(10) OAKES COMMUNITY HOSPITAL FOUNDATION 1200 N 7TH ST OAKES, ND 58474 71-0966606	FUNDRAISING	ND	501(C)(3)	11 - Type I	OCH	Yes	
(11) PINEYWOODS MEDICAL DEVELOPMENT CORP PO BOX 1447 LUFKIN, TX 75902 75-2493116	PROPERTY MGMT	TX	501(C)(3)	11 - Type III - FI	MHSET	Yes	
(12) PUEBLO STEPUP 1925 E ORMAN AVE STE G52 PUEBLO, CO 81004 84-1234295	COMMUNITY	CO	501(C)(3)	7	CHIC	Yes	
(13) REGIONAL HOSPITAL FOR RESPIRATORY AND COMPLEX CARE 12844 MILITARY RD S TUKWILA, WA 98168 91-1170040	HEALTHCARE	WA	501(C)(3)	3	FHS	Yes	
(14) SET OF COLORADO SPRINGS INC 2864 S CIRCLE DR STE 450 COLORADO SPRINGS, CO 80906 84-1183335	LTERM CARE	CO	501(C)(3)	7	CHIC	Yes	
(15) SAINT CLARE'S COMMUNITY CARE INC 25 POCONO RD DENVER, NJ 07834 22-2876836	HEALTHCARE	NJ	501(C)(3)	11 - Type II	SCHS	Yes	
(16) SAINT CLARE'S FOUNDATION INC 25 POCONO RD DENVER, NJ 07834 22-2502997	FUNDRAISING	NJ	501(C)(3)	7	SCHS	Yes	
(17) SAINT CLARE'S HEALTH SERVICES INC 25 POCONO RD DENVER, NJ 07834 22-3639733	MANAGEMENT	NJ	501(C)(3)	11 - Type II	CHI	Yes	
(18) SAINT CLARE'S HOSPITAL INC 25 POCONO RD DENVER, NJ 07834 22-3319886	HEALTHCARE	NJ	501(C)(3)	3	SCHS	Yes	
(19) SAINT ELIZABETH FOUNDATION 555 S 70TH ST LINCOLN, NE 68510 47-0625523	FUNDRAISING	NE	501(C)(3)	7	SERMC	Yes	

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						Yes	No
(161) SAINT ELIZABETH HEALTH SERVICES 555 S 70TH ST LINCOLN, NE 68510 36-3233120	HEALTHCARE	NE	501(C)(3)	3	SERMC	Yes	
(1) SAINT ELIZABETH REGIONAL MEDICAL CENTER 555 S 70TH ST LINCOLN, NE 68510 47-0379836	HEALTHCARE	NE	501(C)(3)	3	CHI NEBRASKA	Yes	
(2) SAINT FRANCIS MEDICAL CENTER 2620 W FAIDLEY GRAND ISLAND, NE 68803 47-0376601	HEALTHCARE	NE	501(C)(3)	3	CHI NEBRASKA	Yes	
(3) SAINT FRANCIS MEDICAL CENTER FOUNDATION PO BOX 9804 GRAND ISLAND, NE 68802 47-0630267	FUNDRAISING	NE	501(C)(3)	7	SFMC	Yes	
(4) SAINT JOSEPH BEREА HOSPITAL FOUNDATION INC 305 ESTILL ST BEREA, KY 40403 26-0152877	FUNDRAISING	KY	501(C)(3)	7	SJHS	Yes	
(5) SAINT JOSEPH HEALTH SYSTEM INC 424 LEWIS HARGETT CIRCLE STE 160 LEXINGTON, KY 40503 61-1334601	HEALTHCARE	KY	501(C)(3)	3	KOH	Yes	
(6) SAINT JOSEPH HOSPITAL FOUNDATION INC ONE SAINT JOSEPH DRIVE LEXINGTON, KY 40504 61-1159649	FUNDRAISING	KY	501(C)(3)	11 - Type I	SJHS	Yes	
(7) SAINT JOSEPH LONDON FOUNDATION INC 1001 SAINT JOSEPH LANE LONDON, KY 40741 26-0438748	FUNDRAISING	KY	501(C)(3)	7	SJHS	Yes	
(8) SAINT JOSEPH MEDICAL FOUNDATION INC 200 ABRAHAM FLEXNER WAY LOUISVILLE, KY 40202 31-1539059	PHYSICIANS	KY	501(C)(3)	3	SJHS	Yes	
(9) SAINT JOSEPH MOUNT STERLING FOUNDATION INC 225 FALCON DR MOUNT STERLING, KY 40353 27-2884584	FUNDRAISING	KY	501(C)(3)	7	SJHS	Yes	
(10) SAINT JOSEPH'S HOSPITAL FOUNDATION 30 WEST 7TH ST DICKINSON, ND 58601 36-3418207	FUNDRAISING	ND	501(C)(3)	11 - Type I	SJHHC	Yes	
(11) SAMARITAN BEHAVIORAL HEALTH INC 601 S EDWIN C MOSES BLVD DAYTON, OH 45417 02-0633634	HEALTHCARE	OH	501(C)(3)	7	SHP	Yes	
(12) SAMARITAN HEALTH PARTNERS 110 N MAIN ST STE 500 DAYTON, OH 45402 31-1107411	HEALTHCARE	OH	501(C)(3)	11 - Type I	CHI	Yes	
(13) SCHUYLER MEMORIAL HOSPITAL FOUNDATION INC 104 W 17TH ST SCHUYLER, NE 68661 36-3630014	FUNDRAISING	NE	501(C)(3)	11 - Type I	AHMHS	Yes	
(14) SJRMC JOPLIN MISSOURI 198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 44-0545809	HEALTHCARE	MO	501(C)(3)	3	CHI	Yes	
(15) SL AUGUSTA CORP PO BOX 20269 HOUSTON, TX 77225 76-0226623	TITLE HOLDING	TX	501(C)(2)	N/A	SLPC	Yes	
(16) ST ANTHONY HOSPITAL 1601 SE COURT AVE PENDLETON, OR 97801 93-0391614	HEALTHCARE	OR	501(C)(3)	3	CHI	Yes	
(17) ST ANTHONY HOSPITAL FOUNDATION 1601 SE COURT AVE PENDLETON, OR 97801 93-0992727	FUNDRAISING	OR	501(C)(3)	11 - Type I	SAH	Yes	
(18) ST ANTHONY'S HOSPITAL ASSOCIATION FOUR HOSPITAL DR MORRILTON, AR 72110 71-0245507	HEALTHCARE	AR	501(C)(3)	3	SVIMC	Yes	
(19) ST CATHERINE HOSPITAL 401 EAST SPRUCE ST GARDEN CITY, KS 67846 48-0543721	HEALTHCARE	KS	501(C)(3)	3	CHI	Yes	

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						Yes	No
(181) ST CATHERINE HOSPITAL DEVELOPMENT FOUNDATION 401 EAST SPRUCE ST GARDEN CITY, KS 67846 20-0598702	FUNDRAISING	KS	501(C)(3)	11 - Type I	SCH	Yes	
(1) ST DOMINIC OF ONTARIO OREGON 198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 93-0433692	HEALTHCARE	OR	501(C)(4)	N/A	CHI	Yes	
(2) ST EDWARD MERCY FOUNDATION 7301 ROGERS AVENUE FORT SMITH, AR 72917 23-7330425	FOUNDATION	AR	501(C)(3)	7	MH FT SMITH	Yes	
(3) ST FRANCIS HOME 2400 ST FRANCIS DR BRECKENRIDGE, MN 56520 41-0729978	LTERM CARE	MN	501(C)(3)	9	CHI	Yes	
(4) ST FRANCIS LIFE CARE CORPORATION 19 POCONO RD DENVILLE, NJ 07834 22-2536017	ELDERLY CARE	NJ	501(C)(3)	9	SCHS	Yes	
(5) ST FRANCIS MEDICAL CENTER 2400 ST FRANCIS DR BRECKENRIDGE, MN 56520 41-0695598	HEALTHCARE	MN	501(C)(3)	3	CHI	Yes	
(6) ST FRANCIS OF BAKER CITY 198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 93-0412495	HEALTHCARE	OR	501(C)(3)	3	CHI	Yes	
(7) ST JOHN'S CHILDREN'S HOSPITAL INC 1235 E CHEROKEE STREET SPRINGFIELD, MO 65804 99-99999999	INACTIVE	MO	501(C)(3)	3	MH SF COMM	Yes	
(8) ST JOSEPH COMMUNITY HEALTH 1516 5TH ST NW ALBUQUERQUE, NM 87102 71-0897107	COMMUNITY	NM	501(C)(3)	11 - Type I	CHI	Yes	
(9) ST JOSEPH HEALTH MINISTRIES 1929 LINCOLN HWY E STE 150 LANCASTER, PA 17602 23-2342997	HEALTHCARE	PA	501(C)(3)	11 - Type I	CHI	Yes	
(10) ST JOSEPH MEDICAL CENTER FOUNDATION 2500 BERNVILLE RD PO BOX 316 READING, PA 19603 23-2649362	FUNDRAISING	PA	501(C)(3)	11 - Type I	SJRHN	Yes	
(11) ST JOSEPH MEDICAL CENTER INC 201 INTERNATIONAL CIRCLE STE 212 HUNT VALLEY, MD 21030 52-0591461	HEALTHCARE	MD	501(C)(3)	3	CHI	Yes	
(12) ST JOSEPH MEDICAL GROUP 2500 BERNVILLE RD PO BOX 316 READING, PA 19603 20-8544021	HEALTHCARE	PA	501(C)(3)	9	BHC	Yes	
(13) ST JOSEPH PHYSICIAN ENTERPRISE INC 201 INTERNATIONAL CIRCLE STE 212 HUNT VALLEY, MD 21030 52-1311775	PHYSICIANS	MD	501(C)(3)	11 - Type I	SJMC	Yes	
(14) ST JOSEPH REGIONAL HEALTH NETWORK 2500 BERNVILLE RD PO BOX 316 READING, PA 19603 23-1352211	HEALTHCARE	PA	501(C)(3)	3	CHI	Yes	
(15) ST JOSEPH'S AREA HEALTH SERVICES 600 PLEASANT AVE PARK RAPIDS, MN 56470 41-0695603	HEALTHCARE	MN	501(C)(3)	3	CHI	Yes	
(16) ST JOSEPH'S HOSPITAL AND HEALTH CENTER 30 WEST 7TH ST DICKINSON, ND 58601 45-0226429	HEALTHCARE	ND	501(C)(3)	3	CHI	Yes	
(17) ST LUKE'S COMMUNITY DEVELOPMENT CORPORATION 6624 FANNIN ST STE 2505 HOUSTON, TX 77030 26-0274448	MANAGEMENT	TX	501(C)(3)	11 - Type I	SLHS	Yes	
(18) ST LUKE'S COMMUNITY DEVELOPMENT CORPORATION - PMC 6624 FANNIN ST STE 2505 HOUSTON, TX 77030 27-3733278	HEALTHCARE	TX	501(C)(3)	3	SLCDC	Yes	
(19) ST LUKE'S COMMUNITY DEVELOPMENT CORPORATION - SUGAR LAND 6624 FANNIN ST STE 2505 HOUSTON, TX 77030 26-1947374	HEALTHCARE	TX	501(C)(3)	3	SLHS	Yes	

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						Yes	No
(201) ST LUKE'S COMMUNITY DEVELOPMENT CORPORATION - THE WOODLANDS 6624 FANNIN ST STE 2505 HOUSTON, TX 77030 26-0335902	HEALTHCARE	TX	501(C)(3)	3	SLCDC	Yes	
(1) ST LUKE'S COMMUNITY HEALTH SERVICES 6624 FANNIN ST STE 1100 HOUSTON, TX 77030 76-0536234	HEALTHCARE	TX	501(C)(3)	3	SLHS	Yes	
(2) ST LUKE'S FOUNDATION 1213 HERMANN DRIVE STE 855 HOUSTON, TX 77004 45-3811485	FUNDRAISING	TX	501(C)(3)	7	SLHS	Yes	
(3) ST LUKE'S HEALTH SYSTEM CORPORATION 6624 FANNIN ST STE 1100 HOUSTON, TX 77030 76-0536232	MANAGEMENT	TX	501(C)(3)	11 - Type I	CHI	Yes	
(4) ST LUKE'S HEALTH SYSTEM FOUNDATION 6624 FANNIN ST STE 1100 HOUSTON, TX 77030 76-0127715	INVESTMENT MGMT	TX	501(C)(3)	11 - Type I	SLHS	Yes	
(5) ST LUKE'S HOSPITAL AT THE VINTAGE 6624 FANNIN ST STE 2505 HOUSTON, TX 77030 26-3734606	HEALTHCARE	TX	501(C)(3)	3	SLHS	Yes	
(6) ST LUKE'S MEDICAL GROUP 6624 FANNIN ST HOUSTON, TX 77030 76-0458535	PHYSICIANS	TX	501(C)(3)	3	SLHS	Yes	
(7) ST LUKE'S MEDICAL TOWER CORPORATION 6624 FANNIN ST STE 1100 HOUSTON, TX 77030 76-0531713	PROPERTY MGMT	TX	501(C)(3)	11 - Type I	CHI-SLH	Yes	
(8) ST LUKE'S PROPERTIES CORPORATION 6624 FANNIN ST STE 1100 HOUSTON, TX 77030 76-0531716	PROPERTY MGMT	TX	501(C)(3)	11 - Type I	SLHS	Yes	
(9) ST LUKE'S SUGAR LAND PROPERTIES CORPORATION 6624 FANNIN ST STE 2505 HOUSTON, TX 77030 45-4120549	PROPERTY MGMT	TX	501(C)(3)	11 - Type I	SLCDC-SL	Yes	
(10) ST MARY'S COMMUNITY HOSPITAL 1314 3RD AVE NEBRASKA CITY, NE 68410 47-0443636	HEALTHCARE	NE	501(C)(3)	3	CHI NEBRASKA	Yes	
(11) ST MARY'S HOSPITAL FOUNDATION 1314 3RD AVE NEBRASKA CITY, NE 68410 47-0707604	FUNDRAISING	NE	501(C)(3)	7	SMCH	Yes	
(12) ST MARY'S HOSPITAL OF ENID OKLAHOMA 14528 S OUTER FORTY STE 100 CHESTERFIELD, MO 63017 73-0614655	INACTIVE	OK	501(C)(3)	3	MH OK COMM	Yes	
(13) ST VINCENT FOUNDATION TWO ST VINCENT CIRCLE LITTLE ROCK, AR 72205 51-0169537	FUNDRAISING	AR	501(C)(3)	11 - Type I	SVIMC	Yes	
(14) ST VINCENT INFIRMARY MEDICAL CENTER TWO ST VINCENT CIRCLE LITTLE ROCK, AR 72205 71-0236917	HEALTHCARE	AR	501(C)(3)	3	CHI	Yes	
(15) ST VINCENT MEDICAL GROUP TWO ST VINCENT CIRCLE LITTLE ROCK, AR 72205 71-0830696	HEALTHCARE	AR	501(C)(3)	9	SVIMC	Yes	
(16) THE GOOD SAMARITAN HOSPITAL OF CINCINNATI OH 619 OAK ST ACCOUNTING-3 W CINCINNATI, OH 45206 31-0537486	HEALTHCARE	OH	501(C)(3)	3	CHI	Yes	
(17) THE PHYSICIAN NETWORK 2000 Q ST STE 500 LINCOLN, NE 68503 47-0780857	PHYSICIANS	NE	501(C)(3)	11 - Type I	CHI NEBRASKA	Yes	
(18) THE SISTER M CORNELIA BLASKO FOUNDATION 100 WHIGHWAY 60 MOUNTAIN VIEW, MO 65548 43-1873914	FOUNDATION	MO	501(C)(3)	11	M ST FRANCIS	Yes	
(19) TOTAL HEALTHCARE 188 INVERNESS DRIVE WEST STE 500 ENGLEWOOD, CO 80112 84-0927232	HEALTHCARE	CO	501(C)(3)	3	CHIC	Yes	

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						Yes	No
(221) UNITY AMBULATORY CARE 14528 S OUTER FORTY STE 100 CHESTERFIELD, MO 63017 43-1861745	INACTIVE	MO	501(C)(3)	11	MH EAST COMM	Yes	
(1) UNITY FAMILY HEALTHCARE 815 SE 2ND ST LITTLE FALLS, MN 56345 41-0721642	HEALTHCARE	MN	501(C)(3)	3	CHI	Yes	
(2) VILLA NAZARETH INC 801 PAGE DR FARGO, ND 58103 45-0226714	LTERM CARE	ND	501(C)(3)	9	CHI	Yes	
(3) VISITING NURSE ASSOCIATION OF ST CLARE'S INC 191 WOODPORT RD SPARTA, NJ 07871 22-1768334	HOME HEALTH	NJ	501(C)(3)	9	SCHS	Yes	
(4) WOODLANDS DOCTOR GROUP 17200 ST LUKES WAY STE 170 THE WOODLANDS, TX 77384 27-4499340	PHYSICIANS	TX	501(C)(3)	9	SLCHS	Yes	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of- year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in Box 20 of K-1 (Form 1065)	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
ALEGENT HEALTH NORTHWEST IMAGING CENTER LLC 3606 N 156TH ST OMAHA, NE 68116 06-1786985	OP DIAGNOSTICS	NE	ACH	RELATED	116,752	776,649		No	0	Yes		51 %
AUDUBON LAND COMPANY LLC 5390 N ACADEMY BLVD STE 300 COLORADO SPRINGS, CO 80918 84-1513085	REAL ESTATE	CO	CHIC	RELATED	34,991	8,665,388		No	0		No	50 1 %
AVANTAS LLC 11128 JOHN GALT BLVD STE 400 OMAHA, NE 68137 39-2045003	STAFFING OF NURSES	NE	AHBMHS	RELATED	-319,683	4,762,246		No	-439,535		No	95 %
BERGAN MERCY SURGERY CENTER LLC 7710 MERCY RD STE 200 OMAHA, NE 68124 20-8671994	AMBUL SURG CTR	NE	ACH	RELATED	142,085	3,294,472		No	0		No	63 94 %
BERYWOOD OFFICE PROPERTIES LLC 400 BERYWOOD TRAIL CLEVELAND, TN 37312 62-1875199	PHYS OFFICE	TN	MHCS	RELATED	57,545	1,013,237		No	0	Yes		63 %
BLUEGRASS REGIONAL IMAGING CENTER 1218 SOUTH BRDWAY STE 310 LEXINGTON, KY 40504 61-1386736	DIAGNOSTIC IMAGING	KY	SJHS	RELATED	308,428	3,317,191		No	0		No	65 %
CATHOLIC HEALTH INITIATIVES PHYSICIAN SERVICES LLC 198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 46-2945938	PRACTICE MGMT SRVC	DE	CHI	RELATED	2,478	4,571,498		No	0	Yes		80 %
CENTRAL NEBRASKA HOME CARE SERVICES PO BOX 1146 4502 N SECOND AVE KEARNEY, NE 68848 47-0692112	HEALTHCARE SRVC	NE	NA	RELATED	-195,425	216,945		No	-77,269	Yes		100 %
CENTRAL NEBRASKA REHAB SERVICE 620 DIERS AVE STE 300 GRAND ISLAND, NE 68803 81-0653461	PHYSICAL THERAPY	NE	SFMC	RELATED	2,132,606	3,494,427		No	0		No	51 %
CHI OPERATING INVESTMENT PROGRAM LP 198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 47-0727942	INVESTMENTS	CO	CHI	UNRELATED	344,962,532	4,617,413,792		No	0	Yes		92 8 %
CHICAMSURG SURGERY CENTERS LLC 188 INVERNESS DRIVE WEST 500 ENGLEWOOD, CO 80112 11-1222333	SURGERY CENTER	CO	CHIC	RELATED	0	0		No	0		No	51 %
FORT SMITH EMS 1701 S GREENWOOD FT SMITH, AR 72901 71-0416615	EMERGENCY MED	AR	N/A									
HC SL VINTAGE I LLC 18000 W SARAH LANE STE 250 BROOKFIELD, WI 53045 27-0453767	PROPERTY HOLDING	WI	SL CDC-V	RELATED	1,027,057	105,658,490		No	0		No	51 %
HEALTHCARE SUPPORT SERVICES PO BOX 9804 GRAND ISLAND, NE 68802 72-1546196	LAUNDRY	NE	NA	RELATED	98,584	3,190,678		No	97,006		No	100 %
HEARTLAND ONCOLOGY LLC 2337 E CRAWFORD ST SALINA, KS 67401 22-2333444	ONCOLOGY	KS	SCH	RELATED	0	0		No	0		No	51 %

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of- year assets	(h) Disproprtionate allocations?		(i) Code V-UBI amount in Box 20 of K-1 (Form 1065)	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
HIGHLINE IMAGING LLC 275 SW 160TH ST BURIEN, WA 98166 20-0460005	DIAGNOSTIC IMAGING	WA	HMC	RELATED	375,761	1,784,057		No	0		No	80 %
LAKESIDE AMBULATORY SURGICAL CENTER LLC 17031 LAKESIDE HILLS DR OMAHA, NE 68130 20-4267902	AMBUL SURG CTR	NE	ACH	RELATED	3,465,880	1,951,221		No	0		No	51 %
LAKESIDE ENDOSCOPY CENTER LLC 17001 LAKESIDE HILLS PLZ STE 201 OMAHA, NE 68130 20-5544496	ENDOSCOPY SRVC	NE	ACH	RELATED	1,455,294	1,013,126		No	0		No	52 28 %
LINCOLN CK LEASING LLC 6003 OLD CHENEY RD LINCOLN, NE 68516 26-2496856	REAL ESTATE	NE	SERMC	RELATED	574,064	425,034		No	0		No	53 76 %
LOUISVILLE SC LTD 3000 RIVERCHASE GALLERIA STE 500 BIRMINGHAM, AL 35244 06-2119566	SURGERY CENTER	AL	SCOFL	RELATED	417,359	478,373		No	0	Yes		61 1 %
MERC AMBU SURG STR 7301 ROGERS FT SMITH, AR 72903 71-0827721	AMBUL SURG CTR	AR	N/A									
NEBRASKA SPINE HOSPITAL LLC 6901 N 72ND ST OMAHA, NE 68122 27-0263191	SPINE HOSPITAL	NE	ACH	RELATED	10,501,730	17,301,869		No	0		No	51 %
NORTH RIVER SURGERY CENTER LLC 2209 WILDWOOD AVE SHERWOOD, AR 72120 71-0799771	AMBUL SURG CTR	AR	SVIMC	RELATED	81,071	1,077,536		No	0		No	57 45 %
ORTHOCOLORADO LLC 11650 WEST 2ND PLACE LAKEWOOD, CO 80255 37-1577105	ORTHO HOSPITAL	CO	THC	RELATED	1,846,183	8,411,844		No	0		No	60 %
PENINSULA RADIATION ONCOLOGY LLC 315 MLK JR WAY STE 111 TACOMA, WA 98405 87-0808610	HEALTHCARE SRVC	WA	FHS	RELATED	256,567	3,262,002		No	0		No	60 %
PENRAD IMAGING 1390 KELLY JOHNSON BLVD COLORADO SPRINGS, CO 80920 84-1072619	MEDICAL IMAGING	CO	CHIC	RELATED	715,094	3,489,436		No	0		No	70 %
PMC HOSPITAL LLC 4600 E SAM HOUSTON PKWY SOUTH PASADENA, TX 77505 27-3280598	HOSPITAL	TX	SL CDC- PMC	RELATED	1,092,540	20,751,174		No	0	Yes		51 %
PRAIRIE HEALTH VENTURES LLC 421 S 9TH ST STE 102 LINCOLN, NE 68508 20-4962103	TECH SRVC	NE	AH-IMC	RELATED	1,011,804	5,564,586		No	68,565	Yes		65 75 %
PREMIER SURGERY CENTER OF LOUISVILLE LP 3000 RIVERCHASE GALLERIA STE 500 BIRMINGHAM, AL 35244 72-1378216	SURGERY CENTER	AL	SCA	RELATED	88,900	254,399		No	0	Yes		51 %
PUEBLO AMBULATORY SURGERY CENTER LLC 188 INVERNESS DRIVE WEST 500 ENGLEWOOD, CO 80112 62-1488737	SURGERY CENTER	CO	CHIC	RELATED	0	0		No	0		No	51 %

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							Yes	No		Yes	No	
RES OPT & INNOV 645 MARYVILLE ST ST LOUIS, MO 63141 46-0468368	CENTRAL DIST	MO	N/A									
SAINT JOSEPH - PAML LLC 424 LEWIS HARGETT CIRCLE STE 160 LEXINGTON, KY 40503 45-2116736	MGMT SVCS	KY	SJHS	RELATED	-52,573	93,769		No	0	Yes		62 5 %
SAINT JOSEPH - SCA HOLDINGS LLC 1451 HARRODSBURG RD LEXINGTON, KY 40503 45-3801157	OP SURGERY	DE	SJHS	RELATED	0	0		No	0	Yes		51 %
SAINT JOSEPH-ANC HOME CARE SERVICES 1700 EDISON DR MILFORD, OH 45150 26-3330545	HOME HEALTH	KY	JH	RELATED	88,608	256,606		No	0		No	100 %
SCA PREMIER SURGERY CENTER OF LOUISVILLE LLC 200 ABRAHAM FLEXNER WAY LOUISVILLE, KY 40202 72-1386840	SURGERY CENTER	KY	JH	RELATED	42,319	631,595		No	0	Yes		51 %
SO OK DIAG CTR 1011 14TH ARDMORE, OK 73401 43-1971232	MRI SERVICES	OK	N/A									
ST ED MER MED MOB 7301 ROGERS FT SMITH, AR 72903 71-0554050	OFFICE BUILDING	AR	N/A									
ST FRANCIS LAND COMPANY 5390 N ACADEMY BLVD STE 300 COLORADO SPRINGS, CO 80918 26-3134100	REAL ESTATE	CO	CHIC	RELATED	-130,967	13,823,763		No	0		No	51 %
ST FRANCIS MEDICAL CENTER ASSOCIATES 1717 SOUTH J ST TACOMA, WA 98405 91-1352698	MED OFFICE	WA	FHS	RELATED	238,717	19,017,063		No	0		No	54 21 %
ST LUKE'S DIAGNOSTIC CATH LAB LLP 6620 MAIN ST STE 1520 HOUSTON, TX 77030 71-0959365	DIAGNOSTICS	TX	SLHS HOLDINGS	RELATED	273,448	868,814		No	0		No	57 3 %
ST LUKE'S HOSPITAL AT THE VINTAGE LLC 6624 FANNIN STE 2505 HOUSTON, TX 77030 26-3734516	HOSPITAL	TX	SLHS	RELATED	-19,253,743	69,158,748		No	0	Yes		51 %
ST LUKE'S LAKESIDE HOSPITAL LLC 6624 FANNIN STE 2505 HOUSTON, TX 77030 30-0427437	HOSPITAL	TX	SL CDC-W	RELATED	1,106,628	25,874,619		No	0	Yes		51 %
ST LUKE'S THE WOODLANDS SLEEP CENTER LLC 6624 FANNIN STE 800 HOUSTON, TX 77030 46-2795726	DIAGNOSTICS	TX	SLHSH	RELATED	0	0		No	0	Yes		50 %
SUPERIOR MEDICAL IMAGING LLC 5000 NORTH 26TH ST LINCOLN, NE 68521 26-2884555	OP DIAGNOSTICS	NE	SERMC	RELATED	-200,323	821,112		No	0	Yes		51 %
SURGERY CENTER OF LEXINGTON LLC 424 LEWIS HARGETT CIRCLE STE 160 LEXINGTON, KY 40503 62-1179539	SURGERY CENTER	DE	SJHS	RELATED	-200,318	4,079,584		No	0	Yes		51 %

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							Yes	No		Yes	No	
SURGERY CENTER OF LOUISVILLE LLC 200 ABRAHAM FLEXNER WAY LOUISVILLE, KY 40202 62-1179537	SURGERY CENTER	KY	JH	RELATED	-15,452	396,101		No	0	Yes		51 %

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

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								Yes	No
ALEAGENT HEALTHCAREIGHTON ST JOSEPH MANAGED CARE SERVICES INC 12809 WEST DODGE RD OMAHA, NE 68154 47-0802396	MANAGED CARE	NE	CHI NEBRASKA	C CORPORATION	5,312,313	4,520,865	100 %	Yes	
ALL SAINTS INSURANCE COMPANY SPC LTD	INSURANCE	CJ	CHI	C CORPORATION	0	43,866,961	100 %	Yes	
ALTERNATIVE INSURANCE MANAGEMENT SERVICE 3900 OLYMPIC BLVD STE 400 ERLANGER, KY 41018 84-1112049	MANAGEMENT SERVICES	CO	CHI	C CORPORATION	0	6,272,746	100 %	Yes	
AMERICAN NURSING CARE INC 1700 EDISON DR MILFORD, OH 45150 31-1085414	HOME HEALTH	OH	CHS	C CORPORATION	5,118,606	51,920,207	100 %	Yes	
AMERIMED INC 1700 EDISON DR MILFORD, OH 45150 31-1158699	HOME HEALTH	OH	ANC	C CORPORATION	2,134,392	14,669,219	100 %	Yes	
BC HOLDING COMPANY INC 1850 BLUEGRASS AVE LOUISVILLE, KY 40215 31-1542851	FITNESS CLUB	KY	JHSMH	C CORPORATION	0	0	100 %	Yes	
CADUCEUS MEDICAL ASSOCIATES INC 2525 DE SALES AVE CHATTANOOGA, TN 37404 62-1570736	HEALTHCARE	TN	MHCS	C CORPORATION	0	1,008	100 %	Yes	
CAPTIVE MANAGEMENT INITIATIVES LTD PO BOX 10073 APO GEORGETOWN, GRAND CAYMAN KY1-1001 CJ 98-0663022	CAPTIVE MANAGEMENT	CJ	CHI	C CORPORATION	0	0	100 %	Yes	
CARMONA-DESOTO BUILDING HORIZONTAL PROPERTY REGIME INC 300 WERNER ST HOT SPRINGS, AR 71913 71-0771076	HEALTHCARE	AR	CHI-SVHS	C CORPORATION	0	0	100 %	Yes	
CATHOLIC HEALTH INITIATIVES CENTER FOR TRANSLATIONAL RESEARCH 198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 27-2269511	RESEARCH	CO	CIRI	TRUST	-2,286,538	1,241,259	100 %	Yes	
CGH REALTY COMPANY INC 2500 BERNVILLE RD READING, PA 19603 23-2326801	REAL ESTATE	PA	SJHM	C CORPORATION	0	0	100 %	Yes	
CHI ST LUKE'S HEALTH BAYLOR COLLEGE OF MEDICINE MEDICAL CENTER CONDO ASSOC 6624 FANNIN STE 2505 HOUSTON, TX 77030 45-5079545	CONDO ASSOC	TX	CHI-SLHBCM	C CORPORATION	0	0	100 %	Yes	
CLEARRIVER HEALTH 198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 46-4495960	INSURANCE	TN	PHPSI	C CORPORATION	0	0	100 %	Yes	
COMCARE SERVICES INC 5570 DTC PARKWAY ENGLEWOOD, CO 80111 84-0904813	INACTIVE	CO	CHIC	C CORPORATION	0	0	100 %	Yes	
CONSOLIDATED HEALTH SERVICES 1700 EDISON DR MILFORD, OH 45150 31-1378212	HOME HEALTH	OH	CHI	C CORPORATION	-879,467	52,379,487	100 %	Yes	

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								Yes	No
DES MOINES MEDICAL CENTER INC 1111 6TH AVE DES MOINES, IA 50314 42-0837382	REAL ESTATE	IA	CHI-IA CORP	C CORPORATION	67,314	1,064,032	92 98 %	Yes	
EAST TEXAS CLINICAL SERVICES INC 2801 VIA FORTUNA 500 AUSTIN, TX 78746 45-4736213	HEALTHCARE	TX	MHSET	C CORPORATION	632,545	16,782	100 %	Yes	
FIRST INITIATIVES INSURANCE LTD PO BOX 10073 APO GEORGETOWN,GRAND CAYMAN KY1-1001 CJ 98-0203038	INSURANCE	CJ	CHI	C CORPORATION	0	0	100 %	Yes	
FRANCISCAN SERVICES INC 198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 23-2487967	HEALTHCARE	CO	CHI	C CORPORATION	434,854	718,254	100 %	Yes	
FRONTENAC PROPERTIES INC 14528 S OUTER FORTY SUITE 100 CHESTERFIELD, MO 63017 52-1914421	HOLDING COMP	DE	CHI	C CORPORATION	0	0	100 %	Yes	
GOOD SAMARITAN OUTREACH SERVICES PO BOX 1990 KEARNEY, NE 68848 47-0659440	MEDICAL CLINIC	NE	CHI NEBRASKA	C CORPORATION	-7,280	180,468	100 %	Yes	
HEALTH SYSTEMS ENTERPRISES INC PO BOX 1990 KEARNEY, NE 68848 47-0664558	MGMT	NE	GSH	C CORPORATION	87,278	1,377,820	100 %	Yes	
HEALTHCARE MGMT SERVICES ORGANIZATION INC 1717 SOUTH J ST TACOMA, WA 98405 91-1865474	HEALTH ORG	WA	FHS	C CORPORATION	0	0	100 %	Yes	
HEARTLANDPLAINS HEALTH 198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 46-4368223	INSURANCE	NE	PHPSI	C CORPORATION	0	0	100 %	Yes	
HIGHLINE MEDICAL GROUP 15811 AMBAUM BLVD SW STE 170 BURIEN, WA 98166 91-1586438	MEDICAL SERVICES	WA	HMC	C CORPORATION	-6,049,147	5,689,139	100 %	Yes	
INVENO HEALTH INC 1235 E CHEROKEE STREET SPRINGFIELD, MO 65804 26-4509571	RESEARCH	MO	CHI	C CORPORATION	0	0	100 %	Yes	
JEFFERSON LAND COMPANY INC 14528 S OUTER FORTY SUITE 100 CHESTERFIELD, MO 63017 43-1330360	HOLDING COMP	MO	CHI	C CORPORATION	0	0	100 %	Yes	
MEDQUEST 1602 WEST 11TH ST WILLISTON, ND 58801 45-0392137	SALE OF DME	ND	MMC WILLISTON	C CORPORATION	0	1,152,715	100 %	Yes	
MERCY COMMUNITY SERVICES INC 401 WOODLAND HILLS BLVD FORT SCOTT, KS 66701 48-1078101	RETAIL PHARMACY	KS	CHI	C CORPORATION	0	0	100 %	Yes	
MERCY HEALTH CENTER CONDOMINIUM INC 4300 W MEMORIAL RD OKLAHOMA CITY, OK 73120 68-0640970	REAL ESTATE	OK	CHI	C CORPORATION	0	0	100 %	Yes	

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								Yes	No
MERCY HEALTH NETWORK OF THE SOUTHERN REG 1011 14TH AVENUE NW ARDMORE, OK 73401 73-1580607	HEALTH CARE	OK	CHI	C CORPORATION	0	0	100 %	Yes	
MERCY HEALTH NETWORK INC 4300 W MEMORIAL RD OKLAHOMA CITY, OK 73120 73-1381689	HEALTH CARE	OK	CHI	C CORPORATION	0	0	100 %	Yes	
MERCY MANAGED CARE CORPORATION 4300 W MEMORIAL RD OKLAHOMA CITY, OK 73120 73-1441665	HOLDING COMP	OK	CHI	C CORPORATION	0	0	100 %	Yes	
MERCY PARK APARTMENTS LTD 1111 6TH AVE DES MOINES, IA 50314 42-1202422	HOUSING	IA	CHI-IA CORP	C CORPORATION	273,525	1,937,218	100 %	Yes	
MERCY SERVICES CORP 2700 STEWART PARKWAY ROSEBURG, OR 97471 93-0824308	RETAIL SALES	OR	MMC	C CORPORATION	0	142,337	100 %	Yes	
MHI CLINICAL SERVICES 1201 W FRANK AVE LUFKIN, TX 75904 46-1967952	HEALTHCARE	TX	MHSET	C CORPORATION	0	0	100 %	Yes	
MOUNTAIN MANAGEMENT SERVICES INC 6028 SHALLOWFORD RD CHATTANOOGA, TN 37421 62-1570739	MGMT SVC ORG	TN	MHCS	C CORPORATION	96,044	6,465,179	100 %	Yes	
NAZARETH ASSURANCE COMPANY PO BOX 10073 APO GEORGETOWN, GRAND CAYMAN KY1-1001 CJ 03-0304831	INSURANCE	CJ	CHI	C CORPORATION	0	0	100 %	Yes	
PATIENT TRANSPORT SERVICES INC 1700 EDISON DR MILFORD, OH 45150 31-1100798	HOME HEALTH	OH	ANC	C CORPORATION	-164,340	5,488,275	100 %	Yes	
PHYSICIANHEALTH SYSTEM NETWORK 1149 MARKET ST TACOMA, WA 98402 91-1746721	HEALTH ORG	WA	FHS	C CORPORATION	0	0	100 %	Yes	
PROMINENCE HEALTH PLAN SERVICES INC (FKA COLLABHEALTH PLAN SERVICES INC) 198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 46-1224037	ADMIN SERVICES	CO	PHI	C CORPORATION	-5,339,325	38,272,608	100 %	Yes	
PROMINENCE HEALTH INC (FKA COLLABHEALTH MANAGED SOLUTIONS INC) 198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 46-1222808	HOLDING CO	CO	CHI	C CORPORATION	0	23,806,707	100 %	Yes	
QCA HEALTH PLAN INC 12615 CHENAL PARKWAY STE 300 LITTLE ROCK, AR 72211 71-0794605	INSURANCE	AR	QCHI	C CORPORATION	0	0	100 %	Yes	
QUALCHOICE HOLDINGS INC 12615 CHENAL PARKWAY STE 300 LITTLE ROCK, AR 72211 27-4075520	HOLDING CO	AR	PHPS	C CORPORATION	0	0	100 %	Yes	
QUALCHOICE LIFE AND HEALTH INSURANCE COMPANY INC 12615 CHENAL PARKWAY STE 300 LITTLE ROCK, AR 72211 71-0386640	INSURANCE	AR	QCH	C CORPORATION	0	0	100 %	Yes	

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								Yes	No
RIVERLINK HEALTH 198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 46-4380824	INSURANCE	OH	PHPS	C CORPORATION	0	0	100 %	Yes	
RIVERLINK HEALTH OF KENTUCKY INC 198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 46-4828332	INSURANCE	KY	PHPS	C CORPORATION	0	0	100 %	Yes	
SAINT CLARE'S PRIMARY CARE INC 66 FORD RD DENVER, NJ 07834 22-2441202	BILLING SERVICES	NJ	SCCC	C CORPORATION	-235,604	1,361,242	100 %	Yes	
SAMARITAN FAMILY CARE INC 40 W FOURTH ST STE 1700 DAYTON, OH 45402 31-1299450	HEALTHCARE	OH	SHP	C CORPORATION	0	0	100 %	Yes	
SJH SERVICES CORPORATION 198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 23-2307408	HEALTHCARE	CO	FSI	C CORPORATION	-197,039	3,331,737	100 %	Yes	
SJL PHYSICIAN MANAGEMENT SERVICES INC 424 LEWIS HARGETT CR STE 160 LEXINGTON, KY 40503 27-0164198	MGMT	KY	SJHS	C CORPORATION	0	0	100 %	Yes	
SLMT PARKING INC 6624 FANNIN STE 800 HOUSTON, TX 77030 76-0637140	PARKING	TX	SLHS	C CORPORATION	1,117,934	13,768,221	100 %	Yes	
SOUNDPATH HEALTH INC 32129 WEYERHAEUSER WAY S STE 201 FEDERAL WAY, WA 98001 42-1720801	INSURANCE	WA	PHPS	C CORPORATION	-154,741	10,976,973	62 6 %	Yes	
ST ANTHONY DEVELOPMENT COMPANY 1415 SOUTHGATE PENDLETON, OR 97801 93-1216943	ATHLETIC CLUB	OR	SAH	C CORPORATION	114,663	2,936,102	100 %	Yes	
ST JOSEPH DEVELOPMENT COMPANY INC 1717 SOUTH J ST TACOMA, WA 98405 91-1480569	RENTAL	WA	FSI	C CORPORATION	63,164	11,845,439	100 %	Yes	
ST JOSEPH OFFICE PARK ASSOCIATION 1401 HARRODSBURG RD BLDG B70 LEXINGTON, KY 40504 61-1079899	MGMT	KY	SJHS	C CORPORATION	0	882,139	85 %	Yes	
ST LUKE'S 6620 MAIN CONDOMINIUM ASSOCIATION 6624 FANNIN STE 2505 HOUSTON, TX 77030 30-0355517	CONDO ASSOC	TX	SLPC	C CORPORATION	0	0	100 %	Yes	
ST LUKE'S ANESTHESIOLOGY ASSOCIATES 6624 FANNIN STE 1100 HOUSTON, TX 77030 46-1517163	MEDICAL CLINIC	TX	CHI-SLH	C CORPORATION	0	0	100 %	Yes	
ST LUKE'S EPISCOPAL HOSPITAL PHYSICIAN HOSPITAL ORGANIZATION INC 6720 BERTNER MC4-262 HOUSTON, TX 77030 76-0377932	PHO	TX	CHI-SLH	C CORPORATION	6	0	60 %	Yes	
ST LUKE'S HEALTH SYSTEM HOLDINGS INC (FKA SLEHS HOLDINGS INC) 6624 FANNIN STE 800 HOUSTON, TX 77030 76-0637138	HOLDING CO	TX	SLHS	C CORPORATION	1,425,313	33,114,103	100 %	Yes	

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								Yes	No
ST LUKE'S MEDICAL ARTS CENTER I CONDOMINIUM ASSOCIATION 6624 FANNIN STE 2505 HOUSTON, TX 77030 30-0355518	CONDO ASSOC	TX	SLPC	C CORPORATION	0	0	100 %	Yes	
ST LUKE'S MEDICAL TOWER CONDOMINIUM ASSOCIATION 6624 FANNIN STE 2505 HOUSTON, TX 77030 76-0298751	CONDO ASSOC	TX	SLMTC	C CORPORATION	0	0	100 %	Yes	
ST VINCENT COMMUNITY HEALTH SERVICES INC TWO ST VINCENT CIRCLE LITTLE ROCK, AR 72205 71-0710785	HEALTHCARE	AR	SVIMC	C CORPORATION	2,408,638	15,225,732	100 %	Yes	
STABLEVIEW HEALTH INC 198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 46-4373713	INSURANCE	KY	PHPS	C CORPORATION	0	0	100 %	Yes	
SUGAR LAND DOCTOR GROUP 1317 LAKE POINTE PARKWAY SUGAR LAND, TX 77478 45-4270163	MEDICAL CLINIC	TX	SLCDC-SL	C CORPORATION	0	0	100 %	Yes	
THE APOTHECARY SERVICES INC PO BOX 350 CRYSTAL CITY, MO 63019 43-1627267	RETAIL PHARMACY	MO	CHI	C CORPORATION	0	0	100 %	Yes	
THE TEXAS HEART INSTITUTE AT ST LUKE'S EPISCOPAL HOSPITAL DENTON A COOLEY BUILDING COMDOMINIUM ASSOCIATION 6624 FANNIN STE 2505 HOUSTON, TX 77030 90-0064009	CONDO ASSOC	TX	CHI-SLH	C CORPORATION	0	0	100 %	Yes	
TOWSON MANAGEMENT INC 7601 OSLER DR TOWSON, MD 21204 52-1710750	MGMT SERVICES	MD	FSI	C CORPORATION	516,457	197,196	100 %	Yes	
UHL CORP INC 645 MARYVILLE CENTRE DRIVE STE 100 ST LOUIS, MO 63141 74-2499535	HOLDING COMP	MO	CHI	C CORPORATION	0	0	100 %	Yes	
UNITY SUPPORT SERVICES INC 645 MARYVILLE CENTRE DRIVE STE 100 ST LOUIS, MO 63141 43-1797042	PRACTICE MGT	MO	CHI	C CORPORATION	0	0	100 %	Yes	

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Catholic Health Initiatives
Years Ended June 30, 2014 and 2013
With Report of Independent Auditors

Ernst & Young LLP

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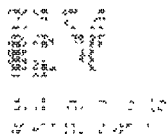


Catholic Health Initiatives
www.chi.com

Catholic Health Initiatives
Consolidated Financial Statements
and Supplemental Information
Years Ended June 30, 2014 and 2013

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Report of Independent Auditors

The Board of Stewardship Trustees
Catholic Health Initiatives

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

Management's Responsibility for the Financial Statements

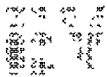
Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 consolidated 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 consolidated 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.



Ernst & Young
1406-1271976

Opinion

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

Ernst & Young LLP

September 17, 2014

Catholic Health Initiatives

Consolidated Balance Sheets

(In Thousands)

	June 30	
	2014	2013
Assets		
Current assets:		
Cash and equivalents	\$ 1,042,748	\$ 609,226
Net patient accounts receivable, less allowances for bad debt of \$924,395 and \$858,394 at 2014 and 2013, respectively	1,997,468	1,755,348
Other accounts receivable	286,673	197,917
Current portion of investments and assets limited as to use	24,732	11,697
Inventories	271,664	247,720
Assets held for sale	202,066	215,777
Prepaid and other	197,668	137,776
Total current assets	<u>4,023,019</u>	<u>3,175,461</u>
Investments and assets limited as to use:		
Internally designated for capital and other funds	5,310,967	5,452,023
Mission and ministry fund	137,099	121,109
Capital resource pool	515,338	416,938
Held by trustees	53,574	16,726
Held for insurance purposes	828,078	825,885
Restricted by donors	296,472	266,325
Total investments and assets limited as to use	<u>7,141,528</u>	<u>7,099,006</u>
Property and equipment, net	8,942,520	7,786,240
Deferred financing costs	43,074	36,557
Investments in unconsolidated organizations	608,088	416,816
Intangible assets and goodwill, net	553,462	364,751
Notes receivable and other	500,886	430,888
Total assets	<u><u>\$ 21,812,577</u></u>	<u><u>\$ 19,309,719</u></u>

	June 30	
	2014	2013
Liabilities and net assets		
Current liabilities:		
Compensation and benefits	\$ 679,575	\$ 600,837
Third-party liabilities, net	123,804	110,571
Accounts payable and accrued expenses	1,446,233	1,066,930
Liabilities held for sale	104,117	91,412
Variable-rate debt with self liquidity	521,455	321,455
Commercial paper and current portion of debt	711,408	749,617
Total current liabilities	3,586,592	2,940,822
Pension liability	496,358	472,852
Self-insured reserves and claims	634,718	616,652
Other liabilities	831,615	698,283
Long-term debt	7,146,399	6,334,985
Total liabilities	12,695,682	11,063,594
Net assets:		
Net assets attributable to CHI	8,289,188	7,769,310
Net assets attributable to noncontrolling interests	469,296	175,663
Unrestricted	8,758,484	7,944,973
Temporarily restricted	265,639	214,524
Permanently restricted	92,772	86,628
Total net assets	9,116,895	8,246,125
Total liabilities and net assets	<u>\$ 21,812,577</u>	<u>\$ 19,309,719</u>

See accompanying notes

Catholic Health Initiatives

Consolidated Statements of Operations

(In Thousands)

	Year Ended June 30	
	2014	2013
Revenues		
Net patient services revenues before provision for doubtful accounts	\$ 13,372,955	\$ 10,714,455
Provision for doubtful accounts	(965,711)	(821,465)
Net patient services revenues	12,407,244	9,892,990
Nonpatient		
Donations	32,366	31,089
Changes in equity of unconsolidated organizations	26,922	19,056
Investment income used for operations	101,874	66,529
Gains on business combinations	421,955	76,425
Hospital nonpatient revenues	294,021	209,413
Insurance premium revenues	171,465	50,503
Other	432,826	362,220
Total nonpatient revenues	1,481,429	815,235
Total operating revenues	13,888,673	10,708,225
Expenses		
Salaries and wages	5,554,984	4,424,404
Employee benefits	1,072,850	970,824
Purchased services, medical professional fees, consulting and legal	1,945,579	1,361,778
Supplies	2,346,879	1,832,984
Utilities	197,479	152,979
Rentals, leases, maintenance and insurance	875,833	616,683
Depreciation and amortization	698,772	555,064
Interest	235,440	164,353
Other	857,334	624,756
Total operating expenses before restructuring, impairment and other losses	13,785,150	10,703,825
Income from operations before restructuring, impairment and other losses	103,523	4,400
Restructuring, impairment, and other losses	117,514	59,343
Loss from operations	(13,991)	(54,943)
Nonoperating gains (losses):		
Investment income, net	748,374	488,824
Loss on defeasance of bonds	(5,625)	(17,998)
Realized and unrealized (losses) gains on interest rate swaps	(39,424)	65,843
Other nonoperating (losses) gains	(55,367)	7,977
Total nonoperating gains	647,958	544,646
Excess of revenues over expenses	633,967	489,703
Deficit of revenues over expenses attributable to noncontrolling interest	5,686	37
Excess of revenues over expenses attributable to CHI	\$ 639,653	\$ 489,740

See accompanying notes.

Catholic Health Initiatives

Consolidated Statements of Changes in Net Assets (In Thousands)

	Unrestricted Net Assets			Temporarily	Permanently	Total Net
	Attributable to	Attributable to	Total	Restricted Net	Restricted Net	Assets
	CHI	Noncontrolling Interests		Assets	Assets	
Balances, July 1, 2012	\$ 6,922,466	\$ 180,863	\$ 7,103,329	\$ 136,821	\$ 68,033	\$ 7,308,183
Excess of revenues over expenses	489,740	(37)	489,703	—	—	489,703
Net loss from discontinued operations	(108,594)	—	(108,594)	—	—	(108,594)
Decrease in pension funded status	483,468	2,082	485,550	—	—	485,550
Temporarily and permanently restricted contributions	—	—	—	33,056	(1,554)	31,502
Net assets released from restriction for capital	15,791	—	15,791	(15,791)	—	—
Net assets released from restriction for operations	—	—	—	(15,728)	—	(15,728)
Investment (loss) income	(45)	—	(45)	5,393	1,280	6,628
Temporarily and permanently restricted assets from acquisitions	—	—	—	74,253	19,171	93,424
Other changes in net assets	(33,516)	(7,245)	(40,761)	(3,480)	(302)	(44,543)
Net increase (decrease) in net assets	846,844	(5,200)	841,644	77,703	18,595	937,942
Balances, June 30, 2013	7,769,310	175,663	7,944,973	214,524	86,628	8,246,125
Excess of revenues over expenses	639,653	(5,686)	633,967	—	—	633,967
Net loss from discontinued operations	(14,768)	—	(14,768)	—	—	(14,768)
Increase in pension funded status	(47,282)	(809)	(48,091)	—	—	(48,091)
Temporarily and permanently restricted contributions	—	—	—	50,957	523	51,480
Net assets released from restriction for capital	20,776	—	20,776	(20,776)	—	—
Net assets released from restriction for operations	—	—	—	(17,887)	—	(17,887)
Investment (loss) income	(40)	—	(40)	14,701	2,218	16,879
Temporarily and permanently restricted assets from acquisitions	—	—	—	24,197	2,003	26,200
Noncontrolling interest issued	—	286,125	286,125	12,600	—	298,725
Other changes in net assets	(78,461)	14,003	(64,458)	(12,677)	1,400	(75,735)
Net increase in net assets	519,878	293,633	813,511	51,115	6,144	870,770
Balances, June 30, 2014	\$ 8,289,188	\$ 469,296	\$ 8,758,484	\$ 265,639	\$ 92,772	\$ 9,116,895

See accompanying notes

Catholic Health Initiatives

Consolidated Statements of Cash Flows

(In Thousands)

	Year Ended June 30	
	2014	2013
Operating activities		
Increase in net assets	\$ 870,770	\$ 937,942
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	698,772	555,064
Provision for bad debts	965,711	821,465
Changes in equity of unconsolidated organizations	(26,922)	(19,056)
Net gains on business combinations	(421,955)	(76,425)
Net gains on sales of facilities and investments in unconsolidated organizations	(17,116)	(9,544)
Noncash operating expenses related to restructuring, impairment and other losses	85,709	4,872
Loss on defeasance of bonds	5,625	17,998
Increase in fair value of interest rate swaps	(10,200)	(98,799)
Decrease in unfunded pension liability	(1,488)	(484,049)
Net changes in current assets and liabilities		
Net patient and other accounts receivable	(1,147,685)	(1,067,716)
Other current assets	(55,976)	(6,725)
Current liabilities	278,147	89,868
Noncontrolling interest issued	(298,725)	—
Other changes	(604)	193,461
Net cash provided by operating activities, before net change in investments, and assets limited as to use	924,063	858,356
Net decrease in investments and assets limited as to use	239,686	474,258
Net cash provided by operating activities	1,163,749	1,332,614
Investing activities		
Purchases of property, equipment and other capital assets	(1,478,741)	(1,285,330)
Net cash on contributions and acquisitions	70,851	67,696
Purchase of CHI St. Vincent Hot Springs, net of cash acquired	(59,571)	—
Purchase of CHI St. Luke's Health System, net of cash acquired	—	(961,014)
Purchase of Alegent Creighton Health, net of cash acquired	—	(505,542)
Net cash proceeds from asset sales	71,639	218,002
Distributions from investments in unconsolidated organizations	45,991	35,224
Cash from net repayments of notes receivable	12,004	2,843
Other changes	19,715	35,306
Net cash used in investing activities	(1,318,112)	(2,392,815)
Financing activities		
Proceeds from issuance of debt and bank loans	1,899,065	1,591,465
Costs associated with issuance of debt	(11,354)	(12,170)
Repayment of debt	(1,299,826)	(313,840)
Proceeds from bank loans	—	—
Net cash provided by financing activities	587,885	1,265,455
Increase in cash and equivalents	433,522	205,254
Cash and equivalents at beginning of year	609,226	403,972
Cash and equivalents at end of year	\$ 1,042,748	\$ 609,226
Supplemental disclosures of cash flow information		
Cash paid during the year for interest, including amounts capitalized	\$ 272,627	\$ 199,413

See accompanying notes

Catholic Health Initiatives

Notes to Consolidated Financial Statements

June 30, 2014

1. Summary of Significant Accounting Policies

Organization

Catholic Health Initiatives (CHI), established in 1996, is a tax-exempt Colorado corporation and has been granted an exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code. CHI sponsors market-based organizations (MBO) and other facilities operating in 18 states and includes 92 hospitals, including four academic medical centers, and 24 critical access facilities; community health service organizations; accredited nursing colleges; home health agencies, and other facilities that span the inpatient and outpatient continuum of care. CHI also has an offshore captive insurance company, First Initiatives Insurance, Ltd. (FIIL).

The mission of CHI is to nurture the healing ministry of the Church, supported by education and research. Fidelity to the Gospel urges CHI to emphasize human dignity and social justice as CHI creates healthier communities.

Principles of Consolidation

CHI consolidates all direct affiliates in which it has sole corporate membership or ownership (Direct Affiliates) and all entities in which it has greater than 50% equity interest with commensurate control. All significant intercompany accounts and transactions are eliminated in consolidation.

Fair Value of Financial Instruments

Financial instruments consist primarily of cash and equivalents, patient accounts receivable, notes receivable and accounts payable. The carrying amounts reported in the consolidated balance sheets for these items approximate fair value.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Cash and Equivalents

Cash and equivalents include all deposits with banks and investments in interest-bearing securities with maturity dates of 90 days or less from the date of purchase. In addition, cash and equivalents include deposits in short-term funds held by professional managers. The funds generally invest in high-quality, short-term debt securities, including U.S. government securities, securities issued by domestic and foreign banks, such as certificates of deposit and bankers' acceptances, repurchase agreements, asset-backed securities, high-grade commercial paper and corporate short-term obligations.

Net Patient Accounts Receivable and Net Patient Services Revenues

Net patient accounts receivable has been adjusted to the estimated amounts expected to be collected. These estimated amounts are subject to further adjustments upon review by third-party payors

The provision for bad debts is based upon management's assessment of historical and expected net collections, taking into consideration historical business and economic conditions, trends in health care coverage, and other collection indicators. Management routinely assesses the adequacy of the allowances for uncollectible accounts based upon historical write-off experience by payor category. The results of these reviews are used to modify, as necessary, the provision for bad debts and to establish appropriate allowances for uncollectible net patient accounts receivable. After satisfaction of amounts due from insurance, CHI follows established guidelines for placing certain patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by each facility. The provision for bad debts is presented on the consolidated statements of operations as a deduction from patient services revenues (net of contractual allowances and discounts) since CHI accepts and treats substantially all patients without regard to the ability to pay.

During fiscal year 2014 and 2013, CHI added approximately \$76 million and \$400 million, respectively, in net patient accounts receivable due to the acquisition of various new subsidiaries – see Note 4, *Acquisitions, Affiliations and Divestitures*. Effective on January 1, 2014, the Affordable Care Act came into effect, which in certain states has caused a slight shift in payor mix whereby patients that used to be classified as charity now qualify for Medicaid. CHI has not experienced significant changes in write-off trends and there have been no significant changes to its charity care policy.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Details of CHI's allowance activity is as follows (in thousands):

	Reserve for Contractual Allowance	Allowance for Bad Debt	Reserve for Charity	Total Accounts Receivable Allowances
Balance at July 1, 2012	\$ (1,947,750)	\$ (687,631)	\$ (151,348)	\$ (2,786,729)
Additions	(21,690,860)	(886,571)	(1,219,555)	(23,796,986)
Reductions	20,778,640	715,808	803,787	22,298,235
Balance at June 30, 2013	(2,859,970)	(858,394)	(567,116)	(4,285,480)
Additions	(28,747,136)	(1,029,699)	(1,135,618)	(30,912,453)
Reductions	28,079,966	963,698	1,271,588	30,315,252
Balance at June 30, 2014	<u>\$ (3,527,140)</u>	<u>\$ (924,395)</u>	<u>\$ (431,146)</u>	<u>\$ (4,882,681)</u>

CHI records net patient services revenues in the period in which services are performed. CHI has agreements with third-party payors that provide for payments at amounts different from its established rates. The basis for payment under these agreements includes prospectively determined rates, cost reimbursement and negotiated discounts from established rates, and per diem payments.

Net patient services revenues are reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments due to future audits, reviews and investigations, and excluding estimated amounts considered uncollectible. The differences between the estimated and actual adjustments are recorded as part of net patient services revenues in future periods, as the amounts become known, or as years are no longer subject to such audits, reviews and investigations.

Investments and Assets Limited as to Use

Investments and assets limited as to use include assets set aside by CHI for future long-term purposes, including capital improvements and self-insurance. In addition, assets limited as to use include amounts held by trustees under bond indenture agreements, amounts contributed by donors with stipulated restrictions and amounts held for Mission and Ministry programs.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

CHI has designated its investment portfolio as trading. Accordingly, unrealized gains and losses on marketable securities are reported within excess of revenues over expenses. In addition, cash flows from the purchases and sales of marketable securities are reported as a component of operating activities in the accompanying consolidated statements of cash flows.

Direct investments in equity securities with readily determinable fair values and all direct investments in debt securities have been measured at fair value in the accompanying consolidated balance sheets. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in excess of revenues over expenses unless the income or loss is restricted by donor or law.

Investments in limited partnerships and limited liability companies are recorded using the equity method of accounting (which approximates fair value as determined by the net asset values of the related unitized interests) with the related changes in value in earnings reported as investment income in the accompanying consolidated financial statements

Inventories

Inventories, primarily consisting of pharmacy drugs, and medical and surgical supplies, are stated at lower of cost (first-in, first-out method) or market

Assets and Liabilities Held for Sale

A long-lived asset or disposal group of assets and liabilities that is expected to be sold within one year is classified as held for sale. For long-lived assets held for sale, an impairment charge is recorded if the carrying amount of the asset exceeds its fair value less costs to sell. Such valuations include estimates of fair values generally based upon firm offers, discounted cash flows and incremental direct costs to transact a sale (Level 2 and Level 3 inputs).

Property and Equipment

Property and equipment are stated at historical cost or, if donated or impaired, at fair value at the date of receipt or impairment. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. During fiscal year 2014, CHI conducted a study to reassess the estimated remaining useful lives of its buildings and building improvements. As a result of this study, CHI prospectively adjusted the estimated

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

remaining useful lives of these assets, which resulted in a reduction to depreciation expense of \$23.5 million in 2014. Buildings and improvements are depreciated over estimated useful lives of 5 to 84 years, and equipment and land improvements over 3 to 40 years.

For property and equipment under capital lease, amortization is determined over the shorter period of the lease term or the estimated useful life of the property and equipment. Interest cost incurred during the period of construction of major capital projects is capitalized as a component of the cost of acquiring those assets. Capitalized interest of \$44.7 million and \$30.4 million was recorded in fiscal years 2014 and 2013, respectively. Costs incurred in the development and installation of internal-use software are typically expensed if they are incurred in the preliminary project stage or post-implementation stage, while certain costs are capitalized if incurred during the application development stage. Amounts capitalized are amortized over the useful life of the developed asset following project completion.

Investments in Unconsolidated Organizations

Investments in unconsolidated organizations are accounted for under the cost or equity method of accounting, as appropriate, based on the relative percentage of ownership or degree of influence over that organization. The income or loss on the equity method investments is recorded in the consolidated statements of operations as changes in equity of unconsolidated organizations.

Intangible Assets and Goodwill

Intangible assets are comprised primarily of trade names, which are amortized over the estimated useful lives ranging from 10 to 25 years using the straight-line method. Amortization expense of \$7.9 million and \$5.2 million was recorded in 2014 and 2013, respectively. It is estimated that intangible asset amortization expense over the next five years will be \$10.0 million per year.

Goodwill is not amortized but is subject to annual impairment tests as well as more frequent reviews whenever circumstances indicate a possible impairment may exist. Impairment testing of goodwill is done at the MBO level by comparing the fair value of the MBO's net assets against the carrying value of the MBO's net assets, including goodwill. Each MBO is defined as a reporting unit for purposes of impairment testing. The fair value of net assets is generally estimated based on quantitative analysis of discounted cash flows. The fair value of goodwill is determined by assigning fair values to assets and liabilities and calculating any remaining fair

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

value as the implied fair value of goodwill. As a result of its impairment testing in fiscal year 2014, CHI determined that the implied fair value of one of its MBO's goodwill was less than the carrying value. A goodwill impairment charge of \$15.0 million is reflected in the consolidated statements of operations for fiscal year 2014.

The changes in the carrying amount of goodwill and intangibles is as follows (in thousands):

	2014	2013
Intangible assets, beginning of year	\$ 97,684	\$ 52,834
Current year acquisitions	130,124	43,600
Purchase price allocation adjustments for prior year's acquisitions and other adjustments	(11,970)	1,250
Intangible assets, end of year	<u>215,838</u>	<u>97,684</u>
Accumulated amortization, beginning of year	(25,467)	(20,297)
Intangible amortization expense	(7,931)	(5,254)
Other adjustments	8,169	84
Accumulated amortization, end of year	<u>(25,229)</u>	<u>(25,467)</u>
Intangible assets, net	<u>190,609</u>	<u>72,217</u>
Goodwill, beginning of year	292,534	130,343
Current year acquisitions	16,725	146,142
Impairments	(15,040)	–
Purchase price allocation adjustments for prior year's acquisitions and other adjustments	68,634	16,049
Goodwill, end of year	<u>362,853</u>	<u>292,534</u>
Total intangible assets and goodwill, net	<u>\$ 553,462</u>	<u>\$ 364,751</u>

Intangible assets and goodwill increased during fiscal year 2014, due to the various acquisitions discussed in Note 4, *Acquisitions, Affiliations and Divestitures*. During fiscal year 2014, certain adjustments to the 2013, purchase price allocations were recorded to intangible and goodwill, including the correction to the values assigned to various CHI St. Luke Medical Center buildings, resulting in a \$78.5 million increase in goodwill.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Notes Receivable and Other Assets

Other assets consist primarily of notes receivable, pledges receivable, deferred compensation assets, prepaid service contracts, deposits and other long-term assets. Notes receivable from related entities at June 30, 2014 and 2013, include balances from Bethesda Hospital, Inc (Bethesda), the non-CHI joint operating agreement (JOA) partner in the Cincinnati, Ohio JOA.

A summary of notes receivable and other assets is as follows as of June 30 (in thousands)

	2014	2013
Total notes receivable from related entities	\$ 175,466	\$ 188,275
Reinsurance recoverable on unpaid losses and loss adjustment expense	29,109	71,801
Deferred compensation assets	51,684	41,014
Other long-term assets	244,627	129,798
Total notes receivable and other	<u>\$ 500,886</u>	<u>\$ 430,888</u>

Bethesda is a Designated Affiliate in the CHI credit group under the Capital Obligation Document (COD). As conditions of joining the CHI credit group, Bethesda has agreed to certain covenants related to corporate existence, insurance coverage, exempt use of bond-financed facilities, maintenance of certain financial ratios, and compliance with limitations on the incurrence of additional debt. Based upon management's review of the creditworthiness of Bethesda and its compliance with the covenants and limitations, no allowances for uncollectible notes receivable were recorded at June 30, 2014 and 2013.

Net Assets

Temporarily restricted net assets are those whose use 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, including 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, to provide charity care, and to provide other health and educational programs and services.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Unconditional promises to receive cash and other assets are reported at fair value at the date the promise is received. Conditional promises and indications of donors' intentions to give are reported at fair value at the date the conditions are met or the gifts are received. All unrestricted contributions are included in the excess of revenue over expenses as donation revenues. Other gifts are reported as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as donations revenue when restricted for operations or as unrestricted net assets when restricted for property and equipment.

Performance Indicator

The performance indicator is the excess of revenues over expenses, which includes all changes in unrestricted net assets other than changes in the pension liability funded status, net assets released from restrictions for property acquisitions, the cumulative effect of changes in accounting principles, discontinued operations, contributions of property and equipment, and other changes not required to be included within the performance indicator under generally accepted accounting principles.

Operating and Nonoperating Activities

CHI's primary mission is to meet the health care needs in its market areas through a broad range of general and specialized health care services, including inpatient acute care, outpatient services, physician services, long-term care, and other health care services. Activities directly associated with the furtherance of this purpose are considered to be operating activities. Earnings from fixed-income investments held by FIIL are also classified within operating activities as such earnings support FIIL operations. Other activities that result in gains or losses peripheral to CHI's primary mission are considered to be nonoperating. Nonoperating activities include all other investment earnings, gains/losses from bond defeasance, net interest cost and changes in fair value of interest rate swaps, and the nonoperating component of JOA income share adjustments. Any infrequent and nonreciprocal contribution that CHI would make to enter a new market community or to expand upon existing affiliations is also classified as nonoperating.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Charity Care

As an integral part of its mission, CHI accepts and treats all patients without regard to the ability to pay. Services to patients are classified as charity care in accordance with standards established across all MBOs. Charity care represents services rendered for which partial or no payment is expected, and includes the cost of providing services to persons who cannot afford health care due to inadequate resources and/or who are uninsured or underinsured. CHI determines the cost of charity care on the basis of an MBO's total cost as a percentage of total charges applied to the charges incurred by patients qualifying for charity care under CHI's policy. This amount is not included in net patient services revenues in the accompanying consolidated statements of operations and changes in net assets. The estimated cost of charity care provided was \$255.2 million and \$320.7 million in 2014 and 2013, respectively, for continuing operations, and \$1.9 million and \$2.0 million in 2014 and 2013, respectively, for discontinued operations. The decline in charity care provided was due primarily to changes in payor mix as a result of the Affordable Care Act.

Other Nonpatient Revenues

Other nonpatient revenues include services sold to external health care providers, gains on acquisitions of subsidiaries, cafeteria sales, rental income, retail pharmacy and durable medical equipment sales, auxiliary and gift shop revenues, electronic health records incentive payments, gains and losses on the sales of assets, the operating portion of revenue-sharing income or expense associated with Direct Affiliates that are part of JOAs, premium revenues, and revenues from other miscellaneous sources.

Derivative and Hedging Instruments

CHI uses derivative financial instruments (interest rate swaps) in managing its capital costs. These interest rate swaps are recognized at fair value on the consolidated balance sheets. CHI has not designated its interest rate swaps related to CHI's long-term debt as hedges. The net interest cost and change in the fair value of such interest rate swaps is recognized as a component of nonoperating (losses) gains in the accompanying consolidated statements of operations. It is CHI's policy to net the value of collateral on deposit with counterparties against the fair value of its interest rate swaps in other liabilities on the consolidated balance sheets.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Functional Expenses

CHI provides health care services, including inpatient, outpatient, ambulatory, long-term care and community-based services to individuals within the various geographic areas supported by its facilities. Support services include administration, finance and accounting, information technology, public relations, human resources, legal, mission services and other functions that are supported centrally for all of CHI. Support services expenses as a percentage of total operating expenses were approximately 6.2% and 4.5% in 2014 and 2013, respectively.

Restructuring, Impairment, and Other Losses

CHI periodically evaluates property, equipment, goodwill, and certain other intangible assets to determine whether assets may have been impaired. Management determined there were certain goodwill impairments in 2014, and certain property and equipment impairments in both 2014 and 2013, to the extent that the fair values (estimated based upon discounted cash flows – Level 3 inputs) of those assets were less than the underlying carrying values.

During the years ended June 30, 2014 and 2013, CHI recorded total charges of \$117.5 million and \$155.3 million, respectively, relating to asset and goodwill impairments, and changes in business operations, including reorganization and severance costs. Of this amount, \$117.5 million and \$59.3 million were from continuing operations and reported in the consolidated statements of operations for 2014 and 2013, respectively, and \$96.0 million was reported as discontinued operations in the consolidated statements of changes in net assets for 2013. No restructuring or impairment was recorded in 2014, for the discontinued operations.

Income Taxes

CHI is a tax-exempt Colorado corporation and has been granted an exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code. CHI owns certain taxable subsidiaries and engages in certain activities that are unrelated to its exempt purpose and therefore subject to income tax.

Management reviews its tax positions annually and has determined that there are no material uncertain tax positions that require recognition in the accompanying consolidated financial statements.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could vary from the estimates.

Meaningful Use of Certified Electronic Health Record Technology Incentive Payments

The American Recovery and Reinvestment Act of 2009 provides for Medicare and Medicaid incentive payments beginning in 2011, to certain hospitals and professionals that implement and achieve meaningful use of certified electronic health record (EHR) technology in ways that demonstrate improved quality and effectiveness of care. Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period. An initial Medicaid incentive payment is available to providers that adopt, implement or upgrade certified EHR technology. However, in order to receive additional Medicaid incentive payments in subsequent years, providers must demonstrate continued meaningful use of EHR technology.

CHI accounts for meaningful use incentive payments under the gain contingency model. Medicare EHR incentive payments are recognized as revenues when eligible providers demonstrate meaningful use of certified EHR technology and the cost report information for the full cost report year that will determine the full calculation of the incentive payment is available. Medicaid EHR incentive payments are recognized as revenues when an eligible provider demonstrates meaningful use of certified EHR technology. CHI recognized \$39.1 million and \$32.5 million of Medicare meaningful use revenues and \$18.0 million and \$8.2 million of Medicaid meaningful use revenues in its consolidated statements of operations for fiscal year 2014 and 2013, respectively.

2. Community Benefit (Unaudited)

In accordance with its mission and philosophy, CHI commits substantial resources to sponsor a broad range of services to both the poor and the broader community. Community benefit provided to the poor includes the cost of providing services to persons who cannot afford health care due to inadequate resources and/or who are uninsured or underinsured. This type of community benefit includes the costs of traditional charity care; unpaid costs of care provided to

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

2. Community Benefit (Unaudited) (continued)

beneficiaries of Medicaid and other indigent public programs; services such as free clinics and meal programs for which a patient is not billed or for which a nominal fee has been assessed, and cash and in-kind donations of equipment, supplies or staff time volunteered on behalf of the community.

Community benefit provided to the broader community includes the costs of providing services to other populations who may not qualify as poor but may need special services and support. This type of community benefit includes the costs of services such as health promotion and education, health clinics and screenings, all of which are not billed or can be operated only on a deficit basis; unpaid portions of training health professionals such as medical residents, nursing students and students in allied health professions; and the unpaid portions of testing medical equipment and controlled studies of therapeutic protocols.

A summary of the cost of community benefit provided to both the poor and the broader community is as follows (in thousands):

	2014	2013
Cost of community benefit:		
Cost of charity care provided	\$ 255,157	\$ 320,666
Unpaid cost of public programs, Medicaid, and other indigent care programs	453,386	289,436
Non-billed services	28,242	36,237
Cash and in-kind donations	4,084	3,904
Education research	102,081	48,186
Other benefit	62,263	55,427
Total cost of community benefit from continuing operations	905,213	753,856
Total cost of community benefit from discontinued operations	4,664	8,095
Total cost of community benefit	909,877	761,951
Unpaid cost of Medicare from continuing operations	776,417	392,485
Unpaid cost of Medicare from discontinued operations	16,445	27,055
Total unpaid cost of Medicare	792,862	419,540
Total cost of community benefit and the unpaid cost of Medicare	<u>\$ 1,702,739</u>	<u>\$ 1,181,491</u>

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

2. Community Benefit (Unaudited) (continued)

The summary above has been prepared in accordance with the Catholic Health Association of the United States (CHA) publication, *A Guide for Planning & Reporting Community Benefit*. Community benefit is measured on the basis of total cost, net of any offsetting revenues, donations or other funds used to defray cost. During fiscal year 2014 and 2013, CHI received \$4.0 million and \$28.3 million, respectively, in funds used to subsidize charity care provided.

The total cost of community benefit from continuing and discontinued operations was 6.4% and 6.8% of total expenses before operating expenses related to restructuring, impairment and other losses in 2014 and 2013, respectively. The total cost of community benefit and the unpaid cost of Medicare from continuing and discontinued operations was 12.1% and 10.5% of total expenses before operating expenses related to restructuring, impairment and other losses in 2014 and 2013, respectively.

3. Joint Operating Agreements and Investments in Unconsolidated Organizations

Joint Operating Agreements

CHI participates in JOAs with hospital-based organizations in three separate market areas. The agreements generally provide for, among other things, joint management of the combined operations of the local facilities included in the JOAs through Joint Operating Companies (JOC). CHI retains ownership of the assets, liabilities, equity, revenues and expenses of the CHI facilities that participate in the JOAs. The financial statements of the CHI facilities managed under all JOAs are included in the CHI consolidated financial statements. Transfers of assets from facilities owned by the JOA participants generally are restricted under the terms of the agreements.

As of June 30, 2014 and 2013, CHI has a 70% interest in a JOC based in Colorado and has a 50% interest in two other JOCs associated with other JOAs. CHI's interests in the JOCs are included in investments in unconsolidated organizations and totaled \$199.4 million and \$103.2 million at June 30, 2014 and 2013, respectively. CHI recognizes its investment in all JOCs under the equity method of accounting. The JOCs provide varying levels of services to the related JOA sponsors, and operating expenses of the JOCs are allocated to each sponsoring organization. The JOCs had total assets of \$607.7 million and \$483.9 million at June 30, 2014 and 2013, respectively, and net assets of \$347.2 million and \$160.9 million, respectively.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

3. Joint Operating Agreements and Investments in Unconsolidated Organizations (continued)

Investments in Unconsolidated Organizations

Conifer Health Solutions (Conifer) – As of June 30, 2014 and 2013, CHI holds a \$19.3 million cost method investment in Conifer, acquired as part of an 11-year agreement with Conifer where Conifer provides revenue cycle services for CHI acute care operations. The agreement allows CHI to earn shares in Conifer as transition and other activities are completed, and such shares will be issued at specified future dates. As of June 30, 2014 and 2013, CHI has met certain transition milestones and has earned the right to additional future shares valued at \$64.5 million and \$19.1 million, respectively, which are reflected in notes receivable and other in the accompanying consolidated balance sheets. This earned value will be amortized as an offset to revenue cycle service fees paid to Conifer over the life of the agreement.

Preferred Professional Insurance Corporation (PPIC) – PPIC is an unconsolidated affiliate of CHI. PPIC provides professional liability insurance and other related services to preferred physician and other health care providers that are associated with its owners. CHI owns a 27% interest in PPIC and accounts for its investment under the equity method of accounting. The book value of the investment was \$60.5 million and \$56.0 million at June 30, 2014 and 2013, respectively. PPIC had net assets of \$224.8 million and \$208.0 million at December 31, 2013 and 2012, respectively.

Other Entities – The summarized financial positions and results of operations for the other entities accounted for under the equity method of accounting as of and for the periods ended June 30, excluding the investments described above, are as follows (in thousands):

	2014							
	Medical Office Buildings	Outpatient and Diagnostic Services	Ambulatory Surgery Centers	Physician Practices	Hospital Based Services	ACO/CCO CIN	Other Investees	Total
Total assets	\$ 17,593	\$ 270,241	\$ 71,266	\$ 31,985	\$ 119,181	\$ 96,337	\$ 147,363	\$ 753,966
Total debt	14,906	11,707	11,117	13,552	24,605	30,554	22,970	129,411
Net assets	2,560	204,956	49,572	14,839	87,064	65,784	90,145	514,920
Net patient services revenues	–	254,294	151,907	41,686	100,253	–	127,268	675,408
Total revenues, net	2,674	349,029	152,301	44,498	83,719	149,695	188,845	970,761
(Deficit) excess of revenues over expenses	(54)	26,614	39,951	4,031	22,993	10,262	14,251	118,048

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

3. Joint Operating Agreements and Investments in Unconsolidated Organizations (continued)

	2013							
	Medical Office Buildings	Outpatient and Diagnostic Services	Ambulatory Surgery Centers	Physician Practices	Hospital Based Services	ACO, CCO 'CIN	Other Investees	Total
Total assets	\$ 34,746	\$ 265,568	\$ 65,084	\$ 28,697	\$ 115,036	\$ 50,623	\$ 110,002	\$ 669,756
Total debt	33,106	24,408	11,998	12,535	27,605	14,534	18,335	142,521
Net assets	1,414	195,874	44,996	8,758	71,752	36,090	64,958	423,842
Net patient services revenues	—	260,204	138,577	34,197	95,749	—	72,165	600,892
Total revenues, net	6,309	353,484	142,775	37,065	95,161	51,767	163,511	850,072
Excess of revenues over expenses	872	34,633	44,385	4,241	18,296	3,314	7,806	113,547

4. Acquisitions, Affiliations and Divestitures

The following table is a summary of the business combinations that occurred in fiscal year 2014 (in thousands).

	Harrison	CHI St. Luke's/Baylor	Hot Springs	Memorial	Other	Total
Fiscal year 2014						
Purchase consideration						
Cash	\$ —	\$ —	\$ 59,650	\$ —	\$ 3,759	\$ 63,409
Equity interest in acquisition	—	—	—	—	3,471	3,471
Gain on business combinations	289,030	—	61,839	53,245	17,841	421,955
Noncontrolling interest	—	298,725	—	—	—	298,725
	\$ 289,030	\$ 298,725	\$ 121,489	\$ 53,245	\$ 25,071	\$ 787,560

	Harrison	CHI St. Luke's/Baylor	Hot Springs	Memorial	Other	Total
Fiscal year 2014						
Purchase price allocation						
Cash and investments	\$ 217,515	\$ —	\$ 79	\$ 78,798	\$ 37,333	\$ 333,725
Patient and other accounts receivable	50,556	—	—	21,254	4,638	76,448
Other current assets	11,780	63,200	6,010	7,231	3,269	91,490
Property and equipment	199,127	215,800	126,225	125,863	5,309	672,324
Intangible assets	21,028	79,000	—	2,000	6,096	108,124
Goodwill	—	16,725	—	—	—	16,725
Other assets	8,883	—	133	1,338	3,143	13,497
Current liabilities	(65,858)	—	(4,019)	(21,734)	(10,481)	(102,092)
Pension liability	(19,349)	—	—	—	—	(19,349)
Other liabilities	(9,178)	(76,000)	—	(22,391)	(23,214)	(130,783)
Debt	(120,122)	—	(6,939)	(118,266)	(1,022)	(246,349)
Restricted net assets	(5,352)	—	—	(20,848)	—	(26,200)
	\$ 289,030	\$ 298,725	\$ 121,489	\$ 53,245	\$ 25,071	\$ 787,560

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

4. Acquisitions, Affiliations and Divestitures (continued)

Harrison Medical Center – Effective August 1, 2013, Harrison Medical Center (Harrison) was acquired by CHI for no consideration, resulting in the recognition of a \$289.0 million gain calculated as the fair value of assets acquired and liabilities assumed determined based upon Level 3 inputs including estimated future cash flows and probability-weighted performance assumptions. Harrison is located in Bremerton, Washington, and operates two acute care facilities in the area as well as provides emergency services and a range of general and specialized services to adjacent areas. Excluding the contribution gain, Harrison reported \$369.8 million in operating revenues and \$33.9 million of excess of revenues over expenses in the CHI consolidated results of operations for the period August 1, 2013 through June 30, 2014.

Mercy Hot Springs – Effective April 1, 2014, Mercy Health based in St. Louis, Missouri, transferred ownership of its Hot Springs, Arkansas facility, including its hospital and physician clinic (Mercy Hot Springs), to CHI for net proceeds of \$59.7 million. A \$61.8 million gain was recognized, calculated as the fair value of assets acquired and liabilities assumed, determined based upon Level 3 inputs including estimated future cash flows and probability-weighted performance assumptions, less consideration paid. Mercy Hot Springs is a 282-bed acute care hospital, providing an emergency department with a Level 2 Trauma Center designation, a 90-physician clinic organization and a comprehensive range of medical services. Excluding the contribution gain, Mercy Hot Springs reported \$63.7 million in operating revenues and \$2.2 million of deficit of revenues over expenses in the CHI consolidated results of operations for the period April 1, 2014 through June 30, 2014.

Memorial Health System of East Texas – Effective June 1, 2014, Memorial Health System of East Texas (Memorial) was acquired by CHI for no consideration, resulting in the recognition of a \$53.2 million gain calculated as the fair value of assets acquired and liabilities assumed determined based upon Level 3 inputs including estimated future cash flows and probability-weighted performance assumptions. Memorial is a private, nonprofit hospital system with hospitals in Lufkin, Livingston and San Augustine, Texas. Excluding the contribution gain, Memorial reported \$16.2 million in operating revenues and \$0.8 million of deficiency of revenues over expenses in the CHI consolidated results of operations for the period June 1, 2014 through June 30, 2014.

CHI St. Luke's/Baylor College of Medicine – Effective on January 1, 2014, CHI St. Luke's Medical Center (CHI St. Luke's) acquired certain assets of Baylor College of Medicine (Baylor) in exchange for a 35% noncontrolling interest in the combined operations of certain of the operations of CHI St. Luke's. The parties have agreed to build and operate a new, acute care,

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

4. Acquisitions, Affiliations and Divestitures (continued)

open-staff hospital on Baylor's McNair Campus and to share in the operations 65% by CHI St Luke's and 35% by Baylor. CHI St. Luke's and Baylor also entered into an academic affiliation agreement whereby Baylor will provide certain clinical programs and services to certain of the CHI St. Luke's hospital facilities.

The following table is a summary of the business combinations that occurred in fiscal year 2013.

	St. Luke's	Highline	UMC	Alegent	Total
Fiscal year 2013					
Purchase consideration:					
Cash	\$ 1,000,000	\$ —	\$ —	\$ 553,700	\$ 1,553,700
Note payable	260,000	—	—	—	260,000
Contingent consideration	—	—	217,709	—	217,709
Equity interest in Alegent	—	—	—	33,934	33,934
Gain on business combinations	—	55,436	—	20,989	76,425
	<u>\$ 1,260,000</u>	<u>\$ 55,436</u>	<u>\$ 217,709</u>	<u>\$ 608,623</u>	<u>\$ 2,141,768</u>
	St. Luke's	Highline	UMC	Alegent	Total
Fiscal year 2013					
Purchase price allocation:					
Cash and investments	\$ 1,153,253	\$ 57,133	\$ 94,061	\$ 496,309	\$ 1,800,756
Patient and other accounts receivable	180,106	27,268	65,723	118,833	391,930
Other current assets	37,413	5,081	29,601	34,884	106,979
Property and equipment	1,046,341	137,148	176,004	474,996	1,834,489
Intangible assets	41,124	1,494	—	982	43,600
Goodwill	—	—	53,178	92,964	146,142
Other assets	25,600	17,745	9,367	63,798	116,510
Current liabilities	(175,081)	(34,087)	(76,202)	(206,630)	(492,000)
Pension liability	(3,559)	(12,307)	—	(48,216)	(64,082)
Other liabilities	(153,436)	(5,355)	(11,202)	(81,344)	(251,337)
Notes payable to CHI	—	—	—	(337,953)	(337,953)
Debt	(891,761)	(138,684)	(122,821)	—	(1,153,266)
	<u>\$ 1,260,000</u>	<u>\$ 55,436</u>	<u>\$ 217,709</u>	<u>\$ 608,623</u>	<u>\$ 2,141,768</u>

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

4. Acquisitions, Affiliations and Divestitures (continued)

CHI St. Luke's Health System – Effective June 1, 2013, CHI acquired the operations of St. Luke's Health System (St. Luke's), a six-hospital system based in Houston, Texas, from Episcopal Health Foundation for cash and a note payable. For the month of June 2013, the operations of CHI St. Luke's contributed \$95.2 million in operating revenues and \$12.8 million of deficit of revenues over expenses to the CHI consolidated results of operations.

Highline Medical Center – Effective April 1, 2013, Highline Medical Center (Highline) was acquired by CHI for no consideration, resulting in the recognition of a \$55.4 million gain calculated as the fair value of assets acquired and liabilities assumed determined based upon Level 3 inputs including estimated future cash flows and probability-weighted performance assumptions. Highline is a 154-bed acute care hospital based in Burien, Washington. Excluding the contribution gain, Highline reported \$48.3 million in operating revenues and \$2.6 million in deficiency of revenues over expenses to the CHI consolidated results of operations for the period April 1 through June 30, 2013.

University Medical Center and University of Louisville Hospital – Effective March 1, 2013, KentuckyOne Health (a CHI MBO), University Medical Center (UMC) and the University of Louisville entered into a partnership, structured as a joint operating agreement between University Medical Center and KentuckyOne Health, whereby KentuckyOne Health controls substantially all of UMC's operations, which consist of the University of Louisville Hospital and the James Graham Brown Cancer Center (ULH). As part of the agreement, KentuckyOne Health has committed to provide financial support to the University of Louisville over the next 20 years. The fair value of the contingent consideration is adjusted annually by management and is based on Level 3 inputs including estimated future cash flows and probability-weighted performance assumptions, all discounted to net present value. Changes in any of the unobservable inputs alone or together would result in a lower (higher) fair value measurement. The fair value of the commitment based on significant unobservable inputs (Level 3) was \$203.2 million at June 30, 2014, compared to an acquisition date value of \$217.7 million. For the period from March 1 through June 30, 2013, the operations of ULH contributed \$166.3 million of operating revenues and \$11.8 million of excess of revenues over expenses to the CHI consolidated results of operations, prior to the effects of the JOA revenue-sharing arrangement.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

4. Acquisitions, Affiliations and Divestitures (continued)

Alegent Creighton Health and Affiliates – Effective November 1, 2012, CHI became the sole corporate sponsor of Alegent based in Omaha, Nebraska. In addition to the operations of Bergan Mercy Health System and Affiliates (Bergan Mercy) previously owned and consolidated by CHI, CHI now consolidates the Alegent operations, which include the operations of Immanuel and the operations of Creighton University Medical Center. For the period from November 1, 2012 through June 30, 2013, incremental Alegent (excluding the Bergan Mercy component) contributed \$611.1 million in operating revenues and \$18.1 million of excess of revenues over expenses to the CHI consolidated results of operations. Upon CHI becoming the sole sponsor of Alegent in November 2012, CHI also recognized a \$21.0 million gain in fiscal year 2013, due to the remeasurement of CHI's interest in the Alegent JOC. Such gain is reflected in other nonpatient revenues in the consolidated statements of operations.

On an unaudited pro forma basis, had CHI owned or been party to agreements with Harrison, Hot Springs and Memorial at the beginning of fiscal year 2014, these entities would have contributed \$1.2 billion of operating revenues and \$415.9 million of excess of revenues over expenses. Had CHI owned or been party to agreements with Harrison, Hot Springs, Memorial, St. Luke's, Highline, University Medical Center and Alegent at the beginning of fiscal year 2013, these entities would have contributed \$3.6 billion in operating revenues and \$190.6 million in excess of revenues over expenses. However, unaudited pro forma information is not necessarily indicative of the historical results that would have been obtained had the transaction actually occurred on those dates, nor of future results.

Texas Heart Institute Affiliation

Effective on January 1, 2014, CHI and Texas Heart Institute (THI) entered into a ten-year affiliation agreement to further develop research, education and patient care opportunities to reduce the toll of cardiovascular disease. Over the term of the agreement, CHI has committed to fund various programs sponsored by THI. The present value of these commitments was \$96.1 million as of the affiliation agreement date, of which \$74.1 million was recorded in fiscal year 2014, as other nonoperating (losses) gains in the consolidated statements of operations. As part of the valuation, CHI recorded \$22 million in trade name intangibles, which will be amortized over the life of the agreement.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

4. Acquisitions, Affiliations and Divestitures (continued)

Discontinued Operations

In 2012, CHI committed to a plan to sell the MBOs in Denville, New Jersey; Towson, Maryland; and Pierre, South Dakota. The Towson MBO was sold to the University of Maryland Medical System effective on December 1, 2012, for preliminary sales proceeds of \$154.0 million. Contingent sales proceeds of \$45.7 million have been placed in escrow pending final disposition of certain open items. A final determination is expected in fiscal year 2015. The Pierre MBO was sold to Avera Health effective January 1, 2013, for net sales proceeds of \$50.0 million and a loss on disposition of \$27.7 million. In May 2013, CHI agreed to sell the Denville MBO to Prime Healthcare Services for \$100.0 million. The transaction is subject to governmental and Church approvals and is expected to close in fiscal year 2015. In accordance with Accounting Standards Codification (ASC) 205-20, *Discontinued Operations*, and ASC 360-10, *Impairment or Disposal of Long-Lived Assets*, the results of operations associated with these MBOs have been reported as discontinued operations and are included in the consolidated statements of changes in net assets. Assets held for sale consist primarily of net patient accounts receivable, net property and other long-term assets. Liabilities held for sale consist primarily of accrued compensation and benefits, accounts payable and deferred revenues.

Related to discontinued operations, CHI recorded a deficiency of revenues over expenses of \$14.8 million and \$108.6 million for the years ended June 30, 2014 and 2013, respectively, which is reported as discontinued operations in the accompanying consolidated statements of changes in net assets. Included in fiscal year 2013 is an impairment loss of \$64.8 million related to adjusting the carrying value of property and equipment at the Denville MBO to its net realizable value. Total operating revenues and deficiency of revenues over expenses included in the results of discontinued operations for the years ended June 30 are summarized below (in thousands):

	2014	2013
Total operating revenues	\$ 296,267	\$ 464,809
Total operating expenses	(314,035)	(485,949)
Restructuring and other losses	—	(95,924)
Nonoperating gains	3,000	8,470
Deficiency of revenues over expenses	<u>\$ (14,768)</u>	<u>\$ (108,594)</u>

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

4. Acquisitions, Affiliations and Divestitures (continued)

The consolidated statements of cash flows include the use of \$18.5 million and \$24.9 million of operating, investing and financing activities related to discontinued operations for the years ended June 30, 2014 and 2013, respectively.

5. Net Patient Services Revenues

Net patient services revenues are derived from services provided to patients who are either directly responsible for payment or are covered by various insurance or managed care programs. CHI receives payments from the federal government on behalf of patients covered by the Medicare program, from state governments for Medicaid and other state-sponsored programs, from certain private insurance companies and managed care programs and from patients themselves. A summary of payment arrangements with major third-party payors follows:

Medicare – Inpatient acute care and certain outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge or procedure. These rates vary according to patient classification systems based on clinical, diagnostic and other factors. Certain CHI facilities have been designated as critical access hospitals and, accordingly, are reimbursed their cost of providing services to Medicare beneficiaries. Professional services rendered by physicians are paid based on the Medicare allowable fee schedule.

Medicaid – Inpatient services rendered to Medicaid program beneficiaries are primarily paid under the traditional Medicaid plan at prospectively determined rates per discharge. Certain outpatient services are reimbursed based on a cost reimbursement methodology, fee schedules or discounts from established charges.

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

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

5. Net Patient Services Revenues (continued)

CHI's Medicare, Medicaid and other payor utilization percentages, based upon net patient services revenues before provision for doubtful accounts, are summarized as follows.

	2014	2013
Medicare	32%	32%
Medicaid	8	8
Managed care	41	40
Self-pay	8	8
Commercial and other	11	12
	100%	100%

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Estimated settlements related to Medicare and Medicaid of \$117.4 million and \$103.0 million at June 30, 2014 and 2013, respectively, are included in third-party liabilities. Net patient services revenues from continuing operations increased by \$63.2 million in 2014 and \$38.3 million in 2013 due to favorable changes in estimates related to prior-year settlements.

6. Investments and Assets Limited as to Use

CHI's investments and assets limited as to use as of June 30 are reported in the accompanying consolidated balance sheets as presented in the following table (in thousands):

	2014	2013
Cash and equivalents	\$ 433,606	\$ 244,077
CHI Investment Program	5,814,893	4,911,135
Marketable equity securities	390,751	858,537
Marketable fixed-income securities	463,036	773,069
Hedge funds and other investments	63,974	323,885
	7,166,260	7,110,703
Less current portion	(24,732)	(11,697)
	\$ 7,141,528	\$ 7,099,006

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

6. Investments and Assets Limited as to Use (continued)

Net unrealized gains in investments and assets limited to use at June 30, 2014 and 2013, were \$668.6 million and \$297.3 million, respectively.

CHI attempts to reduce its market risk by diversifying its investment portfolio using cash equivalents, fixed-income securities, marketable equity securities and alternative investments. Most of the U.S. Treasury, money market funds and corporate debt obligations as well as exchange-traded marketable securities held by CHI and the CHI Investment Program (the Program) have an actively traded market. However, CHI also invests in commercial paper, mortgage-backed or other asset-backed securities, alternative investments (such as hedge funds, private equity investments, real estate funds and funds of funds), collateralized debt obligations, municipal securities and other investments that have potential complexities in valuation based upon the current conditions in the credit markets. For some of these instruments, evidence supporting the determination of fair value may not come from trading in active primary or secondary markets. Because these investments may not be readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had an active market for such investments existed. Such differences could be material. However, management reviews the CHI investment portfolio on a regular basis and seeks guidance from its professional portfolio managers related to U.S. and global market conditions to determine the fair value of its investments. CHI believes the carrying amount of these financial instruments in the consolidated financial statements is a reasonable estimate of fair value.

The majority of all CHI long-term investments are held in the Program. The Program is structured under a Limited Partnership Agreement with CHI as managing general partner and numerous limited partners, most sponsored by CHI. The partnership provides a vehicle whereby virtually all entities associated with CHI, as well as certain other unrelated entities, can seek to optimize investment returns while managing investment risk. Entities participating in the Program that are not consolidated in the accompanying financial statements have the ability to direct their invested amounts and liquidate and/or withdraw their interest without penalty as soon as practicable based on market conditions but within 180 days of notification. The Limited Partnership Agreement permits a majority vote of the noncontrolling limited partners to terminate the partnership. Accordingly, CHI recognizes only the portion of Program assets attributable to CHI and its sponsored affiliates. Program assets attributable to CHI and its Direct Affiliates represented 90% of total Program assets at June 30, 2014 and 2013.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

6. Investments and Assets Limited as to Use (continued)

The Program asset allocation at June 30 is as follows:

	2014	2013
Marketable equity securities	44%	43%
Marketable fixed-income securities	31	32
Alternative investments	23	24
Cash and equivalents	2	1
	100%	100%

The CHI Finance Committee (the Committee) of the Board of Stewardship Trustees is responsible for determining asset allocations among fixed-income, equity, and alternative investments. At least annually, the Committee reviews targeted allocations and, if necessary, makes adjustments to targeted asset allocations. Given the diversity of the underlying securities in which the Program invests, management does not believe there is a significant concentration of credit risk. Investment income is comprised of the following for the years ended June 30 (in thousands).

	2014	2013
Dividend and interest income	\$ 139,612	\$ 142,054
Net realized gains	345,944	262,067
Net unrealized gains	364,692	151,232
Total investment income from continuing operations	\$ 850,248	\$ 555,353
Included in nonpatient revenue	\$ 101,874	\$ 66,529
Included in nonoperating gains	748,374	488,824
Total investment income from continuing operations	850,248	555,353
Total investment income from discontinued operations	3,000	8,470
Total investment income	\$ 853,248	\$ 563,823

Direct expenses of the Program are less than 0.4% of total assets. Fees paid to the alternative investment managers are not included in the total expense calculation as they are not a direct expense of the Program.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

7. Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

The three levels of the fair value hierarchy and a description of the valuation methodologies used for instruments measured at fair value are as follows:

Level 1 – Valuation is based upon quoted prices (unadjusted) for identical assets or liabilities in active markets

Level 2 – Valuation is based upon quoted prices for similar assets and liabilities in active markets or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial asset or liability.

Level 3 – Valuation is based upon other unobservable inputs that are significant to the fair value measurement.

Certain of CHI's alternative investments are made through limited liability companies (LLC) and limited liability partnerships (LLP). These LLCs and LLPs provide CHI with a proportionate share of the investment gains (losses). CHI accounts for its ownership in the LLCs and LLPs under the equity method. CHI also accounts for its ownership in the CHI Investment Program under the equity method. As such, these investments are excluded from the scope of ASC 820.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

7. Fair Value of Assets and Liabilities (continued)

Financial assets and liabilities measured at fair value on a recurring basis were determined using the market approach based upon the following inputs at June 30 (in thousands):

		2014			
		Fair Value Measurements at Reporting Date Using			
		(Level 1)	(Level 2)	(Level 3)	
		Quoted	Other	Unobservable	
		Fair Value	Prices in	Observable	Inputs
		as of	Active	Inputs	
		June 30	Markets		
Assets					
Assets limited as to use:					
Cash and short-term investments	\$	433,606	\$ 353,077	\$ 80,529	\$ —
Marketable equity securities		390,751	390,751	—	—
Marketable fixed-income securities		463,036	97,433	365,603	—
Other investments		2,518	—	—	2,518
Deferred compensation assets:					
Cash and short-term investments		13,911	13,911	—	—
	\$	1,303,822	\$ 855,172	\$ 446,132	\$ 2,518
Liabilities					
Interest rate swaps	\$	256,750	\$ —	\$ 256,750	\$ —
Contingent consideration		203,236	—	—	203,236
Deferred compensation liability		13,911	13,911	—	—
	\$	473,897	\$ 13,911	\$ 256,750	\$ 203,236

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

7. Fair Value of Assets and Liabilities (continued)

	2013			
	Fair Value Measurements at Reporting Date Using			
	(Level 1)	(Level 2)	(Level 3)	
	Quoted Fair Value as of June 30	Prices in Active Markets	Other Observable Inputs	Unobservable Inputs
Assets				
Assets limited as to use:				
Cash and short-term investments	\$ 244,077	\$ 197,385	\$ 46,692	\$ –
Marketable equity securities	858,537	858,537	–	–
Marketable fixed-income securities	773,069	123,996	649,073	–
Other investments	11,718	–	–	11,718
Deferred compensation assets:				
Cash and short-term investments	12,035	12,035	–	–
	<u>\$ 1,899,436</u>	<u>\$ 1,191,953</u>	<u>\$ 695,765</u>	<u>\$ 11,718</u>
Liabilities				
Interest rate swaps	\$ 271,634	\$ –	\$ 271,634	\$ –
Contingent consideration	205,169	–	–	205,169
Deferred compensation liability	12,035	12,035	–	–
	<u>\$ 488,838</u>	<u>\$ 12,035</u>	<u>\$ 271,634</u>	<u>\$ 205,169</u>

The fair values of the instruments included in Level 1 were determined through quoted market prices. Level 1 instruments include money market funds, mutual funds and marketable debt and equity securities. The fair values of Level 2 instruments were determined through evaluated bid prices based on recent trading activity and other relevant information, including market interest

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

7. Fair Value of Assets and Liabilities (continued)

rate curves and referenced credit spreads; estimated prepayment rates, where applicable, are used for valuation purposes and are provided by third-party services where quoted market values are not available. Level 2 instruments include corporate fixed-income securities, government bonds, mortgage and asset-backed securities, and interest rate swaps. The fair values of Level 3 securities are determined primarily through information obtained from the relevant counterparties for such investments. Information on which these securities' fair values are based is generally not readily available in the market. The fair value of the contingent liabilities was determined based on estimated future cash flows and probability-weighted performance assumptions, discounted to net present value.

8. Property and Equipment

A summary of property and equipment is as follows as of June 30 (in thousands):

	2014	2013
Land and improvements	\$ 672,103	\$ 596,548
Buildings and improvements	6,880,281	6,399,345
Equipment	5,193,465	4,612,302
	12,745,849	11,608,195
Less accumulated depreciation	(5,494,054)	(5,009,102)
	7,251,795	6,599,093
Construction in progress	1,690,725	1,187,147
	\$ 8,942,520	\$ 7,786,240

CHI evaluates whether events and circumstances have occurred that indicate the remaining useful life of property, equipment and certain other intangible assets may not be recoverable. Management determined there were impairment issues in both 2014 and 2013, to the extent that the undiscounted cash flows estimated to be generated by certain assets were less than the underlying carrying value. CHI recorded \$59.6 million and \$4.9 million in impairment losses in continuing operations for 2014 and 2013, respectively, resulting from charges related to estimated fair value deficiencies (based upon projected discounted cash flows) at various MBOs.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

9. Debt Obligations

The following is a summary of debt obligations as of June 30 (in thousands):

	Interest Rates at June 30, 2014	2014	2013
CHI debt issued under the COD			
Variable-rate Bonds			
Series 1997B, maturing through 2022	0.12%	\$ 7,700	\$ 9,200
Series 2000B, maturing 2027	0.10	22,700	24,000
Series 2002B, maturing 2032	0.10	94,700	97,800
Series 2004B, maturing through 2044	0.05–0.11	180,700	180,700
Series 2004C, maturing through 2044	0.04–0.07	163,300	163,300
Series 2008A, maturing 2036	0.11	120,225	120,260
Series 2008C, maturing 2041	0.1	50,000	50,000
Series 2011B, maturing 2046	0.06	158,155	158,155
Series 2011C, maturing 2046	0.1	121,000	123,000
Series 2013B, maturing 2035	0.06	200,000	–
Series 2013C, maturing 2023	0.11	100,000	–
Series 2013E Taxable, maturing 2045	0.15	125,000	–
Series 2013F Taxable, maturing 2045	0.15	75,000	–
Fixed-rate Bonds:			
Series 2002A, maturing 2017	5.5	2,615	3,400
Series 2004A, maturing through 2034	4.75–5.0	146,605	146,605
Series 2006A, maturing 2041	4.0–5.0	270,635	270,635
Series 2006C, maturing through 2041	3.85–5.1	250,000	250,000
Series 2008C, maturing through 2041	4.0–4.1	105,000	105,000
Series 2008D, maturing through 2038	5.0–6.38	471,450	471,450
Series 2009A, maturing 2039	3.75–5.25	724,140	748,760
Series 2009B, maturing through 2039	4.0–5.25	217,720	252,360
Series 2011A, maturing 2041	3.25–5.25	486,090	506,090
Series 2012A, maturing 2035	4.0–5.0	268,980	271,260
Series 2012 Taxable, maturing 2042	1.6–4.35	1,500,000	1,500,000
Series 2013A, maturing 2045	5.0–5.75	600,600	–
Series 2013D Taxable, maturing 2023	2.6–4.2	540,000	–
Commercial Paper		482,362	442,475
Unamortized debt premium		55,660	59,538
Unamortized debt discount		(24,839)	(11,192)
Total CHI debt issued under the COD		<u>7,515,498</u>	<u>5,942,796</u>

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

9. Debt Obligations (continued)

	Interest Rates at June 30,	
	2014	2013
St. Luke's debt issued under Master Trust Indenture		
Variable-rate Bonds		
Series 2005	—	132,600
Series 2008	—	100,000
Series 2012	—	150,220
Fixed-rate Bonds: Series 2009	—	150,798
Unsecured Bank Notes	—	99,798
Total St. Luke's debt issued under Master Trust Indenture	—	633,416
Note payable issued to Episcopal Health Foundation	230,225	260,000
Capital leases	204,291	106,899
Other debt	429,248	462,946
	8,379,262	7,406,057
Less: Amounts classified as current		
Variable-rate debt with self-liquidity	(521,455)	(321,455)
Commercial paper and current portion of debt	(711,408)	(749,617)
Long-term debt	\$ 7,146,399	\$ 6,334,985

The fair value of debt obligations was approximately \$8.6 billion at June 30, 2014. Management has determined the carrying values of the variable-rate bonds are representative of fair values as of June 30, 2014, as the interest rates are set by the market participants. The fair value of the fixed-rate tax-exempt bond obligations as of June 30, 2014, is determined by applying credit spreads for similar tax-exempt obligations in the marketplace, which are then used to calculate a price/yield for the outstanding obligations (Level 2 inputs).

A summary of scheduled principal payments, based upon stated maturities, on long-term debt for the next five years is as follows (in thousands):

	Amounts Due
Year ending June 30:	
2015	\$ 711,408
2016	248,420
2017	123,497
2018	404,908
2019	410,543

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

9. Debt Obligations (continued)

CHI issues the majority of its debt under the COD and is the sole obligor. Bondholder security resides both in the unsecured promise by CHI to pay its obligations and in its control of its Direct and Designated Affiliates. Covenants include a minimum CHI debt service coverage ratio and certain limitations on secured debt. The Direct Affiliates of CHI, defined as Participants under the COD, have agreed to certain covenants related to corporate existence, maintenance of insurance and exempt use of bond-financed facilities.

During the second quarter of fiscal year 2014, CHI issued \$900.6 million of par value tax exempt bonds and \$740.0 million of par value taxable bonds. Of the total proceeds, \$881.8 million was used to redeem various St. Luke's bonds and bank notes, Harrison bonds, and Highline bonds, resulting in a total loss on defeasance of \$10.0 million.

In October 2012, CHI issued \$1.5 billion of par value long-term, fixed-rate, taxable bonds. Proceeds were used to finance a wide array of strategic initiatives, including affiliations in key areas.

As a result of redeeming the various St. Luke's obligations, the St. Luke's Health System Obligated Group and Master Trust Indenture were dissolved. Prior to December 31, 2013, St. Luke's had been a member of the St. Luke's Health System Obligated Group, and together with various of its consolidated subsidiaries, were the obligors under each of the St. Luke's bond issues. Obligated Group members were jointly and severally obligated to pay the notes issued under the Master Trust Indenture. Notes issued under the Master Trust Indenture were equally and ratably secured by a pledge of the accounts receivable of St. Luke's Medical Center and St. Luke's Woodlands Hospital.

As part of the December 2012 divestiture of CHI's facilities in Towson, Maryland, \$113.5 million of Series 2006A bonds were legally defeased, resulting in a loss on defeasance of \$18.0 million.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

9. Debt Obligations (continued)

CHI has two types of external liquidity facilities: those that are dedicated to specific series of variable-rate demand bonds (VRDB) and those that are not dedicated to a particular series of VRDBs but may be used to support CHI's obligations to fund tenders of VRDBs and pay the maturing principal of commercial paper. Liquidity facilities that are dedicated to specific series of bonds were \$897.0 million and \$605.0 million at June 30, 2014 and 2013, respectively, of which \$8.2 million and \$7.9 million, respectively, are classified as current debt. The remaining \$888.8 million and \$597.1 million at June 30, 2014 and 2013, respectively, are reported as long-term debt due to the repayment terms on any associated drawings extending beyond the subsequent fiscal year under the terms of the specific agreements.

Liquidity facilities not dedicated for specific series of VRDBs but used to support CHI's obligations to fund tenders and to pay maturing principal of commercial paper were \$420.0 million and \$390.0 million at June 30, 2014 and 2013, respectively. At June 30, 2014 and 2013, respectively, \$482.4 million and \$442.5 million of commercial paper were classified as current due to maturities of less than one year, and \$521.5 million and \$321.5 million, respectively, of VRDBs and Windows variable-rate bonds (Windows) were also classified as current due to the holder's ability to put such VRDBs and Windows back to CHI without liquidity facilities dedicated to these bonds.

At June 30, 2014, CHI had a \$55.0 million credit facility with Bank of New York Mellon. Letters of credit totaling \$47.6 million have been issued for the benefit of third parties, principally in support of the self-insurance programs administered by FILL. At June 30, 2014 and 2013, no amounts were outstanding under this credit facility.

CHI was a party to 13 floating-to-fixed interest rate swap agreements with notional amounts totaling \$1.4 billion and \$1.6 billion at June 30, 2014 and 2013, respectively. Generally, it is CHI policy that all counterparties have an AA rating or better. The swap agreements require CHI to provide collateral if CHI's liability, determined on a mark-to-market basis, exceeds a specified threshold that varies based upon the rating on CHI's long-term indebtedness. These fixed-payor swap agreements convert CHI's variable-rate debt to fixed-rate debt. The swaps have varying maturity dates ranging from 2025 to 2047. The fair value of the swaps is estimated based on the present value sum of anticipated future net cash settlements until the swaps' maturities. At June 30, 2014 and 2013, the fair value was \$256.7 million and \$271.6 million, respectively.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

9. Debt Obligations (continued)

During fiscal year 2014, a change in CHI's debt ratings resulted in an increase to its cash collateral postings. Cash collateral balances of \$130.5 million and \$107.5 million at June 30, 2014 and 2013, respectively, are netted against the fair value of the swaps, and the net amount is reflected in other liabilities. The change in the fair value of these agreements was a net gain of \$10.2 million and \$98.9 million in 2014 and 2013, respectively.

10. Retirement Plans

The non-contributory, defined benefit retirement plans (Retirement Plans) sponsored by CHI and its direct affiliates were frozen as of December 31, 2013. Benefits earned by employees through December 31, 2013, will remain in the Retirement Plans, and employees will continue to receive interest credits and, if applicable, vesting credits. Beginning January 1, 2014, CHI introduced a new 401(k) Retirement Savings Plan – see *CHI 401(k) Retirement Savings Plan* below for additional information.

Benefits in the Retirement Plans are based on compensation, retirement age and years of service. Vesting occurs over a five-year period. Substantially all of the Plans are qualified as church plans and are exempt from certain provisions of both the Employee Retirement Income Security Act and Pension Benefit Guaranty Corporation premiums and coverage. Funding requirements are determined through consultation with independent actuaries.

CHI recognizes the funded status (that is, the difference between the fair value of plan assets and the projected benefit obligations) of its Plans in the consolidated balance sheets, with a corresponding adjustment to net assets. Actuarial gains and losses that arise and are not recognized as net periodic pension cost in the same periods are recognized as a component of changes in net assets.

During fiscal year 2014 and 2013, CHI acquired the pension plan assets and liabilities of Harrison and Memorial, and Alegent and CHI St. Luke's (the Acquired plans), respectively, which are included below.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

10. Retirement Plans (continued)

A summary of the changes in the benefit obligation, fair value of plan assets and funded status of the Plans at the June 30 measurement dates is as follows (in thousands).

	2014	2013
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 3,877,485	\$ 3,601,231
Service cost	106,484	205,037
Interest cost	177,859	151,763
Actuarial loss (gain)	412,995	(170,282)
Acquired plans	165,506	387,189
Transfers	(3,728)	—
Curtailments	(267)	(134,233)
Settlements	(30,821)	(17,931)
Benefits paid	(230,258)	(144,838)
Expenses paid	(1,626)	(451)
Benefit obligation, end of year	<u>4,473,629</u>	<u>3,877,485</u>
Change in the Plans' assets:		
Fair value of the Plans' assets, beginning of year	3,404,633	2,708,411
Actual return on the Plans' assets, net of expenses	575,358	309,522
Employer contributions	123,763	203,564
Acquired plans	139,480	346,273
Transfers	(3,528)	—
Settlements	(30,551)	(17,848)
Benefits paid	(230,258)	(144,838)
Expenses paid	(1,626)	(451)
Fair value of the Plans' assets, end of year	<u>3,977,271</u>	<u>3,404,633</u>
Funded status of the Plans	<u>\$ (496,358)</u>	<u>\$ (472,852)</u>
End-of-year values:		
Projected benefit obligation	\$ 4,473,629	\$ 3,877,485
Accumulated benefit obligation	4,467,063	3,844,708

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

10. Retirement Plans (continued)

During fiscal year 2014 and 2013, the Plans experienced two curtailment events. Plan design changes for certain Plans resulted in future service reductions in fiscal year 2014, and employee transitions in fiscal year 2013 resulted in an adjustment to the benefit obligation as of June 30, 2013.

Included in net assets at June 30, 2014, are unrecognized actuarial losses of \$772.7 million that have not yet been recognized in net periodic pension cost. The actuarial losses included in net assets and expected to be recognized in net periodic pension cost during the fiscal year ending June 30, 2015, is \$42.0 million.

The components of net periodic pension expense are as follows (in thousands):

	2014	2013
Components of net periodic pension expense:		
Service cost	\$ 106,484	\$ 205,037
Interest cost	177,859	151,763
Expected return on the Plans' assets	(247,121)	(220,236)
Actuarial losses	32,733	91,606
Amortization of prior service benefit	78	174
Curtailments	296	367
Settlements	301	45
	<u>\$ 70,630</u>	<u>\$ 228,756</u>
Weighted-average assumptions:		
Discount rate, beginning of year	4.58%	4.06%
Discount rate, end of year	4.15	4.58
Expected return on Plans' assets	7.60	7.75
Rate of compensation increase	n/a	3.75

The assumption for the expected return on the Plans' assets is based on historical returns and adherence to the asset allocations set forth in the Plans' investment policies. The expected return on the Plans' assets for determining pension cost was 7.60% in 2014 and 7.75% in 2013. The decrease in the discount rate to 4.15% at June 30, 2014, increased the pension benefit obligation by approximately \$283.3 million.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

10. Retirement Plans (continued)

A summary of the Plans' asset allocation targets, ranges by asset class and allocations by asset class at the measurement dates of June 30 is as follows.

	2014	2013	Target	Range
Fixed-income securities	33.5%	25.6%	27.5%	17.5–37.5%
Equity securities	47.0	55.1	50.0	40.0–60.0
Alternative investments	19.5	19.3	22.5	12.5–32.5

The Plans' assets are invested in a portfolio designed to preserve principal and obtain competitive investment returns and long-term investment growth, consistent with actuarial assumptions, while minimizing unnecessary investment risk. Diversification is achieved by allocating assets to various asset classes and investment styles and by retaining multiple investment managers with complementary philosophies, styles and approaches. Although the objective of the Plans is to maintain asset allocations close to target, temporary periods may exist where allocations are outside of the expected range due to market conditions. The use of leverage is prohibited except as specifically directed in the alternative investment allocation. The portfolio is managed on a basis consistent with the CHI social responsibility guidelines. Alternative investments of \$234 million are illiquid and not available for redemption at the Plans' request.

The Plans' assets measured at fair value on a recurring basis were determined using the following inputs at June 30 (in thousands):

	2014			
	Fair Value Measurements at Reporting Date Using			
		(Level 1)	(Level 2)	(Level 3)
	Fair Value as of June 30	Quoted Prices in Active Markets	Other Observable Inputs	Unobservable Inputs
Cash and short-term investments	\$ 223,904	\$ 201,206	\$ 22,698	\$ –
Marketable equity securities	1,634,181	1,630,703	3,478	–
Marketable fixed-income securities	1,371,165	324,247	943,170	103,748
Alternative investments	748,021	–	–	748,021
	<u>\$ 3,977,271</u>	<u>\$ 2,156,156</u>	<u>\$ 969,346</u>	<u>\$ 851,769</u>

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

10. Retirement Plans (continued)

	2013			
	Fair Value Measurements at Reporting Date Using			
		(Level 1)	(Level 2)	(Level 3)
	Fair Value as of June 30	Quoted Prices in Active Markets	Other Observable Inputs	Unobservable Inputs
Cash and short-term investments	\$ 115,586	\$ 102,360	\$ 13,226	\$ –
Marketable equity securities	1,715,087	1,715,087	–	–
Marketable fixed-income securities	916,766	220,833	695,933	–
Alternative investments	657,194	–	–	657,194
	<u>\$ 3,404,633</u>	<u>\$ 2,038,280</u>	<u>\$ 709,159</u>	<u>\$ 657,194</u>

A summary of the changes in the fair value of the Plans' investments for which Level 3 inputs were used at the June 30 measurement dates is as follows (in thousands):

	2014	2013
Beginning investments at fair value	\$ 657,194	\$ 505,720
Purchases of investments	189,680	91,868
Proceeds from sale of investments	(70,488)	(47,376)
Net change in unrealized appreciation on investments and effect of foreign currency translation	50,834	12,778
Net realized gains on investments	25,531	25,424
Acquired plan investments	–	53,540
Net transfers (out of) into Level 3	(982)	15,240
Ending investments at fair value	<u>\$ 851,769</u>	<u>\$ 657,194</u>

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

10. Retirement Plans (continued)

CHI expects to contribute \$15.0 million to the Plans in fiscal year 2015. A summary of expected benefits to be paid to the Plans' participants and beneficiaries is as follows (in thousands).

	<u>Estimated Payments</u>
Year ending June 30:	
2015	\$ 235,323
2016	220,122
2017	236,598
2018	245,390
2019	256,854
2020–2024	1,443,265

CHI 401(k) Retirement Savings Plan

Effective on January 1, 2014, CHI introduced the CHI 401(k) Retirement Savings Plan (401(k) Savings Plan), which replaced the frozen Retirement Plan as an employee retirement benefit. Years of service under the Retirement Plan will automatically transfer to the 401(k) Savings Plan. An employee is fully vested in the plan for employer contributions after three years of service.

As part of the 401(k) Savings Plan, CHI will match 100.0% of the first 1.0% of eligible pay an employee contributes to the plan, and 50.0% of the next 5.0% of eligible pay contributed to the plan, for a maximum employer matching rate of 3.5% of eligible pay. On an annual basis and regardless of whether or not an employee participates in the 401(k) Savings Plan, CHI will also contribute 2.5% of eligible pay to an employee's 401(k) Savings Plan account. This contribution is made if an employee reaches 1,000 hours in the first year of employment or every calendar year thereafter, and is employed on the last day of the calendar year. For the period from January 1 through June 30, 2014, CHI recorded \$80.4 million of expense related to the 401(k) Savings Plan.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

11. Concentrations of Credit Risk

CHI grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. CHI's exposure to credit risk on patient accounts receivable is limited by the geographical diversity of its MBOs. The mix of net patient accounts receivable at June 30 approximated the following:

	2014	2013
Medicare	27%	28%
Medicaid	12	10
Managed care	31	31
Self-pay	7	7
Commercial and other	23	24
	100%	100%

CHI maintains long-term investments with various financial institutions and investment management firms through its investment program, and its policy is designed to limit exposure to any one institution or investment. Management does not believe there are significant concentrations of credit risk at June 30, 2014 and 2013.

12. Commitments and Contingencies

Litigation

During the normal course of business, CHI may become involved in litigation. Management assesses the probable outcome of unresolved litigation and records estimated settlements. After consultation with legal counsel, management believes that any such matters will be resolved without material adverse impact to the consolidated financial position or results of operations of CHI.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

12. Commitments and Contingencies (continued)

Health Care Regulatory Environment

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Management believes CHI is in compliance with all applicable laws and regulations of the Medicare and Medicaid programs. Compliance with such laws and regulations is complex and can be subject to future governmental interpretation as well as significant regulatory action, including fines, penalties and exclusion from the Medicare and Medicaid programs. Certain CHI entities have been contacted by governmental agencies regarding alleged violations of Medicare practices for certain services. In the opinion of management after consultation with legal counsel, the ultimate outcome of these matters will not have a material adverse effect on CHI's consolidated financial position.

Operating Leases

CHI leases certain real estate and equipment under operating leases, which may include renewal options and escalation clauses. Future minimum lease payments required for the next five years and thereafter for all operating leases that have initial or remaining non-cancelable lease terms in excess of one year at June 30, 2014, are as follows (in thousands):

	<u>Amounts Due</u>
Year ending June 30:	
2015	\$ 203,656
2016	136,211
2017	119,885
2018	101,828
2019	79,734
Thereafter	151,073
	<u>\$ 792,387</u>

Lease expense under operating leases for continuing operations for the years ended June 30, 2014 and 2013, totaled approximately \$285.9 million and \$222.6 million, respectively.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

13. Insurance Programs

FIIL, a wholly owned captive insurance company of CHI, provides hospital professional liability, employment practices liability, miscellaneous professional liability, and commercial general liability coverage, primarily to MBOs related to CHI either on a directly written basis or through reinsurance fronting relationships with commercial carriers such as PPIC. Policies written provide coverage with primary limits in the amount of \$10.0 million for each and every claim in fiscal years 2014 and 2013, respectively. For the policy year July 1, 2013 to July 1, 2014, there is an annual policy aggregate of \$85.0 million eroded by hospital professional liability and commercial general liability claims, subject to a \$175,000 continuing underlying per claim limit. Effective July 1, 2011, FIIL provided excess umbrella liability coverage for claims in excess of the underlying limits discussed above. The limits provided under such excess coverage are \$200.0 million per claim and in the aggregate. FIIL reinsured 100% of the excess coverage layer with various commercial insurance companies. At June 30, 2014 and 2013, investments and assets limited as to use held for insurance purposes included \$58.0 million and \$55.0 million, respectively, held as collateral for the reinsurance fronting arrangement with PPIC.

FIIL provides workers' compensation coverage, either on a directly written basis or through reinsurance fronting relationships with commercial insurance carriers. Coverage of \$350,000 in excess of \$650,000 per claim for the policy year July 1, 2013 to July 1, 2014, and \$500,000 in excess of \$500,000 per claim for the policy year July 1, 2012 to July 1, 2013, is reinsured with an unrelated commercial carrier.

The liability for self-insured reserves and claims represents the estimated ultimate net cost of all reported and unreported losses incurred through June 30. The reserves for unpaid losses and loss adjustment expenses are estimated using individual case-based valuations, statistical analyses and the expertise of an independent actuary.

The estimates for loss reserves are subject to the effects of trends in loss severity and frequency. Although considerable variability is inherent in such estimates, management believes that the reserves for unpaid losses and loss adjustment expenses are adequate. The estimates are reviewed periodically, with consultation from independent actuaries, and any adjustments to the loss reserves are reflected in current operations. As a result of these reviews of claims experience, estimated reserves were reduced by \$21.3 million and \$48.5 million in 2014 and 2013, respectively. The reserves for unpaid losses and loss adjustment expenses relating to the

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

13. Insurance Programs (continued)

workers' compensation program were discounted, assuming a 4.0% annual return at June 30, 2014 and 2013, to a present value of \$159.1 million and \$151.2 million at June 30, 2014 and 2013, respectively, and represented a discount of \$52.3 million and \$51.3 million in 2014 and 2013, respectively. Reserves related to professional liability, employment practices and general liability are not discounted.

FIIL holds \$734.4 million and \$751.9 million of investments held for insurance purposes as of June 30, 2014 and 2013, respectively. Distribution of amounts from FIIL to CHI are subject to the approval of the Cayman Island Monetary Authority. CHI established a captive management operation (Captive Management Initiatives, Ltd.) based in the Cayman Islands, which currently manages FIIL as well as operations of other unrelated parties.

CHI, through its Welfare Benefit Administration and Development Trust, provides comprehensive health and dental coverage to certain employees and dependents through a self-insured medical plan. Accounts payable and accrued expenses include \$69.7 million and \$51.0 million for unpaid claims and claims adjustment expenses for CHI's self-insured medical plan at June 30, 2014 and 2013, respectively. Those estimates are subject to the effects of trends in loss severity and frequency. Although considerable variability is inherent in such estimates, management believes that the reserves for unpaid losses and loss adjustment expenses are adequate. The estimates are reviewed periodically and, as adjustments to the liability become necessary, such adjustments are reflected in current operations. CHI has stop-loss insurance to cover unusually high costs of care beyond a predetermined annual amount per enrolled participant.

14. Subsequent Events

CHI's management has evaluated events subsequent to June 30, 2014 through September 17, 2014, which is the date these consolidated financial statements were available to be issued. There have been no material events noted during this period that would either impact the results reflected herein or CHI's results going forward, except as disclosed below.

Effective in August 2014, CHI entered into a definitive agreement with St. Alexius Medical Center to form a regional, coordinated health system in central and western North Dakota. The affiliation is subject to approvals by state regulatory agencies and is anticipated to close by the end of the calendar year.

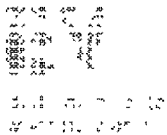
Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

14. Subsequent Events (continued)

Effective in September 2014, CHI entered into a definitive agreement to become the sole sponsor of Sylvania Franciscan Health (SFH), which operates various health ministries in Ohio and Texas. The SFH sponsorship transfer is expected to be complete by the end of the calendar year, subject to board approval, and approval from various federal, state and Church authorities.

Supplemental Information



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Report of Independent Auditors on Supplemental Information

The Board of Stewardship Trustees
Catholic Health Initiatives

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements of Catholic Health Initiatives as a whole. The following consolidating financial information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in our audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. 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 17, 2014

Catholic Health Initiatives

Consolidating Balance Sheet

(In Thousands)

June 30, 2014

	MBOs	Corporate	Prominence Health	FHIL	CHI Welfare Benefits Trust	Other	Eliminations and Adjustments	Consolidated
Assets								
Current assets								
Cash and equivalents	\$ 449,299	\$ 515,124	\$ 21,164	\$ 150	\$ 42,300	\$ 14,711	\$ —	\$ 1,042,748
Net patient accounts receivable, less allowance of \$924,395	1,997,468	—	—	—	—	—	—	1,997,468
Other accounts receivable	259,645	104,674	3,857	4,819	286	18,127	(104,735)	286,673
Current portion of investments and assets limited as to use	13,204	—	11,528	—	—	—	—	24,732
Inventories	271,664	—	—	—	—	—	—	271,664
Assets held for sale	222,888	—	—	—	—	—	(20,822)	202,066
Prepaid and other	72,241	120,018	4,537	17	630	225	—	197,668
Total current assets	3,286,409	739,816	41,086	4,986	43,216	33,063	(125,557)	4,023,019
Investments and assets limited as to use								
Internally designated for capital and other funds	4,957,468	246,729	—	—	106,770	—	—	5,310,967
Mission and ministry fund	—	137,099	—	—	—	—	—	137,099
Capital resource pool	—	515,338	—	—	—	—	—	515,338
Held by trustees	1,018	52,556	—	—	—	—	—	53,574
Held for insurance purposes	21,500	—	72,216	734,362	—	—	—	828,078
Restricted by donors	295,770	651	—	—	—	51	—	296,472
Total investments and assets limited as to use	5,275,756	952,373	72,216	734,362	106,770	51	—	7,141,528
Property and equipment, net	8,023,441	902,434	2,550	—	—	14,095	—	8,942,520
Deferred financing costs	116	42,958	—	—	—	—	—	43,074
Investments in unconsolidated organizations	413,581	1,065,158	131	—	—	11,203	(881,985)	608,088
Intangible assets and goodwill, net	515,718	20,900	16,844	—	—	—	—	553,462
Notes receivable and other	182,786	4,025,930	736	23,763	—	3,395	(3,735,724)	500,886
Total assets	\$ 17,697,807	\$ 7,749,569	\$ 133,563	\$ 763,111	\$ 149,986	\$ 61,807	\$ (4,743,266)	\$ 21,812,577

Catholic Health Initiatives

Consolidating Balance Sheet (continued)

(In Thousands)

	MBOs	Corporate	Prominence Health	FIHL	CHI Welfare Benefits Trust	Other	Eliminations and Adjustments	Consolidated
Liabilities and net assets								
Current liabilities								
Compensation and benefits	\$ 539,296	\$ 121,997	\$ 2,860	\$ —	\$ 3,475	\$ 11,947	\$ —	\$ 679,575
Third-party liabilities, net	123,804	—	—	—	—	—	—	123,804
Accounts payable and accrued expenses	1,048,364	397,240	14,078	4,733	69,717	16,836	(104,735)	1,446,233
Liabilities held for sale	104,117	—	—	—	—	—	—	104,117
Variable-rate debt with self-liquidity	—	521,455	—	—	—	—	—	521,455
Commercial paper and current portion of debt	197,889	673,133	1,034	—	—	—	(160,648)	711,408
Total current liabilities	2,013,470	1,113,825	17,972	4,733	73,192	28,783	(265,383)	3,586,592
Pension liability	25,478	470,880	—	—	—	—	—	496,358
Self-insured reserves and claims	23,727	5,346	30,516	575,129	—	—	—	634,718
Other liabilities	452,377	379,238	—	—	—	—	—	831,615
Long-term debt	4,159,137	6,551,134	504	—	—	10,700	(3,575,076)	7,146,399
Total liabilities	6,674,189	9,120,423	48,992	579,862	73,192	39,483	(3,840,459)	12,695,682
Net assets								
Net assets attributable to CHI	10,342,605	(1,507,674)	75,307	183,249	76,794	22,109	(903,202)	8,289,188
Net assets attributable to noncontrolling interests	323,255	136,382	9,264	—	—	—	395	469,296
Unrestricted	10,665,860	(1,371,292)	84,571	183,249	76,794	22,109	(902,807)	8,758,484
Temporarily restricted	264,986	438	—	—	—	215	—	265,639
Permanently restricted	92,772	—	—	—	—	—	—	92,772
Total net assets	11,023,618	(1,370,854)	84,571	183,249	76,794	22,324	(902,807)	9,116,895
Total liabilities and net assets	\$ 17,697,807	\$ 7,749,569	\$ 133,563	\$ 763,111	\$ 149,986	\$ 61,807	\$ (4,743,266)	\$ 21,812,577

Catholic Health Initiatives

Consolidating Statement of Operations

(In Thousands)

Fiscal Year Ended June 30, 2014

	MBOs	Corporate	Prominence Health	FHIL	CHI Welfare Benefits Trust	Other	Eliminations and Adjustments	Consolidated
Revenues								
Net patient services revenues	\$ 12,533,587	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (126,343)	\$ 12,407,244
Nonpatient								
Donations	32,301	64	—	—	—	1	—	32,366
Changes in equity of unconsolidated organizations	21,153	5,578	131	—	—	198	(138)	26,922
Investment income used for operations	18,630	76	738	82,430	—	—	—	101,874
Gains on business combinations	421,955	—	—	—	—	—	—	421,955
Hospital nonpatient revenues	294,021	—	—	—	—	—	—	294,021
Insurance premium revenues	—	—	171,465	—	—	—	—	171,465
Other	268,698	1,440,094	10,502	199,308	497,557	73,787	(2,057,120)	432,826
Total nonpatient revenues	1,056,758	1,445,812	182,836	281,738	497,557	73,986	(2,057,258)	1,481,429
Total operating revenues	13,590,345	1,445,812	182,836	281,738	497,557	73,986	(2,183,601)	13,888,673
Expenses								
Salaries and wages	5,137,917	390,928	10,960	—	—	52,861	(37,682)	5,554,984
Employee benefits	1,182,002	31,129	1,734	32,959	485,932	12,459	(673,365)	1,672,850
Purchased services—medical professional fees—consulting and legal	2,006,921	531,224	158,528	19,480	7,115	22,764	(800,453)	1,945,579
Supplies	2,339,219	6,936	218	—	—	506	—	2,346,879
Utilities	183,810	13,396	234	—	—	39	—	197,479
Rentals—leases—maintenance and insurance	538,020	447,335	3,138	177,158	—	1,391	(291,209)	875,833
Depreciation and amortization	650,620	47,092	507	—	—	553	—	698,772
Interest	176,208	217,727	273	—	—	211	(158,979)	235,440
Other	1,011,174	62,330	2,360	512	687	2,046	(221,775)	857,334
Total operating expenses—before restructuring, impairment and other losses	13,225,891	1,748,097	177,952	230,109	493,734	92,830	(2,183,463)	13,785,150
Income (loss) from operations before restructuring, impairment and other losses	364,454	(302,285)	4,884	51,629	3,823	(18,844)	(138)	103,523
Restructuring, impairment and other losses	67,207	52,911	(2,930)	—	—	326	—	117,514
Income (loss) from operations	297,247	(355,196)	7,814	51,629	3,823	(19,170)	(138)	(13,991)
Nonoperating gains (losses)								
Investment income (loss), net	632,674	104,667	95	—	10,940	(2)	—	748,374
Loss on defeasance of bonds	(10,018)	4,393	—	—	—	—	—	(5,625)
Realized and unrealized gains (losses) on interest rate swaps	15,840	(55,265)	—	—	—	1	—	(39,424)
Other nonoperating gains (losses)	18,766	(258,344)	—	—	—	—	184,211	(55,367)
Total nonoperating gains (losses)	657,262	(204,549)	95	—	10,940	(1)	184,211	647,958
Excess (deficit) of revenues over expenses	954,509	(559,745)	7,909	51,629	14,763	(19,171)	184,073	633,967
(Excess) deficit of revenues over expenses attributable to noncontrolling interest	(26,708)	32,419	(25)	—	—	—	—	5,686
Excess (deficit) of revenues over expenses attributable to CHI	\$ 927,801	\$ (527,326)	\$ 7,884	\$ 51,629	\$ 14,763	\$ (19,171)	\$ 184,073	\$ 639,653

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