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Form **990**

Return of Organization Exempt From Income Tax

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

► Do not enter Social Security numbers on this form as it may be made public.

► Information about Form 990 and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

A For the 2013 calendar year, or tax year beginning 7/1/2013 , and ending 6/30/2014

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

C Name of organization: LAUREATE PSYCHIATRIC CLINIC AND HOSPITAL, INC.

Doing Business As:

Number and street (or P O box if mail is not delivered to street address): 6600 S. YALE AVE

Room/suite: 400

City or town: TULSA

State: OK

ZIP code: 74136-3319

Foreign country name / Foreign province/state/county / Foreign postal code:

D Employer identification number: 73-1308273

E Telephone number: (918) 502-8126

G Gross receipts $: 36,641,411

F Name and address of principal officer: ERIC SCHICK 6600 S. YALE AVE , TULSA, OK 74136-3319

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

H(b) Are all subordinates included? ☐ Yes ☐ No

If "No," attach a list. (see instructions)

H(c) Group exemption number ►

I Tax-exempt status: ☒ 501(c)(3) ☐ 501(c) ( ) ◄ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ► WWW.LAUREATE.COM

K Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other ►

L Year of formation: 1987

M State of legal domicile: OK

Part I Summary

1 Briefly describe the organization's mission or most significant activities: TO EXTEND THE PRESENCE AND HEALING MINISTRY OF CHRIST IN ALL WE DO.

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

3	Number of voting members of the governing body (Part VI, line 1a)	3	3
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	1
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	457
6	Total number of volunteers (estimate if necessary)	6	49
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b	Net unrelated business taxable income from Form 990-T, line 34	7b	0

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	854,500	856,290
9	Program service revenue (Part VIII, line 2g)	33,465,619	35,148,827
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	-53,738	-4,288
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	525,633	527,960
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	34,792,014	36,528,789
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	2,653
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	21,950,272	22,901,575
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ► 0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	9,528,646	9,954,174
18	Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	31,478,918	32,858,402
19	Revenue less expenses. Subtract line 18 from line 12	3,313,096	3,670,387

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	47,174,272	55,665,406
21	Total liabilities (Part X, line 26)	4,177,080	4,658,628
22	Net assets or fund balances. Subtract line 21 from line 20	42,997,192	51,006,778

SCANNED JUN 23 2015

RECEIVED MAY 26 2015 IRS-OSC OGDEN, UT

Part II Signature Block

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

Sign Here

Signature of officer: Eric Schick — Date: 5/14/15

ERIC E. SCHICK, TREASURER

Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name: Kathleen Moseley

Preparer's signature: Kathleen Moseley

Date: 05/12/15

Check ☐ if self-employed

PTIN: P00116760

Firm's name ► ERNST & YOUNG, LLP

Firm's EIN ► 34-6565596

Firm's address ► 425 Houston St, Ste. 600, Fort Worth, TX 76102

Phone no (817) 335-1900

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

14

90-17 20

Part III **Statement of Program Service Accomplishments**

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

1 Briefly describe the organization's mission

TO EXTEND THE PRESENCE AND HEALING MINISTRY OF CHRIST IN ALL WE DO.

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 $ 6,390,305 including grants of $ 2,653) (Revenue $ 5,489,073)

INDIVIDUAL PHYSICIANS FOR INPATIENT/OUTPATIENT SERVICES. LAUREATE PSYCHIATRIC CLINIC AND HOSPITAL, INC. PROVIDES PSYCHIATRIC EVALUATION AND MEDICINE MANAGEMENT THROUGH USE OF PHYSICIAN, NURSE PRACTITIONER, AND PHYSICIAN ASSISTANT PROVIDERS. IN ADDITION, LAUREATE OFFERS OUTPATIENT MENTAL HEALTH THERAPY THROUGH USE OF NON-PHYSICIAN PROVIDERS SUCH AS PSYCHOLOGISTS, SOCIAL WORKERS, LICENSED PROFESSIONAL COUNSELORS, LICENSED MARITAL AND FAMILY THERAPISTS, AND LICENSED ALCOHOL AND DRUG COUNSELORS. IN FISCAL YEAR 2014, LAUREATE PROVIDED 39,262 PHYSICIAN OUTPATIENT VISITS AND 28,644 THERAPISTS AND PHD VISITS.

4b (Code) (Expenses $ 5,039,081 including grants of $) (Revenue $ 12,585,885)

ACUTE PSYCHIATRIC CARE SERVICES: LAUREATE PSYCHIATRIC CLINIC AND HOSPITAL, INC. PROVIDES NEEDED HIGH QUALITY, COST EFFECTIVE PSYCHIATRIC CARE SERVICES TO THE COMMUNITY REGARDLESS OF ANY INDIVIDUAL'S ABILITY TO PAY. TREATMENT SERVICES INCLUDE, BUT ARE NOT LIMITED TO, EVALUATION AND DIAGNOSIS, ACUTE PSYCHIATRIC CARE, INTERMEDIATE AND LONG-TERM CARE, AND CHEMICAL DEPENDENCY CARE TO RESIDENTS OF OKLAHOMA, PRIMARILY TULSA AND THE SURROUNDING AREAS. ASSESSMENT, STABILIZATION, AND DISCHARGE PLANNING ARE THE MAIN GOALS OF THE TREATMENT PROCESS. LENGTH OF HOSPITALIZATION VARIES DEPENDING UPON DIAGNOSIS, AGE OF PATIENT, AND SEVERITY OF ILLNESS. IN FISCAL YEAR 2014, LAUREATE PROVIDED 18,994 DAYS OF ACUTE PATIENT CARE AND 2,839 ADMISSIONS.

4c (Code) (Expenses $ 4,154,482 including grants of $) (Revenue $ 8,829,665)

EATING DISORDERS PROGRAM: LAUREATE PSYCHIATRIC CLINIC AND HOSPITAL, INC. OFFERS A NATIONALLY RECOGNIZED EATING DISORDERS PROGRAM PROVIDING TREATMENT OF VARIOUS EATING-RELATED DIFFICULTIES TO PATIENTS FROM AROUND THE COUNTRY. THE GOALS OF TREATMENT INCLUDE MANAGING EATING DISORDERS, STABILIZING CHAOTIC EATING BEHAVIORS, DEVELOPING EMOTIONAL SATISFACTION, AND HEIGHTENING AWARENESS OF SELF AND RELATIONSHIPS WITH OTHERS. LAUREATE PROVIDES COMPREHENSIVE SERVICES FOR ADULTS AND ADOLESCENTS FOR THEIR FULL CONTINUITY OF CARE, WHICH INCLUDE THE INTENSIVE PROGRAM, THE MAGNOLIA HOUSE, TRANSITIONAL PROGRAM, AND THE OUTPATIENT PROGRAM. IN FISCAL YEAR 2014, LAUREATE PROVIDED 142 ADMISSIONS TO THIS PROGRAM.

4d Other program services. (Describe in Schedule O.)
(Expenses $ 10,760,217 including grants of $ 0) (Revenue $ 8,379,132)

4e Total program service expenses ▶ 26,344,085

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	X	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	X	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		X
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		X
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		X
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		X
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		X
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		X
9	Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		X
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		X
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI*	11a	X	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		X
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		X
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		X
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	X	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	X	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		X
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	X	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		X
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		X
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		X
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *If "Yes," complete Schedule F, Parts II and IV*	15		X
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or other assistance to or for foreign individuals? *If "Yes," complete Schedule F, Parts III and IV*	16		X
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		X
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		X
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		X
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	X	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	X	

Part IV Checklist of Required Schedules *(continued)*

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

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 X

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a	40		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		X	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return . .	2a	457		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? . . .	2b		X	
	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?	3a			X
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O*	3b			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			X
b	If "Yes," enter the name of the foreign country ▶ ---------- See instructions for filing requirements for FinCen Form 114, Report of Foreign Bank and Financial Accounts (FBAR)				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a			X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? . . .	5b			X
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	6a			X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			X
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			X
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . .	7e			X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . .	7f			X
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? . .	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter:				
a	Initiation fees and capital contributions included on Part VIII, line 12	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities . . .	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041? . . .	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state?	13a			
	Note. See the instructions for additional information the organization must report on Schedule O.				
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			X
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . . .	14b			

Part VI **Governance, Management, and Disclosure** *For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 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 . . . . . [X]

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 . . . 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.	1a	3		
b	Enter the number of voting members included in line 1a, above, who are independent . . .	1b	1		
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	X	
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	X	
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . .		4		X
5	Did the organization become aware during the year of a significant diversion of the organization's assets? . . .		5		X
6	Did the organization have members or stockholders? . . .		6	X	
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	X	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . .		7b	X	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body? . . .		8a	X	
b	Each committee with authority to act on behalf of the governing body? . . .		8b		
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		X

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

Section C. Disclosure

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

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

[ ] Own website [ ] Another's website [X] 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 ▶ ERIC SCHICK (918) 494-8430
6161 S. YALE AVE., TULSA, OK 74136-3319

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 X

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, and 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) JAKE HENRY, JR.	1.00									
PRESIDENT/CHIEF EXECUTIVE OFFICER,DIREC	39.00	X		X				0	1,667,985	5,115
(2) BARRY L. STEICHEN	1.00									
VICE PRES./CHIEF OPERATING OFFICER, DIRE	39.00	X		X				0	740,536	111,963
(3) RENEE BEVINS	1.00									
ASSISTANT SECRETARY	39.00	X		X				0	79,968	6,840
(4) WILLIAM R. LISSAU	1.00									
DIRECTOR		X						0	0	0
(5) WILLIAM K. WARREN, JR.	1.00									
TRUSTEE		X						0	0	0
(6) BISHOP EDWARD J. SLATTERY	1.00									
TRUSTEE		X						0	0	0
(7) JUDY KISHNER	1.00									
TRUSTEE		X						0	0	0
(8) HENRY ZARROW	1.00									
TRUSTEE (DECEASED 1/18/14)		X						0	0	0
(9) JEFFREY C. SACRA	1.00									
SECRETARY	39.00			X				0	255,267	41,193
(10) ERIC SCHICK	1.00									
TREASURER/CHIEF FINANCIAL OFFICER	39.00			X				0	293,410	53,560
(11) ROBERT ELI SMITH	1.00									
ASSISTANT SECRETARY (Until 1/1/14)	39.00			X				0	228,130	38,989
(12) WILLIAM SCHLOSS	40.00									
ADMINISTRATOR					X			488,761	0	68,324
(13) PETER LANTZ, M.D.	5.00									
PHYSICIAN	35.00					X		24,000	382,724	47,701
(14) THOMAS LUISKUTTY, M.D.	5.00									
PHYSICIAN	35.00					X		52,260	464,693	40,284

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			
(15) MICHAEL MCLAUGHLIN, M.D.	40.00									
PHYSICIAN						X		334,694	0	32,590
(16) SCOTT MOSEMAN, M.D.	40.00									
PHYSICIAN						X		297,226	0	37,104
(17) MICHAEL DUBRIWNY, M D	40 00									
PHYSICIAN						X		287,629	0	44,880
(18) TOM NEFF	0.00									
VICE PRESIDENT/CHIEF OPERATING OFFICER							X	0	403,608	65,808
(19)										
(20)										
(21)										
(22)										
(23)										
(24)										
(25)										
1b Sub-total ▶								1,484,570	4,516,321	594,351
c Total from continuation sheets to Part VII, Section A ▶								0	0	0
d Total (add lines 1b and 1c) ▶								1,484,570	4,516,321	594,351

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 22

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

Section B. Independent Contractors

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

(A) Name and business address		(B) Description of services	(C) Compensation
FLINTCO, LLC	1602 W 21ST ST, TULSA, OK 74107	CONSTRUCTION	1,242,463
PAGE SOUTHERLAND PAGE, LLP	1800 MAIN ST., STE 123, DALLAS, TX 75201	ARCHITECT AND DESIGN	248,539
OTIS ELEVATOR COMPANY, INC	P.O. BOX 905454, CHARLOTTE, NC 28290-5454	ELEVATOR MAINTENANCE	130,579
WARREN PROF. BLDG CORP	P.O. BOX 470372, TULSA, OK 74147	LANDSCAPING SERVICES	101,712
			0

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 4

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	0				
	b Membership dues	1b	0				
	c Fundraising events	1c	0				
	d Related organizations	1d	840,000				
	e Government grants (contributions)	1e	0				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	16,290				
	g Noncash contributions included in lines 1a-1f:	$	0				
	h Total. Add lines 1a–1f ▶			856,290			
Program Service Revenue		Business Code					
	2a PATIENT SERVICES,NET OF CONTRACTUAL ADJUST	621110		24,873,657	24,873,657		
	b MEDICARE/MEDICAID PAYMENTS	621110		10,275,170	10,275,170		
	c			0			
	d			0			
	e			0			
	f All other program service revenue			0			
	g Total. Add lines 2a–2f ▶			35,148,827			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts) ▶			3,199			3,199
	4 Income from investment of tax-exempt bond proceeds ▶			0			
	5 Royalties ▶			0			
		(i) Real	(ii) Personal				
	6a Gross rents	388,740					
	b Less rental expenses						
	c Rental income or (loss)	388,740	0				
	d Net rental income or (loss) ▶			388,740			388,740
		(i) Securities	(ii) Other				
	7a Gross amount from sales of assets other than inventory	0	105,135				
	b Less cost or other basis and sales expenses	0	112,622				
	c Gain or (loss)	0	-7,487				
	d Net gain or (loss) ▶			-7,487			-7,487
	8a Gross income from fundraising events (not including $ 0 of contributions reported on line 1c). See Part IV, line 18 a		0				
	b Less direct expenses b		0				
	c Net income or (loss) from fundraising events ▶			0			
	9a Gross income from gaming activities. See Part IV, line 19 a		0				
	b Less direct expenses b		0				
	c Net income or (loss) from gaming activities ▶			0			
	10a Gross sales of inventory, less returns and allowances a		0				
	b Less cost of goods sold b		0				
	c Net income or (loss) from sales of inventory ▶			0			
	Miscellaneous Revenue	Business Code					
	11a MANAGEMENT SERVICES FOR AFFILIATES	541610		134,928	134,928		
	b AUXILIARY SHOP SALES OR AUDITS	453220		3,108			3,108
	c			0			
	d All other revenue			1,184			1,184
	e Total. Add lines 11a–11d ▶			139,220			
	12 Total revenue. See instructions ▶			36,528,789	35,283,755	0	388,744

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	2,653	2,653		
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	622,833		622,833	
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	18,244,036	16,480,561	1,763,475	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	1,306,158	1,177,870	128,288	
9	Other employee benefits	1,518,101	1,266,835	251,266	
10	Payroll taxes	1,210,447	1,076,702	133,745	
11	Fees for services (non-employees):				
a	Management	0			
b	Legal	0			
c	Accounting	34,537		34,537	
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)	1,067,722	507,330	560,392	
12	Advertising and promotion	147,961	111,541	36,420	
13	Office expenses	932,881	808,204	124,677	
14	Information technology	25,133	14,457	10,676	
15	Royalties	0			
16	Occupancy	986,350	986,350		
17	Travel	104,312	98,196	6,116	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	0			
20	Interest	0			
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	2,029,706	0	2,029,706	0
23	Insurance	-89,040	59,652	-148,692	
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	BAD DEBT EXPENSE	2,049,793	2,048,848	945	
b	MEDICAID SHOPP FEE	789,822	789,822		
c	REPAIRS AND MAINTENANCE	484,457	326,963	157,494	
d	MEDICAL SUPPLIES	487,878	485,904	1,974	
e	All other expenses	902,662	102,197	800,465	
25	**Total functional expenses.** Add lines 1 through 24e	32,858,402	26,344,085	6,514,317	0
26	**Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ▶☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		169,841	1	3,271,377
	2	Savings and temporary cash investments		283,091	2	365,389
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		3,133,882	4	3,336,501
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net		46,423	7	22,166
	8	Inventories for sale or use		95,642	8	112,781
	9	Prepaid expenses and deferred charges		340,856	9	129,621
	10a	Land, buildings, and equipment cost or other basis. Complete Part VI of Schedule D	10a 88,588,953			
	b	Less. accumulated depreciation	10b 40,767,194	42,547,164	10c	47,821,759
	11	Investments—publicly traded securities		0	11	0
	12	Investments—other securities. See Part IV, line 11		0	12	0
	13	Investments—program-related. See Part IV, line 11		0	13	0
	14	Intangible assets		0	14	0
	15	Other assets. See Part IV, line 11		557,373	15	605,812
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		47,174,272	16	55,665,406
Liabilities	17	Accounts payable and accrued expenses		3,430,041	17	4,201,815
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties		0	23	0
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D		747,039	25	456,813
	26	**Total liabilities.** Add lines 17 through 25		4,177,080	26	4,658,628
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		42,997,192	27	51,006,778
	28	Temporarily restricted net assets			28	
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117 (ASC958), 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		42,997,192	33	51,006,778
	34	Total liabilities and net assets/fund balances		47,174,272	34	55,665,406

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	36,528,789
2	Total expenses (must equal Part IX, column (A), line 25)	2	32,858,402
3	Revenue less expenses. Subtract line 2 from line 1	3	3,670,387
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	42,997,192
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	4,339,200
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	51,006,778

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 [X] Accrual [ ] Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a	X	
	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			
	[X] Separate basis [ ] Consolidated basis [ ] Both consolidated and separate basis			
b	Were the organization's financial statements audited by an independent accountant?	2b	X	
	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 [X] Consolidated basis [ ] Both consolidated and separate basis			
c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	2c	X	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		X
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b		

SCHEDULE A (Form 990 or 990-EZ)

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.

▶ 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	Employer identification number
LAUREATE PSYCHIATRIC CLINIC AND HOSPITAL, INC.	73-1308273

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? . . . . . 11g(i)

(ii) A family member of a person described in (i) above? . . . . . 11g(ii)

(iii) A 35% controlled entity of a person described in (i) or (ii) above? . . . . . 11g(iii)

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

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

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1–9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col. (i) of your support?		(vi) Is the organization in col (i) organized in the U.S ?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
Total									0

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						0
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						0
3 The value of services or facilities furnished by a governmental unit to the organization without charge						0
4 **Total.** Add lines 1 through 3	0	0	0	0	0	0
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.						0

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	0	0	0	0	0	0
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						0
9 Net income from unrelated business activities, whether or not the business is regularly carried on						0
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						0
11 **Total support.** Add lines 7 through 10						0

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 section 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	0.00%
15	Public support percentage from 2012 Schedule A, Part II, line 14	15	0.00%

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

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

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

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

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants ")						0
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						0
3 Gross receipts from activities that are not an unrelated trade or business under section 513						0
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						0
5 The value of services or facilities furnished by a governmental unit to the organization without charge						0
6 Total. Add lines 1 through 5	0	0	0	0	0	0
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						0
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						0
c Add lines 7a and 7b	0	0	0	0	0	0
8 Public support (Subtract line 7c from line 6.)						0

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	0	0	0	0	0	0
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						0
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						0
c Add lines 10a and 10b	0	0	0	0	0	0
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						0
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						0
13 **Total support.** (Add lines 9, 10c, 11, and 12.)	0	0	0	0	0	0

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 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	0 00%
16	Public support percentage from 2012 Schedule A, Part III, line 15	16	0.00%

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2013** (line 10c, column (f) divided by line 13, column (f))	17	0 00%
18	Investment income percentage from **2012** Schedule A, Part III, line 17	18	0 00%

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).

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.
▶ 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

LAUREATE PSYCHIATRIC CLINIC AND HOSPITAL, INC

Employer identification number

73-1308273

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

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

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

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

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

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

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

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

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

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

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

(i) Revenues included in Form 990, Part VIII, line 1 ▶ $ ----------
(ii) Assets included in Form 990, Part X ▶ $ ----------

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

a Revenues included in Form 990, Part VIII, line 1 ▶ $ ----------
b Assets included in Form 990, Part X ▶ $

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

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

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

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

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

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

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

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

		Amount
c	Beginning balance	1c
d	Additions during the year	1d
e	Distributions during the year	1e
f	Ending balance	1f 0

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

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

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

		(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance					
b	Contributions					
c	Net investment earnings, gains, and losses					
d	Grants or scholarships					
e	Other expenditures for facilities and programs					
f	Administrative expenses					
g	End of year balance	0	0	0	0	0

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

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

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

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

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

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

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

	Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a	Land	0	13,060,926		13,060,926
b	Buildings	0	43,070,188	17,840,277	25,229,911
c	Leasehold improvements	0	6,772,757	6,722,916	49,841
d	Equipment	0	18,244,645	16,159,773	2,084,872
e	Other	0	7,440,437	44,228	7,396,209
Total.	Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				47,821,759

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives	0	
(2) Closely-held equity interests	0	
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total (Column (b) must equal Form 990, Part X, col (B) line 12.) ▶	0	

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

(a) Description of investment	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Column (b) must equal Form 990, Part X, col (B) line 13.) ▶	0	

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

(a) Description	(b) Book value
(1) DUE FROM AFFILIATES	603,253
(2) OTHER ACCRUED ACCOUNTS RECEIVABLE	2,559
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 15.) ▶	605,812

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

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) THIRD PARTY SETTLEMENT	260,721
(3) PROFESSIONAL LIABILITY INSURANCE RESERVE	196,092
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total (Column (b) must equal Form 990, Part X, col (B) line 25.) ▶	456,813

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

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	0
3	Subtract line 2e from line 1			3	0
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	0
5	Total revenue. Add lines 3 and 4c. *(This must equal Form 990, Part I, line 12)*			5	0

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	0
3	Subtract line 2e from line 1			3	0
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	0
5	Total expenses. Add lines 3 and 4c. *(This must equal Form 990, Part I, line 18)*			5	0

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.

Part X Line 2 ASC 740 PROVIDES GUIDANCE REGARDING RECOGNITION, DE-RECOGNITION, MEASUREMENT, AND DISCLOSURE OF ALL TAX POSITIONS. IN ACCORDANCE WITH THE REQUIREMENTS OF ASC 740, LAUREATE IDENTIFIES AND DOCUMENTS UNCERTAIN TAX POSITIONS FOR ALL OPEN TAX YEARS. IF UNCERTAIN TAX POSITIONS ARE IDENTIFIED, THEY ARE ANALYZED TO DETERMINE THE PROPER UNIT OF ACCOUNT. NEXT THEY ARE TESTED TO DETERMINE WHETHER A TAX ASSET OR A TAX LIABILITY SHOULD BE RECOGNIZED. LAUREATE HAS DETERMINED THAT THE POSITION ON UNCERTAIN TAX POSITIONS IS MORE LIKELY THAN NOT TO BE FULLY SUSTAINED UPON EXAMINATION. THEREFORE, NO LIABILITY OR ASSET FOR UNCERTAIN TAX POSITIONS NEEDS TO BE RECORDED.

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

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	Employer identification number
LAUREATE PSYCHIATRIC CLINIC AND HOSPITAL	73-1308273

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	X	
b	If "Yes," was it a written policy?	1b	X	
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 [X] Applied uniformly to all hospital facilities [ ] Applied uniformly to most hospital facilities [ ] Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.			
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care [ ] 100% [ ] 150% [ ] 200% [X] Other 225 %	3a	X	
b	Did the organization use FPG as a factor in determining eligibility for providing discounted care? If "Yes," indicate which of the following was the family income limit for eligibility for *discounted* care [ ] 200% [ ] 250% [ ] 300% [ ] 350% [ ] 400% [ ] Other ____%	3b		X
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	X	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	X	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	X	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c		X
6a	Did the organization prepare a community benefit report during the tax year?	6a	X	
b	If "Yes," did the organization make it available to the public?	6b	X	

7 Financial Assistance and Certain Other Community Benefits at Cost

Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.

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)			1,569,789	0	1,569,789	4 89%
b Medicaid (from Worksheet 3, column a)			1,266,750	115,562	1,151,188	3.58%
c Costs of other means-tested government programs (from Worksheet 3, column b)			0	0	0	0 00%
d Total Financial Assistance and Means-Tested Government Programs	0	0	2,836,539	115,562	2,720,977	8.47%
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			0	0	0	0.00%
f Health professions education (from Worksheet 5)			0	0	0	0.00%
g Subsidized health services (from Worksheet 6)			5,871,776	5,302,477	569,299	1 73%
h Research (from Worksheet 7)			0	0	0	0.00%
i Cash and in-kind contributions for community benefit (from Worksheet 8)			0	0	0	0 00%
j Total. Other Benefits	0	0	5,871,776	5,302,477	569,299	1 73%
k Total. Add lines 7d and 7j	0	0	8,708,315	5,418,039	3,290,276	10.20%

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

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing					0	0 00%
2	Economic development					0	0.00%
3	Community support					0	0.00%
4	Environmental improvements					0	0 00%
5	Leadership development and training for community members					0	0 00%
6	Coalition building					0	0 00%
7	Community health improvement advocacy					0	0 00%
8	Workforce development					0	0.00%
9	Other					0	0.00%
10	Total	0	0	0	0	0	0.00%

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

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15'	1			X
2	Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount	2	2,049,793		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3	1,742,324		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	15,038,538		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	8,354,227		
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	6,684,311		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used				

☐ Cost accounting system ☒ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

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

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size, from largest to smallest—see instructions)

How many hospital facilities did the organization operate during the tax year? 1

Name, address, primary website address, and state license number	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (describe)	Facility reporting group
1 LAUREATE PSYCHIATRIC CLINIC AND HOSPITAL, INC 6600 S. YALE AVE , STE 400 TULSA, OK 74136 WWW.LAUREATE.COM 2323	X									
2										
3										
4										
5										
6										
7										
8										
9										
10										

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group LAUREATE PSYCHIATRIC CLINIC AND HOSPITAL, INC.

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

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9.	1	X	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	[X] A definition of the community served by the hospital facility			
b	[X] Demographics of the community			
c	[X] Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	[X] How data was obtained			
e	[X] The health needs of the community			
f	[X] Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	[X] The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	[X] 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 Section C)			
2	Indicate the tax year the hospital facility last conducted a CHNA: 20 12			
3	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	X	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C	4	X	
5	Did the hospital facility make its CHNA report widely available to the public?	5	X	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	[X] Hospital facility's website (list url) www.saintfrancis.com/laureate-psychiatric-clinic			
b	[X] Other website (list url): www.saintfrancis.com			
c	[ ] Available upon request from the hospital facility			
d	[ ] Other (describe in Section C)			
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	[X] Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	[X] Execution of the implementation strategy			
c	[X] Participation in the development of a community-wide plan			
d	[X] Participation in the execution of a community-wide plan			
e	[ ] Inclusion of a community benefit section in operational plans			
f	[X] Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	[X] Prioritization of health needs in its community			
h	[X] Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	[ ] Other (describe in Section C)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Section C which needs it has not addressed and the reasons why it has not addressed such needs	7	X	
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		X
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)* LAUREATE PSYCHIATRIC CLINIC AND HOSPITAL, INC.

			Yes	No
Financial Assistance Policy				
	Did the hospital facility have in place during the tax year a written financial assistance policy that:			
9	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	9	X	
10	Used federal poverty guidelines (FPG) to determine eligibility for providing *free care*?	10	X	
	If "Yes," indicate the FPG family income limit for eligibility for free care 225.00 %			
	If "No," explain in Section C the criteria the hospital facility used.			
11	Used FPG to determine eligibility for providing *discounted* care?	11		X
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 0.00 %			
	If "No," explain in Section C the criteria the hospital facility used.			
12	Explained the basis for calculating amounts charged to patients?	12	X	
	If "Yes," indicate the factors used in determining such amounts (check all that apply):			
a	[X] Income level			
b	[X] Asset level			
c	[X] Medical indigency			
d	[X] Insurance status			
e	[X] Uninsured discount			
f	[X] Medicaid/Medicare			
g	[ ] State regulation			
h	[ ] Residency			
i	[ ] Other (describe in Section C)			
13	Explained the method for applying for financial assistance?	13	X	
14	Included measures to publicize the policy within the community served by the hospital facility?	14	X	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply):			
a	[X] The policy was posted on the hospital facility's website			
b	[X] 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	[X] The policy was provided, in writing, to patients on admission to the hospital facility			
f	[X] The policy was available on request			
g	[ ] Other (describe in Section C)			
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	X	
16	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP			
a	[ ] Reporting to credit agency			
b	[ ] Lawsuits			
c	[ ] Liens on residences			
d	[ ] Body attachments			
e	[ ] Other similar actions (describe in Section C)			
17	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?	17		X
	If "Yes," check all actions in which the hospital facility or a third party engaged			
a	[ ] Reporting to credit agency			
b	[ ] Lawsuits			
c	[ ] Liens on residences			
d	[ ] Body attachments			
e	[ ] Other similar actions (describe in Section C)			

Part V Facility Information *(continued)* LAUREATE PSYCHIATRIC CLINIC AND HOSPITAL, INC.

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

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

Policy Relating to Emergency Medical Care

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

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	[X] Other (describe in Section C)			
21	During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Section C.	21		X
22	During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? If "Yes," explain in Section C.	22		X

Part V Facility Information *(continued)*

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

LAUREATE PSYCHIATRIC CLINIC AND HOSPITAL, INC., Part V, Section B, Line 3, SAINT FRANCIS HEALTH SYSTEM HELD STRATEGIC PLANNING SESSIONS WITH LOCAL CHANGERS, INCLUDING LARRY ANDELT, PHD., MARK DEKRAAI, JD, PHD , JILL HEESE AND THE UNIVERSITY OF NEBRASKA PUBLIC POLICY CENTER, COMMUNITY LEADERS, MEDICAL PROFESSIONALS, AND CITY LEADERS.

LAUREATE PSYCHIATRIC CLINIC AND HOSPITAL, INC., Part V, Section B, Line 4, THE CHNA WAS CONDUCTED WITH SAINT FRANCIS HOSPITAL, INC. AND SAINT FRANCIS HOSPITAL SOUTH, LLC.

LAUREATE PSYCHIATRIC CLINIC AND HOSPITAL, INC., Part V, Section B, Line 11, PATIENTS WHO HAVE BEEN IDENTIFIED TO BE FINANCIAL ASSISTANCE PLAN ELIGIBLE AND MEET THE CRITERIA ESTABLISHED BY THE HOSPITAL ARE CONSIDERED CHARITY AND THEREFORE BY HOSPITAL POLICY ARE NOT BILLED FOR ANY SERVICES. ALL OTHER SELF PAY PATIENTS RECEIVE A 20% DISCOUNT OFF OF BILLED CHARGES

LAUREATE PSYCHIATRIC CLINIC AND HOSPITAL, INC., Part V, Section B, Line 18e, PROACTIVE PHONE CALLS AND STATEMENTS ARE SENT BEFORE COLLECTION ACTIONS ARE TAKEN.

LAUREATE PSYCHIATRIC CLINIC AND HOSPITAL, INC , Part V, Section B, Line 20d, A SELF PAY DISCOUNT OF 20% IS PROVIDED ON ALL CHARGES.

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? 0

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

Part VI Supplemental Information

Provide the following information.

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

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

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

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

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

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

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

Part I Line 3c, INCOME BASED CRITERIA IS USED AS THE BASIS IN DETERMINING ELIGIBILITY FOR FREE MEDICAL CARE

Part I Line 6a, THE ANNUAL REPORT FOR THE FILING ORGANIZATION IS PART OF A CONSOLIDATED REPORT PREPARED AT A HEALTH SYSTEM LEVEL

Part I Line 7, A COST TO CHARGE RATIO FROM WORKSHEET 2 IS USED TO CALCULATE THE AMOUNTS OF LINES 7A-7C

Part III Line 2, ORGANIZATION'S ACTUAL BAD DEBT EXPENSE.

Part III Line 3, THIS IS THE AMOUNT OF BAD DEBT ATTRIBUTABLE TO PATIENTS UNDER THE FINANCIAL ASSISTANCE POLICY THE PERCENTAGE OF BAD DEBT USED TO REPRESENT CHARITY WAS FROM A SAMPLE REVIEW OF ALL BAD DEBT ACCOUNTS AND SUBSEQUENT INFORMATION.

Part III Line 4, LAUREATE PSYCHIATRIC CLINIC AND HOSPITAL REPORTS BAD DEBT IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) HEALTH CARE FINANCIAL MANAGEMENT ASSOCIATION'S STATEMENT 15 IS FOLLOWED TO THE EXTENT THAT BAD DEBT EXPENSE AT COST IS DETERMINED USING THE SAME COST TO CHARGE RATIO THAT IS USED TO CALCULATE CHARITY CARE. DISCOUNTS AND ALLOWANCES ARE ACCOUNTED FOR SEPARATELY FROM BAD DEBT EXPENSE. ACCOUNTS RECEIVABLE IS VALUED AT NET REALIZABLE VALUE. LAUREATE ESTIMATES ALLOWANCES FOR UNCOLLECTIBLE ACCOUNTS BASED ON HISTORIC WRITE OFFS AND THE AGING OF ACCOUNTS.

Part III Line 8, THE AMOUNT REPORTED IN PART III, SECTION B, LINE 7 IS THE SHORTFALL THAT IS ESTIMATED BETWEEN THE COST OF PROVIDING SERVICES USING THE HOSPITAL COST TO CHARGE RATIO AND THE REIMBURSEMENT RECEIVED FOR PROVIDING THESE SERVICES.

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.

Part III Line 9b, IT IS THE POLICY OF LAUREATE PSYCHIATRIC CLINIC AND HOSPITAL TO PURSUE COLLECTIONS OF PATIENT BALANCES FROM PATIENTS WHO HAVE THE ABILITY TO PAY FOR THESE SERVICES. LAUREATE APPLIES ITS COLLECTION EFFORTS CONSISTENTLY AND FAIRLY TO ALL PATIENTS REGARDLESS OF INSURANCE. IF A PATIENT DOES NOT HAVE THE FINANCIAL RESOURCES TO PAY HIS/HER OUTSTANDING BALANCE, IT IS THE GOAL OF LAUREATE TO WORK WITH THE PATIENT TO QUALIFY THEM FOR OUR CHARITY POLICY. IF THE PATIENT QUALIFIES FOR CHARITY UNDER OUR CHARITY POLICY, THE WE WILL WRITE OFF THE AMOUNT OWED 100%. IT IS THE FEELING OF THE BOARD OF DIRECTORS THAT OUR POLICY SUPPORTS THE MISSION OF LAUREATE PSYCHIATRIC CLINIC AND HOSPITAL.

Part VI Line 2, THIS ORGANIZATION HAS AS ONE OF ITS FUNDAMENTAL OPERATIONAL GOALS TO IDENTIFY AND ADDRESS THE NEEDS OF THE DEFINED COMMUNITY THAT IT SERVES. TO DO THIS THE SAINT FRANCIS HEALTH SYSTEM: GATHERS AND OBTAINS INFORMATION IDENTIFYING THOSE NEEDS AND DEVELOPS PROGRAMS AND SERVICES THAT ADDRESS AND PROVIDE ACCESS TO THOSE IN GREATEST NEED OF HEALTHCARE SERVICES. HISTORICALLY, THE HEALTHCARE SYSTEM FOCUS HAS BEEN CARING FOR THOSE WHO ARE SICK AND VULNERABLE. IN ORDER TO MAKE INFORMED DECISIONS ON TO CARE FOR THE SICK, AT-RISK, AND MINORITY POPULATIONS, THE SYSTEM MUST FIRST IDENTIFY THE PRIORITY HEALTH NEEDS. THE ASSESSMENT IS A COMPILATION OF NATIONAL SURVEY RESULTS, HEALTH INFORMATION DATABASE GOVERNMENT DATA, AND ANALYTICAL FEEDBACK FROM STATE AND LOCAL PARTNERS. THIS DATA IS USED TO IDENTIFY POTENTIAL COURSES OF ACTION BASED ON EXISTING HEALTH CARE FACILITIES, AVAILABLE RESOURCES WITHIN THE COMMUNITY, AND CAPABILITIES OF THE COMMUNITY IN TERMS OF BOTH SOCIOECONOMIC AND EDUCATIONAL STATUS.

Part VI Line 3, BECAUSE OF OUR NOT-FOR-PROFIT DESIGNATION, WE WANT TO MAKE SURE THAT THOSE WHO CANNOT PAY

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.

FOR SERVICES ARE GIVEN THE OPPORTUNITY TO STILL HAVE QUALITY HEALTHCARE SERVICES. WE PROMOTE AND/OR OFFER OUR CHARITY POLICY IN SEVERAL DIFFERENT AVENUES TO ENSURE PATIENTS ARE AWARE OF OUR POLICY SO THEY CAN ACCESS IT. OUR CHARITY POLICY IS FIRST DISCUSSED IN OUR PATIENT FINANCIAL RESPONSIBILITY HANDOUT WE GIVE TO ALL PATIENTS. AFTER CONFIRMING SELF PAY STATUS, THE FINANCIAL COUNSELOR WORKS WITH THE PATIENT TO DETERMINE IF THE PATIENT MAY QUALIFY FOR ASSISTANCE UNDER A GOVERNMENT SPONSORED PLAN. IF THE PATIENT DOES NOT QUALIFY FOR ASSISTANCE UNDER A GOVERNMENT SPONSORED PLAN, THEN THE FINANCIAL COUNSELOR WORK WITH THE PATIENT TO TRY AND GET THEM QUALIFIED FOR CHARITY BASED ON THE HOSPITAL'S CHARITY POLICY. ADDITIONALLY, DURING THE COLLECTIONS PROCESS WE OFFER CHARITY POLICY AS WELL AS PAYMENT OPTIONS AS A PART OF OUR PATIENT RESPONSIBILITY FOLLOW UP COLLECTION CALLS.

Part VI Line 4, LAUREATE PSYCHIATRIC CLINIC AND HOSPITAL SERVES ADULTS AND ADOLESCENTS, PRIMARILY TO THE RESIDENTS OF OKLAHOMA FOR MENTAL HEALTH SERVICES AND NATIONWIDE FOR EATING DISORDER SERVICES.

Part VI Line 5, LAUREATE PROMOTES COMMUNITY HEALTH THROUGH COMMUNITY EVENTS SUCH AS HEALTH FAIRS AND SPONSORING CONFERENCES AND SEMINARS ON MENTAL HEALTH ISSUES. LAUREATE IS ALSO AN ACTIVE MEMBER OF THE MENTAL HEALTH ASSOCIATION OF TULSA.

Part VI Line 6, LAUREATE PSYCHIATRIC CLINIC AND HOSPITAL IS APART OF THE SAINT FRANCIS HEALTH SYSTEM. ANNUALLY, LAUREATE ADMITS APPROXIMATELY 3,000 PATIENTS AND PROVIDES OVER 70,000 OUTPATIENT VISITS FOR PSYCHIATRIC SERVICES.

Part VI Line 7, OK

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" on 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

LAUREATE PSYCHIATRIC CLINIC AND HOSPITAL, INC.

Employer identification number

73-1308273

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.			
	☐ First-class or charter travel	☐ Housing allowance or residence for personal use		
	☒ Travel for companions	☐ Payments for business use of personal residence		
	☒ Tax indemnification and gross-up payments	☐ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☐ Personal services (e.g , maid, chauffeur, chef)		
b	If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	1b	X	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked in line 1a?	2	X	
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		X
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	X	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c		X
	If "Yes" to any of lines 4a–c, list the persons and provide the applicable amounts for each item in Part III.			
	Only section 501(c)(3) and 501(c)(4) organizations 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		X
b	Any related organization?	5b		X
	If "Yes" to line 5a or 5b, describe in Part III.			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	6a		X
b	Any related organization?	6b		X
	If "Yes" to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7		X
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		X
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				
JAKE HENRY, JR.	(i)	0	0	0	0	0	0	0
1 PRESIDENT/CHIEF EXECUTIVE O	(ii)	917,962	635,473	114,550	-5,673	10,788	1,673,100	
BARRY L. STEICHEN	(i)	0	0	0	0	0	0	0
2 VICE PRES./CHIEF OPERATING O	(ii)	524,575	166,667	49,294	98,612	13,351	852,499	
JEFFREY C. SACRA	(i)	0	0	0	0	0	0	0
3 SECRETARY	(ii)	202,442	48,754	4,071	34,791	6,402	296,460	
ERIC SCHICK	(i)	0	0	0	0	0	0	0
4 TREASURER/CHIEF FINANCIAL O	(ii)	220,729	61,779	10,902	40,957	12,603	346,970	
PETER LANTZ, M.D.	(i)	24,000	0	0	0	0	24,000	0
5 PHYSICIAN	(ii)	380,498	2,226	0	32,104	15,596	430,424	
THOMAS LUISKUTTY, M.D.	(i)	52,260	0	0	0	0	52,260	0
6 PHYSICIAN	(ii)	462,468	2,226	0	23,354	16,930	504,978	
MICHAEL MCLAUGHLIN, M D.	(i)	329,348	2,226	3,120	31,804	786	367,284	0
7 PHYSICIAN	(ii)	0	0	0	0	0	0	
SCOTT MOSEMAN, M.D.	(i)	295,000	2,226	0	32,104	5,000	334,330	0
8 PHYSICIAN	(ii)	0	0	0	0	0	0	
MICHAEL DUBRIWNY, M.D.	(i)	267,903	2,226	17,500	32,104	12,776	332,509	0
9 PHYSICIAN	(ii)	0	0	0	0	0	0	
ROBERT ELI SMITH	(i)	0	0	0	0	0	0	0
10 ASSISTANT SECRETARY (Until 1/1	(ii)	161,743	51,016	15,371	38,095	894	267,119	
TOM NEFF	(i)	0	0	0	0	0	0	0
11 VICE PRESIDENT/CHIEF OPERAT	(ii)	291,302	98,146	14,160	52,686	13,122	469,416	
WILLIAM SCHLOSS	(i)	326,439	155,563	6,759	55,175	13,149	557,085	0
12 ADMINISTRATOR	(ii)	0	0	0	0	0	0	
	(i)							
13	(ii)							
	(i)							
14	(ii)							
	(i)							
15	(ii)							
	(i)							
16	(ii)							

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.

Part I Line 1A CERTAIN INDIVIDUALS INCLUDED IN SCHEDULE J, PART II PARTICIPATED IN KEY BUSINESS ACTIVITIES ACCOMPANIED BY THEIR SPOUSE. ADDITIONALLY, THESE SAME INDIVIDUALS MAY HAVE INCURRED PERSONAL EXPENSE RELATED TO THESE KEY BUSINESS ACTIVITIES. WITH PROPER DOCUMENTATION AND APPROVAL, SAINT FRANCIS HEALTH SYSTEM INCLUDES THESE REIMBURSEMENTS AS W-2 WAGES FOR THE EMPLOYEE. THESE WAGES ARE GROSSED UP TO PROVIDE TAX INDEMNIFICAITON TO THE EMPLOYEE.

Part I Line 4B A SELECT GROUP OF HIGHLY COMPENSATED EMPLOYEES OF SAINT FRANCIS HEALTH SYSTEM, INC. AND ITS RELATED ENTITIES, SAINT FRANCIS HOSPITAL, INC , LAUREATE PSYCHIATRIC CLINIC AND HOSPITAL, INC , WARREN CLINIC, INC , PATIENT CARE SERVICES OF SAINT FRANCIS, INC., AND SAINT FRANCIS HOSPITAL SOUTH, LLC. ARE ELIGIBLE TO PARTICIPATE IN A NONQUALIFIED DEFERRED COMPENSATION PLAN UNDER SECTION 457(b) OF THE INTERNAL REVENUE TAX CODE OF 1986, AS AMENDED UNDER THE ECONOMIC GROWTH AND TAX RELIEF RECONCILIATION ACT OF 2001. NONE OF THE INDIVIDUALS LISTED ON SCHEDULE J ARE COMPENSATED AS BOARD MEMBERS OF THE REPORTING ENTITY. THE REPORTED COMPENSATION OF THE BOARD MEMBERS IS FOR SERVICES AS EMPLOYEES OF A RELATED ORGANIZATION.

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 990-EZ 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	Employer identification number
LAUREATE PSYCHIATRIC CLINIC AND HOSPITAL, INC.	73-1308273

990 PART V, LINE 2B FOLLOWING THE REVENUE PROCEDURE 70-6, 1970-1 C.B. 420, SAINT FRANCIS PAYROLL SERVICES, LLC., EIN 45-0470422, HAS BEEN AUTHORIZED TO ACT AS A COMMON PAY AGENT UNDER SECTION 3504 OF THE INTERNAL REVENUE CODE FOR LAUREATE PSYCHIATRIC CLINIC AND HOSPITAL, INC. EFFECTIVE JULY 1, 2002. AS OF THAT DATE, SAINT FRANCIS PAYROLL SERVICES, LLC. ASSUMED REPORTING OBLIGATIONS FOR FEDERAL INCOME TAX, SOCIAL SECURITY, MEDICARE, AND BACK UP WITHHOLDING TAX PURPOSES FOR LAUREATE PSYCHIATRIC CLINC AND HOSPITAL, INC., INCLUDING THE YEAR END REPORTING.

990 PART VI, SECTION A, LINE2: SEVERAL PERSONS IN THIS CATEGORY SERVE ON OTHER COMPANY BOARDS, OR ARE RELATIVES. THE ORGANIZATION HAS DETERMINED THAT THESE ASSOCIATIONS DO NOT PRESENT A CONFLICT OF INTEREST.

JAKE HENRY, JR. SERVES ON THE BOARD OF DIRECTORS OF OTHER ORGANIZATIONS, SOME OF WHICH ARE RELATED

990 PART VI, SECTION A, LINE3 THE ORGANIZATION BY ITS BYLAWS AND RESOLUTION DELEGATE GOVERNANCE OF ITS OPERATIONS TO THE DIRECTORS OF SAINT FRANCIS HEALTH SYSTEM, INC.

990 PART VI, SECTION A, LINE 6 THERE ARE THREE MEMBERS WHO ELECT THE GOVERNING BODY.

990 PART VI, SECTION A, LINE 7A THERE ARE THREE MEMBERS WHO ELECT THE GOVERNING BODY.

990 PART VI, SECTION A, LINE 7B MEMBERS APPROVE SALE OF ALL OR SUBSTANTIALLY ALL ASSETS OR ASSETS VALUED AT $10,000,000 OR MORE. MEMBERS APPROVE AMENDMENT TO THE ORGANIZATIONAL DOCUMENTS AND BYLAWS AND APPROVE MERGERS AND CONSOLIDATIONS.

990 PART VI, SECTION B, LINE 11B THE FINANCE COMMITTEE, A SUB-COMMITTEE OF SAINT FRANCIS HEALTH SYSTEM FOR WHICH LAUREATE IS A MEMBER, HAS ACCESS TO REVIEW THE PASSWORD PROTECTED FORM 990 ONLINE PRIOR

Name of the organization	Employer identification number
LAUREATE PSYCHIATRIC CLINIC AND HOSPITAL, INC.	73-1308273

(CONT'D) TO FILING THE FORM WITH THE IRS.

990 PART VI, SECTION B, LINES 12C & 13: THE ORGANIZATION FOLLOWS THE CONFLICT OF INTEREST, WHISTLEBLOWER AND RECORD RETENTION POLICY OF SAINT FRANCIS HEALTH SYSTEM, INC. OFFICIALS AND KEY EMPLOYEES REFERENCED IN B.12 REGULARLY DISCLOSE CONFLICTS OF INTEREST WHICH ARE REVIEWED AND MANAGED. THERE ARE NO CONFLICTS REPORTED SPECIFIC TO THIS ORGANIZATION.

990 PART VI, SECTION B, LINE 14: THE ORGANIZATION FOLLOWS THE CONFLICT OF INTEREST, WHISTLEBLOWER AND RECORD RETENTION POLICY OF SAINT FRANCIS HEALTH SYSTEM, INC. OFFICIALS AND KEY EMPLOYEES REFERENCED IN B 12 REGULARLY DISCLOSE CONFLICTS OF INTEREST WHICH ARE REVIEWED AND MANAGED. THERE ARE NO CONFLICTS REPORTED SPECIFIC TO THIS ORGANIZATION.

990 PART VI, SECTION B, LINE15A: THIS OFFICIALS COMPENSATION IS ANNUALLY REVIEWED BY A COMMITEE OF THE DIRECTORS WITH THE GUIDANCE OF INDEPENDENT CONSULTANTS AND COMPARATIVE DATA.

990 PART VI, SECTION B, LINE 15B: THESE OFFICIALS' AND KEY EMPLOYEES COMPENSATION IS ANNUALLY REVIEWED BY A COMMITTEE OF THE DIRECTORS WITH THE GUIDANCE OF INDEPENDENT CONSULTANTS AND COMPARATIVE DATA.

990 PART VI, SECTION C, LINE 19: THESE REQUESTS ARE DETERMINED ON A CASE-BY-CASE BASIS.

990 PART VII, SECTION A, LINE 1A: THE HOURS PER WEEK REPORTED FOR ALL OF THE OFFICERS, DIRECTORS, AND HIGHEST COMPENSATED EMPLOYEES ARE HOURS SPENT ON THE FILING ENTITY ONLY. THE REMAINING PORTION OF THE 40 HOURS PER WEEK OF THE OFFICERS AND DIRECTORS WITH RELATED COMPENSATION IS ALLOCATED AMONG ENTITIES REPORTED ON THE SCHEDULE R.

990 PART XI, LINE 9: THE CHANGE IN FUND BALANCE OF $4,339,200 WAS NET EQUITY TRANSFER FROM SAINT FRANCIS HEALTH SYSTEM, INC

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
LAUREATE PSYCHIATRIC CLINIC AND HOSPITAL, INC.

Employer identification number
73-1308273

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
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) No
(1) SAINT FRANCIS HOSPITAL, INC. 73-0700090 6600 S. YALE AVE , STE. 400 TULSA, OK 74136-3319	HEALTH SERVICES	OK	501(C)(3)	3	SFHS	X	
(2) WARREN CLINIC, INC 73-1310891 6600 S. YALE AVE., STE. 400 TULSA, OK 74136-3319	HEALTH SERVICES	OK	501(C)(3)	3	SFHS	X	
(3) SAINT FRANCIS HEALTH SYSTEM, INC. 73-1501972 6600 S YALE AVE , STE 400 TULSA, OK 74136-3319	HEALTH SERVICES	OK	501(C)(3)	11b TYPE II	N/A		X
(4) SAINT FRANCIS HOSPITAL SOUTH, LLC 01-0603214 6600 S. YALE AVE., STE. 400 TULSA, OK 74136-3319	HEALTH SERVICES	OK	501(C)(3)	3	SFHS	X	
(5) THE CHILDREN'S HOSPITAL FOUNDATION AT SAINT FRA 6600 S YALE AVE., STE. 400 TULSA, OK 74136-3319	HEALTH SERVICES	OK	501(C)(3)	11a TYPE I	SFHS	X	
(6) LAUREATE BUILDING CORPORATION 73-1478020 P.O. BOX 470372 TULSA, OK 74147	HOLDING COMPANY	OK	501(C)(2)		LMHC	X	
(7) LAUREATE MENTAL HEALTH CORPORATION 73-1328882 P.O. BOX 470372 TULSA, OK 74147	FUNDING MENTAL HEALTH	OK	501(C)(3)	11a TYPE I	N/A	X	

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? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1)													
(2)													
(3)													
(4)													
(5)													
(6)													
(7)													

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity? Yes	(i) No
(1) XAVIER INSURANCE COMPANY, INC. 03-0 76 ST, PAUL ST , STE 500 BURLINGTON, VT 054	INSURANCE CO	VT	SFH	C Corp	0	0			X
(2) SAINT FRANCIS PAYROLL SERVICES, LLC 6600 S. YALE AVE., STE 400 TULSA, OK 74136-	COMMON PAY AGENT	OK	SFHS	C Corp	0	0			X
(3) SPRINGER CLINIC, INC. 73-1414359 6600 S. YALE AVE., STE. 400 TULSA, OK 74136-	HEALTH SERVICES	OK	SFH	S Corp	0	0			X
(4) RELATED HEALTH SERVICES, INC. 73-128 6600 S. YALE AVE., STE. 400 TULSA, OK 74136-	HEALTH SERVICES	OK	SFH	S Corp	0	0			X
(5) SAINT FRANCIS HLTH SYS GEN-PROF LIA P.O BOX 3038 MILWAUKEE, WI 53215	SELF INSURANCE	OK	SFHS	Trust	0	0			X
(6)									
(7)									

Part V **Transactions With Related Organizations** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

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

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

(a) Name of related organization	(b) Transaction type (a–s)	(c) Amount involved	(d) Method of determining amount involved
(1) SAINT FRANCIS HOSPITAL, INC,	l	71,814	ACTUAL
(2) SAINT FRANCIS HOSPITAL, INC,	m	1,097,673	ACTUAL
(3) SAINT FRANCIS HOSPITAL, INC,	p	45,485,504	ACTUAL
(4) SAINT FRANCIS HOSPITAL, INC,	q	12,918,054	ACTUAL
(5) SAINT FRANCIS HOSPITAL, INC,	r	23,449,107	ACTUAL
(6) SAINT FRANCIS HOSPITAL, INC,	s	5,393,501	ACTUAL

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations? Yes	(e) No	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1)													
(2)													
(3)													
(4)													
(5)													
(6)													
(7)													
(8)													
(9)													
(10)													
(11)													
(12)													
(13)													
(14)													
(15)													
(16)													

Part VII **Supplemental Information**

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

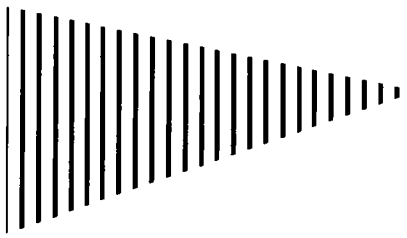
Part V **Continuation of Transactions With Related Organizations**

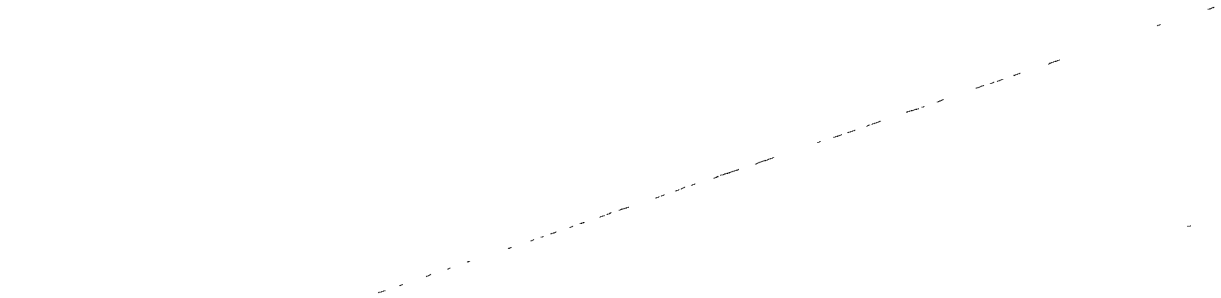
(a) Name of other organization	(b) Transaction type (a–r)	(c) Amount involved	(d) Method of determining amount involved
(7) SAINT FRANCIS HEALTH SYSTEM, INC.	c	4,342,120	ACTUAL
(8) SAINT FRANCIS HEALTH SYSTEM, INC.	p	363,183	ACTUAL
(9) WARREN CLINIC, INC.	q	1,559,997	ACTUAL
(10) WARREN CLINIC, INC	m	366,264	ACTUAL
(11) WARREN CLINIC, INC	p	272,783	ACTUAL
(12) SAINT FRANCIS HOSPITAL SOUTH, LLC.	q	121,317	ACTUAL
(13) SAINT FRANCIS HOSPITAL SOUTH, LLC.	p	117,875	ACTUAL
(14)			
(15)			
(16)			
(17)			
(18)			
(19)			
(20)			
(21)			
(22)			
(23)			
(24)			

CONSOLIDATED FINANCIAL STATEMENTS

Saint Francis Health System, Inc.
Years Ended June 30, 2014 and 2013
With Report of Independent Auditors

Ernst & Young LLP





Building a better
working world

Saint Francis Health System, Inc.

Consolidated Financial Statements

Years Ended June 30, 2014 and 2013

Contents

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Building a better working world

Report of Independent Auditors

The Board of Directors
Saint Francis Health System, Inc.

We have audited the accompanying consolidated financial statements of Saint Francis Health System, Inc. (the System), which comprise the consolidated statements of financial position as of June 30, 2014 and 2013, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Saint Francis Health System, Inc. 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

October 28, 2014

A member firm of Ernst & Young Global Limited

Saint Francis Health System, Inc.

Consolidated Statements of Financial Position

	June 30	
	2014	2013
Assets		
Current assets		
Cash and cash equivalents	$ 224,690,372	$ 373,579,611
Short-term investments	468,230,092	269,490,623
Patient accounts receivable, net of allowances for uncollectible receivables of $61,023,000 and $56,499,000 in 2014 and 2013, respectively	90,361,226	87,295,980
Inventories	22,795,955	22,831,187
Prepaid expenses and other receivables	39,389,449	37,087,710
Total current assets	845,467,094	790,285,111
Investments	608,162,984	549,200,452
Assets whose use is limited:		
Board-designated funds, held by trustee:		
Professional liability self-insurance reserve	25,108,261	15,075,863
Other restricted assets	17,176,066	17,206,179
	42,284,327	32,282,042
Property and equipment:		
Land and improvements	55,639,341	51,421,380
Buildings	447,725,115	436,183,373
Equipment	378,722,151	377,485,799
Construction in progress	266,108,311	143,767,824
	1,148,194,918	1,008,858,376
Less accumulated depreciation	476,607,887	445,187,067
	671,587,031	563,671,309
Other assets.		
Investments in unconsolidated affiliates	76,592,245	72,616,483
Other	22,444,417	23,160,913
	99,036,662	95,777,396
Total assets	$ 2,266,538,098	$ 2,031,216,310
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued expenses	$ 62,803,193	$ 51,280,575
Employee compensation and related liabilities	67,157,997	61,645,987
Estimated third-party settlements	22,724,609	15,517,264
Current maturities of long-term debt	5,515,000	5,260,000
Total current liabilities	158,200,799	133,703,826
Long-term debt, less current maturities	213,805,008	212,374,054
Other long-term liabilities	63,180,691	54,051,726
Total liabilities	435,186,498	400,129,606
Net assets	1,831,351,600	1,631,086,704
Total liabilities and net assets	$ 2,266,538,098	$ 2,031,216,310

See accompanying notes

Saint Francis Health System, Inc.

Consolidated Statements of Operations and Changes in Net Assets

	Year Ended June 30	
	2014	**2013**
Revenues		
Net patient service revenue	**$ 1,161,775,998**	$ 1,112,526,752
Provisions for bad debts	**(90,083,665)**	(81,370,220)
Net patient service revenue, less provisions for bad debts	**1,071,692,333**	1,031,156,532
Other operating revenue	**37,057,848**	28,386,492
Total unrestricted revenues	**1,108,750,181**	1,059,543,024
Expenses		
Employee compensation	**544,983,143**	518,288,351
Occupancy	**56,630,867**	51,849,595
Drugs and patient care supplies	**202,000,131**	190,804,349
Administrative	**103,974,234**	93,219,257
Office	**8,974,054**	8,593,064
Interest	**10,228,462**	10,200,153
Depreciation and amortization	**50,673,195**	51,063,228
Total expenses	**977,464,086**	924,017,997
Income from operations	**131,286,095**	135,525,027
Other income (expense)		
Investment income, net	**37,699,224**	20,868,709
Change in fair value of interest rate swaps	**–**	304,221
Equity in earnings of private investments	**26,025,545**	26,248,641
Donations	**367,116**	732,294
Equity in earnings of unconsolidated affiliates	**6,062,804**	6,102,059
Other, net	**(3,218,914)**	(3,997,306)
	66,935,775	50,258,618
Excess of revenues over expenses	**198,221,870**	185,783,645
Restricted donations	**2,254,705**	3,665,291
Change in postretirement medical benefit liability	**(211,679)**	97,198
Increase in net assets	**200,264,896**	189,546,134
Net assets, beginning of year	**1,631,086,704**	1,441,540,570
Net assets, end of year	**$ 1,831,351,600**	$ 1,631,086,704

See accompanying notes

Saint Francis Health System, Inc.

Consolidated Statements of Cash Flows

	Year Ended June 30 2014	2013
Operating activities and other income		
Increase in net assets	$ **200,264,896**	$ 189,546,134
Adjustments to reconcile increase in net assets to net cash provided by operating activities and other income:		
Depreciation and amortization	**50,673,195**	51,063,228
Change in postretirement medical benefit liability	**211,679**	(97,198)
Change in fair value of interest rate swaps	**–**	(304,221)
Provision for bad debts	**90,083,665**	81,370,220
Loss on sale of assets	**1,877,865**	2,566,156
Equity in earnings of affiliates	**(6,062,804)**	(6,102,059)
Amortization of bond issuance cost	**(369,825)**	(379,266)
Equity in earnings of private investments	**(26,025,545)**	(26,248,641)
Restricted donations	**(2,254,705)**	(3,665,291)
Changes in operating assets and liabilities, net:		
Patient accounts receivable	**(93,148,911)**	(89,574,580)
Pledges receivable	**975,610**	905,951
Inventories, prepaid expenses, and other receivables	**(3,066,053)**	(11,835,464)
Unrestricted investments	**(231,676,455)**	32,276,234
Other assets	**1,118,317**	(3,462,790)
Estimated third-party settlements	**7,207,345**	(2,243,855)
Accounts payable, accrued expenses, employee compensation and related liabilities, and other long-term liabilities	**17,829,733**	13,992,737
Net cash provided by operating activities and other income	**7,638,007**	227,807,295
Investing activities		
Purchases of property and equipment	**(135,533,503)**	(118,823,633)
Proceeds from sales of property and equipment	**904,632**	1,388,691
Net (increase) decrease in assets whose use is limited	**(9,411,473)**	1,692,497
Cash paid for acquisitions	**(6,213,433)**	–
Capital distributions from affiliates and equity investees	**2,087,042**	2,510,445
Net cash used in investing activities	**(148,166,735)**	(113,232,000)
Financing activities		
Donation for restricted funds	**2,254,705**	3,665,291
Payments on long-term debt	**(10,615,216)**	(2,535,164)
Net cash (used in) provided by financing activities	**(8,360,511)**	1,130,127
Net increase in cash and cash equivalents	**(148,889,239)**	115,705,422
Cash and cash equivalents at beginning of year	**373,579,611**	257,874,189
Cash and cash equivalents at end of year	$ **224,690,372**	$ 373,579,611
Accrued investment in capital projects excluded from purchases of property and equipment	**24,060,930**	15,938,649

See accompanying notes

1. Organization and Accounting Policies

Organization

Saint Francis Health System, Inc. (the System), located in Tulsa, Oklahoma, is organized as a nonprofit corporation under the laws of the state of Oklahoma. The System was formed effective July 1, 1997. The System appoints trustees of its various affiliates and provides management and administrative services.

The System's primary mission is to provide health care services to the citizens of the communities it serves through its acute and specialty operations.

Consolidation

The consolidated financial statements of the System include the accounts of the System and its members as follows:

- Saint Francis Hospital, Inc. (the Hospital), a tax-exempt corporation, provides inpatient, outpatient, home health, hospice, and emergency care services to residents of Oklahoma, primarily in Tulsa and the surrounding areas. The Hospital consolidates its investments in wholly owned or controlled affiliates. Significant intercompany accounts and transactions have been eliminated. The Hospital's consolidated affiliates include Related Health Services, Inc. (RHS); Saint Francis Home Health, Inc.; Care Communications, LLC; Warren Cancer Research Foundation; Saint Francis Outreach Services, LLC; Springer Clinic, Inc. As of July 1, 2013, Saint Francis Hospital South, LLC is directly consolidated as a member of the System.

- Laureate Psychiatric Clinic and Hospital, Inc. (Laureate), a tax-exempt corporation, provides acute psychiatric care, intermediate and long-term care, and chemical dependency care to residents of Oklahoma, primarily in Tulsa and the surrounding areas. Laureate also provides treatment of various eating disorders to patients from across the country.

- Warren Clinic, Inc. (the Clinic), a tax-exempt corporation, provides physician services to residents of Oklahoma, primarily in Tulsa, McAlester, and the surrounding areas.

1. Organization and Accounting Policies (continued)

- Saint Francis Hospital South, (South), a single member limited liability company, provides inpatient, outpatient, and emergency care to residents of Broken Arrow and Tulsa, Oklahoma, and surrounding areas. In 2013 Saint Francis Hospital South, LLC was consolidated as part of Saint Francis Hospital. As of July 1, 2013, the Hospital distributed its interest in Saint Francis Hospital South to the System.

- The Children's Hospital Foundation at Saint Francis (the Foundation), a tax-exempt corporation, provides services and support of pediatric hospital and clinical services of the System.

- Xavier Insurance Company (Xavier), a captive insurance company incorporated under the laws of the state of Vermont, provides excess health care liability coverage to the System.

Significant transactions between the System and its members have been eliminated in consolidation.

Use of Estimates

In preparing the consolidated financial statements in conformity with accounting principles generally accepted in the United States, management is required to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

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

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered and include estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, or investigations.

1. Organization and Accounting Policies (continued)

The System's net patient service revenues in the years ended June 30 were from the following payor sources:

	2014	2013
Medicare	**24%**	25%
Medicaid	**13**	13
Commercial insurance and managed care	**44**	47
Capitated revenue	**9**	8
Private pay and other	**10**	7

The components of net receivables due from patients and third-party payors were as follows:

	June 30	
	2014	2013
Medicare	**23%**	21%
Medicaid	**8**	8
Commercial insurance and managed care	**41**	43
Private pay and other	**28**	28

The System grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. A significant portion (31% in 2014 and 29% in 2013) of its net patient receivables is due from the Medicare and Medicaid programs. The System must comply with various reporting and operating regulations mandated by each of the federal and state programs. Failure to comply with these regulations could result in the System losing its eligibility to receive these funds. Management is not aware of any operations or activities that would jeopardize the System's eligibility under these programs.

To provide for accounts receivable that could become uncollectible in the future, the System establishes an allowance for doubtful accounts to reduce the carrying value of such receivables to their estimated net realizable value. The primary uncertainty lies with uninsured patient receivables and deductibles, co-payments, or other amounts due from individual patients.

1. Organization and Accounting Policies (continued)

The System has an established process to determine the adequacy of the allowance for doubtful accounts that relies on a number of analytical tools and benchmarks to arrive at a reasonable allowance. No single statistic or measurement determines the adequacy of the allowance for doubtful accounts. Some of the analytical tools that the System utilizes include, but are not limited to, historical cash collection experience, revenue trends by payor classification, and revenue days in accounts receivable. Accounts receivable are written off after collection efforts have been followed in accordance with the System's policies.

Statements of Operations

For financial reporting purposes, transactions considered by management to be ongoing, major, or central to the provision of health care services are reported as revenues and expenses. Peripheral or incidental transactions are reported as other income (expense).

Cash and Cash Equivalents

The System considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Inventories

Inventories (principally pharmaceuticals, medical supplies, and surgical supplies) are stated at the lower of cost (weighted-average method) or market.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Donated property and equipment are recorded at fair value on the date of donation. Costs of construction in progress are not depreciated until placed in service. Depreciation is calculated and recorded over the estimated useful life of each class of depreciable assets using the straight-line method. The American Hospital Association's *Estimated Useful Lives of Depreciable Hospital Assets* is used as a general guide in establishing depreciable lives.

1. Organization and Accounting Policies (continued)

At June 30, 2014 and 2013, the System had remaining commitments for construction of a new trauma emergency tower of approximately $32,767,000 and $87,010,000 respectively.

Of the amounts recorded in Construction in Progress, approximately $54,100,000 and $13,032,000 relates to unamortized software costs for June 30, 2014 and 2013, respectively.

Asset Impairment

The System periodically evaluates the carrying amount of its long-lived assets for impairment when indicators of impairment are identified. These evaluations are primarily based on the estimated recoverability of the assets' carrying value. The System did not record any impairment charges for either June 30, 2014 or 2013. Any impairment charges would be included in depreciation and amortization expense in the accompanying consolidated statements of operations and changes in net assets.

Investments

The System's investment portfolio is classified as trading, with unrealized gains and losses included in other income (expense). Investments with readily determinable fair values are reported at fair value. Investments in limited liability partnerships and corporations (private investments) do not have readily determinable fair values and are recorded based on the System's share of the underlying value of portfolio securities held by these funds, as reported to the System. Positions in private investments are recorded at amounts as reported by the related investment managers. Private investments are accounted for under the equity method of accounting. Under this method, the equity in earnings includes changes in reported values in the underlying investments. In some cases, the underlying investments are not readily marketable and the alternative investments may not be redeemable except in certain circumstances and there can be no assurance that such reported amounts will be ultimately realized.

Assets Whose Use is Limited

Assets whose use is limited represent assets held by trustees under self-insurance trust arrangements for professional liability as well as deferred compensation investments associated with the System's deferred compensation benefit plans.

1. Organization and Accounting Policies (continued)

Donations

Donations are recognized as income in the period received or unconditionally pledged to the System. The System does not have a policy of applying time restrictions on long-lived donated assets and considers such assets unrestricted at the date placed in service. Expirations of donor-imposed restrictions are reported as reclassifications between temporarily restricted and unrestricted net assets.

As of June 30, 2014 and 2013, net assets that are restricted by donors totaled approximately $2,839,000 and $5,382,000, respectively. This includes approximately $2,046,000 and $4,982,000 at June 30, 2014 and 2013, respectively, which is restricted for The Children's Hospital at Saint Francis. These amounts are not material to the financial position of the System and, therefore, are not presented separately as temporarily restricted net assets in the accompanying consolidated financial statements.

Other Assets

Other assets of approximately $22,444,000 and $23,161,000 at June 30, 2014 and 2013, respectively, include goodwill of $10,962,000 and other intangible assets. The System records goodwill arising from a business combination as the excess of purchase price over the fair value of identifiable tangible and intangible assets acquired and liabilities assumed. Goodwill is tested at least annually for impairment at the reporting unit level. Impairment is the condition that exists when the carrying value of goodwill exceeds its implied fair value. During 2014 and 2013, management has estimated the implied fair value of the related reporting unit using the present value of future operating cash flows and determined that the fair value exceeds the carrying value of the reporting unit including goodwill. Thus, no further analysis is required and no impairment loss is required to be recognized.

Professional and General Liability Insurance

The System is self-insured with respect to claims relating to professional and general liability under the Saint Francis Health System General/Professional Liability Trust Fund, a revocable trust arrangement. The System has obtained excess professional and general liability insurance coverage from the reinsurance market in excess of the funds set aside in the trust. The System funds an amount, as determined by an independent actuary, in a revocable trust with a local trustee for the self-insured portion of its estimated professional and general liability exposure.

1. Organization and Accounting Policies (continued)

The System establishes a reserve for probable exposure on professional and general liability claims based on the recommendations of an independent actuary and includes the System's best estimate of potential losses for reasonably estimable claims. At June 30, 2014 and 2013, the System had recorded a reserve for professional and general liabilities of approximately $34,039,000 and $30,820,000, respectively. These reserves are included in other long-term liabilities in the accompanying consolidated statements of financial position.

Under the provisions of Accounting Standards Update (ASU) 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries,* the System recorded increases under the captions "Other assets" and "Other long-term liabilities" in the accompanying consolidated balance sheets by $8,198,000 and $7,767,000 as of June 30, 2014 and 2013, respectively. The increases represent the System's estimate of recoveries for certain claims in excess of its self-insured retention levels for workers' compensation claims and professional and general liability claims.

Income Taxes

The System has been granted tax-exempt status pursuant to Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Once qualified as a tax-exempt entity, the System is required to operate in conformity with the Code and its tax-exempt purpose to maintain its qualification.

ASC 740 provides guidance regarding recognition, de-recognition, measurement, and disclosure of all tax positions. In accordance with the requirements of ASC 740, the System identifies and documents uncertain tax positions for all open tax years. If uncertain tax positions are identified, they are analyzed to determine the proper unit of account. Next they are tested to determine whether a tax asset or a tax liability should be recognized.

The System has determined that the position on uncertain tax positions is more likely than not to be fully sustained upon examination. Therefore, no liability or asset for uncertain tax positions needs to be recorded.

At June 30, 2014 and 2013, the System has operating loss carryforwards due to losses incurred on unrelated business income, which result in deferred tax assets. The System has provided a valuation allowance for the entire balance of deferred tax assets as it is more likely than not that the deferred tax asset will not be realized.

1. Organization and Accounting Policies (continued)

Charity Care

The System accepts patients regardless of their ability to pay. A patient is classified as a traditional charity patient by reference to certain established policies of the System. Essentially, these policies define traditional charity services as those services for which no payment is anticipated. In assessing a patient's inability to pay, the System utilizes Medicaid eligibility criteria, but also includes certain cases where incurred charges are significant when compared to the patient's income. The amount of traditional charity care provided, determined on the basis of cost, was approximately $34,571,000 and $32,524,000 for the years ended June 30, 2014 and 2013, respectively. The System estimated the cost of charity care based on a ratio of total operating expenses to gross charges. Additionally, the System has a 20% private pay discount and considers the private pay discount and all Medicaid contractual adjustments to be a component of total charity care. Total charity care provided in 2014 and 2013, measured at gross charges, approximated $364,990,000 (including $34,435,000 of private pay discounts and $234,627,000 of Medicaid contractual adjustments) and $353,804,000 (including $30,017,000 of private pay discounts and $233,689,000 of Medicaid contractual adjustments), respectively.

Investments in Unconsolidated Affiliates

The System accounts for its investments in its affiliates that are not wholly owned or controlled using the equity method of accounting. The System's equity method affiliates include a 50% interest in McAlester Ambulatory Surgery Center, LLC; a 50% interest in SFSJ Ventures, LLC; and a 49% interest in All Saints Home Medical, LLC. Also, the Hospital, through RHS, owns a 50% interest in CommunityCare Managed HealthCare Plans of Oklahoma, Inc.

Investments in net assets of affiliated companies accounted for under the equity method amounted to approximately $76,592,000 and $72,616,000 at June 30, 2014 and 2013, respectively. Equity in earnings of the unconsolidated affiliates approximated $6,063,000 and $6,102,000 in 2014 and 2013, respectively, and is reported in the accompanying consolidated financial statements. Combined assets, liabilities, and operating results of the affiliates are insignificant to the System.

1. Organization and Accounting Policies (continued)

Pending Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board and the International Accounting Standards Board issued a final, converged, principles-based standard on revenue recognition. Companies across all industries will use a new five-step model to recognize revenue from customer contracts. The new standard, which replaces nearly all existing United States Generally Accepted Accounting Principles ("US GAAP") and International Financial Reporting Standards revenue recognition guidance, will require significant management judgment in addition to changing the way many companies recognize revenue in their financial statements. The standard is effective for nonpublic entities for annual and interim periods beginning after December 15, 2017. Early adoption is not permitted under US GAAP. The System is evaluating the effects the adoption of this standard will have on our financial statements and financial disclosures.

2. Net Patient Service Revenue

The System recognizes a significant amount of patient service revenue at the time services are rendered, even though the patient's ability to pay is not initially assessed. The System has agreements with third-party payors that provide for payments to the System at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows.

Medicare and Medicaid

The System is reimbursed for cost-reimbursable items at tentative interim rates, with final settlement determined after submission of annual cost reports by the System and audit thereof by the Medicare Administrative Contractor. These retroactive settlements are estimated and recorded in the financial statements in the year in which they occur. The estimated settlements recorded at June 30, 2014, could differ from actual settlements based on the results of cost report audits. The System's Medicare cost reports have been primarily settled by the Medicare Administrative Contractor through June 30, 2009. Management believes it has made adequate provision for adjustments, if any, that may result from the intermediary's audits of the cost reports for fiscal years subsequent to 2009.

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 may change by a material amount in the near term. Net patient service revenue

2. Net Patient Service Revenue (continued)

decreased approximately $2,682,000 in 2014 and increased $3,552,000 in 2013, due to adjustments of allowances previously estimated as a result of final settlements, appeals, and changes to initial estimates.

Inpatient acute and outpatient care services rendered to Medicare program beneficiaries are paid at predetermined rates. Changes in the Medicare program, and any reduction of funding, could have an adverse impact on the System's reimbursement in future years.

Substantially all services rendered to Medicaid program beneficiaries are reimbursed at predetermined rates. The rates are not subject to retroactive adjustment. Changes in the Medicaid program and the reduction of future funding could have an adverse impact on the System.

Additionally, the federal Medicaid rules allow for hospitals to be reimbursed for some of the uncompensated cost of treating Medicaid and uninsured patients up to an Upper Payment Limit (UPL). The Oklahoma Medicaid program has chosen a state-wide UPL strategy to draw available federal Medicaid dollars into the state. Under this program, non-exempt hospitals pay an assessment fee that is distributed to participating hospitals, along with the supplemental federal matching funds. During the years ended June 30, 2014 and 2013, the System paid assessments of approximately $22,068,000 and $18,323,000, respectively, and received funding of approximately $56,567,000 and $47,000,000, respectively, under this program. These amounts are reflected as administrative expenses and net patient service revenue, respectively, in the accompanying consolidated financial statements.

Capitated Arrangements

The System has entered into capitated arrangements with CommunityCare Managed HealthCare Plans of Oklahoma, Inc., 50% of which is owned by a wholly owned subsidiary of the System, whereby the System accepts the risk for the provision of comprehensive health care services to health plan members. Under these agreements, the System receives monthly capitation payments based upon the number of participants, regardless of services actually performed. The capitation revenue is allocated among the members of the System, based upon historical cost information for providing services to this population. The System's allocation of capitation payments received is recorded as a component of net patient service revenue in the accompanying consolidated statements of operations and changes in net assets. The System recognized capitated revenue of $102,718,000 and $94,392,000 as of June 30, 2014 and 2013, respectively.

2. Net Patient Service Revenue (continued)

The System records a receivable / (liability) for referral services outside of the System, including incurred but not reported claims. The receivable / (liability) totaled approximately $2,301,000 and ($3,672,000) as of June 30, 2014 and 2013, respectively. These amounts are included in prepaid expenses and other receivables in 2014 and in accounts payable and accrued expenses in 2013 in the accompanying consolidated statements of financial position.

Other

The System also has entered into contractual payment arrangements with commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The payments for services rendered to beneficiaries under these contractual arrangements include predetermined rates per discharge, per diem rates, discounts from established charges, and capitated payments.

Electronic Health Record Revenue

The American Recovery and Reinvestment Act of 2009 (ARRA) included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act (HITECH). The provisions were designed to increase the use of electronic health record (EHR) technology and establish the requirements for a Medicare and Medicaid incentive payment program beginning in 2011 for eligible providers that adopt and demonstrate meaningful use of certified EHR technology. Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology.

Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period. Initial Medicaid incentive payments are available to providers that adopt, implement, or upgrade certified EHR technology. Providers must demonstrate meaningful use of such technology in subsequent years to qualify for additional Medicaid incentive payments.

The System accounts for HITECH payments using the gain contingency method. Upon demonstration of compliance with the meaningful use criteria, the System recorded incentive revenues, included in other revenue in the accompanying statements of operations and changes in net assets, from Medicare of $5,288,866 and $1,907,446, and from Medicaid of $2,188,681 and $396,667 for the years ended June 30, 2014 and 2013, respectively. A portion of the income from Medicare incentive payments is subject to retrospective adjustment as the incentive

2. Net Patient Service Revenue (continued)

payments are calculated using Medicare cost report data that is subject to audit. Additionally, the System's compliance with meaningful use criteria is subject to audit by the federal government, which could result in changes to amounts previously recorded.

3. Investments

At June 30, investments consisted of the following:

	2014	2013
Investments:		
U.S. government obligations	**$ 108,138,751**	$ 102,426,147
U.S. government agencies	**103,048,946**	62,845,491
Corporate bonds	**374,334,439**	261,247,351
Private investments – marketable	**201,166,373**	186,076,317
Private investments – nonmarketable	**80,291,992**	65,219,222
Equities	**167,114,345**	98,097,981
Certificates of deposit	**53,851,040**	53,756,441
	1,087,945,886	829,668,950
Professional liability trust:		
U.S. government agencies	**2,548,554**	–
Corporate bonds	**14,823,650**	12,550,027
Equities	**2,081,418**	–
Cash equivalents	**5,654,639**	2,525,836
	25,108,261	15,075,863
Total investments	**$1,113,054,147**	$ 844,744,812

The System's cash that is not needed for operations is invested in the above broad asset classes with external investment managers. These investment managers invest the assets in numerous investment strategies, and these strategies are subject to various types of risks, as explained below.

Fixed income – This investment class includes investments in various fixed-income instruments, including investment-grade and high-yield domestic and international bonds, mortgage pools, and bonds issued by U.S. government agencies. The fixed-income investments are exposed to various kinds and levels of risk, including interest rate risk, credit risk, and liquidity risk.

3. Investments (continued)

Equities – This investment class consists primarily of common equity securities of domestic companies. These securities trade through the major public domestic exchanges. The equity securities investments are exposed to various risks, including market risk; individual security risk; and, for common equity of companies with a small market capitalization, liquidity risk.

Private investments – marketable – These funds are invested with external investment managers who invest primarily in equity and fixed-income securities of both domestic and international issuers. These investment managers invest in both long and short securities and may utilize leverage in their portfolios. The risks associated with these investments are numerous and include investment manager risk, market risk, event risk, and liquidity risk, as well as the risk of utilizing leverage in the portfolios.

Private investments – nonmarketable – These funds are invested with external investment managers who invest primarily in private equity, as well as in private real estate holdings. These investments are primarily domestic in nature, are illiquid, and may not be realized for a period of several years after the investments are made. The risks associated with these investments are numerous and include liquidity risk, market risk, event risk, interest rate risk, and investment manager risk. The System has committed approximately $50,391,000 of future funding to various nonmarketable private investment funds as of June 30, 2014.

Private investments include investments in hedge funds and private equity funds. These funds are subject to risks that could result in the loss of invested capital. The risks include the following:

Nonregulation risk – Certain funds are not required to register with the Securities and Exchange Commission and are not subject to regulatory controls.

Managerial risk – Fund managers may fail to produce the intended returns and are not subject to oversight.

Minimal liquidity – Many funds impose lockup periods that prevent investors from redeeming their shares or impose penalties to redeem.

Limited transparency – As unregistered investment vehicles, funds are not required to disclose the holdings in their portfolios to investors.

Investment strategy risk – The funds often employ sophisticated, risky investment strategies; are speculative; and may use leverage, which could result in volatile returns.

3. Investments (continued)

Due to the inherent volatility in the investment markets, there is at least a reasonable possibility that recorded investment values may change by a material amount in the near term.

Investment income (loss), net includes interest, dividends, amortization of premiums and discounts, and realized and unrealized gains on investments, net of investment fees, and such amounts are reported as other income in the accompanying consolidated statements of operations and changes in net assets. Investment income (loss) for the years ended June 30 included the following:

	2014	2013
Interest and dividends	**$ 30,652,991**	$ 25,892,542
Investment fees	**(1,651,462)**	(1,446,331)
Realized gains (losses) on investments, net	**10,210**	3,634,827
Unrealized gains (losses) on investments, net	**8,687,485**	(7,212,329)
Total investment income (loss), net	**$ 37,699,224**	$ 20,868,709

Equity in earnings of private investments totaled approximately $26,026,000 and $26,249,000 in 2014 and 2013, respectively.

4. Fair Value Measurements

ASC No. 820, *Fair Value Measurements and Disclosures*, provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the System has the ability to access.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

4. Fair Value Measurements (continued)

Level 3: Inputs to the valuation methodology are generally unobservable, significant to the fair value measurement, and typically reflect the entity's estimate of assumptions that market participants would use in pricing the asset or liability.

A financial instrument's categorization within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2014 or 2013.

The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the System believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth, by level within the fair value hierarchy, the System's financial instruments at fair value as of June 30, 2014 and 2013:

	Financial Instruments at Fair Value as of June 30, 2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Investments:				
U.S. government obligations	**$ –**	**$ 108,138,751**	**$ –**	**$ 108,138,751**
U.S. government agencies	**–**	**105,597,500**	**–**	**105,597,500**
Corporate bonds	**–**	**389,158,089**	**–**	**389,158,089**
Equities	**167,195,763**	**2,000,000**	**–**	**169,195,763**
Total assets at fair value	**$ 167,195,763**	**$ 604,894,340**	**$ –**	**$ 772,090,103**

	Financial Instruments at Fair Value as of June 30, 2013			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Investments:				
U.S. government obligations	$ –	$ 102,426,147	$ –	$ 102,426,147
U.S. government agencies	–	62,845,491	–	62,845,491
Corporate bonds	–	273,797,378	–	273,797,378
Equities	98,097,981	–	–	98,097,981
Total assets at fair value	$ 98,097,981	$ 439,069,016	$ –	$ 537,166,997

4. Fair Value Measurements (continued)

The tables above exclude private investments, certificates of deposit, and cash equivalents of $340,964,000 and $307,578,000 at June 30, 2014 and 2013, respectively, which are not subject to ASC 820.

The fair values of the securities included in Level 1 were determined through quoted market prices and include money market funds, mutual funds, and marketable equity securities. The fair values of Level 2 securities were determined through evaluated bid prices based on recent trading activity and other relevant information including market interest rate curves and referenced credit spreads, and estimated prepayment rates, where applicable, are used for valuation purposes and are provided by third-party services where quoted market values are not available. 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 System had no Level 3 securities at June 30, 2014 or 2013.

At June 30, 2014 and 2013, the System's financial instruments included cash and cash equivalents, certificates of deposit, accounts receivable, assets limited as to use, accounts payable and accrued expenses, estimated third-party payor settlements, and long-term debt. The carrying amounts reported in the consolidated statements of financial position for these financial instruments, except for long-term debt, approximate their fair market values. The fair value of the System's health care revenue bonds, as determined by evaluated bid prices provided by third-party pricing services, was approximately $215,241,000 and $221,542,000 at June 30, 2014 and 2013, respectively. The System's health care revenue bonds are a Level 2 classification.

5. Long-Term Debt

Long-term debt consists of the following:

	June 30 2014	2013
First Lien Health Care Revenue Bonds (Series 2006) of the Tulsa County Industrial Authority at various coupon rates from 4% to 5%; issued November 14, 2006, and maturing on various dates through December 15, 2036	**$ 206,045,000**	$ 211,305,000
New Markets Tax Credit Financing	**7,353,000**	–
	213,398,000	211,305,000
Less current maturities	**(5,515,000)**	(5,260,000)
Unamortized bond premium and other long-term debt	**5,923,000**	6,329,000
	$ 213,805,000	$ 212,374,000

In November 2006, the System issued $219,390,000 of First Lien Health Care Revenue Bonds (Series 2006) of the Tulsa County Industrial Authority. The proceeds from the Series 2006 Bonds were used for purposes of acquiring, furnishing, improving, constructing, and equipping certain health care facilities of the System, refunding the Series 2003 bonds with an aggregate principal amount of $25,310,000, and paying the costs of issuance of the Series 2006 Bonds. The principal amount of the issuance was $219,390,000 with a premium at issuance of $9,147,000, for total proceeds of $228,537,000.

The indenture agreements related to the Series 2006 Bonds provide for the payment of principal and interest from the gross revenues derived from the ownership, existence, and/or operations of the System and the Hospital, and the unrestricted assets of the System and the Hospital. Among other requirements, the System and the Hospital must maintain rates and fees sufficient to cover the debt service coverage ratio, as defined in the master trust indenture. Certain other general covenants are also required to be met in these bond indentures. The System is in compliance with all requirements in the indentures.

5. Long-Term Debt (continued)

On August 23, 2013, the System was a party to the purchase of Oklahoma Cancer Center Realty, LLC (OCCR). As a result of the acquisition, the System, through Saint Francis Hospital South, LLC, became the sole member of OCCR and is the guarantor on their outstanding obligations of $7,352,500 collateralized by a building that will be occupied and used by the System to further cancer services in the community.

The loan is interest only for the first five years with the principle balance of $7,352,500 due on the maturity date of August 9, 2019.

Principal repayments for the next five years ending June 30 are as follows:

2015	$ 5,515,000
2016	6,540,000
2017	6,835,000
2018	7,205,000
2019	14,917,500
Thereafter	172,385,000

Interest paid totaled approximately $10,011,000 and $10,200,000 for the years ended June 30, 2014 and 2013, respectively.

6. Leases

The System leases equipment under various lease agreements, which, after their initial terms, may be extended on a month-to-month basis. The System had no significant commitments under non-cancelable operating leases with terms in excess of one year at June 30, 2014. Rental expense for all operating leases was approximately $12,337,000 and $12,169,000 for the years ended June 30, 2014 and 2013, respectively.

7. Benefit Plans

The System has a 401(k) and 403(b) plan, which are both defined contribution plans, for eligible employees. The System also has a 457(b) plan, which is a nonqualified defined contribution plan, for eligible employees. The System's contributions to all three of these plans totaled approximately $29,782,000 and $28,250,000 in 2014 and 2013, respectively, and are included in employee compensation expense.

8. Commitments and Contingencies

The System is a party to a number of lawsuits and claims alleging medical malpractice. Management has accrued for its best estimate of its self-insured loss exposure. Management of the System, after consulting with legal counsel, believes that the ultimate resolution of these lawsuits will not have a material effect on the financial condition of the System.

The System is required to maintain a letter of credit of $3,900,000 as collateral for workers' compensation claims costs for the System's self-insured workers' compensation program under the laws of Oklahoma. During 2014 and 2013, no demands were made on the letter of credit. The letter of credit expires on May 31, 2015, and will continue to be renewed for a term of one year as a requirement of the Oklahoma Workers' Compensation Court.

9. Acquisitions

On August 23, 2013, the System was a party to the purchase of Oklahoma Cancer Center Realty, LLC (OCCR) and certain other assets from other related entities. As a result of the acquisition for total consideration of $18,922,000, Saint Francis Hospital South, LLC became the sole member of OCCR.

The acquisition qualifies as a business combination, and as such, Saint Francis Hospital South, LLC recorded the assets acquired and liabilities assumed at their estimated fair market values as of August 23, 2013. The 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. Fair value measurements also utilize assumptions of market participants. To estimate the fair value of the acquired assets and liabilities, Saint Francis Hospital South, LLC used appraisals and replacement cost. These estimates of the fair values of the assets and liabilities are considered Level 3 fair value estimates.

9. Acquisitions (continued)

The purchase price and assessment of the fair value of the assets acquired and liabilities assumed were as follows:

Fair value of net assets:	
Current Assets	$ 176,000
Property and equipment, net	17,716,000
Non-current Assets	1,030,000
Total assets acquired	$ 18,922,000
Current liabilities	1,127,000
Long term debt	11,582,000
Total liabilities assumed	$ 12,709,000

10. Subsequent Events

The System evaluated events and transactions occurring subsequent to June 30, 2014, through October 28, 2014, the date of issuance of the consolidated financial statements.