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CHANGE OF ACCOUNTING PERIOD

Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

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

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning SEP 1, 2013 and ending JUN 30, 2014

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

C Name of organization: Scott & White Memorial Hospital

Doing Business As:

Number and street (or P.O. box if mail is not delivered to street address): 2401 S. 31st Street

Room/suite:

City or town, state or province, country, and ZIP or foreign postal code: Temple, TX 76508

F Name and address of principal officer: Shahin Motakef
same as C above

D Employer identification number: 74-1166904

E Telephone number: (254)215-9256

G Gross receipts $ 1,118,227,336.

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.sw.org

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

L Year of formation: 1949

M State of legal domicile: TX

SCANNED JUN 16 2015

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: See Schedule O		
	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	9
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	3
	5 Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	15069
	6 Total number of volunteers (estimate if necessary)	6	225
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	2,167,890.
	b Net unrelated business taxable income from Form 990-T, line 39	7b	0.

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		Prior Year	Current Year
Revenue	8 Contributions and grants (Part VIII, line 1h)	9,828,954.	29,941,133.
	9 Program service revenue (Part VIII, line 2g)	859,909,085.	798,302,564.
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	6,010,006.	<206,025.>
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	5,311,077.	3,990,375.
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	881,059,122.	832,028,047.
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	712,546.	1,059,057.
	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)	313,126,184.	297,980,187.
	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)	491,012,735.	445,305,022.
	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	804,851,465.	744,344,266.
	19 Revenue less expenses. Subtract line 18 from line 12	76,207,657.	87,683,781.

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	1,060,405,941.	1,251,155,883.
	21 Total liabilities (Part X, line 26)	223,250,835.	169,580,273.
	22 Net assets or fund balances. Subtract line 21 from line 20	837,155,106.	1,081,575,610.

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: Alita Risinger — Date: 5/13/15

▶ Alita Risinger, Chief Financial Officer
Type or print name and title

Paid Preparer Use Only

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

Firm's name ▶ | Firm's EIN ▶

Firm's address ▶ | Phone no.

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

See Schedule O for Organization Mission Statement Continuation

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission:
Baylor Scott & White Health exists to serve all people by providing personalized health and wellness through exemplary care, education and research as a Christian ministry of healing.

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 $ 474,059,569. including grants of $ 1,059,057.) (Revenue $ 775,342,327.)
See Schedule O

4b (Code _____) (Expenses $ 70,933,346. including grants of $ _____) (Revenue $ 14,614,053.)
See Schedule O

4c (Code _____) (Expenses $ 11,967,742. including grants of $ _____) (Revenue $ 8,346,181.)
See Schedule O

4d Other program services (Describe in Schedule O.)
(Expenses $ _____ including grants of $ _____) (Revenue $ _____)

4e Total program service expenses ▶ 556,960,657.

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*?	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*	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	951		
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	15069		
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	X	
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: ▶ Cayman Islands				
	See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		5a		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	N/A	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		7h	N/A	
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? N/A		8		
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966? N/A		9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person? N/A		9b		
10	**Section 501(c)(7) organizations.** Enter:				
a	Initiation fees and capital contributions included on Part VIII, line 12 N/A	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 N/A	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 N/A	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? N/A		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 1a 9			
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.			
b	Enter the number of voting members included in line 1a, above, who are independent 1b 3			
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	X	
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		X

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ▶ None

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 ▶

Laurie Hengst - (254)215-9259

2401 S. 31st Street, Temple, TX 76508

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

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

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

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

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, 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 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) Glenda Barron, Ph.D.	1.00									
Director		X						0.	0.	0.
(2) Bill DiGaetano	1.00									
Director		X						0.	0.	0.
(3) Barry Couch	1.00									
Director, Chairman		X		X				0.	0.	0.
(4) Drayton McLane, III	1.00									
Director		X						0.	0.	0.
(5) Robert A. Probe, M.D.	1.00									
Director, Chairman	40.00	X		X				0.	781,156.	59,231.
(6) Alejandro C. Arroliga, M.D.	1.00									
Director	40.00	X						0.	564,055.	55,300.
(7) Timothy M. Bittenbinder, M.D.	1.00									
Director	40.00	X						0.	533,527.	57,823.
(8) Shahin Motakef	40.00									
Director, President, Chief Executive		X		X				457,698.	0.	57,183.
(9) Patricia M. Currie	1.00									
Director	40.00	X						0.	579,501.	54,972.
(10) Dick L. Dixon	1.00									
Director, Secretary/Treasurer	40.00	X		X				0.	483,196.	55,023.
(11) Harry T. Papaconstantinou, M.D.	1.00									
Director	40.00	X						0.	538,979.	46,350.
(12) Penny D. Cermak	1.00									
Director, Secretary/Treasurer	40.00	X		X				0.	295,285.	31,090.
(13) Alita Risinger	40.00									
Chief Financial Officer				X				229,124.	0.	38,260.
(14) Stephen Sibbitt, M.D.	1.00									
Chief Medical Officer	40.00				X			0.	472,512.	54,585.
(15) Andrejs E. Avots-Avotins, M.D.	1.00									
Senior Vice-President	40.00				X			0.	486,527.	54,707.
(16) John L. Boyd III, M.D.	1.00									
Chief Executive Officer-McLane Child	40.00				X			0.	427,761.	56,442.
(17) Nancy May	40.00									
Chief Nursing Officer					X			185,073.	0.	31,868.

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 line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(18) Ellen D. Hansen Chief Nursing Officer-McLane Childre	40.00				X			181,548.	0.	38,599.
(19) Richard A. Beswick, Ph.D. Senior Vice-President	40.00				X			316,861.	0.	50,248.
(20) Ravindranath A. Kallur Senior Vice-President	40.00				X			247,715.	0.	46,497.
(21) Donald E. Wesson, M.D. Chief Academic Officer	40.00				X			535,612.	0.	54,825.
(22) Paul R. Illyes Nurse Anesthetist	40.00					X		257,541.	0.	39,948.
(23) Jose F. Pliego, M.D. Researcher/Physician	40.00					X		336,625.	0.	45,540.
(24) William M. Averitt, D.O. Assistant Chief Medical Officer/Phys	40.00					X		277,227.	0.	51,686.
(25) Matthew W. Boettcher Vice-President	40.00					X		257,071.	0.	41,478.
(26) Patricia Meyer Pharmacy Service	40.00					X		181,201.	0.	31,743.
1b Sub-total								3,463,296.	5,162,499.	1,053,398.
c Total from continuation sheets to Part VII, Section A								0.	2,627,547.	309,788.
d Total (add lines 1b and 1c)								3,463,296.	7,790,046.	1,363,186.

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 ▶ 186

		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
Epic 1979 Milky Way, Verona, WI 53593	Consulting	11,058,418.
Nursefinders P.O. Box 910738, Dallas, TX 75391-0738	Staffing	7,799,436.
Jacobs Engineering 777 Main Street, Fort Worth, TX 76102	Engineering	7,650,103.
Nordic Consulting Partners, Inc. 551 W. Main St Ste 100, Madison, WI 53703	Consulting	2,578,676.
KPMG, LLP, Dept 0922 PO Box 120922, Dallas, TX 75312-0922	Consulting	1,998,941.

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 ▶ 60

See Part VII, Section A Continuation sheets

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	1 a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d	28,465,761.				
	e Government grants (contributions)	1e					
	f All other contributions, gifts, grants, and similar amounts not included above	1f	1,475,372.				
	g Noncash contributions included in lines 1a-1f $ 395,731.						
	h **Total.** Add lines 1a-1f			29,941,133.			
Program Service Revenue		**Business Code**					
	2 a Patient Care	622110		733,526,429.	731,358,539.	2,167,890.	
	b Education	611310		14,614,053.	14,614,053.		
	c Research	541712		8,346,181.	8,346,181.		
	d EHR Incentive	622110		2,964,310.	2,964,310.		
	e						
	f All other program service revenue			38,851,591.	38,851,591.		
	g **Total.** Add lines 2a-2f			798,302,564.			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)			3,412,850.			3,412,850.
	4 Income from investment of tax-exempt bond proceeds						
	5 Royalties			103,742.			103,742.
		(i) Real	(ii) Personal				
	6 a Gross rents						
	b Less: rental expenses						
	c Rental income or (loss)						
	d Net rental income or (loss)						
		(i) Securities	(ii) Other				
	7 a Gross amount from sales of assets other than inventory	282,242,422.					
	b Less: cost or other basis and sales expenses	278,286,887.	7,912,402.				
	c Gain or (loss)	3,955,535.	<7,912,402.>				
	d Net gain or (loss)			<3,956,867.>			<3,956,867.>
	8 a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c). See Part IV, line 18	a					
	b Less: direct expenses	b					
	c Net income or (loss) from fundraising events						
	9 a Gross income from gaming activities. See Part IV, line 19	a					
	b Less: direct expenses	b					
	c Net income or (loss) from gaming activities						
	10 a Gross sales of inventory, less returns and allowances	a					
	b Less: cost of goods sold	b					
	c Net income or (loss) from sales of inventory						
	Miscellaneous Revenue	**Business Code**					
	11 a Cafeteria/Vending	722514		3,358,961.			3,358,961.
	b Gift Shop/Retail	453220		527,672.			527,672.
	c						
	d All other revenue						
	e **Total.** Add lines 11a-11d			3,886,633.			
	12 **Total revenue.** See instructions.			831,690,055.	796,134,674.	2,167,890.	3,446,358.

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 [X]

	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	797,859.	797,859.		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22	261,198.	261,198.		
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	2,286,996.		2,286,996.	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	246,448,807.	236,380,028.	10,068,779.	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9	Other employee benefits	49,244,384.	47,125,791.	2,118,593.	
10	Payroll taxes				
11	Fees for services (non-employees):				
a	Management				
b	Legal	220.		220.	
c	Accounting	39,545.		39,545.	
d	Lobbying	87,595.		87,595.	
e	Professional fundraising services. See Part IV, line 17				
f	Investment management fees	1,742,050.		1,742,050.	
g	Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	220,792,148.	55,117,385.	165,674,763.	
12	Advertising and promotion	287,898.	284,334.	3,564.	
13	Office expenses	3,181,479.	2,554,436.	627,043.	
14	Information technology	2,382,529.	2,305,986.	76,543.	
15	Royalties				
16	Occupancy	13,658,036.	13,200,974.	457,062.	
17	Travel	7,423,772.	7,335,964.	87,808.	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	900,163.	889,813.	10,350.	
20	Interest	961,952.	961,952.		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	40,612,729.	36,938,621.	3,674,108.	
23	Insurance	372,371.		372,371.	
24	Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a	Medical Supplies	144,953,364.	144,953,364.		
b	Non - Medical Supplies	6,706,971.	6,681,303.	25,668.	
c	Dues & Memberships	664,714.	636,843.	27,871.	
d	Outreach	537,486.	534,806.	2,680.	
e	All other expenses				
25	**Total functional expenses.** Add lines 1 through 24e	744,344,266.	556,960,657.	187,383,609.	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	36,996,085.	1	36,739,619.
	2	Savings and temporary cash investments	191,582,565.	2	10,622,572.
	3	Pledges and grants receivable, net		3	
	4	Accounts receivable, net	102,910,742.	4	95,406,972.
	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 instr). Complete Part II of Sch L		6	
	7	Notes and loans receivable, net	5,356,026.	7	
	8	Inventories for sale or use	13,261,934.	8	17,931,548.
	9	Prepaid expenses and deferred charges	13,361,121.	9	15,400,627.
	10a	Land, buildings, and equipment: cost or other basis Complete Part VI of Schedule D — 10a: 1,102,626,245.			
	b	Less: accumulated depreciation — 10b: 590,667,858.	512,490,022.	10c	511,958,387.
	11	Investments - publicly traded securities	177,755,761.	11	353,538,408.
	12	Investments - other securities. See Part IV, line 11	5,068,409.	12	5,760,366.
	13	Investments - program-related See Part IV, line 11		13	49,466,807.
	14	Intangible assets		14	
	15	Other assets. See Part IV, line 11	1,623,276.	15	154,330,577.
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)	1,060,405,941.	16	1,251,155,883.
Liabilities	17	Accounts payable and accrued expenses	87,275,390.	17	112,439,579.
	18	Grants payable		18	
	19	Deferred revenue	18,141,388.	19	9,559,936.
	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	2,171,052.	23	11,296,764.
	24	Unsecured notes and loans payable to unrelated third parties		24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	115,663,005.	25	36,283,994.
	26	**Total liabilities.** Add lines 17 through 25	223,250,835.	26	169,580,273.
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	817,640,232.	27	906,646,126.
	28	Temporarily restricted net assets	14,721,759.	28	134,589,204.
	29	Permanently restricted net assets	4,793,115.	29	40,340,280.
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.			
	30	Capital stock or trust principal, or current funds		30	
	31	Paid-in or capital surplus, or land, building, or equipment fund		31	
	32	Retained earnings, endowment, accumulated income, or other funds		32	
	33	Total net assets or fund balances	837,155,106.	33	1,081,575,610.
	34	Total liabilities and net assets/fund balances	1,060,405,941.	34	1,251,155,883.

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	831,690,055.
2	Total expenses (must equal Part IX, column (A), line 25)	2	744,344,266.
3	Revenue less expenses. Subtract line 2 from line 1	3	87,345,789.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	837,155,106.
5	Net unrealized gains (losses) on investments	5	22,134,383.
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	134,940,332.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	1,081,575,610.

Part XII Financial Statements and Reporting

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

			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? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: [ ] Separate basis [ ] Consolidated basis [ ] Both consolidated and separate basis	2a		X
b	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: [ ] Separate basis [X] Consolidated basis [ ] Both consolidated and separate basis	2b	X	
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? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	2c	X	
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	X	

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

Scott & White Memorial Hospital

Employer identification number

74-1166904

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

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

Section B. Total Support

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

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

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 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 %

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

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

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

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

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

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

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

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

Section B. Total Support

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

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

Section D. Computation of Investment Income Percentage

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

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

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

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

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

Form 990, Schedule A

The fiscal year ended June 30, 2014 is a short period due to a change in accounting period.

SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2013

Open to Public Inspection

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

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

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

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

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

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

Name of organization	Employer identification number
Scott & White Memorial Hospital	74-1166904

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

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

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

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

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

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

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

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

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

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

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

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

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

4-Year Averaging Period Under Section 501(h)

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

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

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

For each "Yes," response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a) Yes	(a) No	(b) Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
a Volunteers?		X	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		X	
c Media advertisements?		X	
d Mailings to members, legislators, or the public?		X	
e Publications, or published or broadcast statements?		X	
f Grants to other organizations for lobbying purposes?	X		14,542.
g Direct contact with legislators, their staffs, government officials, or a legislative body?	X		87,595.
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		X	
i Other activities?		X	
j Total. Add lines 1c through 1i			102,137.
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Part II-B, Line 1, Lobbying Activities:

Health care policy is critical to all Americans, and SWMH believes that health care providers must participate in forming health care policy by interacting with national, state and local representatives and their staff members to help them better understand the complexities and ramifications of key health care policies

Part IV **Supplemental Information** *(continued)*

including, without limitation, those related to uninsured and indigent patient needs as well as the legislative and regulatory needs to assure the delivery of cost-efficient, quality health care.

SWMH has established relationships with persons and industry associations that often communicate SWMH's positions on major health care issues. These contacts may include direct contact, telephone conversations and/or letters. Also, SWMH may attempt to educate the local community on certain legislative initiatives that may impact SWMH's ability to provide quality health care services to the community through direct mailings, media advertising or broadcast statements. The amount of resources (time and money) involved in these activities is insubstantial. SWMH has not intervened in any political campaign.

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
Scott & White Memorial Hospital

Employer identification number
74-1166904

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)
- ☐ Protection of natural habitat
- ☐ Preservation of open space
- ☐ Preservation of an historically important land area
- ☐ Preservation of a certified historic structure

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

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	2,710,350.	2,459,744.	87,313,087.	78,200,433.	73,389,524.
b Contributions	1,638,139.	680,631.	<1,571,577.>	2,732,356.	1,512,623.
c Net investment earnings, gains, and losses	343,804.	221,367.	2,629,200.	9,531,823.	5,602,178.
d Grants or scholarships	264,545.	350,576.	263,856.	267,949.	81,802.
e Other expenditures for facilities and programs	494,602.	300,816.	919,630.	2,883,576.	2,222,090.
f Administrative expenses			84,727,480.		
g End of year balance	3,933,146.	2,710,350.	2,459,744.	87,313,087.	78,200,433.

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

a Board designated or quasi-endowment ▶ 18.00 %
b Permanent endowment ▶ 82.00 %
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))		X
(ii) related organizations (3a(ii))	X	
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? (3b)	X	

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		40,400,615.		40,400,615.
b Buildings		533,998,754.	140,036,050.	393,962,704.
c Leasehold improvements				
d Equipment		446,790,276.	437,819,830.	8,970,446.
e Other		81,436,600.	12,811,978.	68,624,622.
Total. Add lines 1a through 1e. *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				511,958,387.

Schedule D (Form 990) 2013

Part VII Investments - Other Securities.

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

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

Part VIII Investments - Program Related.

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

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

Part IX Other Assets.

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

(a) Description	(b) Book value
(1) KDH Acquisition Costs	949,283.
(2) Interest in Net Assets of Related Foundation	153,090,999.
(3) Contributed Art	290,295.
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. *(Column (b) must equal Form 990, Part X, col (B) line 15.)* ▶	154,330,577.

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) Trusts	1,018,435.
(3) Due to Related Organizations	11,310,736.
(4) Retirement Plan	23,954,823.
(5)	
(6)	
(7)	
(8)	
(9)	
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	36,283,994.

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	
3	Subtract line 2e from line 1			3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII.)	4b			
c	Add lines 4a and 4b			4c	
5	Total revenue. Add lines 3 and 4c. *(This must equal Form 990, Part I, line 12.)*			5	

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

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

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

Part XIII Supplemental Information.

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

Part V, line 4:

Endowment funds and income from endowment investments are used to provide funding for program activities of the organization.

Part X, Line 2:

The filing organization does not have separate individual audited financial statements; however, the organization is included in Scott & White Healthcare's combined audited financial statements. Scott & White evaluates its income tax positions in accordance with ASC 740 (FIN48), "Income Taxes", regarding accounting for uncertainty in income taxes. ASC 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax

Part XIII Supplemental Information *(continued)*

position taken or expected to be taken in a tax return. There are no material uncertain income tax positions as of June 30, 2014.

SCHEDULE F (Form 990)

Department of the Treasury
Internal Revenue Service

Statement of Activities Outside the United States

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 14b, 15, or 16.

▶ Attach to Form 990. ▶ See separate instructions.

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization

Scott & White Memorial Hospital

Employer identification number

74-1166904

Part I General Information on Activities Outside the United States. Complete if the organization answered "Yes" on Form 990, Part IV, line 14b.

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

2 **For grantmakers.** Describe in Part V the organization's procedures for monitoring the use of its grants and other assistance outside the United States.

3 Activities per Region. (The following Part I, line 3 table can be duplicated if additional space is needed.)

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e.g., fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
Central America & the Caribbean	0	0	Program Services	Captive	1,095,592.
Central America & the Caribbean	0	0	Investment		46,014,870.
East Asia and the Pacific	0	0	Program Services	Medical Education/Research	7,691.
Europe (Including Iceland & Greenland)	0	0	Program Services	Medical Education/Research	7,669.
North America	0	0	Program Services	Medical Education/Research	3,950.
3 a Sub-total	0	0			47,129,772.
b Total from continuation sheets to Part I	0	0			0.
c **Totals** (add lines 3a and 3b)	0	0			47,129,772.

LHA **For Paperwork Reduction Act Notice, see the Instructions for Form 990.** **Schedule F (Form 990) 2013**

332071
10-03-13

Part II **Grants and Other Assistance to Organizations or Entities Outside the United States.** Complete if the organization answered "Yes" on Form 990, Part IV, line 15, for any recipient who received more than $5,000. Part II can be duplicated if additional space is needed.

1 (a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)

2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter ▶

3 Enter total number of other organizations or entities ▶

Part III Grants and Other Assistance to Individuals Outside the United States. Complete if the organization answered "Yes" on Form 990, Part IV, line 16.
Part III can be duplicated if additional space is needed.

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

Part IV Foreign Forms

1	Was the organization a U.S. transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U S Transferor of Property to a Foreign Corporation (see Instructions for Form 926)*	[X] Yes	[ ] No
2	Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to file Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A)*	[ ] Yes	[X] No
3	Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations. (see Instructions for Form 5471)*	[X] Yes	[ ] No
4	Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund (see Instructions for Form 8621)*	[ ] Yes	[X] No
5	Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons With Respect To Certain Foreign Partnerships (see Instructions for Form 8865)*	[X] Yes	[ ] No
6	Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report. (see Instructions for Form 5713)*	[ ] Yes	[X] No

Part V Supplemental Information

Provide the information required by Part I, line 2 (monitoring of funds); Part I, line 3, column (f) (accounting method; amounts of investments vs. expenditures per region); Part II, line 1 (accounting method); Part III (accounting method); and Part III, column (c) (estimated number of recipients), as applicable. Also complete this part to provide any additional information.

Part I, line 3:

Accrual

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 Scott & White Memorial Hospital

Employer identification number 74-1166904

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: [X] 100% [ ] 150% [ ] 200% [ ] Other _____ %	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% [X] Other 375 %	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		
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	

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			23,673,702.	11,094,472.	12,579,230.	1.69%
b Medicaid (from Worksheet 3, column a)			72,863,027.	75,938,270.	<3,075,243.>	.00%
c Costs of other means-tested government programs (from Worksheet 3, column b)			1,392,859.	2,414,686.	<1,021,827.>	.00%
d **Total** Financial Assistance and Means-Tested Government Programs			97,929,588.	89,447,428.	8,482,160.	1.69%
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			311,160.	24,166.	286,994.	.04%
f Health professions education (from Worksheet 5)			70,993,346.	14,614,053.	56,379,293.	7.57%
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)			10,438,682.	6,758,496.	3,680,186.	.49%
i Cash and in-kind contributions for community benefit (from Worksheet 8)			262,769.	0.	262,769.	.04%
j **Total.** Other Benefits			82,005,957.	21,396,715.	60,609,242.	8.14%
k **Total.** Add lines 7d and 7j			179,935,545.	110,844,143.	69,091,402.	9.83%

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

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

Part III Bad Debt, Medicare, & Collection Practices

			Yes	No
Section A. Bad Debt Expense				
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 50,389,120.		
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 0.		
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)	5 244,470,541.		
6	Enter Medicare allowable costs of care relating to payments on line 5	6 333,459,180.		
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7 <88,988,639.>		
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 %

Part V Facility Information

Section A. Hospital Facilities

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

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

Name, address, primary website address, and state license number	Licensed hospital	Gen. medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (describe)	Facility reporting group
1 Scott & White Memorial Hospital 2401 S. 31st Street Temple, TX 76508 000537	X	X	X	X		X	X			

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 Scott & White Memorial Hospital

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

		Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years 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 [X] 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.sw.org			
b [ ] Other website (list url):			
c [X] 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 [X] 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)* Scott & White Memorial Hospital

			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: 100 %			
	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: 375 %			
	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	[ ] Uninsured discount			
f	[X] Medicaid/Medicare			
g	[X] State regulation			
h	[X] 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	[ ] The policy was attached to billing invoices			
c	[ ] The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d	[ ] The policy was posted in the hospital facility's admissions offices			
e	[ ] The policy was provided, in writing, to patients on admission to the hospital facility			
f	[X] The policy was available on request			
g	[X] 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)* Scott & White Memorial Hospital

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 [ ] 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

Scott & White Memorial Hospital:

Part V, Section B, Line 3: The Community Benefit Task Force identified methods, participants, questions, and procedures for gathering input from community members around issues of health in Bell County. It was critical that this report be developed with input from people representing the broad interest of the community and people with special knowledge or expertise in public health as well as those who understand the health needs of the medically underserved, low-income and minority population. Direct input from these sources in the form of community surveys and one-on-one interviews, strategically helped us to better understand how best to meet needs based on the community's readiness to change, ability to access, or willingness to access specific services and resources. This ensured that hospital resources would be put to the best use.

Several specific locations and community populations were targeted based on the challenges they face acquiring healthcare and maintaining a healthy lifestyle due to lower income situations. For 3 weeks in February of 2013, Scott & White sought input from those that are medically underserved in an attempt to focus efforts reaching those who need it most. Clients at The Greater Killeen Free Clinic, located on the West side of the county, and the Temple Community Clinic, located on the East side, were surveyed. Clients seeking assistance at a local health and human service agency, the Bell County HELP Center, and a local food pantry, Helping Hands Ministry in Belton, also participated. To gain input from the broad community, surveys were completed at various health fairs, cultural activities and civic organization meetings across the county as well.

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.

Five key informants were selected and interviewed based on their special knowledge around local health issues or their service with medically underserved populations. Each key informant interview began with a description of the findings from the CHNA and an explanation of the needs that were identified as priorities in the community. During the interview, each was asked to comment on all of the needs to either verify or refute the issue as a major concern based on their experiences with serving community members. All 5 felt that the issues identified were indeed priority problems that needed to be addressed. Through their work in the community, they had first-hand knowledge of the impact these issues caused. Interviews were concluded by extending the discussion to learn what resources might currently be available in the community to address the identified needs.

Marlene DiLillo has served as the Killeen Free Clinic's Executive Director for 17 years. She is a spokeswoman for the underserved population with health needs. Marlene helped to found the Texas State Association of Charitable Clinics and has served at, and mentored, several charity clinics around Texas. She has a Master's degree in Human Resources, and holds certificates in non-profit management and volunteer management. DiLillo has also has served on many health related boards including the regional Susan G. Komen board.

Judy Morales currently serves as the District 2 representative on the City Council of Temple and was elected Mayor Pro-Tem in May 2013. She has a Master's degree in Education and has served as the Executive Director of

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.

the Bell County HELP Centers social service agency administrating, planning and implementing community based outreach services and programs since 1972. Judy also serves as the Vice Chair of LULAC Council #4971, and is a volunteer member of numerous community service organizations in the county including Work Force Solutions, the local NAACP Chapter, and Citizens for Progress, the Heart of Temple Angels Alliance and the EMBRACE (Embracing Mentoring Bridging Reaching Assimilating Caring and Educating) Task Force. She also serves on the Executive Boards of Catholic Charities, Family Promise, Hill Country Community Action Association, Central Texas Homeless Alliance, and the Committee for Persons with Disabilities.

Dell Ingram-Walker has served as the Administrator of Pediatrics for McLane Children's Hospital and Clinics since 2012. For 5 years prior, she was the Director of Clinic Operations for the Children's Hospital. Ingram-Walker holds a Bachelor of Science Degree in Health Care Management. Through her experience with pulmonary physicians and understanding of medical operations, she was able to provide justification of the need to address pediatric asthma hospitalization rates as well as an overview of the resources and procedures Scott & White has to implement change.

Rita Kelley has worked with indigent health care since 1986 serving up to 5 different counties. She has been in her current role with the Bell County Indigent Health Services for nearly 8 years. Her position involves interaction, coordination and planning with other community organizations to address health and human service infrastructure and safety net services. She also monitors state and federal health and human service

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.

trends, policy and legislations to assure the county is best represented and served when changes are being considered. Rita was instrumental in the completion of the 2010 community needs assessment for Bell County and has been involved in a multitude of health service organizations including working for Central Texas Council on Alcohol and Drug Abuse, MHMR and the Bell County Human Services-Killeen HELP Center.

Bonnie Scurzi has been as a Registered Nurse and a Woman's Health Nurse Practitioner with the Bell County Public Health District for more than 20 years. She also has a degree in Nursing Administration and served as the Nursing Director for the BCHD for over 12 years before becoming the District Director in the fall of 2012. She oversees the BCHD medical and nursing facilities that provide a variety of clinical, health counseling, and health educational services, focusing on treating and preventing disease and promoting healthy lifestyles.

Scott & White Memorial Hospital:
Part V, Section B, Line 4: Scott & White Continuing Care Hospital

Scott & White Memorial Hospital:
Part V, Section B, Line 7: The Hospital recognizes the importance of all needs identified in the community. However, as stated in the implementation strategy, the Hospital will not directly address all the following needs identified in the CHNA at this time.

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.

Smoking

Hospitalization Rate due to Pediatric Asthma

These priorities did not meet the defined evaluation criteria:

1. Severity or prevalence of the issue
2. Notable health disparities in specific populations
3. Feasibility of possible interventions to affect change
4. Community population readiness to change
5. Ability to evaluate outcomes
6. Resources available to impact the need

It was determined internally that the hospital does not have the ability to directly affect change within these needs nor are there resources available to influence change. It was also determined that there are other community or governmental organizations better aligned to address this priority.

Through the course of the assessment, it was determined that The Hospital has a comprehensive program to prevent or treat Sexually Transmitted Diseases in adolescents; and intends to strengthen programs towards the population over the age of 18. As the Hospital evaluates feasible measures to impact this issue, existing County efforts will continue to result in positive outcomes.

The Bell County Public Health District provides various services through the Family Planning program to assist in this issue. Clinical services

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

provided at Health District clinics in East and West Bell County include complete exams, birth control, STD testing and treatment, pregnancy testing, and Immunizations (in addition to the Outreach Education, WIC, Food Protection, Environmental Health, and Preparedness services provided by the Health District). The Health District plans to increase the times and days that STD testing is offered and the services will be provided on a walk in basis. Through outreach as well as availability of services and times, they will increase the number clients who access care, and reduce the number of Medicaid clients who utilize our Emergency Department for routine STD testing services.

There is also a high rate of reinfection for STD's. The Bell County Public Health District also has plans to increase the number of clients retested at 3 months for Chlamydia and Gonorrhea. Additionally, the Health District will ensure clients diagnosed with Syphilis receive follow up care according to schedule based on their stage at diagnosis. Efforts will also address the need for more STD testing of females of child-bearing age, to find and treat asymptomatic Gonorrhea, Chlamydia, and Syphilis infections, to reduce the potential secondary consequences such as Pelvic Inflammatory Disease (PID), sterility, ectopic pregnancy, poor pregnancy outcomes, neonatal infection, and chronic pain.

The Hospital will not address the need to reduce smoking as another hospital within our System is targeting that area. Details for addressing this need are outlined in the implementation strategy for the Scott & White Continuing Care Hospital.

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.

Additionally McLane Children's Hospital-Scott & White has a pediatric asthma coordinator who works full time on outreach and coordinating care. The established program at McLane Children's will address this priority need and is outlined in that implementation strategy.

Scott & White Memorial Hospital:

Part V, Section B, Line 14g: Measures to publicize the policy within the community served by the hospital facility, include but are not limited to, the following: 1) posting signs and notices regarding the charity care policy in the emergency departments, admitting areas and business offices located throughout the organization: 2) annual posting regarding the organization's charity care program in the local newspapers: 3) information regarding financial assistance, including the organization's charity care policy, is posted on the organization's website: 4) notices about the organization's financial assistance policies are posted on each bill sent to patients including providing a phone number to access the customer service unit dedicated to answering patients billing questions, as well as provide information regarding financial assistance: and 5) the organization provides free financial counselors to help patients determine how to meet their financial obligations for services provided. Specifically financial counselors assist patients in applying for government assistance programs such as Medicaid or the organization's charity care program. Any patient may request to speak to a financial counselor when being treated at the organization. Uninsured patients who are admitted to the hospital will automatically receive help from a financial counselor. These services are provided in writing and through

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.

interpretation services in the primary language of the patient requesting assistance. Though the most often needed alternate language is Spanish, the organization can accommodate multiple languages including American Sign Language.

Scott & White Memorial Hospital:

Part V, Section B, Line 20d: The organization's financial assistance policy is developed to provide discounted care to those qualifying for financial assistance to where the amount charged under this policy will always be equal to or lower than the Medicare rates. However, for those qualifying as medically indigent and whose income level is over 375% of the federal poverty level shall not be billed more than 2 times their annual household income.

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? 37

	Name and address	Type of Facility (describe)
1	Temple Clinic 2401 S 31st Street Temple, TX 76508	Specialty clinic
2	Waco Clinic 7700 Fish Pond Rd Waco, TX 76710	General and specialty clinic
3	Killeen Clinic 3801 Scott & White Drive Killeen, TX 76543	General and specialty clinic
4	Temple Center for Diagnostic Medicine 1605 S 31st Street Temple, TX 76508	General and specialty clinic
5	Temple South Loop Clinic 2601 Thorton Lane Temple, TX 76502	Specialty clinic
6	Santa Fe 600 S 25th Street Temple, TX 76504	Physical Therapy
7	Belton Clinic 1505 N Main Street Belton, TX 76518	General and specialty clinic
8	Temple Northside Family Medicine Clin 409 W adams Street Temple, TX 76501	Family medicine
9	Temple Santa Fe Family Medicine Clini 1402 West Ave H Temple, TX 76504	Family medicine
10	Temple Clinic-Westfield 7556 Honeysuckle Temple, TX 76502	General and specialty clinic

Part V Facility Information *(continued)*

Section D. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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

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

Name and address	Type of Facility (describe)
11 Ob/Gyn Waco 120 Hillcrest Blvd Office Bldg II Waco, TX 76712	General and specialty clinic
12 Salado Family Medicine Clinic 3525 FM 2484 Salado, TX 76571	Family medicine
13 South Belton Clinic 1001 Arbor Park Dr Belton, TX 76513	General and specialty clinic
14 Cameron Clinic 101-B Lafferty Ave Cameron, TX 76520	General and specialty clinic
15 Harker Heights Family Medicine Clinic 907 Mountain Lion Circle Harker Heights, TX 76548	Family medicine
16 Hewitt Clinic 510 N Hewitt Dr Hewitt, TX 76643	Family medicine
17 Gatesville Clinic 227 Memorial Dr Gatesville, TX 76528	General and specialty clinic
18 Temple Towne Center Pediatric Clinic 2112 Loop 363 Temple, TX 76504	General and specialty clinic
19 West Temple Pediatric Clinic 6684 West Adams Temple, TX 76502	General and specialty clinic
20 Moody Clinic 498 Ave E Moody, TX 76557	General and specialty clinic

Part V Facility Information *(continued)*

Section D. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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

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

Name and address	Type of Facility (describe)
21 Belton Pediatric Clinic 1009 Arbor Park Dr Belton, TX 76513	General and specialty clinic
22 Scott & White Pavilion-Temple 1815 S 31st Street Temple, TX 76504	Specialty clinic
23 Hewitt Sports Therapy 511 N Hewitt Dr Hewitt, TX 76643	Sports medicine
24 Waco Pain Clinic 50 Hillcrest Medical Blvd Bldg 1 Waco, TX 76710	Specialty clinic
25 Waco Nephrology Clinic 50 Hillcrest Medical Blvd Bldg 1 Waco, TX 76708	Specialty clinic
26 Waco Pulmonary Clinic 50 Hillcrest Medical Blvd Bldg 1 Waco, TX 76708	Specialty clinic
27 Waco Spine Center 50 Hillcrest Medical Blvd Bldg 1 Waco, TX 76708	Specialty clinic
28 Scott & White Counseling Center 1713 SW HK Dodgen Loop ste 102 Temple, TX 76502	Specialty clinic
29 Killeen West Clinic 1002 Wales Dr Ste 8 Killeen, TX 76549	Family medicine
30 Killeen Hemingway Medical Building 2405 S Clear Creek Rd Killeen, TX 76549	General and specialty clinic

Part V Facility Information *(continued)*

Section D. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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

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

Name and address	Type of Facility (describe)
31 Killeen Cancer Center 2207 S Clear Creek Rd Killeen, TX 76549	Specialty clinic
32 Waco Pediatric Clinic at Hillcrest 120 Hillcrest Blvd Office Bldg II Waco, TX 76712	General and specialty clinic
33 Scott & White Sleep Institute 2401 S 31st Street Temple, TX 76508	Specialty clinic
34 Temple Dialysis Center 2601 Thorton Lane Temple, TX 76502	Specialty clinic
35 McLanes Childrens Specialty Clinic 1901 SW HK Dodgen Loop Temple, TX 76502	Specialty clinic
36 Temple Mental Health Center 2401 S 31st Street Temple, TX 76508	Specialty clinic
37 Temple Pediatric Clinic 2401 S 31st Street Temple, TX 76508	General and specialty clinic

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:

The organization's financial assistance policy uses several factors in addition to FPG to determine eligibility for free or discounted care. These additional criteria are: net assets, insurance status, residency, and other financial resources.

Part I, Line 6a:

The organization prepares and files an Annual Report of Community Benefit Plan with the Texas Department of State Health Services. These reports are made available through the organization's website at www.sw.org

Part I, Line 7:

A ratio of patient care cost to charges, as determined in Worksheet 2, was used to report the amounts in Part I, Lines 7a - 7d. For amounts reported on lines 7e - 7k, actual expenses for each community benefit activity are tracked and reported using both community benefit software and/or the organization's cost accounting system.

Part VI Supplemental Information *(Continuation)*

Part I, Line 7b, Column (d): Includes payments from the State 1115 Medicaid Waiver Program for uncompensated care, which funds are to be used to expand indigent care.

Part I, Ln 7 Col(f):
The amount of bad debt expense included on Form 990, Part IX, line 25, but removed for Schedule H, Part I, Line 7, Column (f) totaled $0.

Part III, Line 4:
Audited financial statement footnote Page 11:

As stated in the combined audited financial statements, "Scott & White maintains allowances for uncollectible accounts for estimated losses resulting from a payer's inability to make payments on accounts. Scott & White assesses the reasonableness of the allowance account based on the historical write-offs, cash collections, the aging of the accounts and other economic factors. Accounts are written off when collection efforts have been exhausted. Management continually monitors and adjusts its allowance associated with its receivable."

Bad debt does not include amounts for patients who are known to qualify under the organization's charity care policy. The amount of bad debt attributable to patient's accounts is net of contractual allowance, payments received and recoveries of bad debt previously written off.

The organization has entered zero on Schedule H, Part III, Line 3;

however, based on prior experience and certain demographics and other information obtained during admission, the organization believes a portion of the bad debt expenses (estimated to range from 1-5%) would be attributable to patients that would otherwise qualify for charity care. Despite all of the effort and ways the organization educates patients about qualifying for its charity care program as demonstrated in Part VI, question 3 below, many uninsured patients either refuse or fail to complete a charity care application or provide sufficient information at the time of admission, during their stay or after being discharged to qualify for assistance under the organization's charity care policy.

Part III, Line 8:

The amount reported on Part III, Section B, line 7 was calculated in accordance with the Schedule H instructions utilizing the organization's allowable cost reported in the Medicare cost report based on a cost to charge ratio. The organization believes that all of the shortfall should be considered as a community benefit for the following reasons:

First, the IRS Community Benefit Standard includes the provision of care to the elderly and Medicare patients. IRS Revenue Ruling 69-545 provides in part, that hospitals serving patients with governmental health benefits, including for example Medicare, is an indication that the hospital operates for the promotion of health in the community.

Second, the organization provides care to Medicare patients regardless of this shortfall, i.e., loss, and thereby relieves the state and federal government of the burden of paying the full cost for the care of Medicare

beneficiaries. Medicare does not provide sufficient reimbursement to cover the entire cost of providing care to these patients causing the organization to use other surplus funds to cover the shortfall. It is expected that reimbursement under the Medicare program will continue to decline and therefore may further limit access to care due to the anticipated reduction of participating Medicare providers in the community. As a result, the care for these patients will likely continue to increase, and rest on the shoulders of, nonprofit hospitals and/or county hospital districts.

Third, many of the Medicare participants have low fixed incomes and therefore would qualify for charity care or other means tested government programs absent being enrolled in the Medicare program.

Fourth, Texas nonprofit hospitals must provide a minimum level of community benefit in order to obtain exemption from state and local taxes. According to the current Texas Health and Safety Code, the unreimbursed cost of Medicare is considered to be a community benefit in determining these state statutory requirements as it helps relieve a governmental burden of providing this care that would otherwise be provided through the county hospital system in Texas.

Part III, Line 9b:
The organization's debt collection policy and procedures prohibit any collection efforts for the portion of the account balance that qualifies for financial assistance under the organization's charity care policy. For any remaining balances due, the same collection policy and procedures are applied equally to all patient types.

Part VI, Line 2:

During the fiscal year ending August 31,2013 the Organization conducted a Community Health Needs Assessment (CHNA) to assess the health care needs of the community for each of its licensed hospital facilities and developed an implementation strategy to address the needs identified in the CHNAs. The CHNAs were conducted in accordance with state and federal guidelines including Internal Revenue Code Section 501(r) and the Texas Health and Safety Code Section 311. These CHNAs and implementation strategies have been made widely available to the public and are located on the Organization's website at the following address:

http://www.sw.org/community-benefit/community-health-needs-assessment

Part VI, Line 3:

The organization is committed to promoting health in the community including providing or finding financial assistance programs to assist patients. Patients who may qualify for financial assistance through the organization's charity care program or other federal, state and local government programs are informed and educated about their eligibility in several ways including, but not limited to, the following: 1) posting signs and notices regarding the charity care policy in the emergency departments, admitting areas and business offices located throughout the organization, 2) annual posting regarding the organization's charity care program in the local newspapers, 3) information regarding financial assistance, including the organization's charity care policy, is posted on the organization's website, 4) notices about the organization's financial assistance policies are posted on each bill sent to patients including

providing a phone number to access the customer service unit dedicated to answering patients billing questions, as well as provide information regarding financial assistance, and 5) the organization provides free financial counselors to help patients determine how to meet their financial obligations for services provided. Specifically financial counselors assist patients in applying for government assistance programs such as Medicaid or the organization's charity care program. Any patient may request to speak to a financial counselor when being treated at the organization. Uninsured patients who are admitted to the hospital will automatically receive help from a financial counselor. These services are provided in writing and through interpretation services in the primary language of the patient requesting assistance. Though the most often needed alternate language is Spanish, the organization can accommodate multiple languages, including American Sign Language.

Part VI, Line 4:
Scott & White Memorial Hospital serves children and families across the greater Central Texas area with the majority of its patient population residing in Bell County. The Hospital defines Bell County as its primary community served: Bell County encompasses 16 zip codes in 11 cities which include Belton, Fort Hood, Harker Heights, Killeen, Moody, Morgans Point Resort, Nolanville, Rogers, Salado, Temple and Troy. Bell County is centrally located along the I-35 corridor, is serviced by two major railroads and is home to Fort Hood. With a capacity of 50,000 troops, it is one of the largest military installations in the world.

The most recent census data shows that nearly 321,000 people live in Bell County which is nearly a 3.5% growth across the last 3 years. The gender

split is nearly even with 49.48% male and 50.52% female. Altered as a result of the large military presence in Fort Hood, the base itself is fairly self-contained both as a community and in terms of healthcare services received. The base inflates the 25-34 age group which is the largest in Bell County accounting for nearly 17% of the population.

More than 60% of the residents living in the county are White. 21.63% are Black/African American, and just under 23% of the population in Bell County claim to have Hispanic/Latino ethnicity. The zip codes with the highest Hispanic population (more than 28%) are 76501, 76504 in Temple, and 76541 in Killeen. More than 12% of the county's population speaks Spanish at home including nearly 20% of the households in the 76504 and 76541 zip codes.

The median household income in the county is $49,736 and the average household income is $61,315. Nearly one-third of the population has at least an Associate Degree.

The census reported that 9,341 families in Bell County live in poverty and of those, approximately 89% have children living with them.
77.4% of Adults and 90.4% of Children in Bell County have some form of health insurance coverage. Medical costs in the United States are extremely high, and many people without health insurance likely cannot afford medical treatment or prescription drugs. They are also less likely to get routine checkups and screenings, so if they do become ill they are less likely to seek treatment until the condition is more advanced and therefore more difficult and costly to treat.

Part VI Supplemental Information *(Continuation)*

Part VI, Line 5:

The Organization has promoted health in the communities of Central Texas by providing exemplary health care, medical education, research and other community service through its flagship hospital Scott & White Memorial Hospital. Under the oversight of its parent, Baylor Scott & White Holdings' independent volunteer community board, the Organization has promoted health and benefited the community by providing access to specialty centers designed to treat a range of medical conditions. BSW Holdings' governing body is comprised of volunteer community representatives that provide leadership and governance for the Baylor Scott & White Health System. The members of the BSW Holdings' governing body contribute their wisdom, insights, and expertise to ensure the Organization is fulfilling its mission and charitable purpose while providing efficient administrative support services and direction for the System. The Oranization's board is made up of well-respected residents and/or own businesses in the Organization's primary or secondary service area, and/or employees of Baylor Scott & White, who understand the health care needs of the community served. The medical staff of the Organization is open to all qualifying physicians in the community who meet membership and clinical privileges requirements. As a nonprofit organization surplus funds are continuously invested back to the community and are utilized to maintain access to limited patient services or expand access points of care to patients.

The Organization provides financial assistance in the form of charity care to patients who are indigent and satisfy certain requirements. Additionally, the Organization is committed to treating patients who are eligible for means tested government programs such as Medicaid and other

government sponsored programs including Medicare, which is provided regardless of the reimbursement shortfall, and thereby relieves the state and federal government of the burden of paying the full cost of care for these patients. Often, patients are unaware of the federal, state and local programs open to them for financial assistance, or they are unable to access them due to the cumbersome enrollment process required to receive these benefits. The organization offers assistance in enrollment to these government programs or extends financial assistance in the form of charity care through the Organization's Financial Assistance Policy which can be located on the Organization's website at sw.org/patient-tools/financial-assistance.

The Organization provides a comprehensive Level I trauma center; the only Level I Trauma Center between Dallas and Austin Texas. The trauma services division has dedicated trauma and stroke teams, providing 24-hour coverage of emergency services.

Medical education is a crucial part of the Organization's mission. The organization annually trains residents and fellows in 38 specialties with 443 resident and fellow receiving training and 309 medical students receiving their basic science and clinical traing in the fiscal year ending June 30, 2014. As a renowned teaching hospital, the organization attracts first-rate medical specialists who help improve the level of medical care for the entire community and provide a continuous supply of well-trained medical professionals for the Central Texas region.

The main SWMH campus in Temple serves as the clinical campus for the Scott & White College of Nursing at the University of Mary Hardin-Baylor in

Belton, Texas. A baccalaureate degree program is offered through the School of Nursing. In addition, the Organization also facilitates the clinical training of registered nurses and licensed vocational nurses in cooperation with Temple College and Central Texas College in Killeen, Texas. A Master's of Science in Nursing degree program is offered through Texas A&M University-Corpus Christi. In total, more than 1,000 nursing students rotate through the SWMH annually.

The Organization also hosts allied health-training programs in its own name and in affiliation with other academic institutions, taught by nationally recognized physicians and professionals. These training programs and seminars are open to all medical professionals, as well as internal staff. In fiscal year ended June 30, 2014, approximately 9,638 physicians and 6,675 medical professionals attended continuing medical education programs hosted by the Organization.

The Organization self-funded approximately $56.4 million to support medical education activities during the fiscal year ended June 30, 2014.

The Organization also supports a commitment to innovation and research, and is dedicated to finding preventive therapies and treatments for many types of illnesses. In fiscal year ending June 30, 2014, the Organization sponsored research studies totaling more than $3.6 million conducting more than 540 active research studies. Research discoveries of the Organization are frequently published in major peer-reviewed scientific journals and reported to national and international medical and scientific audiences.

Part VI, Line 6:

Part VI Supplemental Information (Continuation)

The organization is affiliated with Baylor Scott & White Health, a faith based nationally acclaimed network of acute care hospitals and related health care entities providing quality patient care, medical education, medical research and other community services to the communities of North and Central Texas. Baylor Scott & White Health is the largest not-for-profit health care system in Texas, and one of the largest in the United States. Baylor Scott & White Health was formed from the 2013 combination of Baylor Health Care System and Scott & White Healthcare. Known for exceptional patient care for more than a century, the two organizations serve adjacent regions of Texas and operate on a foundation of complementary values and similar missions. Baylor Scott & White Health includes 43 hospitals, more than 500 patient care sites, more than 6,000 affiliated physicians, 35,000 employees and the Scott & White Health Plan.

The System exists to serve all people through exemplary health care, education, research and community service. Community benefits are provided through the provision of charity care, governmental sponsored programs (such as Medicaid and Medicare), medical research, medical education, community health improvement services, donations to other nonprofit health care providers, and many other community service activities. During the year, the affiliated nonprofit hospitals reported community benefits (as reported to the Texas Department of State Health Services, and in accordance with the State of Texas Statutory methodology) in excess of $701,800,000. The System's nonprofit hospitals provided community benefits (as reported on the IRS Form 990, Schedule H) in excess of $357,480,000 during the tax year. The Texas Annual Statement of Community Benefit Standard includes approximately $274,860,000 of unreimbursed cost

of Medicare that is not included in the IRS Form 990, Schedule H.

The System is comprised of separate legal entities including philanthropic foundations, a research institute, a physician network, acute care hospitals, short-stay hospitals, specialty hospitals, ambulatory surgery centers, a health plan and other health care providers all which fall under the common control of Baylor Scott & White Holdings. Under the guidance of an independent community board, the System follows one single mission, vision and values focusing on quality patient centered care while meeting the demands of health care reform, the changing needs of patients and extraordinary recent advances in clinical care.

As part of the System, certain affiliates make grants and/or contributions to other related nonprofit affiliates to help financially support and/or fund worthy community benefits activities.

The System has also established a patient transfer system among the affiliated hospitals allowing patients needing a particular level of care to be transferred as needed to a related hospital that can provide that service in an efficient and effective manner.

As part of the System, all hospitals and other affiliated health care providers are required to adhere to high standards for medical quality, patient safety and patient satisfaction. These standards are set forth by Baylor Scott & White Holdings, the organization's parent, which helps ensures consistency across the System.

Part VI, Line 7, List of States Receiving Community Benefit Report:

Part VI **Supplemental Information** *(Continuation)*

TX

SCHEDULE I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

▶ **Attach to Form 990.**

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization: Scott & White Memorial Hospital

Employer identification number: 74-1166904

Part I General Information on Grants and Assistance

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

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

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

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
American Cancer Society 2433 Ridgepoint Drive Austin, TX 78754	74-1185665	501(c)(3)	8,250.	0.			General Support
American Kidney Fund 11921 Rockvile Pike No 300 Rockville, MD 20852	23-7124261	501(c)(3)	177,559.	0.			General Support
City of Temple 2 North Main Street Temple, TX 76501	74-6002368	170(c)(1)	10,000.	0.			General Support
Temple Independent School District P.O. Box 788 Temple, TX 76503	74-6002380	170(c)(1)	66,200.	0.			General Support
Texas A & M University-Central Texas Foundation - 1001 Leadership Place - Killeen, TX 76549	26-0895118	501(c)(3)	20,000.	0.			General Support

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

3 Enter total number of other organizations listed in the line 1 table ▶ 2.

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

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
Nursing/Other Health-Related Scholarships	65	261,198.	0.		

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

Part I, Line 2:

As part of its mission, the organization provides grants and other assistance to related organizations and/or unrelated not-for-profit organizations which are religious, charitable, scientific, or educational in nature, within the meaning of Internal Revenue Code Section 501(c)(3), when the use will further one or more tenets of the organization's charitable mission and one of the following criteria for use of these funds is met: (1) Fulfills a need identified by a community needs assessment conducted by the organization and/or outlined in an implementation

Part IV Supplemental Information

strategy, (2) Serves an under-served community or group of people through medical mission work to improve their health status (3) promotes health in the community, (4) supports community buildings activities that protect or improves the community's health or safety and/or (5) provides positive visibility and good community relations with other organization serving the health needs of the community.

For related organizations, all grants and other assistance are subject to the policies and procedures set forth by BSWH which ensures all funds are used in accordance with the guidelines set forth above and in accordance with the related organization's exempt purpose.

Grants and other assistance provided to unrelated organizations are typically monitored by personal inspection. Examples include providing assistance to entities where the filing organization's employee serves as a Board Member for the recipient organization or through attendance at community events where the filing organization employees work as volunteers or to help coordinate these events.

Grants and other assistance provided to unrelated organizations are given as a restricted gift and the receiving organization must sign a statement indicating they will use the funds for the stated purpose.

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

Scott & White Memorial Hospital

Employer identification number

74-1166904

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				
(1) Robert A. Probe, M.D.	(i)	0.	0.	0.	0.	0.	0.	0.
Director, Chairman	(ii)	694,643.	96.	86,417.	33,150.	26,081.	840,387.	0.
(2) Alejandro C. Arroliga, M.D.	(i)	0.	0.	0.	0.	0.	0.	0.
Director	(ii)	476,925.	27.	87,103.	33,150.	22,150.	619,355.	0.
(3) Timothy M. Bittenbinder, M.D.	(i)	0.	0.	0.	0.	0.	0.	0.
Director	(ii)	531,073.	29.	2,425.	33,150.	24,673.	591,350.	0.
(4) Shahin Motakef	(i)	439,476.	29.	18,193.	33,150.	24,033.	514,881.	0.
Director, President, Chief Executive	(ii)	0.	0.	0.	0.	0.	0.	0.
(5) Patricia M. Currie	(i)	0.	0.	0.	0.	0.	0.	0.
Director	(ii)	559,394.	27.	20,080.	33,150.	21,822.	634,473.	0.
(6) Dick L. Dixon	(i)	0.	0.	0.	0.	0.	0.	0.
Director, Secretary/Treasurer	(ii)	479,696.	332.	3,168.	33,150.	21,873.	538,219.	0.
(7) Harry T. Papaconstantinou, M.D.	(i)	0.	0.	0.	0.	0.	0.	0.
Director	(ii)	538,389.	28.	562.	33,150.	13,200.	585,329.	0.
(8) Penny D. Cermak	(i)	0.	0.	0.	0.	0.	0.	0.
Director, Secretary/Treasurer	(ii)	274,476.	36.	20,773.	9,750.	21,340.	326,375.	0.
(9) Alita Risinger	(i)	228,636.	284.	204.	29,900.	8,360.	267,384.	0.
Chief Financial Officer	(ii)	0.	0.	0.	0.	0.	0.	0.
(10) Stephen Sibbitt, M.D.	(i)	0.	0.	0.	0.	0.	0.	0.
Chief Medical Officer	(ii)	403,918.	61.	68,533.	33,150.	21,435.	527,097.	0.
(11) Andrejs E. Avots-Avotins, M.D.	(i)	0.	0.	0.	0.	0.	0.	0.
Senior Vice-President	(ii)	396,252.	10,359.	79,916.	33,150.	21,557.	541,234.	0.
(12) John L. Boyd III, M.D.	(i)	0.	0.	0.	0.	0.	0.	0.
Chief Executive Officer-McLane Child	(ii)	424,797.	34.	2,930.	33,150.	23,292.	484,203.	0.
(13) Nancy May	(i)	166,083.	429.	18,561.	24,066.	7,802.	216,941.	0.
Chief Nursing Officer	(ii)	0.	0.	0.	0.	0.	0.	0.
(14) Ellen D. Hansen	(i)	180,783.	434.	331.	24,080.	14,519.	220,147.	0.
Chief Nursing Officer-McLane Childre	(ii)	0.	0.	0.	0.	0.	0.	0.
(15) Richard A. Beswick, Ph.D.	(i)	309,669.	314.	6,878.	33,150.	17,098.	367,109.	0.
Senior Vice-President	(ii)	0.	0.	0.	0.	0.	0.	0.
(16) Ravindranath A. Kallur	(i)	246,707.	28.	980.	30,030.	16,467.	294,212.	0.
Senior Vice-President	(ii)	0.	0.	0.	0.	0.	0.	0.

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				
(17) Donald E. Wesson, M.D.	(i)	528,307.	50.	7,255.	33,150.	21,675.	590,437.	0.
Chief Academic Officer	(ii)	0.	0.	0.	0.	0.	0.	0.
(18) Paul R. Illyes	(i)	249,119.	6,122.	2,300.	25,500.	14,448.	297,489.	0.
Nurse Anesthetist	(ii)	0.	0.	0.	0.	0.	0.	0.
(19) Jose F. Pliego, M.D.	(i)	327,889.	384.	8,352.	33,150.	12,390.	382,165.	0.
Researcher/Physician	(ii)	0.	0.	0.	0.	0.	0.	0.
(20) William M. Averitt, D.O.	(i)	275,916.	325.	986.	33,150.	18,536.	328,913.	0.
Assistant Chief Medical Officer/Phys	(ii)	0.	0.	0.	0.	0.	0.	0.
(21) Matthew W. Boettcher	(i)	256,001.	28.	1,042.	22,714.	18,764.	298,549.	0.
Vice-President	(ii)	0.	0.	0.	0.	0.	0.	0.
(22) Patricia Meyer	(i)	164,527.	29.	16,645.	23,701.	8,042.	212,944.	0.
Pharmacy Service	(ii)	0.	0.	0.	0.	0.	0.	0.
(23) Wade L. Knight, M.D.	(i)	0.	0.	0.	0.	0.	0.	0.
Former Officer	(ii)	471,985.	34.	21,587.	33,150.	19,442.	546,198.	0.
(24) Michael L. Middleton, M.D.	(i)	0.	0.	0.	0.	0.	0.	0.
Former Officer	(ii)	321,545.	34.	100,899.	33,150.	20,253.	475,881.	0.
(25) Francis P. Anderson	(i)	0.	0.	0.	0.	0.	0.	0.
Former Officer	(ii)	300,190.	284.	1,135.	33,150.	14,604.	349,363.	0.
(26) J. Paul Dieckert, M.D.	(i)	0.	0.	0.	0.	0.	0.	0.
Former Officer	(ii)	227,999.	370,172.	24,024.	33,150.	15,458.	670,803.	0.
(27) Alfred B. Knight, M.D.	(i)	0.	0.	0.	0.	0.	0.	0.
Former Officer	(ii)	226,343.	27.	18,249.	32,500.	18,234.	295,353.	0.
(28) William L. Rayburn, M.D.	(i)	0.	0.	0.	0.	0.	0.	0.
Former Officer	(ii)	455,974.	70.	86,996.	33,150.	23,547.	599,737.	0.
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(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:

Tax indemnification and gross up payments-The organization provides tax indemnification where an authorized member of management determines there is justification to reimburse an individual for the tax impact on certain taxable, non-cash benefits provided to them. All tax indemnification payments provided are treated as taxable compensation. Twelve of the persons listed in the Form 990, Part VII, Section A, received this benefit during the tax year.

Part I, Line 1a:

The organization provides temporary housing to eligible employees under the organization's moving and relocation reimbursement policy. All temporary housing provided to any employee is treated as taxable compensation. One person listed in the Form 990, Part VII, Section A, received this benefit during the tax year.

Part I, Line 3:

The compensation review process is performed annually. All

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.

physician compensation is reviewed including pay, production data and total compensation. The physician compensation is then benchmarked against industry standards using data from ten different industry surveys. This review is performed by an independent consultant and presented to the Scott & White Healthcare Board of Trustees Compensation Committee. Scott & White Healthcare ("SWHC")(EIN: 26-4532547) was the parent corporation of the Scott & White Healthcare System (the "System") during the Calendar Year 2013.

System Officers along with regional Chief Executive Officers and Chief Medical Officers are reviewed annually. An independent consultant compares total compensation to benchmark surveys. The Scott & White Healthcare Board of Trustees Compensation Committee reviews the compensation and comparability data annually.

Part I, Line 7:

Discretionary bonuses are an element of various Scott & White Healthcare (the "System") compensation plans. The Scott & White Board of Trustees, which was the governing body of Scott & White Healthcare

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.

System and the Board Compensation Committee have approved plans designed to measure performance based on differing job functions for calendar year 2013. The Board of Trustees approves the bonus pools reserved for the various plans. The Board of Trustees determines and approves the bonus, if any, for the System's Chief Executive Officers and other executive level personnel

SCHEDULE L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions With Interested Persons

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

▶ Information about Schedule L (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open To Public Inspection

Name of the organization: Scott & White Memorial Hospital

Employer identification number: 74-1166904

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefiting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues? Yes	(e) Sharing of organization's revenues? No
Brett Dixon	Family member of Di	62,977.	Employee Co		X
Kristin A. Murphy	Family member of An	79,303.	Employee Co		X
Grace Thomas-Beswick	Family member of Ri	57,379.	Employee Co		X

Part V Supplemental Information

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

Sch L, Part IV, Business Transactions Involving Interested Persons:

(a) Name of Person: Brett Dixon

(b) Relationship Between Interested Person and Organization:

Family member of Dick L. Dixon, Officer

(c) Amount of Transaction $ 62,977.

(d) Description of Transaction: Employee Compensation

(e) Sharing of Organization Revenues? = No

(a) Name of Person: Kristin A. Murphy

(b) Relationship Between Interested Person and Organization:

Family member of Andrejs Avots-Avotins, M.D., Former Officer

(c) Amount of Transaction $ 79,303.

(d) Description of Transaction: Employee Compensation

(e) Sharing of Organization Revenues? = No

(a) Name of Person: Grace Thomas-Beswick

(b) Relationship Between Interested Person and Organization:

Family member of Richard A. Beswick, Ph.D., Key Employee

(c) Amount of Transaction $ 57,379.

(d) Description of Transaction: Employee Compensation

Part V **Supplemental Information**

Complete this part to provide additional information for responses to questions on Schedule L (see instructions).

(e) Sharing of Organization Revenues? = No

SCHEDULE M (Form 990)

Department of the Treasury
Internal Revenue Service

Noncash Contributions

▶ Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.
▶ Attach to Form 990.
▶ Information about Schedule M (Form 990) and its instructions is at www.irs.gov/form990

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization: Scott & White Memorial Hospital

Employer identification number: 74-1166904

Part I Types of Property

		(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1	Art - Works of art				
2	Art - Historical treasures				
3	Art - Fractional interests				
4	Books and publications				
5	Clothing and household goods	X		395,731.	Selling Price
6	Cars and other vehicles				
7	Boats and planes				
8	Intellectual property				
9	Securities - Publicly traded				
10	Securities - Closely held stock				
11	Securities - Partnership, LLC, or trust interests				
12	Securities - Miscellaneous				
13	Qualified conservation contribution - Historic structures				
14	Qualified conservation contribution - Other				
15	Real estate - Residential				
16	Real estate - Commercial				
17	Real estate - Other				
18	Collectibles				
19	Food inventory				
20	Drugs and medical supplies				
21	Taxidermy				
22	Historical artifacts				
23	Scientific specimens				
24	Archeological artifacts				
25	Other ▶ ( )				
26	Other ▶ ( )				
27	Other ▶ ( )				
28	Other ▶ ( )				

			Yes	No
29	Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement	29		
30a	During the year, did the organization receive by contribution any property reported in Part I, lines 1 - 28, that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?	30a		X
b	If "Yes," describe the arrangement in Part II.			
31	Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?	31	X	
32a	Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?	32a		X
b	If "Yes," describe in Part II.			
33	If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II			

Part II **Supplemental Information.** Provide the information required by Part I, lines 30b, 32b, and 33, and whether the organization is reporting in Part I, column (b), the number of contributions, the number of items received, or a combination of both. Also complete this part for any additional information.

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: Scott & White Memorial Hospital

Employer identification number: 74-1166904

Form 990, Part I, Line 1, Description of Organization Mission:

Faith based acute care hospital providing exemplary patient care, medical education, medical research and community service to residents of the Central Texas region since 1897.

Form 990, Part III, Line 4a, Program Service Accomplishments:

Scott & White Memorial Hospital (SWMH) is a faith-based, nonprofit 636-bed acute care hospital. McLane Children's Hospital Scott & White is a 48 room children's hospital. Both provide exemplary patient care services to the residents of Bell County and the surrounding communities since 1904. SWMH is a major patient care, research and medical education center of the Southwest and serves local, national and international patients.

SWMH is affiliated with Baylor Scott & White Health (BSWH), a faith based nationally acclaimed network of acute care hospitals and related health care entities providing quality patient care, medical education, medical research and other community services to the residents of North and Central Texas. BSWH is the largest not-for-profit health care system in Texas, and one of the largest in the United States. BSWH was formed from the 2013 combination of Baylor Health Care System and Scott & White Healthcare.

SWMH is one of the system's two flagship hospitals and provides inpatient and outpatient medical services to treat individuals with diseases, illnesses and injuries of varying complexities. Services

include providing patients with innovative methods of prevention, diagnosis, treatment, education and support consistent with a quality teaching and research hospital. Multidisciplinary interaction among physicians helps ensure comprehensive care for all stages of illness through all stages of life. Many of the major health care programs have received national recognition and honors, including the Level I Trauma Center and Neonatal Intensive Care Unit. See Schedule H for more information regarding these services and how SWMH promotes the health of the communities.

During the fiscal year, SWMH admitted 22,872 patients resulting in 250,959 days of care; delivered 2,154 babies, and received 62,459 emergency department visits. McLane Children's Hospital Scott & White admitted 3,061 patients resulting in 31,750 patient days of care, and received 20,762 emergency department visits. Additionally, these hospitals provided community benefits (as reported to the Texas Department of State Health Services and in accordance with the State of Texas Statutory methodology) of $85,608,203 and provided community benefits (as reported on the Internal Revenue Service (IRS) Form 990, Schedule H) of $69,091,401 during the tax year.

Form 990, Part III, Line 4b, Program Service Accomplishments:
BSWH is the primary teaching affiliate to the Texas A&M University System Health Science Center College of Medicine (the "College of Medicine"), with the SWMH main campus in Temple, TX being the primary BSWH teaching location. BSWH and clinical facilities in College Station, TX, Round Rock, TX, Brenham, TX and Taylor, TX also participate in teaching activities. The College of Medicine is a fully

accredited, seven year medical school. Currently 309 medical students receive their basic science and clinical training at BSWH. Virtually all physicians on the Scott & White Clinic, an affiliate of BSWH, staff hold faculty appointments at the College of Medicine and teach classes for first through fourth year students. A full four year medical education program was recently initiated on the SWMH main campus in Temple. To support this expansion on its Temple campus, SWMH has committed to self-fund over $15 million to expand classroom and lab facilities, purchase equipment and provide support for faculty research projects aimed at promoting healthcare innovations and the College of Medicine. With support from BSWH, the College of Medicine intends to expand to an annual class size of 200 during the next five years, with four year campus locations at BSWH facilities in Temple, Round Rock and College Station. BSWH also hosts rotations for fourth-year students from many other medical schools. The BSWH Graduate Medical Education Program currently consists of 38 resident and fellowship programs with 443 residents and fellows receiving training for the fiscal year ending June 30, 2014. BSWH hosted medical students in their 4th year rotations from 55 different universities. SWMH self-funded approximately $56.4 million to support medical education activities during the fiscal year ended June 30, 2014.

The main SWMH campus in Temple serves as the clinical campus for the Scott & White College of Nursing at the University of Mary Hardin-Baylor in Belton, Texas. A baccalaureate degree program is offered through the School of Nursing. In addition, SWMH also facilitates the clinical training of registered nurses and licensed vocational nurses in cooperation with Temple College and Central Texas

College in Killeen, Texas. A Master's of Science in Nursing degree program is offered through Texas A&M University-Corpus Christi. In total, more than 1,200 nursing students rotate through SWMH annually.

BSWH also hosts allied health-training programs in its own name and in affiliation with other academic institutions, taught by nationally recognized physicians and professionals. These training programs and seminars are open to all medical professionals, as well as internal staff. In fiscal year ended June 30, 2014, approximately 9,638 physicians and 6,675 medical professionals attended continuing medical education programs hosted by BSWH.

Form 990, Part III, Line 4c, Program Service Accomplishments:
One of the cornerstones of SWMH's mission is providing quality patient care with a focus on research activities. Efficiencies are gained through innovation. The focus of much of the research is to find innovative & cost-effective ways to treat patients, while increasing patient safety, improving quality and focusing on better outcomes. SWMH has the following research departments, centers and institutes: cancer research institute, cardiovascular research, center for applied health research, center of cell death and differentiation, center for bone, joint and spine research, clinical simulation research, digestive disease research center, ophthalmic research, neuroscience research, podiatric research, division of research, family medicine, and ob/gyn research.

The Cancer Research Institute has been created to partner research and clinical care. The mission of the Cancer Research Institute is to find

effective cancer therapies quickly and cost-effectively. The Vasicek Cancer Treatment Center, a part of the Scott & White Cancer Institute, is a state-of-the-art facility that offers highly-specialized and coordinated care in one location. Patients and their families have one-stop access to cancer diagnosis and treatment, backed by research and education.

The institute has performed over 550 clinical trials. Each year, Scott & White's Vasicek Cancer Treatment Center holds prevention programs designed to reduce the incidence of a specific cancer type. Screening programs are held in order to attempt to decrease the number of patients with late-stage disease. Last fiscal year 283 people participated in the free cancer screenings, and over 7,000 people received information on various cancer related topics.

CVRI is a joint effort of the Texas A&M Health Science Center, BSWH and Central Texas Veteran's Health Care System (CTVHCS). This unique program pairs the world-class research of molecular biologists with clinical applications for the treatment of people suffering from cardiovascular disease or stroke. By discovering better strategies for prevention and intervention of these conditions, the work of the Institute will benefit patients and the entire community.

To facilitate such research BSWH has focused significant efforts on outcomes based research. SWMH has established the Center for Applied Health Research (CAHR). This center focuses on diverse research areas, and brings together expertise in many areas such as health services research, community based health research, patient centered safety and

patient activation research, along with research mentoring and the academic development of clinicians. The center brings together collaborators from SWMH, Texas A&M Health Science Center and the Central Texas Veteran's Health Care System (CTVHCS). Within the CAHR, the Patient Engagement and Safety Research Program centers on a team perspective in patient care. This program partners patients, family members, clinicians and other community and healthcare providers to create the best possible healthcare outcomes. The research is based on clinical trials, clinical simulation models, program evaluations, patient education and common intervention strategies.

The Health Outcomes Core conducts health services research focusing on severe mental illnesses and the management of care for patients with complex medical and psychiatric comorbidities. This group works jointly with SWMH, the CTVHCS, Darnall Army Medical Center at the U.S. Army's Fort Hood, and the Center of Excellence for Research on Returning War Veterans located in Waco, Texas.

Clinical Simulation Research is another area directly impacting patients' healthcare quality and safety. The Clinical Simulation Center was created, in collaboration with Temple College, to allow healthcare students and providers to design and test new processes and procedures prior to performing them on patients. The Clinical Simulation Center is used by medical and nursing students, residents, fellows, nurses and other healthcare providers. Simulation work enhances communication skills and performance of healthcare providers, preparing them for the realities of patient care.

The goal and objective, of the Digestive Disease Research Center (DDRC), is to discover and share cutting edge knowledge about the digestive system and the diseases that affect millions in the United States. The SWMH research team consists of basic scientists and physicians from a wide variety of backgrounds with varying interests and disciplines. These combined investigators support the practice of "bench to bedside" research to benefit and contribute to human health. Along with seasoned investigators, the DDRC also believes in training of future scientists and provides an excellent learning environment for the training of undergraduates, medical students, graduate students, postdoctoral fellows and residents.

BSWH has committed significant resources to establish a one-of-a-kind Ophthalmic Vascular Research Program (OVRP). This is a joint effort between the Division of Ophthalmology at SWMH, the Department of Systems Biology and Translational Medicine, and Cardiovascular Research Institute at the Texas A&M Health Science Center. New theories developed regarding the pathogenesis of various eye diseases as well as potential new therapies proposed and tested in the basic science laboratory, if appropriate and promising, can be taken into the clinical setting to benefit patient care.

The Neuroscience Institute (NSI) at SWMH and Texas A&M Health Science Center College of Medicine conducts state-of-the-art translational research, with scientific interests including drug and device trials in humans. The NSI is home to an invasive human brain chemistry and electrophysiology lab, neuroinflammation, neurogenesis, a neuromodulation lab, which includes a frameless stereotactic

image-guided transcranial magnetic stimulator (TMS), an autonomic psychophysiology lab and a functional neuroimaging (fMRI) lab. One of the main scientific objectives of the NSI is the multimodal analysis of human brain function in both healthy and diseased populations. Research within the NSI is highly collaborative and expanding, with an internationally recognized team of basic and clinical researchers in the Departments of Neurosurgery, Neurology, Psychiatry and Behavioral Sciences and Radiology.

The podiatric research team has 12 studies in progress. They have received two National Institute of Health (NIH) grants to fund two five-year studies. The total contact cast (TCC) study focuses on foot wounds, compliance and cost of care and complications. Another study is a collaborative effort with a research team from the U.K., which will study the recurrence and prevention of foot ulcers. The podiatric research team also has studies sponsored by the American Diabetic Association (ADA) and American Podiatric Medical Association (APMA) and are looking into the occurrence of ulcers in diabetic patients that are currently undergoing dialysis and how foot care affects diabetic foot complications. They are also looking into new therapies to deal with treatment of foot infections and open amputations.

The Division of Research, Family Medicine (DORFAM) has current research projects focusing on: bicycle related traumatic brain injuries, weight and contents of backpacks carried by school children, concussions among high school football players and miscommunication as a cause of medication errors in elderly ambulatory patients.

Name of the organization: Scott & White Memorial Hospital

Employer identification number: 74-1166904

SWMH has developed a virtual data warehouse which promotes Comparative Effectiveness Research. This virtual warehouse allows SWMH to share clinical and research data with other research and healthcare organizations. By partnering with other institutes, the data necessary for effective research is quickly and readily available, resulting in larger and more comprehensive data pools and increasing the cost-effectiveness of research.

BSWH employs many physicians, scientists and technicians devoted to various aspects of research programs. In the fiscal year ending June 30, 2014, there were approximately 540 active research projects, of which approximately 34% are self-funded by SWMH.

Form 990, Part V, Line 2a

Employees of certain BSWH affiliates located in central Texas are employed by SWMH (EIN: 74-1166904) or Scott & White Clinic (SWC)(EIN: 74-2958277). This is done to achieve parity and consistency in compensation and benefits offered to employees and to reduce administration costs. Consistent with this practice, employee Forms W-2 are filed by SWMH or SWC. For financial reporting purposes, compensation, benefits and other employee costs are assigned to the BSWH entity for which services are rendered. Oversight of and responsibility for the activities of employees are vested in the board of directors and management of the BSWH entity to which such employees are assigned. All required employment forms have been filed by SWMH and SWC.

Name of the organization: Scott & White Memorial Hospital

Employer identification number: 74-1166904

Form 990, Part VI, Section A, line 6:

The organization is a Texas nonprofit membership organization in which Scott & White Healthcare, a tax exempt, Texas nonprofit corporation, is the sole member.

Form 990, Part VI, Section A, line 7a:

As disclosed in Part VI, Line 4, Baylor Scott & White Holdings, a Texas nonprofit corporation, is currently the sole member of Scott & White Healthcare (SWHC) and SWHC is the sole member of the organization. Prior to October 1, 2013, SWHC had control and substantial reserved powers over the organization, including those to elect and remove the governing body of the organization. Effective October 1, 2013, SWHC transferred control and its reserved powers over the organization to Baylor Scott & White Health, LLC and subsequently to Baylor Scott & White Holdings on March 1, 2014. The Baylor Scott & White Holdings Board of Trustees is comprised of a majority of independent community representatives that provide leadership and governance to Baylor Scott & White Holdings and its affiliated tax exempt entities including, the filing organization, to ensure it is meeting its charitable purpose.

Form 990, Part VI, Section A, line 7b:

Prior to October 1, 2013, all rights and powers were reserved to the sole member, Scott & White Healthcare (SWHC), except only those rights and powers expressly set forth in the bylaws, required by state or federal law, or to meet the requirements and standards promulgated by joint commission. For example, the member's reserved rights and powers include, without limitation, approval of the organization's articles of incorporation and bylaws and amendments thereto, appointment and removal of

members of the organization's governing body, approval of dissolutions and mergers, and other similar decisions over the organization. Effective October 1, 2013, SWHC transferred control and its reserved powers over the organization to Baylor Scott & White Health, LLC and subsequently to Baylor Scott & White Holdings on March 1, 2014.

Form 990, Part VI, Section B, line 11:
The Form 990 is prepared and reviewed by the BSWH tax department. During the return preparation process the tax department works with other functional areas including finance, accounting, treasury, legal, human resources, and corporate compliance for advice, information and assistance to prepare a complete and accurate return. Upon completion, the Form 990 is reviewed by the organization's President, financial officer and/or other key officers. A complete final copy of the return is provided to the organization's governing body prior to filing with the IRS.

Form 990, Part VI, Section B, Line 12c:
Persons with an actual or perceived ability to influence the organization have the duty to disclose annually and otherwise promptly as potential conflicts are identified, any familial, professional or financial relationships with entities or individuals that do, or seek to do business with the organization or that compete with the organization. These individuals include the organization's officers, governing body, management, physicians with administrative services agreements and other key personnel who interact with outside organizations or businesses on behalf of the organization. The BSW Holdings' Board of Trustees Audit and Compliance Committee and the BSW Holdings' Corporate Compliance Committee review all relevant disclosures submitted by these individuals to determine

whether a conflict of interest exists and to determine an appropriate resolution, if necessary Any individual with a perceived or potential conflict is prohibited from voting or participating in the decision making process regarding such transaction with that individual.

Form 990, Part VI, Section B, Line 15a:
The compensation review process is performed annually. All physician compensation is reviewed including pay, production data and total compensation. The physician compensation is then benchmarked against industry standards using data from ten different industry surveys. This review is performed by an independent consultant and presented to the Scott & White Healthcare Board of Trustees Compensation Committee. Scott & White Healthcare ("SWHC")(EIN: 26-4532547) was the parent corporation of the Scott & White Healthcare System (the "System") during the Calendar Year 2013.

System Officers along with regional Chief Executive Officers and Chief Medical Officers are reviewed annually. An independent consultant compares total compensation to benchmark surveys. The Scott & White Healthcare Board of Trustees Compensation Committee reviews the compensation and comparability data annually.

Form 990, Part VI, Section C, Line 19:
Process for making governing documents, conflict of interest policy, & financial statements available to the public: The organization's articles of incorporation and amendments thereto are made available to the public by the filing of those documents with the Texas Secretary of State. Also, the organization is included within the combined financial statements

of Scott & White Healthcare that are made available to the public by the posting of those documents through DAC Bond and are attached to this return. The organization's other governing documents and conflicts of interest policy are not made available to the public.

Form 990, Part VI, Line 14

The organization appropriately handles the retention and destruction of documents, and the organization anticipates these policies and procedures will be formally adopted within the next fiscal year. However no formal policy has currently been adopted.

Form 990, Part VI, Section B, Line 16b

The organization follows BSW Holdings', the Organization's parent, written policies and procedures regarding participation in joint ventures and similar arrangements to ensure that the Organization's exempt status is protected. As disclosed in Part VI, Line 7a & 7b, BSW Holdings has control and substantial reserved powers over the Organization.

Form 990, Part IX, Line 11g, Other Fees:

Other Purchased Services :

Program service expenses	13,089,881.
Management and general expenses	25,794.
Fundraising expenses	0.
Total expenses	13,115,675.

Contract Labor:

Name of the organization: Scott & White Memorial Hospital

Employer identification number: 74-1166904

Program service expenses	21,708,809.
Management and general expenses	-861,175.
Fundraising expenses	0.
Total expenses	20,847,634.
Laboratory :	
Program service expenses	7,113,591.
Management and general expenses	0.
Fundraising expenses	0.
Total expenses	7,113,591.
Repairs & Maintenance :	
Program service expenses	10,829,192.
Management and general expenses	15,143.
Fundraising expenses	0.
Total expenses	10,844,335.
Laundry :	
Program service expenses	191,349.
Management and general expenses	0.
Fundraising expenses	0.
Total expenses	191,349.
Patient Care :	
Program service expenses	2,184,563.
Management and general expenses	0.
Fundraising expenses	0.
Total expenses	2,184,563.

Name of the organization: Scott & White Memorial Hospital

Employer identification number: 74-1166904

Corporate Overhead :	
Program service expenses	0.
Management and general expenses	166,495,001.
Fundraising expenses	0.
Total expenses	166,495,001.
Total Other Fees on Form 990, Part IX, line 11g, Col A	220,792,148.

Form 990, Part XI, line 9, Changes in Net Assets:	
Other changes in net assets-990	-344,160.
Transfers to/from SWMH-Liability Reserve	-2,287,422.
Change in Pension Fund Valuation	-693,407.
Change in Equity Accounting Method	-15,164,445.
Change in Net Assets of Related Foundation	153,091,774.
Subpart F Income	337,992.
Total to Form 990, Part XI, Line 9	134,940,332.

Form 990, Part XII, Line 2c

As a result of the changes in the governance structure described in Part VI, Line 4, the oversight and selection process of the organization's audit and compilation of its financial statements including the selection of the independent accountant was transferred to the Audit and Compliance Committee of Baylor Scott & White Health LLC effective October 1, 2013 and subsequently transferred to Baylor Scott & White Holdings on March 1, 2014.

Form 990, Part VI, Line 4

Name of the organization: Scott & White Memorial Hospital

Employer identification number: 74-1166904

The organization did not make any changes to its governing documents during the tax year, however, effective October 1, 2013, Baylor Health Care System, a Texas nonprofit corporation (BHCS), and Scott & White Healthcare (SWHC), a Texas nonprofit corporation, consummated their affiliation pursuant to an Affiliation Agreement (the "Agreement") dated June 19, 2013. BHCS and SWHC formed Baylor Scott & White Holdings (BSW Holdings), a Texas nonprofit corporation.

While the receipt of the Internal Revenue Service (IRS) tax-exempt and public charity determination letter for BSW Holdings was pending, BHCS and SWHC formed a Texas limited liability company, Baylor Scott & White Health LLC (BSW Holdings LLC). On December 31, 2013, BSW Holdings received a favorable determination letter from the IRS regarding their tax-exempt and public charity status. Effective March 1, 2014, BSW Holdings LLC was merged into BSW Holdings. BSW Holdings is now the sole member of BHCS and SWHC and has control and substantial reserved powers over all BHCS and SWHC material affiliates including the organization.

Form 5471

Disclosure Statement Related to Forms 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations, Filed on Behalf of the Taxpayer: Under the constructive ownership rules of IRC Sections 958(a) and (b). The taxpayer is required to file Forms 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations, as a Category 5 filer with respect to certain controlled foreign corporations (CFCs). These filing requirements are or will be satisfied through the filing of Forms 5471 for these CFCs by

Name of the organization: Scott & White Memorial Hospital

Employer identification number: 74-1166904

other U.S. taxpayers identified below who have the same filing requirement.

Taxpayer Name: Scott & White Memorial Hospital

Taxpayer Address: 2401 S. 31st Street Temple, TX 76508

Taxpayer Identification Number of U.S. tax return with which the Forms 5471 were or will be filed: 74-1166904

IRS Service Center where U.S. tax return was or will be filed: Ogden

Taxpayer Name: Baylor Health Care System

Taxpayer Address: 2001 Bryan Street Suite 2200 Dallas, TX 75201

Taxpayer Identification Number of U.S. tax return with which the Forms 5471 were or will be filed: 75-1812652

IRS Service Center where U.S. tax return was or will be filed: Ogden

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

Scott & White Memorial Hospital

Employer identification number

74-1166904

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) No
All Saints Health Foundation - 75-1947007 2001 Bryan Street, Suite 2200 Dallas, TX 75201	Fundraising	Texas	501(c)(3)	Line 7	Baylor All Saints Medical Center	X	
Baylor All Saints Medical Center - 75-1008430, 2001 Bryan Street, Suite 2200, Dallas, TX 75201	Acute Care Hospital	Texas	501(c)(3)	Line 3	Baylor Health Care System	X	
Baylor Health Care System - 75-1812652 2001 Bryan Street, Suite 2200 Dallas, TX 75201	Management Services	Texas	501(c)(3)	Line 11b, II	Baylor Scott & White Holdings	X	
Baylor Health Care System Employee Benefit Trust - 75-1848557, 2001 Bryan Street, Suite 2200, Dallas, TX 75201	VEBA	Texas	501(c)(9)	Line 9	Baylor Health Care System	X	

Part II Continuation of Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization? Yes	(g) No
Baylor Health Care System Foundation - 75-1606705, 2001 Bryan Street, Suite 2200, Dallas, TX 75201	Fundraising	Texas	501(c)(3)	Line 7	Baylor Health Care System	X	
Baylor Health Services - 75-1917311 2001 Bryan Street, Suite 2200 Dallas, TX 75201	Inactive	Texas	501(c)(3)	Line 3	Baylor Health Care System	X	
Baylor Institute for Rehabilitation at Gaston Episcopal Hospital - 75-103722, 2001 Bryan Street, Suite 2200, Dallas, TX 75201	Rehabilitation Hospital	Texas	501(c)(3)	Line 3	Baylor Health Care System	X	
Baylor Medical Center at Carrollton - 45-4510252, 2001 Bryan Street, Suite 2200, Dallas, TX 75201	Acute Care Hospital	Texas	501(c)(3)	Line 3	Baylor Health Care System	X	
Baylor Medical Center at Irving - 75-2586857 2001 Bryan Street, Suite 2200 Dallas, TX 75201	Acute Care Hospital	Texas	501(c)(3)	Line 3	Baylor Health Care System	X	
Baylor Medical Center at Waxahachie - 75-1844139, 2001 Bryan Street, Suite 2200, Dallas, TX 75201	Acute Care Hospital	Texas	501(c)(3)	Line 3	Baylor Health Care System	X	
Baylor Medical Centers at Garland and McKinney - 75-1037591, 2001 Bryan Street, Suite 2200, Dallas, TX 75201	Acute Care Hospital	Texas	501(c)(3)	Line 3	Baylor Health Care System	X	
Baylor Regional Medical Center at Grapevine - 75-1777119, 2001 Bryan Street, Suite 2200, Dallas, TX 75201	Acute Care Hospital	Texas	501(c)(3)	Line 3	Baylor Health Care System	X	
Baylor Regional Medical Center at Plano - 82-0551704, 2001 Bryan Street, Suite 2200, Dallas, TX 75201	Acute Care Hospital	Texas	501(c)(3)	Line 3	Baylor Health Care System	X	
Baylor Research Institute - 75-1921898 2001 Bryan Street, Suite 2200 Dallas, TX 75201	Research	Texas	501(c)(3)	Line 4	Baylor Health Care System	X	
Baylor Scott & White Health - 46-3131350 2001 Bryan Street, Suite 2200 Dallas, TX 75201	Management Services	Texas	501(c)(3)	Line 11b, II	Baylor Scott & White Holdings	X	
Baylor Scott & White Holdings - 46-3130985 2001 Bryan Street, Suite 2200 Dallas, TX 75201	Parent	Texas	501(c)(3)	Line 11b, II	N/A		X

Part II **Continuation of Identification of Related Tax-Exempt Organizations**

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization? Yes	(g) No
Baylor Specialty Health Centers - 75-1765385 2001 Bryan Street, Suite 2200 Dallas, TX 75201	Long Term Acute Care Hospitals	Texas	501(c)(3)	Line 3	Baylor Health Care System	X	
Baylor University Medical Center - 75-1837454, 2001 Bryan Street, Suite 2200, Dallas, TX 75201	Acute Care Hospital	Texas	501(c)(3)	Line 3	Baylor Health Care System	X	
Brenham Care Center - 74-2663229 2401 S 31st Street Temple, TX 76508	Inactive	Texas	501(c)(3)	Line 9	Scott & White Hospital-Brenham	X	
HealthTexas Provider Network - 75-2536818 2001 Bryan Street, Suite 2200 Dallas, TX 75201	Physician Services	Texas	501(c)(3)	Line 3	Baylor Health Care System	X	
Hillcrest Baptist Medical Center - 74-1161944, 100 Hillcrest Medical Blvd, Waco, TX 76712	Acute Care Hospital	Texas	501(c)(3)	Line 3	Scott & White Memorial Hospital	X	
Hillcrest Family Health Center - 74-2730350 100 Hillcrest Medical Blvd Waco, TX 76712	Physician Services	Texas	501(c)(3)	Line 11a, I	Hillcrest Baptist Medical Center	X	
Hillcrest Physician Services - 74-2967081 100 Hillcrest Medical Blvd Waco, TX 76712	Physician Services	Texas	501(c)(3)	Line 11a, I	Hillcrest Baptist Medical Center	X	
Irving Healthcare Foundation - 75-1570933 2001 Bryan Street, Suite 2200 Dallas, TX 75201	Fundraising	Texas	501(c)(3)	Line 3	Baylor Medical Center at Irving	X	
Scott & White Clinic - 74-2958277 2401 S 31st Street Temple, TX 76508	Physician Services	Texas	501(c)(3)	Line 9	Scott & White Healthcare	X	
Scott & White Continuing Care Hospital - 20-2850920, 2401 S 31st Street, Temple, TX 76508	Long Term Acute Care Hospital	Texas	501(c)(3)	Line 3	Scott & White Healthcare	X	
Scott & White EMS, Inc. - 75-3242749 2401 S 31st Street Temple, TX 76508	Emergency Transport	Texas	501(c)(3)	Line 9	Scott & White Memorial Hospital	X	
Scott & White Foundation-Brenham - 74-2460815, 2401 S 31st Street, Temple, TX 76508	Fundraising	Texas	501(c)(3)	Line 7	Scott & White Hospital-Brenham	X	

Part II Continuation of Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization? Yes	(g) No
Scott & White Health Plan - 74-2052197 2401 S 31st Street Temple, TX 76508	HMO/Insurance	Texas	501(c)(4)		Scott & White Healthcare	X	
Scott & White Healthcare - 26-4532547 2401 S 31st Street Temple, TX 76508	Management Services	Texas	501(c)(3)	Line 11a, I	Baylor Scott & White Holdings	X	
Scott & White Healthcare Foundation - 27-3513154, 2401 S 31st Street, Temple, TX 76508	Fundraising	Texas	501(c)(3)	Line 7	Scott & White Healthcare	X	
Scott & White Hospital-Brenham - 74-2519752 2401 S 31st Street Temple, TX 76508	Acute Care Hospital	Texas	501(c)(3)	Line 3	Scott & White Healthcare	X	
Scott & White Hospital-College Station - 27-4434451, 2401 S 31st Street, Temple, TX 76508	Acute Care Hospital	Texas	501(c)(3)	Line 3	Scott & White Healthcare	X	
Scott & White Hospital-Llano - 27-3026151 2401 S 31st Street Temple, TX 76508	Acute Care Hospital	Texas	501(c)(3)	Line 3	Scott & White Healthcare	X	
Scott & White Hospital-Marble Falls - 46-4007700, 2401 S 31st Street, Temple, TX 76508	Acute Care Hospital	Texas	501(c)(3)	Line 3	Scott & White Healthcare	X	
Scott & White Hospital-Round Rock - 20-3749695, 2401 S 31st Street, Temple, TX 76508	Acute Care Hospital	Texas	501(c)(3)	Line 3	Scott & White Healthcare	X	
Scott & White Hospital-Taylor - 74-1595711 2401 S 31st Street Temple, TX 76508	Acute Care Hospital	Texas	501(c)(3)	Line 3	Scott & White Healthcare	X	
Scott & White Medical Plan Trust - 74-2866102, 2401 S 31st Street, Temple, TX 76508	VEBA	Texas	501(c)(9)	Line 9	Scott & White Healthcare	X	
Scott & White Memorial Hospital Employee Welfare Benfit Trust - 74-2939712, 2401 S 31st Street, Temple, TX 76508	VEBA	Texas	501(c)(9)	Line 9	Scott & White Healthcare	X	
Southern Sector Health Initiative - 26-3087442, 2001 Bryan Street, Suite 2200, Dallas, TX 75201	Diabetes Health & Wellness Center	Texas	501(c)(3)	Line 11a, I	Baylor University Medical Center	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
Arlington Ortho & Spine Hospital, LLC - 26-1578178, 15305 Dallas Parkway, Suite 1600, Addison, TX 75001	Short Stay Hospital	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
Arlington Surgicare Partners, Ltd. - 75-2748040, 15305 Dallas Parkway, Suite 1600, Addison, TX 75001	Ambulatory Surgery Center	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
Baylor Affiliated Services, LLC - 26-0614730, 2001 Bryan Street, Suite 2200, Dallas, TX 75201	Benefit Plans	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
Baylor Heart and Vascular Center, LLP - 75-2834135, 2001 Bryan Street, Suite 2200, Dallas, TX 75201	Specialty Hospital	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A

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
Baylor All Saints Med Cntr at Ft. Worth Condo Owners Association, Inc. - 26-, 2001 Bryan Street, Suite 2200, Dallas, TX 75201	Condo Association	TX	N/A	C CORP	N/A	N/A	N/A	X	
Baylor Health Enterprises, LP - 75-1997378 2001 Bryan Street, Suite 2200 Dallas, TX 75201	Fitness Center/Pharmacy/ Hotel	TX	N/A	C CORP	N/A	N/A	N/A	X	
Baylor Health Network, Inc. - 75-2463251 2001 Bryan Street, Suite 2200 Dallas, TX 75201	Billing/Collection	TX	N/A	C CORP	N/A	N/A	N/A	X	
Baylor Med Ctr at Grapevine Condo Owners Association, Inc. - 75-2747555, 2001 Bryan Street, Suite 2200, Dallas, TX 75201	Condo Association	TX	N/A	C CORP	N/A	N/A	N/A	X	
Baylor Quality Health Care Alliance, LLC - 45-4015863, 2001 Bryan Street, Suite 2200, Dallas, TX 75201	ACO	TX	N/A	C CORP	N/A	N/A	N/A	X	

Part III Continuation of Identification of Related Organizations Taxable as a Partnership

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? 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
Baylor Scott & White Health LLC - 46-3748258, 4005 Crutcher, Suite 310, Dallas, TX 75246	Parent	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
Baylor Surgicare at Ennis, LLC - 27-4202856, 15305 Dallas Parkway, Suite 1600, Addison, TX 75001	Ambulatory Surgery Center	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
Baylor Surgicare at Granbury, LLC - 26-3896477, 15305 Dallas Parkway, Suite 1600, Addison, TX 75001	Ambulatory Surgery Center	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
Baylor Surgicare at Mansfield, LLC - 27-1835675, 15305 Dallas Parkway, Suite 1600, Addison, TX 75001	Ambulatory Surgery Center	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
Baylor Surgicare at Plano Parkway, LLC - 27-4282604, 15305 Dallas Parkway, Suite 1600, Addison, TX 75001	Ambulatory Surgery Center	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
Baylor Surgicare at Plano, LLC - 26-0308454, 15305 Dallas Parkway, Suite 1600, Addison, TX 75001	Ambulatory Surgery Center	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
Bellaire Outpatient Surgery Center, LLP - 56-2297308, 15305 Dallas Parkway, Suite 1600, Addison, TX 75001	Ambulatory Surgery Center	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
BIR JV, LLP - 27-4586141 4714 Gettysburg Rd Mechanicsburg, PA 17055	Rehabilitation Hospitals	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
BTDI JV, LLP - 46-2908086 5214 Maryland Way, Suite 200 Brentwood, TN 37207	Imaging Centers	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A

Part III Continuation of Identification of Related Organizations Taxable as a Partnership

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? 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
Dallas Surgical Partners, LLC - 72-2183815, 15305 Dallas Parkway, Suite 1600, Addison, TX 75001	Ambulatory Surgery Center	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
Denton Surgicare Partners, Ltd. - 75-2708579, 15305 Dallas Parkway, Suite 1600, Addison, TX 75001	Ambulatory Surgery Center	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
Desoto Surgicare Partners, Ltd. - 75-2592508, 15305 Dallas Parkway, Suite 1600, Addison, TX 75001	Ambulatory Surgery Center	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
EBD JV, LLP - 45-5434614 10077 Grogans Mill Rd, Suite 1 The Woodlands, TX 77380	Free Standing Emergency Hospitals	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
ESWCT, LLC. - 90-0899017 10077 Grogans Mill Rd. Ste. 10 The Woodlands, TX 77380	Free Standing Emergency Hospitals	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
Frisco Medical Center, LLP - 75-2865177, 15305 Dallas Parkway, Suite 1600, Addison, TX 75001	Short Stay Hospital	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
Ft. Worth Surgicare Partners, Ltd. - 75-2658178, 15305 Dallas Parkway, Suite 1600, Addison, TX 75001	Short Stay Hospital	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
Garland Surgicare Partners, Ltd. - 75-2764855, 15305 Dallas Parkway, Suite 1600, Addison, TX 75001	Ambulatory Surgery Center	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
GlobalRehab, LP - 28-8077072 4714 Gettysburg Rd Mechanicsburg, PA 17055	Rehabilitation Hospitals	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A

Part III Continuation of Identification of Related Organizations Taxable as a Partnership

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? 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
GlobalRehab-Fort Worth, LP - 20-5558682, 4714 Gettysburg Rd, Mechanicsburg, PA 17055	Rehabilitation Hospitals	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
Grapevine Surgicare Partners, Ltd. - 75-2854711, 15305 Dallas Parkway, Suite 1600, Addison, TX 75001	Ambulatory Surgery Center	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
HealthTexas Provider Network-Gastro. Serv., LLP - 73-1697736, 2001 Bryan St, Ste 2200, Dallas, TX 75201	Physician Services	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
Irving Coppell Surgical Hospital, LLP - 54-2086863, 15305 Dallas Parkway, Suite 1600, Addison, TX 75001	Short Stay Hospital	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
Lewisville Surgicare Partners, Ltd. - 75-2862263, 15305 Dallas Parkway, Suite 1600, Addison, TX 75001	Ambulatory Surgery Center	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
Lone Star Endoscopy Center, LLC - 27-3635726, 15305 Dallas Parkway, Suite 1600, Addison, TX 75001	Ambulatory Surgery Center	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
MEDCO Construction, LLC - 20-5965871, 2001 Bryan Street, Suite 2200, Dallas, TX 75201	Construction	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
Metrocrest Surgery Center, LP - 03-0380493, 15305 Dallas Parkway, Suite 1600, Addison, TX 75001	Ambulatory Surgery Center	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
Metroplex Surgicare Partners, Ltd. - 75-2567179, 15305 Dallas Parkway, Suite 1600, Addison, TX 75001	Ambulatory Surgery Center	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A

Part III Continuation of Identification of Related Organizations Taxable as a Partnership

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? 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
MSH Partners, LLP - 75-2829613, 15305 Dallas Parkway, Suite 1600, Addison, TX 75001	Short Stay Hospital	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
North Central Surgical Center, LLP - 20-1508140, 15305 Dallas Parkway, Suite 1600, Addison, TX 75001	Short Stay Hospital	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
North Garland Surgery Center, LLP - 56-2399993, 15305 Dallas Parkway, Suite 1600, Addison, TX 75001	Ambulatory Surgery Center	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
Park Cities Surgery Center, LLC - 56-2357079, 15305 Dallas Parkway, Suite 1600, Addison, TX 75001	Ambulatory Surgery Center	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
Physicians Surgical Center of Ft. Worth, LLP - 20-8303422, 15305 Dallas Parkway, Suite 1600, Addison, TX 75001	Ambulatory Surgery Center	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
Rockwall Ambulatory Surgery Center, LLP - 20-5506447, 15305 Dallas Parkway, Suite 1600, Addison, TX 75001	Ambulatory Surgery Center	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
Rockwall/Heath Surgery Center, LLP - 20-0334166, 15305 Dallas Parkway, Suite 1600, Addison, TX 75001	Ambulatory Surgery Center	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
SeniorCare Associates, LP - 20-1937212, 4714 Gettysburg Rd, Mechanicsburg, PA 17055	Rehabilitation Hospitals	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
Specialty Surgery Center of Fort Worth, LP - 20-1942281, 15305 Dallas Parkway, Suite 1600, Addison, TX 75001	Ambulatory Surgery Center	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A

Part III Continuation of Identification of Related Organizations Taxable as a Partnership

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? 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
Surgery Center of Richardson Phys Pship, LP - 20-0606781, 15305 Dallas Parkway, Suite 1600, Addison, TX 75001	Ambulatory Surgery Center	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
Texas Endoscopy Center, LLC - 47-0985876, 15305 Dallas Parkway, Suite 1600, Addison, TX 75001	Ambulatory Surgery Center	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
Texas Health Venture Group, LLC - 75-2696845, 15305 Dallas Parkway, Suite 1600, Addison, TX 75001	Holds interests in ASCs/ Short Stay Hospitals	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
Texas Heart Hospital of the Southwest, LLP - 41-2101361, 2001 Bryan Street, Suite 2200, Dallas, TX 75201	Specialty Hospital	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
THVG Bariatric, LLC - 38-3894636, 15305 Dallas Parkway, Suite 1600, Addison, TX 75001	Holds interests in Ambulatory Surgery Centers	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
Trophy Club Medical Center, LLP - 48-1260190, 15305 Dallas Parkway, Suite 1600, Addison, TX 75001	Short Stay Hospital	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
Tuscan Surgery Center at Las Colinas, LLC - 27-3578014, 15305 Dallas Parkway, Suite 1600, Addison, TX 75001	Ambulatory Surgery Center	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
University Surgical Partners of Dallas, LLP - 55-0823809, 15305 Dallas Pkwy, Suite 1600, Addison, TX 75001	Ambulatory Surgery Center	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
Valley View Surgicare Partners, Ltd. - 75-2900902, 15305 Dallas Parkway, Suite 1600, Addison, TX 75001	Ambulatory Surgery Center	TX	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A

Part IV Continuation of Identification of Related Organizations Taxable as a Corporation or Trust

(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) Section 512(b)(13) controlled entity? No
BMP Incorporated - 75-1436779 2001 Bryan Street, Suite 2200 Dallas, TX 75201	Post Office	TX	N/A	C CORP	N/A	N/A	N/A	X	
BUMC/Roberts Condominium Owners Association, Inc. - 75-2897806, 2001 Bryan Street, Suite 2200, Dallas, TX 75201	Condo Association	TX	N/A	C CORP	N/A	N/A	N/A	X	
Charitable Remainder Trust (11)	Investment	TX	N/A		N/A	N/A	N/A	X	
Health Care Insurance Company of Texas, Ltd. - 98-0403182, P.O. Box GT, 720 W. Bay Rd, Grand Cayman, CAYMAN ISLANDS	Investment	Cayman Islands	N/A	C CORP	N/A	N/A	N/A	X	
Hillcrest Health Holdings, Inc - 74-2793367 3000 Herring St Waco, TX 76708	Management Services	TX	N/A	C CORP	N/A	N/A	N/A	X	
Insurance Company of Scott & White - 74-3092083, 2401 S 31st Street, Temple, TX 76508	Insurance	TX	N/A	C CORP	N/A	N/A	N/A	X	
Scott & White Assurance, Ltd - 98-0589956 23 Lime Tree Bay Grand Cayman, CAYMAN ISLANDS	Investment	Cayman Islands	Scott & White Memorial Hospital	C CORP			100.00%	X	
Scott & White Properties Holdings, Inc - 45-2920596, 2401 S 31st Street, Temple, TX 76508	Investment	TX	Scott & White Memorial Hospital	C CORP	4,145,717.	11,207,219.	100.00%	X	
Scott & White Properties, Inc - 74-2497061 2401 S 31st Street Temple, TX 76508	Hotel Services	TX	N/A	C CORP	N/A	N/A	N/A	X	

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

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.		Yes	No
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) Scott & White Assurance	C	615,000.	Cost
(2) Scott & White Assurance	B	7,663,670.	Cost
(3) Atumida	B	244,080.	Cost
(4) Scott & White Healthcare Foundation	C	27,850,761.	Cost
(5) Scott & White Healthcare Foundation	B	505,850.	Cost
(6) Scott & White Clinic	J	254,924.	Cost

Part V **Continuation of Transactions With Related Organizations** (Schedule R (Form 990), Part V, line 2)

(a) Name of other organization	(b) Transaction type (a-r)	(c) Amount involved	(d) Method of determining amount involved
(7)Scott & White Hospital-Round Rock	J	471,257.	Cost
(8)Scott & White Hospital-College Station	J	1,019,695.	Cost
(9)Scott & White Health Plan	J	166,363.	Cost
(10)Scott & White Healthcare	J	6,897,213.	Cost
(11)Scott & White Healthcare	K	109,324.	Cost
(12)Scott & White Healthcare Foundation	L	3,287,518.	Cost
(13)Scott & White Healthcare	M	172,744,317.	Cost
(14)Scott & White Clinic	P	11,875,242.	Cost
(15)Scott & White Continuing Care Hospital	P	119,552.	Cost
(16)Scott & White Hospital Brenham	P	239,836.	Cost
(17)Scott & White Hospital-Llano	P	355,758.	Cost
(18)Scott & White Hospital-Taylor	P	148,217.	Cost
(19)Scott & White Hospital-Round Rock	P	972,514.	Cost
(20)Scott & White Hospital-College Station	P	506,727.	Cost
(21)Scott & White EMS, Inc.	P	77,510.	Cost
(22)Scott & White Health Plan	P	686,998.	Cost
(23)Scott & White Healthcare Foundation	P	65,061.	Cost
(24)Scott & White Clinic	Q	72,176,133.	Cost

Part V **Continuation of Transactions With Related Organizations** (Schedule R (Form 990), Part V, line 2)

(a) Name of other organization	(b) Transaction type (a-r)	(c) Amount involved	(d) Method of determining amount involved
(7) Scott & White Continuing Care Hospital	Q	5,776,127.	Cost
(8) Scott & White Hospital Brenham	Q	11,056,172.	Cost
(9) Scott & White Hospital-Llano	Q	13,583,194.	Cost
(10) Scott & White Hospital-Taylor	Q	6,195,277.	Cost
(11) Scott & White Hospital-Round Rock	Q	47,291,149.	Cost
(12) Scott & White Hospital-College Station	Q	35,708,472.	Cost
(13) Scott & White EMS, Inc.	Q	3,677,490.	Cost
(14) Scott & White Health Plan	Q	22,759,997.	Cost
(15) Scott & White Healthcare Foundation	Q	2,316,416.	Cost
(16) Scott & White Healthcare	Q	613,929,854.	Cost
(17) Scott & White Healthcare	S	38,640,039.	Cost
(18) Scott & White EMS, Inc.	M	514,253.	Cost
(19) ESWCT Cedar Park, LLC	L	11,480.	Cost
(20) Hillcrest Family Health Center	Q	3,522,800.	Cost
(21) Hillcrest Baptist Medical Center	Q	37,458,816.	Cost
(22) Hillcrest Physician Services	Q	1,520,818.	Cost
(23) Scott & White Healthcare	R	620,847,145.	Cost
(24)			

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 section 512-514)	(e) Are all partners sec 501(c)(3) orgs? 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

Part VII Supplemental Information

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

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 line)	(C) Position (check all that apply)						(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			
(27) Wade L. Knight, M.D.	0.00									
Former Officer	40.00						X	0.	493,606.	52,592.
(28) Michael L. Middleton, M.D.	0.00									
Former Officer	40.00						X	0.	422,478.	53,403.
(29) Francis P. Anderson	0.00									
Former Officer	40.00						X	0.	301,609.	47,754.
(30) J. Paul Dieckert, M.D.	0.00									
Former Officer	40.00						X	0.	622,195.	48,608.
(31) Alfred B. Knight, M.D.	0.00									
Former Officer	40.00						X	0.	244,619.	50,734.
(32) William L. Rayburn, M.D.	0.00									
Former Officer	40.00						X	0.	543,040.	56,697.
Total to Part VII, Section A, line 1c									2,627,547.	309,788.

BaylorScott&White
HEALTH

Scott & White Healthcare

Combined Financial Statements and Supplementary Information

For the Ten Months Ended June 30, 2014

pwc

SCOTT & WHITE HEALTHCARE

Combined Financial Statements and Supplementary Information
For the Ten Months Ended June 30, 2014

SCOTT & WHITE HEALTHCARE

Combined Financial Statements and
Supplementary Information

Ten Months Ended June 30, 2014

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Independent Auditor's Report

To the Board of Trustees
Baylor Scott & White Holdings:

We have audited the accompanying combined financial statements of Scott & White Healthcare and its affiliates ("the Company"), which comprise the combined balance sheet as of June 30, 2014, and the related combined statements of operations and changes in net assets, and of cash flows for the period from September 1, 2013 to June 30, 2014.

Management's Responsibility for the Combined Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the combined 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 Company'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 combined financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Scott & White Healthcare and its affiliates at June 30, 2014, and the results of their operations and their cash flows for the period from September 1, 2013 to June 30, 2014 in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP
November 12, 2014

PricewaterhouseCoopers LLP, 2001 Ross Avenue, Suite 1800, Dallas, TX 75201
T: (214) 999 1400, F: (813)754 7991, www.pwc.com/us

SCOTT & WHITE HEALTHCARE

COMBINED BALANCE SHEET - JUNE 30, 2014
(In thousands)

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 143,275
Short-term investments	23,277
Accounts receivable	
Patient, net of allowance for uncollectibles of $227,658 in 2014	150,939
Premiums	52,798
Other	63,578
Other current assets	59,658
Total current assets	493,525
LONG-TERM INVESTMENTS	
Unrestricted	491,900
Restricted	126,384
Total long-term investments	618,284
ASSETS WHOSE USE IS LIMITED	
Other designated assets	38,810
Self insurance retention trust	28,931
Funds held by bond trustee	68,516
Total assets whose use is limited	136,257
PROPERTY AND EQUIPMENT, net	1,141,361
CONTRIBUTIONS RECEIVABLE, net	10,046
INTEREST IN NET ASSETS OF RELATED FOUNDATIONS	4,217
OTHER LONG-TERM ASSETS	
Equity investments in unconsolidated entities	44,706
Other	13,159
Total other long-term assets	57,865
Total assets	$ 2,461,555

LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Current maturities of long-term debt and capital lease obligations	$ 93,489
Accounts Payable	
Trade accounts payable	67,279
Affiliates, net	6,705
Accrued liabilities	
Payroll related	40,128
Third-party programs	13,016
Other	182,262
Total current liabilities	402,879
LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS, less current maturities	1,046,746
OTHER LONG-TERM LIABILITIES	
Self insurance and other insurance liabilities	28,294
Interest rate swap liability, net	109,003
Other	48,503
Total other long-term liabilities	185,800
Total liabilities	1,635,425
COMMITMENTS AND CONTINGENCIES	
NET ASSETS	
Unrestricted - attributable to Scott & White	699,199
Unrestricted - noncontrolling interests - nonredeemable	3,512
Total unrestricted net assets	702,711
Temporarily restricted	82,829
Permanently restricted	40,590
Total net assets	826,130
Total liabilities and net assets	$ 2,461,555

See accompanying notes

SCOTT & WHITE HEALTHCARE

COMBINED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE TEN MONTHS ENDED JUNE 30, 2014
(In thousands)

OPERATING REVENUE:	
Net patient care revenue	$ 1,396,068
Less patient related bad debt expense	180,299
Net patient care revenue, net of patient related bad debt expense	1,215,769
Premiums revenue	545,153
Other operating revenue	129,291
Net assets released from restrictions for operations	9,511
Total operating revenue	1,899,724
OPERATING EXPENSES:	
Salaries, wages, and employee benefits	1,037,490
Supplies	296,546
Other operating expenses	303,270
Medical claims	197,590
Loss on fixed asset sales and disposals, net	7,764
Depreciation and amortization	99,373
Interest	25,840
Total operating expenses	1,967,873
LOSS FROM OPERATIONS BEFORE MERGER COSTS	(68,149)
MERGER COSTS	15,364
LOSS FROM OPERATIONS	(83,513)
NONOPERATING GAINS (LOSSES):	
Gains on investments, net	58,585
Interest rate swap activity	(30,036)
Contributions	5,429
Equity in losses in unconsolidated entities	(475)
Loss from extinguishment of debt	(254)
Other	1,497
Total nonoperating gains	34,746
REVENUE AND GAINS (LOSSES) IN EXCESS (DEFICIT) OF EXPENSES AND LOSSES	(48,767)

SCOTT & WHITE HEALTHCARE

COMBINED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS - continued

FOR THE TEN MONTHS ENDED JUNE 30, 2014
(In thousands)

OTHER CHANGES IN UNRESTRICTED NET ASSETS:	
Unrealized gain on investments, net	$ 4,196
Net assets released from restrictions for capital expenditures	24,424
Other	(898)
DECREASE IN UNRESTRICTED NET ASSETS	(21,045)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:	
Contributions	15,762
Realized investment income, net	3,976
Unrealized gains on investments, net	7,318
Change in value of split-interest agreements	171
Net assets released from restrictions for operations	(9,511)
Net assets released from restrictions for capital expenditures	(24,424)
Change in net assets of related foundations	(3,049)
Other	309
DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	(9,448)
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS:	
Contributions	939
Change in value of split-interest agreements	79
Change in net assets of related foundations	30
Other	(1,965)
DECREASE IN PERMANENTLY RESTRICTED NET ASSETS	(917)
DECREASE IN NET ASSETS	(31,410)
NET ASSETS, beginning of period	857,540
NET ASSETS, end of period	$ 826,130

See accompanying notes.

SCOTT & WHITE HEALTHCARE

COMBINED STATEMENT OF CASH FLOWS

FOR THE TEN MONTHS ENDED JUNE 30, 2014
(In thousands)

CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in net assets	$	(31,410)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Loss from extinguishment of debt		254
Unrealized gains on investments, net		(37,978)
Realized gains on investments, net		(36,097)
Unrealized losses on interest rate swap, net		19,198
Contributions restricted for long-term purposes		(939)
Patient related bad debt expense		180,299
Depreciation and amortization		99,373
Loss on sale or disposal of assets, net		7,764
Change in value of split-interest agreements		(250)
Deferred rent		175
Changes in operating assets and liabilities:		
Increase in patient accounts receivable		(153,119)
Increase in other accounts receivable		(334)
Increase in other assets		(386)
Increase in accounts payable and accrued liabilities		35,302
Decrease in other long-term liabilities		(3,294)
Net cash provided by operating activities		78,558
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment		(160,305)
Cash proceeds from sales of assets		2,502
Decrease in trading investments		54,078
Payments on interest rate swap		(10,838)
Decrease in other than trading investments		2,601
Decrease in assets whose use is limited		64,184
Net cash used in investing activities		(47,778)

SCOTT & WHITE HEALTHCARE

COMBINED STATEMENT OF CASH FLOWS - continued

FOR THE TEN MONTHS ENDED JUNE 30, 2014
(In thousands)

CASH FLOWS FROM FINANCING ACTIVITIES:	
Principal payments on long-term debt	$ (13,199)
Proceeds from issuance of long-term debt	11,300
Cash receipts restricted for long-term purposes	118
Annuity payments to beneficiaries	(563)
Net cash used in financing activities	(2,344)
NET INCREASE IN CASH AND CASH EQUIVALENTS	28,436
CASH AND CASH EQUIVALENTS, beginning of period	114,839
CASH AND CASH EQUIVALENTS, end of period	$ 143,275
SUPPLEMENTAL CASH FLOW DATA:	
Cash paid for interest	$ 26,317
Property and equipment acquired under capital leases	$ 1,481
Decrease in accounts payable due to property and equipment received but not paid	$ 28,355

SCOTT & WHITE HEALTHCARE

Notes to Combined Financial Statements

For the Ten Months Ended June 30, 2014

1. ORGANIZATION

Scott & White Healthcare (SWH) is a Texas nonprofit corporation exempt from federal income taxation under Section 501(a) of the Internal Revenue Code (IRC) as an organization described in Section 501(c)(3) of the IRC. SWH controlled entities and noncontrolled affiliate entities include over 1,300 licensed hospital beds, approximately 80 clinic locations, and a health maintenance organization, Scott & White Health Plan, and its subsidiary, Insurance Company of Scott & White (collectively referred to as the "Health Plan" or "SWHP") primarily serving the central region of Texas. The Health Plan, SWH and its consolidated affiliates are collectively referred to herein as Scott & White. The equity method of accounting is used for investments in entities in which Scott & White has significant influence and a financial interest, but not control. Entities in which Scott & White has control but not sole membership are included in the combined financial statements, with a noncontrolling interest reported in the balance sheet and in the excess of revenues and gains over expenses and losses. All entities in which Scott & White has sole membership are included in the combined financial statements. All significant intercompany accounts and transactions among entities included in the combined financial statements have been eliminated in consolidation.

Effective October 1, 2013, Baylor Health Care System (BHCS) a Texas nonprofit corporation, and SWH, consummated their affiliation pursuant to an Affiliation Agreement dated June 19, 2013. BHCS and SWH formed BSW Health, a Texas nonprofit corporation now known as Baylor Scott & White Holdings (BSW Holdings), and BSW Health Service, a Texas nonprofit corporation now known as Baylor Scott & White Health (BSW Health).

While the receipt of Internal Revenue Service (IRS) tax-exempt and public charity determination letters for BSW Holdings and BSW Health was pending, BHCS and SWH formed two Texas limited liability companies, Baylor Scott & White Health LLC (BSW Holdings LLC) and Baylor Scott & White Health Service LLC (BSW Health LLC). On December 31, 2013, BSW Holdings and BSW Health each received a favorable determination letter from the IRS regarding their tax-exempt and public charity status. Effective March 1, 2014, BSW Holdings LLC was merged into BSW Holdings and BSW Health LLC was merged into BSW Health. BSW Holdings is now the sole member of BHCS and SWH and has control and substantial reserved powers over all BHCS and SWH material affiliates. BSW Holdings and its affiliates are referred to collectively as the "System" or "BSWH".

BSW Holdings has accounted for the combination as a merger of not-for-profit entities under Accounting Standards Codification (ASC) 958-805, *"Not-for-Profit entities· Business Combinations."* Transition and integration are on-going with Scott & White incurring

approximately $15,364,000 in costs during the ten months ended June 30, 2014, as a result of the transaction which are included in merger costs in the combined statement of operations and changes in net assets. The combined financial statements reflect the results of operations and financial position of Scott & White only.

2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Scott & White have been prepared in conformity with accounting principles generally accepted in the United States. The following is a summary of the significant accounting and reporting policies used in preparing the financial statements.

Adoption of New Accounting Pronouncements

In December 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-11, *"Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities."* This ASU amends the disclosure requirements on offsetting as stated in Section 210-20-50 in order to more closely align the presentation of the financial statements prepared under the United States Generally Accepted Accounting Principles (US GAAP) and those prepared under the International Financial Reporting Standards (IFRS). The amendments under this update require entities to disclose both gross and net information related to instruments and transactions subject to an agreement similar to a master netting arrangement. The scope of this ASU applies to derivatives, sale and repurchase arrangements, reverse sale and repurchase arrangements, securities borrowing and securities lending arrangements. Scott & White applied the provisions of ASU 2011-11 in 2014.

In October 2012, FASB issued ASU 2012-05, *"Statement of Cash Flows (Topic 230) – Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets,"* including an amendment to 230, *"Statement of Cash Flows."* The amendment requires, with certain exception, a not-for-profit entity to classify in the statement of cash flows cash received from donated financial assets as an operating activity if those donated financial instruments were donated without any imposed limitations for sale and were converted nearly immediately into cash. Scott & White applied the provisions of ASU 2012-05 in 2014.

In January 2013, FASB issued ASU 2013-01, *"Balance Sheet (Topic 210) - Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities."* This ASU clarifies that the scope of ASU 2011-11 is limited to derivatives accounted for in accordance with Topic 815, including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are either offset in accordance with Section 210-20-45 or Section 815-10-45 or subject to an enforceable master netting arrangement or similar agreement. Scott & White applied the provisions of ASU 2013-01 in 2014.

In March 2014, FASB issued ASU 2014-06, *"Technical Corrections and Improvements Related to Glossary Terms."* The amendments in this ASU relate to glossary terms and cover a wide range of topics in the codification. These amendments are presented in four sections; Deletion of Master Glossary Terms (Section A), Addition of Master Glossary Term Links (Section B), Duplicate Master Glossary Terms (Section C), and Other Technical Corrections Related to Glossary Terms (Section D). This ASU is limited to those amendments related to the Master Glossary, including technical corrections related to glossary links, glossary term deletions and glossary term name changes. Scott & White applied the provisions of ASU 2014-06 in 2014.

Other Accounting Pronouncements

In October 2012, FASB issued ASU 2012-04, *"Technical Corrections and Improvements."* The amendment clarifies multiple elements of the Accounting Standards Codification (ASC) and corrects unintended application of guidance which is not expected to have a significant effect on current accounting practice. Additionally, the ASU includes amendments identifying when the use of fair value should be linked to the definition of fair value in ASC 820, *Fair Value Measurements*. Scott & White has not evaluated all of the updated provisions which are effective for fiscal years beginning after December 15, 2013.

In February 2013, FASB issued ASU 2013-04, *"Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation is Fixed at the Reporting Date."* The ASU requires measurement of obligations resulting from joint and several liability arrangements for which the total amount of the obligation is fixed at the reporting date, as the sum of (a) the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and (b) any additional amount the reporting entity expects to pay on behalf of its co-obligors. Additionally, the amendment requires an entity to disclose the nature and amount of the obligation as well as other information about those obligations. The amendments are to be applied retrospectively to all prior periods presented for those obligations within the scope of the ASU that exist at the beginning of an entity's fiscal year of adoption. Scott & White has not evaluated all of the updated provisions, which are effective for fiscal years ending after December 15, 2014.

In April 2014, FASB issued ASU 2014-08, *"Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity."* This ASU amends the requirements for reporting discontinued operations by removing the following conditions in the current reporting requirements of discontinued operations: elimination of the operations and cash flows of the component from ongoing operations and the entity will not have any significant continuing involvement in the operations of the component after the disposal transaction. Additionally, only, if the disposal represents a strategic shift, having a major effect on an entity's operations and financial results will the disposal of components be reported as

discontinued operations. This amendment also adds that the disposal of an equity method investment that meets the definition of discontinued operations or a business or nonprofit activity that, on acquisition, meets the criteria to be classified as held for sale is to be reported in discontinued operations. Scott & White has not evaluated all of the provisions of ASU 2014-08, which are effective for fiscal years beginning on or after December 15, 2015.

In May 2014, FASB issued ASU 2014-09, *"Revenue from Contracts with Customers (Topic 606)."* The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Scott & White has not evaluated all of the provisions of ASU 2014-09, which are effective for fiscal years beginning after December 15, 2016.

In August 2014, FASB issued ASU 2014-15, *"Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern."* This ASU amendment requires management to assess an entity's ability to continue as a going concern. Management should evaluate whether conditions or events, considered in the aggregate, exist that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued. Scott & White has not evaluated all of the provisions of ASU 2014-15, which are effective for fiscal years ending after December 15, 2016.

Cash Equivalents

Scott & White considers all undesignated highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Investments

Scott & White has designated all of its investments as trading except for those investments held by Hillcrest Baptist Medical Center (Hillcrest) and SWHP. For all trading investments, the interest and dividends, realized gains and unrealized gains (losses) are included in gains on investments, net, in the accompanying combined statement of operations and changes in net assets, unless restricted by donor. For other than trading investments, interest and dividends and realized gains (losses) are included in gains on investments, net, unless restricted by donor. Unrealized gains (losses) on other than trading investments are included in other changes in unrestricted net assets, unless restricted by donor.

Interest and dividends, realized gains and unrealized gains (losses) for the ten months ended June 30, 2014 consisted of the following (in thousands):

	June 30, 2014			
	Interest and dividends	Realized gains	Unrealized gains	Total
Nonoperating gains	$ 6,003	$ 26,118	$ 26,464	$ 58,585
Other changes in unrestricted net assets	-	-	4,196	4,196
Changes in temporarily restricted net assets	1,749	2,227	7,318	11,294
	$ 7,752	$ 28,345	$ 37,978	$ 74,075

Patient Accounts Receivable

Patient accounts receivable are stated at estimated net realizable value, and collateral is generally not required. Significant concentrations of patient accounts receivable at June 30, 2014 include:

Government-related programs	43%
Managed care providers, commercial insurers and other payors	39%
Self-pay patients	18%
	100%

Receivables from government-related programs (i.e., Medicare and Medicaid) represent the only concentrated group of payors for Scott & White's receivables, and management does not believe that there is any unusual level of collectability risks associated with these government programs. Commercial and managed care receivables consist of receivables from various payors involved in diverse activities and subject to differing economic conditions and do not represent any concentrated collectability risks to Scott & White.

Scott & White maintains allowances for uncollectible accounts for estimated losses resulting from a payor's inability to make payments on accounts. Scott & White assesses the reasonableness of the allowance account based on historical write-offs, cash collections, the aging of the accounts and other economic factors. Accounts are written off when collection efforts have been exhausted. Management continually monitors and adjusts its allowances associated with its receivables.

Premiums Receivable

Premium revenue is recognized as income in the period that members are entitled to receive services, as specified by the provisions of the arrangement. Premiums billed or received in advance of the service period are reported as unearned premiums. Premiums receivable generally are not collateralized. Premiums receivable also include annual settlements under the cost contract established between SWHP and the Centers for Medicare & Medicaid Services. At June 30, 2014, the settlement amounts receivable under this contract were $31,281,000 (cost years 2007 - 2013).

Significant concentrations of premiums receivable were 96% from local, state and federal government-related programs at June 30, 2014. Premium revenue from local, state and federal agencies accounted for 52% of total premium revenue for the ten months ended June 30, 2014.

Property and Equipment

Property and equipment are recorded at cost at the date of acquisition or estimated fair value at the date of donation. Depreciation is computed on the straight-line method using the estimated economic lives of the depreciable assets, generally ranging from 2 to 40 years. The amortization related to assets recorded under capital leases is included within depreciation and amortization expense in the combined statement of operations and changes in net assets.

Property and equipment and related accumulated depreciation for the ten months ended June 30, 2014 are as follows (in thousands):

	Useful Life	
Land and improvements	2-25 Years	$ 78,886
Buildings and improvements	5-40 Years	950,643
Major movable equipment and other	3-20 Years	930,869
Construction-in-progress	-	117,543
		2,077,941
Accumulated depreciation and amortization		(936,580)
		$ 1,141,361

Expenditures that materially increase values, change capacities, or extend useful lives are capitalized. Routine maintenance and repair items are charged to operating expenses.

Scott & White evaluates whether events and circumstances have occurred that would require a revision to the remaining estimated useful life of long-lived assets or would indicate that the remaining balance of an asset is not recoverable. The assessment of possible impairment is

based on whether the carrying amount of an asset exceeds the expected total undiscounted value of cash flows expected to result from the use of the asset and its eventual disposition. No impairment charges were recorded for the ten months ended June 30, 2014.

Property and equipment financed under capital leases totaled approximately $28,120,000 at June 30, 2014, and related accumulated amortization was approximately $10,105,000 at June 30, 2014. Amortization expense is included in depreciation and amortization expense in the combined statement of operations and changes in net assets.

The amounts of total capitalized software costs, including purchased and internally developed software, at June 30, 2014, were approximately $206,962,000 less accumulated depreciation of approximately $117,709,000. Depreciation of these software costs was approximately $19,694,000 for the ten months ended June 30, 2014.

Scott & White accounts for asset retirement obligations under the provisions of ASC 410, "*Asset Retirement and Environmental Obligations*," regarding accounting for conditional asset retirement obligations. The asset retirement obligation as of June 30, 2014 was approximately $10,180,000, which is recorded in other liabilities in the combined balance sheet and relates to required future asbestos remediation.

Derivative Financial Instruments

Scott & White accounts for its derivatives under ASC 815, "*Derivatives and Hedging*," regarding accounting for derivative instruments and hedging activities. Scott & White utilizes interest rate swap agreements (derivative agreements) to mitigate interest rate exposures. Scott & White's derivative agreements are measured at fair value and are reflected in the consolidated balance sheets as either a long-term asset or long-term liability. None of Scott & White's derivative financial instruments qualify for hedge accounting at June 30, 2014. Changes in the fair value of the derivative agreements and the expense or income, representing the net of the payments made or received under the derivative agreements, are recorded as interest rate swap activity in the combined statement of operations.

Interest in Net Assets of Related Foundations

Scott & White accounts for its interest in the net assets of related foundations under ASC 958-605, "*Not-for-Profit Entities - Revenue Recognition*," regarding transfers of assets to a not-for-profit organization or charitable trust that raises or holds contributions for others. At June 30, 2014, Scott & White's interest in the net assets of related foundations not eliminated upon consolidation was approximately $4,217,000.

Equity Investments in Unconsolidated Entities

In fiscal year 2008, Scott & White acquired a 32% membership interest in Metroplex Adventist Hospital (MAH), a Texas nonprofit corporation, located in Killeen, Texas. Scott & White accounts for its interest in MAH under the equity method of accounting.

At June 30, 2014, the difference between the amount at which the investment in MAH was carried and Scott & White's interest in the underlying net assets of MAH was approximately $4,399,000. The excess cost over interest in the underlying net assets of MAH is being amortized over ten years, which was determined to be the lesser of the approximate remaining life of the assets to which the excess cost over carrying value relates or the period of time from the consummation of the membership interest agreement to the point at which the membership interest agreement may be terminated without cause. Scott & White's interest in the losses of MAH was approximately $475,000 for the ten months ended June 30, 2014, and is reported as equity in losses in unconsolidated entities in the combined statement of operations and changes in net assets.

Medical Claims Payable

Medical claims payable represent management's best estimate of the ultimate net cost of all reported and unreported claims and claim adjustment expenses incurred through June 30, 2014 and are included in other accrued liabilities. Reserves for unpaid claims are actuarially estimated using individual case-basis valuations and statistical analysis. These estimates are subject to the effects of trends in claim severity and frequency. Although considerable variability is inherent in such estimates, management believes that reserves for unpaid claims are adequate. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known. Such adjustments are included in operations when determined. There were no material adjustments to these estimates recorded during the ten months ended June 30, 2014.

Contributions, Gifts, and Bequests

Scott & White records contributions, gifts, and bequests of cash or other assets at estimated fair value on the date of receipt. If a contribution, gift, or bequest of cash or other assets is received by Scott & White with a time or purpose restriction, Scott & White records the contribution, gift, or bequest as a temporarily or permanently restricted contribution.

Temporarily and Permanently Restricted Net Assets

When a time or purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets. Scott & White's temporarily restricted net assets are primarily restricted for research, education, capital projects, and medical care programs.

Scott & White's permanently restricted net assets are primarily restricted for educational and research purposes. Unless explicitly restricted by donors, income from permanently restricted net assets is recorded as temporarily restricted until appropriated for expenditure.

Revenue and Gains (Losses) in Excess (Deficit) of Expenses and Losses

The combined statement of operations and changes in net assets include revenue and gains (losses) in excess (deficit) of expenses and losses. Other changes in unrestricted net assets which are excluded from revenue and gains (losses) in excess (deficit) of expenses and losses, consistent with industry practice, include unrealized gains on investments other than trading securities and net assets released from restrictions for capital expenditures.

Income Taxes

Scott & White evaluates its income tax positions in accordance with ASC 740, "*Income Taxes*," regarding accounting for uncertainty in income taxes. ASC 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. There are no material uncertain income tax positions as of June 30, 2014.

Insurance

Scott & White self-insures a large amount of its professional liability (malpractice) risk and general liability through its wholly-owned captive Scott & White Assurance, Ltd. (SWAL). However Scott & White does retain a claims-made captive reinsurance program for claims exceeding $7,000,000 individually or $35,000,000 in aggregate. In accordance with policy, Scott & White will pay the first $7,000,000 of an individual claim, and no more than an aggregate total of $35,000,000 on all claims in a given year. Insurance policies are current through July 1, 2014. In addition, SWAL provides excess re-insurance coverage to Scott & White in the amount of $100,000,000. The excess liability policies are reinsured 100% by ACE American Insurance Company and various other reinsurers.

Reserves for Losses and Loss Adjustment Expenses

The reserve for losses and loss adjustment expenses are based on management's best estimate of the ultimate liability for outstanding losses and loss adjustment expenses determined in comparison with historical and industry loss statistics. Management uses case basis evaluations and actuarial analysis to develop their best estimate. Management believes that the reserves for losses and loss adjustment expenses are adequate. However, because of the extended period of time over which losses are settled and the general uncertainty surrounding the estimates, the ultimate settlement cost of the losses and the related loss adjustment expenses could vary and these differences could be material. The estimate is continuously

reviewed and, as adjustments to the liability become necessary, they are reflected in current operations.

Liabilities for outstanding claims, including estimates for claims incurred but not reported, as well as reported claims pending settlement, are actuarially determined and discounted using an interest rate of 2.0% in 2014. Total undiscounted reserves for losses and loss adjustment expenses were approximately $28,589,000 at June 30, 2014. Discounted reserves for losses and loss adjustment expenses including a risk margin at an approximate seventy percent confidence level were approximately $29,319,000 at June 30, 2014.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

3. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is defined as 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 (an exit price). ASC 820, "*Fair Value Measurement*," establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of the fair value hierarchy defined by ASC 820 are listed below in order of priority:

Level 1 – Fair value is based on unadjusted quoted prices for identical assets or liabilities in an active market that the reporting entity has the ability to access at the measurement date.

Level 2 – Fair value is based on quoted prices in markets that are not active, 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 asset or liability.

Level 3 – Fair value is based on prices or valuation techniques that require inputs which are both significant to the fair value measurements and unobservable. These inputs reflect management's judgment about the assumptions that a market participant would use in pricing the investment and are based on the best available information, some of which may be internally developed.

Scott & White estimates the values of its U.S. government agency securities, certain corporate fixed income securities, collateralized debt obligations, and interest rate swap agreements using Level 2 inputs. These investments are valued primarily using a market approach using inputs such as evaluated bid prices provided by third-party pricing services when quoted market values are not available. Interest rate swaps are valued using an income approach that utilizes present value techniques which are affected by inputs such as interest rate curves and credit rating.

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The following table sets forth below, by level, the financial assets and liabilities measured at fair value on a recurring basis at June 30, 2014 (in thousands).

	June 30, 2014			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents				
Cash	$ 130,593	$ 130,593	$ -	$ -
Money market funds	12,682	12,682	-	-
Total cash and cash equivalents	143,275	143,275	-	-
Short-term investments				
Mutual funds	1,489	1,489	-	-
CD's	400	400	-	-
Fixed income securities	16,052	-	16,052	-
U.S. government securities	5,336	760	4,576	-
Total short-term investments	23,277	2,649	20,628	-
Unrestricted long-term investments				
Cash	37,874	37,874	-	-
Mutual funds	132,572	132,572	-	-
Equity securities	102,560	102,489	71	-
Fixed income securities	84,983	-	84,983	-
U.S. government securities	63,621	3,967	59,654	-
Mortgage-backed securities	9,866	-	9,866	-
Hedge fund/diversifiers alternative investments	40,947	-	25,077	15,870
Private equity alternative investments	15,007	-	-	15,007
Municipal bonds	120	-	120	-
Other	4,350	-	4,135	215
Total unrestricted long-term investments	491,900	276,902	183,906	31,092

	June 30, 2014			
	Total	Level 1	Level 2	Level 3
Assets (continued):				
Restricted long-term investments				
Cash	$ 17,793	$ 17,793	$ -	$ -
Mutual funds	37,326	37,326	-	-
Equity securities	23,243	23,134	109	-
Fixed income securities	28,381	17	28,364	-
U.S. government securities	4,407	1,125	3,282	-
Mortgage-backed securities	1,899	-	1,899	-
Hedge fund/diversifiers alternative investments	5,862	-	5,053	809
Private equity alternative investments	662	-	-	662
Municipal bonds	82	-	82	-
Split-interest agreements	5,426	-	5,426	-
Real estate	313	-	-	313
Cash surrender value of life insurance	22	-	-	22
Other	968	-	968	-
Total restricted long-term investments	126,384	79,395	45,183	1,806
Assets whose use is limited				
Cash	48,354	48,354	-	-
Mutual funds	38,810	38,810	-	-
Fixed income securities	20,867	6,661	14,206	-
U.S. governments securities	23,134	-	23,134	-
Mortgage-backed securities	4,893	-	4,893	-
Other	199	-	199	-
Total assets whose use is limited	136,257	93,825	42,432	-
Total assets at fair value	$ 921,093	$ 596,046	$ 292,149	$ 32,898
Liabilities:				
Interest rate swap agreements, net of collateral	$ 109,003	$ -	$ 109,003	$ -
Total liabilities at fair value	$ 109,003	$ -	$ 109,003	$ -

The following table is a roll forward of the combined balance sheet amounts for financial instruments classified by Scott & White within Level 3 of the valuation hierarchy defined above for the ten months ended June 30, 2014 (in thousands):

	June 30, 2014			
	Private Equity	Hedge Funds	Other	Total
Balance, beginning of period	$ 13,211	$ 14,050	$ 550	$ 27,811
Realized losses	(494)	-	-	(494)
Unrealized gains, net	3,506	2,629	-	6,135
Purchases	2,352	-	-	2,352
Settlements	(2,906)	-	-	(2,906)
Balance, end of period	$ 15,669	$ 16,679	$ 550	$ 32,898

The above beginning of period balance includes a correction, not material to the financial statements, of approximately $27,811,000 that was previously excluded from the fair value table at August 31, 2013.

At June 30, 2014, alternative investments recorded at net asset value consisted of the following (in thousands):

	June 30, 2014			
	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Equity long/short investments [a]	$ 30,131	$ -	monthly/quarterly	60-90 days
Event driven investments [b]	16,678	-	annual	30-90 days
Private equity funds [c]	15,669	5,080		
Total	$ 62,478	$ 5,080		

a) Equity long/short strategy involves managers buying long equities that are expected to increase in value and selling short equities that are expected to decrease in value. Typically, equity long/short investing is based on stock by stock fundamental analysis of the individual companies, in which investments are made. There may also be an overall analysis of the risks and opportunities offered by industries, sectors, countries, and the macroeconomic situation. Long/short covers a wide variety of strategies. There are generalists, and managers who focus on certain industries and sectors or certain regions. Managers may specialize in a category - for example, large cap or small cap, value or growth. There are many trading styles, with frequent or dynamic traders and some longer-term investors. Returns are generally more correlated with the direction of the equity markets, although reduction in market risk exposure through shorting is expected to enhance the absolute and risk-adjusted returns relative to the overall performance of the

asset class. The fair values of the investments in this class have been estimated using the net asset value per share of the funds.

b) Event-driven investing is a strategy which seeks to exploit pricing inefficiencies that may occur before or after a corporate event, such as an earnings call, bankruptcy, merger, acquisition, or spinoff. Returns are less correlated with the general direction of market movements primarily due to the idiosyncratic nature of individual events. Several investment managers include quarterly % redemption limits. The fair values of the investments in this class have been estimated using the net asset value per share of the funds.

c) This class currently includes two unique private equity limited partnerships that each invest in a variety of mostly private companies. These investments have a drawdown structure where a portion of commitments (which are made upon entering the partnership) are called gradually over the first 3-6 years of the partnership's life. It is expected that most of the unfunded commitments should be called within the next 6 years. These partnerships are illiquid and therefore do not have a redemption feature. Instead, the nature of the investments in this class is that distributions are received as the investment in the underlying companies are sold. It is estimated that the current underlying assets of these partnerships should be liquidated within the next 10 years. The investments are valued based on each partnership's valuation policy which is then subject to annual third party financial audits. Financial audits are available approximately 90 days following year end. Therefore, the valuation at year end reflects the latest reported manager valuation with adjustments for new capital calls and distributions.

Long-Term Debt

Scott & White's long-term debt obligations, excluding capital leases, are reported in the accompanying combined balance sheets at carrying value which totaled approximately $1,109,475,000 at June 30, 2014. The fair value of these obligations is estimated based primarily on quoted market prices for related bonds and is therefore classified as Level 2. The fair value of Scott & White's long-term debt obligations, excluding capital leases totaled approximately $1,177,417, 000 at June 30, 2014.

4. ENDOWMENTS

Scott & White's endowments consist of donor-restricted and board-designated endowment funds for a variety of purposes. The net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

Scott & White has interpreted the Texas enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Scott & White classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Scott & White in a manner consistent with the standard of prudence prescribed by Texas law. In accordance with Texas law, if relevant, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the endowment fund
(2) The purposes of the institution and the endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of Scott & White and
(7) The investment policy of Scott & White.

Endowment net asset composition by type of funds as of June 30, 2014, is as follows (in thousands):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated endowment	$ 57,941	$ -	$ -	$ 57,941
Donor-restricted endowment	-	18,496	34,639	53,135
Total endowment funds	$ 57,941	$ 18,496	$ 34,639	$ 111,076

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The change in endowment net assets for the ten months ended June 30, 2014, is as follows (in thousands):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of period	$ 47,893	$ 11,397	$ 36,592	$ 95,882
Investment income	3,426	2,847	-	6,273
Net appreciation	3,822	4,422	-	8,244
Contributions to endowment	662	-	13	675
Appropriated for expenditure	(1,027)	(643)	(1)	(1,671)
Other	3,165	473	(1,965)	1,673
Endowment net assets, end of period	$ 57,941	$ 18,496	$ 34,639	$ 111,076

Permanently Restricted Net Assets

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA as of June 30, 2014 is as follows (in thousands):

Patient care	$ 967
Education	10,985
Research	21,660
Other	1,027
Total endowment assets classified as permanently restricted net assets	$ 34,639

Return Objectives and Risk Parameters

Scott & White has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include donor-restricted assets that Scott & White must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested among various asset classes to produce investment returns that exceed the price and yield results of the respective benchmark asset classes and peer groups while assuming a moderate level of investment risk. Actual returns in any given year vary.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, Scott & White relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized

and unrealized) and current yield (interest and dividends). Scott & White oversees its investment portfolio through an Investment Committee of BSWH, and uses the recommendations of an independent investment consultant to manage the funds within the portfolio and review asset allocations.

Relationship of Endowment Spending Policies to Investment Objectives

The appropriation for expenditure in any year will not exceed BSWH's approved appropriation and spending rate. BSWH's approved appropriation and spending rate takes into account Scott & White's historical long-term rate of return on investments and Scott & White's policy of acting to preserve the purchasing power of the endowment fund. As such, BSWH's Board of Trustees has resolved that each fiscal year the lesser of 75% of an endowment fund's investment return or 5% of the invested fund balance of an endowment fund (as of the end of the previous fiscal year) may be appropriated for expenditure.

In establishing this policy, BSWH considered the long-term expected return on its endowment. Accordingly, over the long term, BSWH expects the current spending policy to allow its endowment to grow at a rate comparable to annual inflation. This is consistent with BSWH's objective to maintain the purchasing power of the endowment assets.

5. LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

Long-term debt and capital lease obligations as of June 30, 2014 consist of the following (in thousands):

Series 2013A Revenue Bonds - Interest at 4.84%, payable semi-annually; principal payable through 2043	$ 176,690
Series 2013B Revenue Bonds - Variable rate interest payable monthly (0.71% at June 30, 2014); principal payable annually through 2045	81,680
Series 2013C Revenue Bonds - Variable rate interest payable monthly (0.92% at June 30, 2014); principal payable annually through 2046	94,395
Series 2010 Revenue Bonds - Interest at 5.29%, payable semi-annually; principal payable through 2045	339,215
Series 2008-1 Revenue Bonds - Variable rate interest payable monthly (0.08% at June 30, 2014); principal payable 2030 through 2041	85,775

Series 2008A Revenue Bonds - Interest at 5.32%, payable semi-annually; principal payable annually through 2031	$ 148,770
Tax-Exempt Note Payable - variable rate interest (1.25% at June 30, 2014); principal payable annually through 2017	56,225
Note Payable - variable rate interest payable monthly (1.25% at June 30, 2014); principal payable annually; matures 2017	46,000
Interim financing and lines of credit	78,080
Capital lease and other obligations	13,608
	1,120,438
Net unamortized original issue premium	19,797
Current maturities	(93,489)
	$ 1,046,746

On February 21, 2014, BHCS and SWH completed the substitution of each of their existing master trust indentures (the "Old MTIs") with a new Master Indenture of Trust and Security Agreement, dated February 1, 2014 (the "New MTI"), among BHCS, SWH, and other affiliates from time to time obligated thereunder, and the Bank of New York Mellon Trust Company, National Association, which secures all outstanding notes previously issued by BHCS and SWH under the Old MTIs. At the time of its execution and delivery the New MTI formed a single obligated credit group consisting of the following entities as Obligated Affiliates: BHCS, SWH, the Baylor University Medical Center (BUMC), a Texas nonprofit corporation, Baylor All Saints Medical Center, a Texas nonprofit corporation, Baylor Regional Medical Center at Grapevine, a Texas nonprofit corporation, Waxahachie, Baylor Regional Medical Center at Plano, a Texas nonprofit corporation, Scott & White Memorial Hospital, a Texas nonprofit corporation (SWMH), Scott & White Clinic, a Texas nonprofit corporation, Scott & White Hospital - Round Rock, a Texas nonprofit corporation, Scott & White Continuing Care Hospital, a Texas nonprofit corporation, and Hillcrest, a Texas nonprofit corporation.

Effective April 1, 2014, BSW Holdings was admitted as an Obligated Affiliate under the New MTI. In addition, effective April 8, 2014, BSW Holdings was appointed as the Combined Group Representative under the New MTI, replacing SWH in that role.

In March 2013, SWH issued Series 2013A Revenue Bonds with an aggregate principal of $176,690,000. Simultaneous to the issuance of its Series 2013A bonds, SWH issued

Series 2013B Revenue Bonds. The Series 2013B bonds were issued as direct placement variable rate bonds. Proceeds of the Series 2013B bonds along with the majority of proceeds for the Series 2013A bonds were used to advance refund Series 2006 FHA Revenue Bonds. The remaining portion of the Series 2013A bonds were used to fund development and construction costs of various expansion and construction projects.

In March 2013, SWH issued the Series 2013C Revenue Bonds to refinance the Series 2008-2 bonds. Series 2013C bonds were issued as direct placement variable rate bonds.

In June 2010, SWH issued Series 2010 Revenue Bonds with a total par amount of $345,775,000. The majority of the proceeds are being used to fund development and construction costs of various expansion and construction projects.

In June 2008, SWH issued $236,395,000 of variable rate demand bonds in three subseries. In October 2010, the Series 2008-3 bonds were refunded with a tax-exempt note in the amount of $56,225,000. In March 2013, the Series 2008-2 bonds were refunded with the Series 2013C bonds. The direct-pay letters of credit associated with the Series 2008-2 and 2008-3 bonds were terminated at the time of the 2013 refunding. The irrevocable direct-pay letter of credit associated with the Series 2008-1 bonds was replaced in April 2011 and is scheduled to expire on April 11, 2015.

In August 2008, SWH issued the Series 2008A Revenue Bonds with a total par amount of $172,425,000. Proceeds were used to advance refund the outstanding principal of the Series 2000B and Series 2001 Revenue Bonds and pay costs of issuance of the Series 2008A Revenue Bonds.

The maturities of Scott & White's long-term debt and capital lease obligations as of June 30, 2014, are shown below (in thousands):

	Long-Term Debt	Capital Lease Obligations	Total
2015	$ 90,183	$ 3,548	$ 93,731
2016	15,247	5,987	21,234
2017	15,597	1,801	17,398
2018	72,585	-	72,585
2019	52,960	-	52,960
Thereafter	862,903	-	862,903
	1,109,475	11,336	1,120,811
Less imputed interest	-	(373)	(373)
	$ 1,109,475	$ 10,963	$ 1,120,438

6. INTEREST RATE SWAP AGREEMENTS

At June 30, 2014, Scott & White has interest rate swap agreements with a total notional amount of $480,475,000. Five of the seven fixed payer interest rate swap agreements are associated with the Series 2008-1 bonds, the Series 2013C bonds, and a variable rate tax-exempt note executed in October 2010.

At June 30, 2014, a letter of credit, for an amount not to exceed $50,000,000, was available for collateral support related to the three fixed forward swap agreements outstanding at that date. The counterparty holds the undrawn letter of credit, and an actual draw would only be initiated if an event of default or a termination event occurs and is continuing. As of June 30, 2014, no amounts have been drawn on the letter of credit. The letter of credit expires on August 25, 2014.

Net settlement payments on interest rate swap agreements totaled approximately $10,838,000 for the ten months ended June 30, 2014. Net settlement payments and the change in fair value on interest rate swap agreements are reported in interest rate swap activity in the nonoperating section of the consolidated statements of operations. The fair value of interest rate swap agreements is reported in long-term liabilities on the consolidated balance sheet. The change in the fair value of interest rate swap agreements is included as a line item on the consolidated statement of cash flows.

The following table summarizes the fair value of interest rate swaps by counterparty, as of June 30, 2014 (in thousands):

Counterparty	Description	Termination Date	Interest Rate Agreements	Notional Amount	Fair Value June 30, 2014	Change in Fair Value For Ten Months Ended June 30, 2014
Deutsche Bank	Fixed payer	2041	2	$ 85,775	$ (18,747)	$ (3,152)
Wells Fargo	Fixed payer	2046	1	56,225	(14,071)	(2,690)
Goldman Sachs	Fixed payer	2041 & 2046	2	94,395	(23,485)	(4,939)
JP Morgan	Forward fixed payer	2045	2	162,880	(56,109)	(8,938)
JP Morgan	Forward fixed receiver	2018	1	81,200	3,409	521
				$ 480,475	$(109,003)	$ (19,198)

7. NET PATIENT CARE REVENUE

Scott & White has agreements with third-party payors that provide for payments to Scott & White at amounts different from its established rates. Payment arrangements include prospectively determined rates per case, reimbursed costs, discounted charges, and per diem payments. Net patient care revenue (exclusive of charity care – see Note 8) is recognized at the time service is rendered and is reported at the estimated net realizable amounts from

patients, third-party payors, and others for services rendered, including estimated contractual adjustments under reimbursement agreements with third-party payors.

Contractual adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. These contractual adjustments are related to the Medicare and Medicaid programs and managed care contracts. Scott & White offers a 25% discount to uninsured patients and an additional 25% discount for prompt payment.

Net patient care revenue from the Medicare and Medicaid programs accounted for approximately 41% of total net patient care revenue for the ten months ended June 30, 2014. Net patient care revenue from managed care contracts accounted for approximately 41% of total net patient care revenue for the ten months ended June 30, 2014. Net patient care revenue from other payors accounted for approximately 18% of total net patient care revenue for the ten months ended June 30, 2014.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and are subject to interpretation. Federal regulations require the submission of annual cost reports covering medical costs and expenses associated with services provided to program beneficiaries. Medicare and Medicaid cost report settlements are estimated in the period services are provided to beneficiaries. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. For the ten months ended June 30, 2014, patient service and premium revenue increased approximately $13,876,000, due to changes in allowances previously estimated as a result of the final settlements for years that are no longer subject to audits, reviews, or investigations. Scott & White believes that it is in compliance with all applicable Medicare and Medicaid laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing.

During the ten months ended June 30, 2014, SWH and certain other Scott & White hospitals individually participated in the Section 1115 Demonstration entitled "Texas Healthcare Transformation and Quality Improvement Program" (Waiver Program). Scott & White hospitals participated in the Waiver Program through certain indigent care affiliation agreements, the Bell County Health Collaborative, Williamson County and Cities Heath District, Coryell County Memorial Hospital Authority, Washington County, Llano County and Llano Hospital Authority. SWH, on behalf of Scott & White Memorial Hospital is a party to the Bell County Health Collaborative Affiliation. Hillcrest Baptist Medical Center is a party to the Coryell County Memorial Hospital Authority Affiliation.

During the ten months ended 2014, certain Scott & White hospitals participated in the Medicaid Section 1115 waiver program entitled "Texas Healthcare Transformation and

Quality Improvement Program" (Waiver Program). The Waiver Program provides for two pools of Medicaid supplemental funding (an uncompensated care pool and a delivery system reform incentive pool).

SWH, on behalf of Scott & White Memorial Hospital, is a party to the Bell County Healthcare Collaborative and under this agreement participates in the Waiver Program.

Hillcrest Baptist Medical Center is a party to the McLennan Area Clinical Services Affiliation and under this agreement participates in the Waiver Program.

Round Rock Hospital is a party to the Williamson County and Cities Services Affiliation and under this agreement participates in the Waiver Program.

Brenham Hospital is a party to the Washington County Affiliation and under this agreement participates in the Waiver Program.

As recipients of Waiver Program payments, these Scott & White hospitals are subject to extensive federal and state laws, regulations, conditions of participation, and certification requirements.

For the ten months ended 2014, Scott & White hospitals received Waiver Program payments totaling approximately $15,301,000, which amount is recognized as net patient care revenue. Any anticipated additional amounts are recorded as other receivables in the accompanying balance sheet.

Scott & White hospitals also voluntarily participate in nonprofit corporations (established by the Scott & White hospitals and other private hospitals) to provide professional services to indigent and other needy patients under certain services agreements, with compensation set in advance, consistent with fair market value, and commercially reasonable for the services performed. For the ten months ended June 30, 2014, Scott & White hospitals provided approximately $4,958,000 to the nonprofit corporations for services performed under the various services agreements, which amount is recorded as other operating expenses in the combined statement of operations and changes in net assets.

In a letter dated September 30, 2014 to the Texas Health and Human Services Commission ("THHSC"), the Centers for Medicare & Medicaid Services ("CMS") announced that it is deferring the federal share (Federal Financial Participation ("FFP")) of Waiver Program uncompensated care payments to hospitals that are parties to indigent care affiliation agreements in certain counties. While Scott & White Hospital – Llano and Scott & White Hospital – Round Rock were included in CMS's original deferral list of private hospitals,

THHSC reports that these hospitals were erroneously included and have been removed from the deferral list. CMS reserves the right to include other hospitals and affiliation agreements in the deferral process.

8. CHARITY CARE

Scott & White provides care for patients who lack financial resources and are deemed medically or financially indigent. Because Scott & White does not pursue collection of amounts determined to qualify as charity care, these amounts have been removed from net patient care revenue as described in Note 7. The charges related to this care along with estimates for possible future charity care write-offs related to current accounts receivable totaled approximately $197,877,000. The estimated direct and indirect cost of providing these services, calculated using the ratio of patient care cost to gross patient charges, was approximately $49,330,000 for the ten months ended June 30, 2014. In addition, Scott & White provides services through government-sponsored indigent health care programs (such as Medicaid) to other indigent patients.

Scott & White also commits time and resources to endeavors and critical services which meet otherwise unfilled community needs. Many of these activities are entered into with the understanding that they will not be self-supporting or financially viable. The expenditures for medical research activities and direct medical education are reported in Note 10.

9. EMPLOYEE BENEFIT PLANS

Defined Contribution Plans

Scott & White provides defined contribution plans to eligible employees. There are three types of primary contributions to these plans: employer automatic contributions, employee contributions, and employer matching contributions. Employer automatic contributions are based on a percentage of each participant's compensation and can vary based on years of service.

Employer matching contributions are based on each participant's contribution to his or her plan account each payroll period. Scott & White's contribution expense to its defined contribution plans was approximately $47,728,000 for the ten months ended June 30, 2014.

Defined Benefit Plans

Scott & White has two defined benefit retirement plans at June 30, 2014. These two defined benefit retirement plans are collectively referred to herein as the Pension Plans. The Pension Plans were frozen as of March 31, 2009 and June 30, 2010. Benefits under the Pension Plans are based on each employee's years of service and compensation computed as of the date the Pension Plans were frozen.

ASC 715, "Compensation – Retirement Benefits, " requires Scott & White to recognize the funded status (i.e., the difference between the fair value of plan assets and the benefit obligation) of its defined benefit pension and other postretirement benefit plans in the accompanying combined balance sheet with a corresponding adjustment to unrestricted net assets. The net unrecognized actuarial losses and unrecognized prior service benefits are recognized as a component of future net periodic cost pursuant to Scott & White's policy for amortizing such amounts. Further, actuarial gains and losses that arise in subsequent periods and are not recognized as net periodic pension cost in the same periods are recognized as other changes in unrestricted net assets. Those amounts are recognized as a component of net periodic cost.

The following table sets forth the benefit obligations, plan assets, and funded status of the Pension Plans at June 30, 2014 (in thousands):

Fair value of plan assets	$ 48,830
Benefit obligation	(56,298)
Unfunded benefit obligation	$ (7,468)

Other Postretirement Benefits

Certain Scott & White employees participate in Scott & White's medical postretirement benefit plan. This plan provides medical and dental benefits to retirees who meet specific eligibility requirements upon retirement. The plan is unfunded and requires covered retirees to contribute a portion of the cost of benefits based on age at retirement and years of service. Scott & White uses an incremental cost approach in estimating the annual accrued cost related to the postretirement benefit plan, which is based on estimates by independent actuaries. Such an approach is considered appropriate since substantially all of the health care benefits are provided by Scott & White to retirees, using SWHP to manage the care provided.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 introduced a prescription drug benefit under Medicare (Medicare Part D), as well as a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. Scott & White has not made the determination that the prescription drug benefit provided by its medical postretirement benefit plan is actuarially equivalent to the benefit provided by Medicare Part D. Therefore, the measures of the accumulated benefit obligation or net periodic benefit cost do not reflect any amounts associated with the federal subsidy.

The following section sets forth a reconciliation of benefit obligations, plan assets, and balance sheet position for the postretirement benefit obligation as of June 30, 2014 (in thousands):

Fair value of plan assets	$ -
Benefit obligation	(12,306)
Unfunded benefit obligation	$ (12,306)

10. FUNCTIONAL EXPENSES

Scott & White provides general health care services to residents within its geographic area. Expenses related to providing these services are as follows for the ten months ended June 30, 2014 (in thousands):

Patient care	$ 1,433,935
Education	34,927
Research	12,101
General and administrative	180,974
Health insurance operations	310,491
Other	10,809
	$ 1,983,237

11. COMMITMENTS AND CONTINGENCIES

Scott & White leases equipment and property space under operating leases. These payments are due monthly through June 2029. Rent expense included in other operating expense totaled approximately $43,953,000 for the ten months ended June 30, 2014.

Future minimum lease commitments under operating leases that have initial or remaining lease terms in excess of one year are as follows as of June 30, 2014 (in thousands):

2015	$ 41,951
2016	36,133
2017	29,794
2018	26,562
2019	23,708
Thereafter	144,300
	$ 302,448

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, physician ownership and self-referral, and Medicare and Medicaid fraud and abuse. Government activity has continued with respect to investigations and allegations concerning possible violations of fraud and abuse statues and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

Management believes that Scott & White is in compliance with applicable fraud and abuse laws and regulations as well as other applicable federal and state laws and regulations.

12. SUBSEQUENT EVENTS

Baylor Scott & White Assurance SPC

On July 1, 2014, (i) Health Care Insurance Company of Texas, Ltd. (HCICT), a Cayman Islands company whose sole shareholder was BHCS, merged into Scott & White Assurance Ltd. (SWAL), a Cayman Islands company whose sole shareholder was acting by and through its Board of Trustees and in connection with such merger, the shares of HCICT held by BHCS were cancelled; (ii) following which SWAL was re-registered as a Cayman Islands segregated portfolio company and changed its name to Baylor Scott & White Assurance SPC (BSWA); (iii) following which SWMH distributed the shares of BSWA held by it to its sole member SWH, following which SWH distributed such shares to its sole member BSW Holdings, following which BSW Holdings contributed such shares to BHCS, following which BHCS contributed such shares to BUMC which, as a result of such transactions, became the sole shareholder of BSWA.

Interest Rate Swaps

Effective July 30, 2014, BSWH consolidated its separate International Swaps and Derivatives Association (ISDA) agreements with Goldman Sachs Bank USA (Goldman) and related swap portfolios at BHCS and SWH under a single BSWH ISDA. This required the negotiation and development of a new BSWH ISDA and the subsequent novations of each of the Goldman swaps under the legacy BHCS and SWH ISDA's to the new BSWH ISDA with an aggregate notional amount of $250,155,000.

Effective August 29, 2014, SWH novated a portion (cash flows through August 15, 2022) of two swaps with JP Morgan to Wells Fargo. The residual remaining cash flows (from September 15, 2022 through August 15, 2045) remain at JP Morgan.

Effective October 23, 2014, BHCS novated the two SWH swaps with Wells Fargo (originally novated from JP Morgan to Wells Fargo on August 29, 2014) from the SWH ISDA to the BHCS ISDA. Concurrent with this novation, the Wells Fargo collateral thresholds under the BHCS CSA were increased to accommodate the novated swaps.

Management has evaluated subsequent events through November 12, 2014, the date the financial statements were available to be issued.

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Report of Independent Auditors
on Accompanying Combining Information

To The Board of Trustees
Baylor Scott & White Holdings:

We have audited the combined financial statements of Scott & White Health and its affiliates, which comprise the combined balance sheet as of June 30, 2014, and the related combined statements of operations and changes in net assets, and of cash flows for the period from September 1, 2013 to June 30, 2014 and our report thereon appears on page one of this document. That audit was conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The supplementary combining information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The supplementary combining information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary combining information is fairly stated, in all material respects, in relation to the combined financial statements taken as a whole. The supplementary combining information is presented for purposes of additional analysis of the combined financial statements rather than to present the financial position, results of operations and cash flows of the individual companies and is not a required part of the combined financial statements. Accordingly, we do not express an opinion on the financial position, results of operations and cash flows of the individual companies.

The accompanying other community benefits information is presented for purposes of additional analysis and is not a required part of the basic combined financial statements. Such information has not been compiled, reviewed, or audited by us and, accordingly we do not express an opinion or provide any assurance on it.

PricewaterhouseCoopers LLP

November 12, 2014

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Supplementary Information

SCOTT & WHITE HEALTHCARE

OTHER COMMUNITY BENEFITS - UNAUDITED

Nonprofit hospitals are required to report community benefits under the requirements of Texas Health and Safety Code Chapter 311. For Texas state law purposes, unaudited community benefits include the unreimbursed cost of charity care; the unreimbursed cost of government-sponsored indigent health care (i.e., Medicaid); the unreimbursed cost of government-sponsored health care (i.e., Medicare), medical education, and other community benefits and services. The amount of community benefits reportable for Texas state law purposes by all Scott & White nonprofit hospitals totaled approximately $141,118,000 for the ten months ended June 30, 2014.

SCOTT & WHITE HEALTHCARE

Combining Balance Sheets

June 30, 2014
(in thousands)

	SWHP	All Other Entities	Reclassifications & Eliminations	Total Scott & White
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	$ 36,411	$ 106,864	$ -	$ 143,275
Short-term investments	12,999	10,278	-	23,277
Accounts receivable:				
Patient, net	-	187,700	(36,761)	150,939
Premiums	52,798	-	-	52,798
Other	18,075	47,599	(2,096)	63,578
Other current assets	10,972	48,686	-	59,658
Total current assets	131,255	401,127	(38,857)	493,525
LONG-TERM INVESTMENTS:				
Unrestricted	35,997	455,903	-	491,900
Restricted	2,200	124,184	-	126,384
Total long-term investments	38,197	580,087	-	618,284
ASSETS WHOSE USE IS LIMITED:				
Other designated assets	-	38,810	-	38,810
Self insurance retention trust	-	28,931	-	28,931
Funds held by bond trustee	-	68,516	-	68,516
Total assets whose use is limited	-	136,257	-	136,257
PROPERTY AND EQUIPMENT, net	17,379	1,123,982	-	1,141,361
CONTRIBUTIONS RECEIVABLE, net	-	10,046	-	10,046
INTEREST IN NET ASSETS OF RELATED FOUNDATIONS	-	4,217	-	4,217
OTHER LONG-TERM ASSETS:				
Equity investment in unconsolidated entities	170	44,536	-	44,706
Other	2,617	10,542	-	13,159
Total other long-term assets	2,787	55,078	-	57,865
Total assets	$ 189,618	$2,310,794	$ (38,857)	$ 2,461,555

Supplementary consolidating information is presented only for purposes of additional analysis and not as a presentation of financial position and results of operations of each component of the combined group.

SCOTT & WHITE HEALTHCARE

Combining Balance Sheets - continued

June 30, 2014
(in thousands)

	SWHP	All Other Entities	Reclassifications & Eliminations	Total Scott & White
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Current maturities of long-term debt and capital lease obligations	$ 15,000	$ 78,489	$ -	$ 93,489
Accounts payable:				
Trade accounts payable	9,024	60,588	(2,333)	67,279
Affiliates, net	-	6,705	-	6,705
Accrued liabilities:				
Payroll related	1,358	38,770	-	40,128
Third-party programs	-	13,016	-	13,016
Other	73,465	145,321	(36,524)	182,262
Total current liabilities	98,847	342,889	(38,857)	402,879
LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS, less current maturities	-	1,046,746	-	1,046,746
OTHER LONG-TERM LIABILITIES:				
Self insurance and other insurance liabilities	-	28,294	-	28,294
Interest rate swap liability, net	-	109,003	-	109,003
Other	7,416	41,087	-	48,503
Total other long-term liabilities	7,416	178,384	-	185,800
Total liabilities	106,263	1,568,019	(38,857)	1,635,425
COMMITMENTS AND CONTINGENCIES				
NET ASSETS:				
Unrestricted - attributable to Scott & White	83,355	615,844	-	699,199
Unrestricted - noncontrolling interests - nonredeemable	-	3,512	-	3,512
Total unrestricted net assets	83,355	619,356	-	702,711
Temporarily restricted	-	82,829	-	82,829
Permanently restricted	-	40,590	-	40,590
Total net assets	83,355	742,775	-	826,130
Total liabilities and net assets	$ 189,618	$ 2,310,794	$ (38,857)	$ 2,461,555

Supplementary consolidating information is presented only for purposes of additional analysis and not as a presentation of financial position and results of operations of each component of the combined group.

SCOTT & WHITE HEALTHCARE

Combining Statements of Operations and Changes in Net Assets

For the Ten Months Ended June 30, 2014
(in thousands)

	SWHP	All Other Entities	Reclassifications & Eliminations	Total Scott & White
OPERATING REVENUE:				
Net patient care revenue	$ -	$ 1,649,736	$ (253,668)	$ 1,396,068
Less patient related bad debt expense	-	180,299	-	180,299
Net patient care revenue, net of patient related bad debt expense	-	1,469,437	(253,668)	1,215,769
Premiums revenue	545,153	-	-	545,153
Other operating revenue	40,176	99,692	(10,577)	129,291
Net assets released from restrictions for operations	-	9,511	-	9,511
Total operating revenue	585,329	1,578,640	(264,245)	1,899,724
OPERATING EXPENSE:				
Salaries, wages and employee benefits	32,169	1,018,814	(13,493)	1,037,490
Supplies	43,054	253,488	4	296,546
Other operating expenses	47,478	268,244	(12,452)	303,270
Medical claims	451,258	-	(253,668)	197,590
Loss on fixed asset sales and disposals, net	-	7,764	-	7,764
Depreciation and amortization	654	98,719	-	99,373
Interest	123	25,717	-	25,840
Total operating expenses	574,736	1,672,746	(279,609)	1,967,873
INCOME (LOSS) FROM OPERATIONS BEFORE MERGER COSTS	10,593	(94,106)	15,364	(68,149)
MERGER COSTS	-	-	15,364	15,364
INCOME (LOSS) FROM OPERATIONS	10,593	(94,106)	-	(83,513)
NONOPERATING GAINS (LOSSES)				
Gains on investments, net	1,219	57,366	-	58,585
Interest rate swap activity	-	(30,036)	-	(30,036)
Contributions	-	5,429	-	5,429
Equity in losses in unconsolidated entities	-	(475)	-	(475)
Loss from extinguishment of debt	-	(254)	-	(254)
Other	-	1,497	-	1,497
Total nonoperating gains	1,219	33,527	-	34,746
REVENUE AND GAINS (LOSSES) IN EXCESS (DEFICIT) OF EXPENSES AND LOSSES	11,812	(60,579)	-	(48,767)

Supplementary consolidating information is presented only for purposes of additional analysis and not as a presentation of financial position and results of operations of each component of the combined group.

SCOTT & WHITE HEALTHCARE

Combining Statements of Operations and Changes in Net Assets - continued

For the Ten Months Ended June 30, 2014
(in thousands)

	SWHP	All Other Entities	Reclassifications & Eliminations	Total Scott & White
OTHER CHANGES IN UNRESTRICTED NET ASSETS:				
Unrealized gain on investments, net	$ 2,372	$ 1,824	$ -	$ 4,196
Net assets released from restrictions for capital expenditures	-	24,424	-	24,424
Other	-	(898)	-	(898)
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	14,184	(35,229)	-	(21,045)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:				
Contributions	-	15,762	-	15,762
Realized investment income, net	-	3,976	-	3,976
Unrealized gain on investments, net	-	7,318	-	7,318
Change in value of split-interest agreements	-	171	-	171
Net assets released from restrictions for operations	-	(9,511)	-	(9,511)
Net assets released from restrictions for capital expenditures	-	(24,424)	-	(24,424)
Change in net assets of related foundations	-	(3,049)	-	(3,049)
Other	-	309	-	309
DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	-	(9,448)	-	(9,448)
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS:				
Contributions	-	939	-	939
Change in value of split-interest agreements	-	79	-	79
Change in net assets of related foundations	-	30	-	30
Other	-	(1,965)	-	(1,965)
DECREASE IN PERMANENTLY RESTRICTED NET ASSETS	-	(917)	-	(917)
INCREASE (DECREASE) IN NET ASSETS	14,184	(45,594)	-	(31,410)
NET ASSETS, beginning of period	69,171	788,369	-	857,540
NET ASSETS, end of period	$ 83,355	$ 742,775	$ -	$ 826,130

Supplementary consolidating information is presented only for purposes of additional analysis and not as a presentation of financial position and results of operations of each component of the combined group.