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Part III

Statement of Program Service Accomplishments

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

1

Briefly describe the organization’s mission

TO PROVIDE THE COMMUNITY WITH A FULL RANGE OF COMPREHENSIVE HEALTHCARE SERVICES WITHOUT REGARD TO RACE, CREED, SEX, NATIONAL ORIGIN, HANDICAP, AGE, OR ABILITY TO PAY

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 \$ 446,007,798 including grants of \$ 16,569,076 ) (Revenue \$ 567,650,484 )

THE HOSPITAL'S OPERATING PLAN INCORPORATES PROVISIONS FOR INDIVIDUALS WHO DO NOT POSSESS THE ABILITY TO PURCHASE ESSENTIAL MEDICAL SERVICES OUR COMMITMENT TO OUR COMMUNITY EXTENDS TO FREE OR SUBSIDIZED INDIVIDUAL CARE, SUBSIDIZED EDUCATION OF HEALTHCARE PROFESSIONALS, DISCOUNTED FEES FOR PARTICIPANTS IN GOVERNMENT PROGRAMS, COMMUNITY HEALTH EDUCATION AND DONATIONS TO OTHER COMMUNITY AGENCIES SPECIFIC COMMUNITY SERVICES AND PROGRAMS INCLUDE WELLNESS AND PREVENTION EDUCATION PROGRAMS, COMMUNITY DIAGNOSTIC SCREENING PROGRAMS, SENIOR CITIZEN HEALTH AWARENESS PROGRAMS, AWARENESS PROGRAMS FOR YOUTH AT RISK, AND AWARENESS PROGRAMS FOR PERSONS WITH SPECIAL PHYSICAL OR MENTAL NEEDS

4b

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

4c

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

4d























Other program services (Describe in Schedule O )

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

4e

Total program service expenses ▶ 446,007,798

Part IV Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

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

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	225	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	3,743	
2b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	Yes	
3b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O.	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	Yes	
b	If "Yes," enter the name of the foreign country: <span>CJ</span> See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		No
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		No
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
7a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		No
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
7d	If "Yes," indicate the number of Forms 8282 filed during the year.		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
9	<b>Sponsoring organizations maintaining donor advised funds.</b>		
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	<b>Section 501(c)(7) organizations.</b> Enter		
10a	Initiation fees and capital contributions included on Part VIII, line 12.		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11	<b>Section 501(c)(12) organizations.</b> Enter		
11a	Gross income from members or shareholders.		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
12a	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
13	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
13a	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.		
13b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.		
13c	Enter the amount of reserves on hand.		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		No
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

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

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> 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 MOTHER FRANCES HOSP ACCT DEP 1315 DOCTORS DRIVE TYLER, TX 75701 (903) 606-5783

Part VII

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

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

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

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) RAY THOMPSON SYS EXEC VP/DIRECTOR/ASST Sec	16 0 24 0	X		X				591,468	887,201	25,752
(2) BEN FITZGERALD DIRECTOR/CHAIRMAN	1 0 0 0	X		X				0	0	0
(3) FAGG SANFORD MD DIRECTOR	20 0 20 0	X						0	858,797	16,577
(4) SISTER MALGORZATA MAJSZCZYK DIRECTOR	1 0 0 0	X						0	0	0
(5) SISTER IRENE ASZTEMBORSKA DIRECTOR/SECRETARY/TREASURER	1 0 1 0	X		X				0	0	0
(6) ANDY KIRKPATRICK MD DIRECTOR	1 0 40 0	X						0	659,049	29,781
(7) PATRICK THOMAS MD DIRECTOR	1 0 1 0	X						53,729	0	0
(8) CC BAKER DIRECTOR/VICE CHAIR	1 0 0 0	X		X				0	0	0
(9) JOHN MCGREEVY SR VP/CEO OF MFH	40 0 0 0	X		X				369,307	0	23,914
(10) J LINDSEY BRADLEY JR SYSTEM PRESIDENT	9 0 31 0			X				381,671	1,314,643	25,752
(11) JOYCE HESTER SR VP/CFO	10 0 30 0			X				109,418	328,252	23,252
(12) ROBERT ROSE SR VP, PATIENT CARE SERVICES	40 0 0 0			X				273,695	0	27,232
(13) TODD HANCOCK VP	40 0 0 0			X				272,603	0	28,375
(14) LEE PORTWOOD VP	40 0 0 0			X				249,658	0	22,648
(15) CHRISTY BUSH VP	40 0 0 0			X				112,351	0	14,103
(16) LAURA OWEN SR VP/CEO	40 0 0 0			X				640,979	0	16,296
(17) MARTIN URBAN CRNA	40 0 0 0					X		260,742	0	23,862



Part VII

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) DAVID CORRIoR CRNA	40 0 0 0					X		262,104	0	18,375
(19) WILLIAM SANDBERG CRNA	40 0 0 0					X		284,316	0	16,518
(20) ROBERT BIENERT CRNA	40 0 0 0					X		305,669	0	12,717
(21) Tawonda Felton CRNA	40 0 0 0					X		388,318	0	15,217
(22) STEVEN KEUER MD SYSTEM PRESIDENT/CMO	0 0 40 0						X	0	895,986	29,838
(23) GIFFORD ECKHOUT MD EXECUTIVE VICE PRESIDENT	0 0 40 0						X	0	755,892	10,563
(24) DAVID TEEGARDEN SYSTEM PRESIDENT/CMO	0 0 0 0						X	0	100,806	22,516
(25) CHRIS GLENNEY VP OPERATIONS	0 0 40 0						X	0	303,940	28,768
(26) WILLIAM BELLENFANT SR SR VP/CFO/DIRECTOR/TREASURER	0 0 0 0						X	0	213,528	0
<b>1b Sub-Total</b>										
<b>c Total from continuation sheets to Part VII, Section A</b>										
<b>d Total (add lines 1b and 1c)</b>								4,556,028	6,318,094	432,056

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▶84

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

Section B. Independent Contractors

<b>1</b> 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
HURON CONSULTING, 4795 payshere circle CHICAGO IL 60674	consulting services	6,032,749
sodexo inc and affiliates, po box 536922 ATLANTA GA 30353	housekeeping/dietary	2,231,803
mayo collaborative services inc, po box 9146 MINNEAPOLIS MN 55480	lab services	1,953,904
health carousel llc, po box 44743 MIDDLETOWN OH 45044	employment services	1,712,794
capstone personnel services inc, po box 8744 TYLER TX 75711	employment services	1,627,457
<b>2</b> Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ▶56		

Part VIII

Statement of Revenue

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

			(A)	(B)	(C)	(D)	
			Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512-514	
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . . . . .	1a				
	b	Membership dues . . . . .	1b				
	c	Fundraising events . . . . .	1c				
	d	Related organizations . . . . .	1d	1,199,360			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	336,661			
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f . . . . .		1,536,021			
Program Service Revenue	2a	NET PATIENT SERVICE REVENUE	Business Code 621110	519,017,456	519,017,456		
	b	UPL MEDICAID	900099	21,548,199	21,548,199		
	c	EHR INCENTIVE REVENUE	900099	3,630,403	3,630,403		
	d	OTHER OPERATING REVENUE	900099	23,107,091	23,107,091		
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f . . . . .		567,303,149			
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . .		4,828,166		4,828,166
4		Income from investment of tax-exempt bond proceeds . . . . .		0			
5		Royalties . . . . .		0			
6a		Gross rents	(i) Real 3,896,584	(ii) Personal			
		b	Less rental expenses				
		c	Rental income or (loss)	3,896,584	0		
		d	Net rental income or (loss) . . . . .		3,896,584	162,745	3,733,839
7a		Gross amount from sales of assets other than inventory	(i) Securities 59,103,834	(ii) Other 10,000			
		b	Less cost or other basis and sales expenses	57,379,569	929,851		
		c	Gain or (loss)	1,724,265	-919,851		
		d	Net gain or (loss) . . . . .		804,414		804,414
8a		Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . .	a				
b		Less direct expenses . . . . .	b				
c		Net income or (loss) from fundraising events . . . . .		0			
9a		Gross income from gaming activities See Part IV, line 19 . . . . .	a				
b		Less direct expenses . . . . .	b				
c		Net income or (loss) from gaming activities . . . . .		0			
10a		Gross sales of inventory, less returns and allowances . . . . .	a				
b		Less cost of goods sold . . . . .	b				
c		Net income or (loss) from sales of inventory . . . . .		359,453	347,335	12,118	
Miscellaneous Revenue		Business Code					
11a	CAFETERIA REVENUE	722210	2,189,716		2,189,716		
b	FITNESS CENTERS	713940	1,770,980	1,770,980			
c	VENDING MACHINE REVENUE	722210	132,066		132,066		
d	All other revenue . . . . .						
e	Total. Add lines 11a-11d . . . . .		4,092,762				
12	Total revenue. See Instructions . . . . .		582,820,549	567,650,484	1,945,843	11,688,201	

Part IX

Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.	16,569,076	16,569,076		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.	0			
4	Benefits paid to or for members.	0			
5	Compensation of current officers, directors, trustees, and key employees.	2,109,973	1,947,995	161,978	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	28,152	26,130	2,022	
7	Other salaries and wages.	141,212,649	130,059,080	11,153,569	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	6,942,099	6,176,042	766,057	
9	Other employee benefits.	11,610,396	12,060,235	-449,839	
10	Payroll taxes.	13,725,423	12,210,828	1,514,595	
11	Fees for services (non-employees):				
a	Management.	4,768,172	253,392	4,514,780	
b	Legal.	0			
c	Accounting.	0			
d	Lobbying.	0			
e	Professional fundraising services. See Part IV, line 17.	0			
f	Investment management fees.	1,903	1,903		
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	119,111,912	56,650,966	62,460,946	
12	Advertising and promotion.	35,861	35,861		
13	Office expenses.	2,713,855	2,276,807	437,048	
14	Information technology.	1,651,165	884,482	766,683	
15	Royalties.	0			
16	Occupancy.	6,278,973	5,497,274	781,699	
17	Travel.	85,594	70,852	14,742	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.	0			
19	Conferences, conventions, and meetings.	189,767	157,711	32,056	
20	Interest.	8,224,893	8,224,893		
21	Payments to affiliates.	0			
22	Depreciation, depletion, and amortization.	23,828,899	23,828,302	597	
23	Insurance.	4,702,508		4,702,508	
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	106,517,165	106,222,001	295,164	
b	BAD DEBT EXPENSE	44,985,302	44,985,302		
c	REPAIRS AND MAINTENANCE	7,382,683	7,315,909	66,774	
d	FOOD	3,150,917	3,135,967	14,950	
e	All other expenses	7,937,500	7,416,790	520,709	
25	Total functional expenses. Add lines 1 through 24e.	533,764,836	446,007,798	87,757,038	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 <input type="checkbox"/> 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)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		46,087,616	1	73,485,852
	2	Savings and temporary cash investments		4,216,869	2	5,528,758
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		68,432,110	4	54,159,296
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		0	7	0
	8	Inventories for sale or use		5,697,256	8	6,883,909
	9	Prepaid expenses and deferred charges		3,010,233	9	2,827,494
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a698,097,195			
	b	Less accumulated depreciation	10b379,210,783	336,425,803	10c	318,886,412
	11	Investments—publicly traded securities		152,995,025	11	194,316,861
	12	Investments—other securities See Part IV, line 11		4,542,791	12	3,375,713
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		73,721,039	15	85,521,256
	16	Total assets. Add lines 1 through 15 (must equal line 34)		695,128,742	16	744,985,551
Liabilities	17	Accounts payable and accrued expenses		62,214,706	17	66,658,256
	18	Grants payable		0	18	0
	19	Deferred revenue		69,226	19	104,694
	20	Tax-exempt bond liabilities		202,238,753	20	190,368,073
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		649,751	23	521,179
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		65,269,031	25	83,586,875
	26	Total liabilities. Add lines 17 through 25		330,441,467	26	341,239,077
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		364,687,275	27	403,746,474
	28	Temporarily restricted net assets		0	28	0
	29	Permanently restricted net assets		0	29	0
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> 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		364,687,275	33	403,746,474
	34	Total liabilities and net assets/fund balances		695,128,742	34	744,985,551

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . . . .	1	582,820,549
2	Total expenses (must equal Part IX, column (A), line 25) . . . . .	2	533,764,836
3	Revenue less expenses Subtract line 2 from line 1 . . . . .	3	49,055,713
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . . . . .	4	364,687,275
5	Net unrealized gains (losses) on investments . . . . .	5	7,045,062
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	-17,041,576
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	403,746,474

Part XII Financial Statements and Reporting

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

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

SCHEDULE A

(Form 990 or 990EZ)

Department of the  
Treasury  
Internal Revenue Service

Public Charity Status and Public Support

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

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

▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization Mother Frances Hospital Regional Health Care Center	Employer identification number  75-0818167
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Part I

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

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

- 1

☐

A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2

☐

A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E )
- 3

☒

A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4

☐

A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state \_\_\_\_\_
- 5

☐

An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II )
- 6

☐

A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7

☐

An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II )
- 8

☐

A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II )
- 9

☐

An organization that normally receives (1) more than 33<sup>1</sup>/<sub>3</sub>% 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<sup>1</sup>/<sub>3</sub>% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2)**. (Complete Part III )
- 10

☐

An organization organized and operated exclusively to test for public safety See **section 509(a)(4)**.
- 11

☐

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

a

☐

Type I 

b

☐

Type II 

c

☐

Type III - Functionally integrated 

d

☐

Type III - Non-functionally integrated
- e

☐

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

☐

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

☐

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

(i)

A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?

(ii)

A family member of a person described in (i) above?

(iii)

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

h

☐

Provide the following information about the supported organization(s)

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

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

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

Cat No 11285F

Schedule A (Form 990 or 990-EZ) 2013

Part II

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

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

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

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

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

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

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

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

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

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



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

Facts And Circumstances Test

Return Reference	Explanation	
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SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Political Campaign and Lobbying Activities

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

OMB No 1545-0047

2013

Open to Public Inspection

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

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

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

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

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

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

Name of the organization Mother Frances Hospital Regional Health Care Center	Employer identification number  75-0818167
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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?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> 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 <b>Form 1120-POL</b> for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> 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)														
1b Total lobbying expenditures to influence a legislative body (direct lobbying)														
1c Total lobbying expenditures (add lines 1a and 1b)														
1d Other exempt purpose expenditures														
1e Total exempt purpose expenditures (add lines 1c and 1d)														
1f Lobbying nontaxable amount Enter the amount from the following table in both columns														
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>	If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:													
Not over \$500,000	20% of the amount on line 1e													
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000													
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000													
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000													
Over \$17,000,000	\$1,000,000													
1g Grassroots nontaxable amount (enter 25% of line 1f)														
1h Subtract line 1g from line 1a If zero or less, enter -0-														
1i Subtract line 1f from line 1c If zero or less, enter -0-														

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?

☒ Yes ☐ No

4-Year Averaging Period Under Section 501(h)

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

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

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?	Yes		37,082
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?		No	
j	Total. Add lines 1c through 1i.			37,082
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Return Reference	Explanation
Grants for lobbying purposes	23 65% OF AHA DUES WERE EXPENDED FOR SPECIFIC LOBBYING PURPOSES BASED ON MEDICARE DEFINITION OF UNALLOWABLE EXPENSES

## Part IV

## Return Reference

### Explanation

SCHEDULE D  
(Form 990)

Supplemental Financial Statements

OMB No 1545-0047

2013

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

► Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b

► Attach to Form 990. ► See separate instructions. ► Information about Schedule D (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

Name of the organization Mother Frances Hospital Regional Health Care Center	Employer identification number  75-0818167
--	--

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? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	
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? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	

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

1

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

☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area

☐ Protection of natural habitat ☐ Preservation of a certified historic structure

☐ Preservation of open space

2

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

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

3

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

4

Number of states where property subject to conservation easement is located ►

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

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

1a

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

b

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

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

► \$

(ii) Assets included in Form 990, Part X

► \$

2

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

a

Revenues included in Form 990, Part VIII, line 1

► \$

b

Assets included in Form 990, Part X

► \$

**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 |
| 1c |        |
| 1d |        |
| 1e |        |
| 1f |        |

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance
- 2a

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

☐ Yes

☐ No
- b

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

☐

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance . . . . .	2,414,694	2,408,876	2,350,337	2,209,013	414,414
b Contributions . . . . .			30,875	50	1,790,794
c Net investment earnings, gains, and losses	360,569	163,752	27,664	141,274	4,305
d Grants or scholarships . . . . .	13,191	157,934			
e Other expenditures for facilities and programs . . . . .					500
f Administrative expenses . . . . .					
g End of year balance . . . . .	2,762,072	2,414,694	2,408,876	2,350,337	2,209,013

- 2

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

Board designated or quasi-endowment

☒
- b

Permanent endowment

☒ 74 260 %
- c

Temporarily restricted endowment

☒ 25 740 %
- The percentages in lines 2a, 2b, and 2c should equal 100%
- 3a

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

3a(i)

☐ Yes

☒ No

(ii) related organizations . . . . .

3a(ii)

☒ Yes

☐
- b

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

☒ 3b

☒ Yes

☐
- 4

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

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

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land . . . . .		26,832,152		26,832,152
b Buildings . . . . .		231,329,602	87,334,990	143,994,612
c Leasehold improvements . . . . .		139,583,427	87,543,463	52,039,964
d Equipment . . . . .		299,140,935	204,332,330	94,808,605
e Other . . . . .		1,211,079		1,211,079
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				318,886,412





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	552,271,628
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12	2e	
a	Net unrealized gains on investments . . . . .	2a	7,045,062
b	Donated services and use of facilities . . . . .	2b	
c	Recoveries of prior year grants . . . . .	2c	
d	Other (Describe in Part XIII ) . . . . .	2d	-37,683,277
e	Add lines 2a through 2d . . . . .	2e	-30,638,215
3	Subtract line 2e from line 1 . . . . .	3	582,909,843
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1	4c	
a	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	4a	1,903
b	Other (Describe in Part XIII ) . . . . .	4b	-91,197
c	Add lines 4a and 4b . . . . .	4c	-89,294
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12 ) . . . . .	5	582,820,549

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	492,088,522
2	Amounts included on line 1 but not on Form 990, Part IX, line 25	2e	
a	Donated services and use of facilities . . . . .	2a	
b	Prior year adjustments . . . . .	2b	
c	Other losses . . . . .	2c	
d	Other (Describe in Part XIII ) . . . . .	2d	1,048,241
e	Add lines 2a through 2d . . . . .	2e	1,048,241
3	Subtract line 2e from line 1 . . . . .	3	491,040,281
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:	4c	
a	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	4a	1,903
b	Other (Describe in Part XIII ) . . . . .	4b	42,722,652
c	Add lines 4a and 4b . . . . .	4c	42,724,555
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18 ) . . . . .	5	533,764,836

Part XIII

Supplemental Information

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

Return Reference	Explanation
schedule d, part v, line 4	Intended use of the organization's endowment funds THE ORGANIZATION HAS ADOPTED INVESTMENT AND SPENDING POLICIES FOR THE ENDOWMENT ASSETS THAT ATTEMPT TO PROVIDE A PREDICTABLE STREAM OF FUNDING TO PROGRAMS AND ITEMS SUPPORTED BY THE ENDOWMENT WHILE SEEKING TO MAINTAIN ITS PURCHASING POWER
schedule d, part x, line 2	liability for uncertain tax positions The System, the Hospital, RMSA, the Clinic, Jacksonville and Winnsboro have been recognized as exempt from income taxes under Section 501 of the Internal Revenue Code (IRC) and a similar provision of state law However, these entities are subject to federal income tax on any unrelated business taxable income THFIC is not considered to be engaged in a United States trade or business and, therefore, is not subject to United States income taxes If THFIC were to be considered engaged in a United States trade or business, it could be subject to federal income tax THFIC is currently exempt from income taxes in the Cayman Islands Accordingly, no provision for taxes has been made With a few exceptions, the Health System is no longer subject to U S federal examinations by tax authorities for years before 2011
schedule d, part xi, line 2d	reconciliation of revenue per audited financial statements with return Bad Debt Expense \$(44,985,302) Equity in earnings of affiliate 5,039,375 Other Classification Differences 2,262,650 ----- total \$(37,683,277)
schedule d, part xi, line 4b	reconciliation of revenue per audited financial statements with return loss on asset disposal \$(919,851) contributions included in net assets 828,654 ----- total \$(91,197)
schedule d, part xii, line 2d	reconciliation of expense per audited financial statements with return loss on asset disposal \$ 919,851 change in fair value int rate swap 92,588 equity in income of consolidated sub 35,802 ----- total \$ 1,048,241
schedule d, part xii, line 4b	reconciliation of expense per audited financial statements with return bad debt expense \$ 44,985,302 other classification differences (2,262,650) ----- total \$ 42,722,652

[illegible]

SCHEDULE F  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Statement of Activities Outside the United States

► Complete if the organization answered "Yes" to 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](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public  
Inspection

Name of the organization  
Mother Frances Hospital Regional Health  
Care Center

Employer identification number  
75-0818167

Part I

General Information on Activities Outside the United States. Complete if the organization answered "Yes" to 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 Activites 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
( 1 ) Central America and the Caribbean	1		Program Services	INSURANCE	35,802
( 2 )					
( 3 )					
( 4 )					
( 5 )					
3a Sub-total	1				35,802
b Total from continuation sheets to Part I					
c Totals (add lines 3a and 3b)	1				35,802

Part II

Grants and Other Assistance to Organizations or Entities Outside the United States. Complete if the organization answered "Yes" to 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)
( 1 )									
( 2 )									
( 3 )									
( 4 )									

- 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" to 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)
( 1 )							
( 2 )							
( 3 )							
( 4 )							
( 5 )							
( 6 )							
( 7 )							
( 8 )							
( 9 )							
( 10 )							
( 11 )							
( 12 )							
( 13 )							
( 14 )							
( 15 )							
( 16 )							
( 17 )							
( 18 )							

**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)*

☒ 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 ☒ 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)*

☒ 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 ☒ 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)*

☐ 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 ☒ No

## Additional Data

**Software ID:**

**Software Version:**

**EIN:** 75-0818167

**Name:** Mother Frances Hospital Regional Health  
Care Center

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### **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 (see instructions).

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  
Mother Frances Hospital Regional Health  
Care Center

Employer identification number  
  
75-0818167

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1) . . . . .			18,819,324		18,819,324	4 960 %
b Medicaid (from Worksheet 3, column a) . . . . .			38,954,566	57,718,159	-8,763,593	
c Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .			16,197,529	8,976,209	7,221,320	1 480 %
d <b>Total</b> Financial Assistance and Means-Tested Government Programs . . . . .			73,971,419	66,694,368	17,277,051	6 440 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . . .			417,912		417,912	0 090 %
f Health professions education (from Worksheet 5) . . . . .			70,231		70,231	0 030 %
g Subsidized health services (from Worksheet 6) . . . . .			1,059,239		1,059,239	0 220 %
h Research (from Worksheet 7) . . . . .			62,898		62,898	0 010 %
i Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .			14,591,277		14,591,277	2 990 %
j <b>Total</b> Other Benefits . . . . .			16,201,557		16,201,557	3 340 %
k <b>Total.</b> Add lines 7d and 7j . . . . .			90,172,976	66,694,368	33,478,608	9 780 %



Part IICommunity Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
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 IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

Yes

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

44,985,302

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

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

173,426,089

6

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

6

143,975,080

7

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

7

29,451,009

8

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

Section C. Collection Practices

9a

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

9a

Yes

9b

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

9b

Yes

Part IVManagement Companies and Joint Ventures

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

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1 Tyler Rehab Assoc LP	Rehabilitation hospital	50.000 %	0 %	0 %
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

## Section A. Hospital Facilities

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

**Schedule H (Form 990) 2013**

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)

MOTHER FRANCES HOSPITAL REG HC CENTER

Name of hospital facility or facility reporting group

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

1

		Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years 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 . . . . . If "Yes," indicate what the CHNA report describes (check all that apply)	1	Yes
a	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b	<input checked="" type="checkbox"/> Demographics of the community		
c	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	<input checked="" type="checkbox"/> How data was obtained		
e	<input checked="" type="checkbox"/> The health needs of the community		
f	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	<input type="checkbox"/> Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>		
3	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted . . . . .	3	Yes
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	4	No
5	Did the hospital facility make its CHNA report widely available to the public? . . . . . If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	Yes
a	<input checked="" type="checkbox"/> Hospital facility's website (list url) <u>SEE PART V, SECTION C</u>		
b	<input type="checkbox"/> Other website (list url) _____		
c	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
d	<input type="checkbox"/> Other (describe in Part VI)		
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)		
a	<input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	<input type="checkbox"/> Execution of the implementation strategy		
c	<input type="checkbox"/> Participation in the development of a community-wide plan		
d	<input type="checkbox"/> Participation in the execution of a community-wide plan		
e	<input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f	<input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	<input checked="" type="checkbox"/> Prioritization of health needs in its community		
h	<input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	<input type="checkbox"/> Other (describe in Part VI)		
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs . . . . .	7	No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)? . . . . .	8a	No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? . . . . .	8b	
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ _____		

**Part V**

**Facility Information** *(continued)*

Financial Assistance Policy		Yes	No		
<b>9</b>	Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	<b>9</b>	Yes		
<b>10</b>	Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>200</u> % If "No," explain in Part VI the criteria the hospital facility used	<b>10</b>	Yes		
<b>11</b>	Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400</u> % If "No," explain in Part VI the criteria the hospital facility used	<b>11</b>	Yes		
<b>12</b>	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)	<b>12</b>	Yes		
<b>a</b>	<input checked="" type="checkbox"/> Income level				
<b>b</b>	<input checked="" type="checkbox"/> Asset level				
<b>c</b>	<input checked="" type="checkbox"/> Medical indigency				
<b>d</b>	<input checked="" type="checkbox"/> Insurance status				
<b>e</b>	<input checked="" type="checkbox"/> Uninsured discount				
<b>f</b>	<input checked="" type="checkbox"/> Medicaid/Medicare				
<b>g</b>	<input checked="" type="checkbox"/> State regulation				
<b>h</b>	<input checked="" type="checkbox"/> Residency				
<b>i</b>	<input type="checkbox"/> Other (describe in Part VI)				
<b>13</b>	Explained the method for applying for financial assistance? . . . . .	<b>13</b>	Yes		
<b>14</b>	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	<b>14</b>	Yes		
<b>a</b>	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website				
<b>b</b>	<input checked="" type="checkbox"/> The policy was attached to billing invoices				
<b>c</b>	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms				
<b>d</b>	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices				
<b>e</b>	<input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility				
<b>f</b>	<input checked="" type="checkbox"/> The policy was available upon request				
<b>g</b>	<input type="checkbox"/> Other (describe in Part VI)				
Billing and Collections					
<b>15</b>	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? . . . . .	<b>15</b>	Yes		
<b>16</b>	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				
<b>a</b>	<input type="checkbox"/> Reporting to credit agency				
<b>b</b>	<input type="checkbox"/> Lawsuits				
<b>c</b>	<input type="checkbox"/> Liens on residences				
<b>d</b>	<input type="checkbox"/> Body attachments				
<b>e</b>	<input type="checkbox"/> Other similar actions (describe in Section C)				
<b>17</b>	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? . . . . .			<b>17</b>	No
	If "Yes," check all actions in which the hospital facility or a third party engaged				
<b>a</b>	<input type="checkbox"/> Reporting to credit agency				
<b>b</b>	<input type="checkbox"/> Lawsuits				
<b>c</b>	<input type="checkbox"/> Liens on residences				
<b>d</b>	<input type="checkbox"/> Body attachments				
<b>e</b>	<input type="checkbox"/> Other similar actions (describe in Section C)				

Part V

Facility Information (continued)

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

☒

Notified individuals of the financial assistance policy on admission
- b

☐

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

☒

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

☒

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

☐

Other (describe in Section C)

Policy Relating to Emergency Medical Care

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

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

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

**Part V Facility Information** *(continued)*

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

[illegible]

Part V

Facility Information (continued)

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

How many non-hospital health care facilities did the organization operate during the tax year? **1**

Name and address		Type of Facility (describe)
<b>1</b>	MFH OUTPATIENT SURGERY CENTER 415 South Fleishel Tyler, TX 75702	Ambulatory Surgical Center
<b>2</b>		
<b>3</b>		
<b>4</b>		
<b>5</b>		
<b>6</b>		
<b>7</b>		
<b>8</b>		
<b>9</b>		
<b>10</b>		

Part VI

Supplemental Information

Provide the following information

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

Form and Line Reference	Explanation
schedule h, part i, line 7, column f	percent of total expense TO ARRIVE AT THE PERCENT OF TOTAL EXPENSES, THE DENOMINATOR WHICH EQUALS TOTAL OPERATING EXPENSES PER PART IX, LINE 25, OF THE FORM 990 WAS REDUCED BY BAD DEBT EXPENSE, TOTALING \$44,985,302



Form and Line Reference	Explanation
schedule h, part iii, section a, line 2	bad debt expense THE AMOUNT REPORTED ON LINE 2 IS BASED ON BAD DEBTS PER THE AUDITED FINANCIAL STATEMENTS

Form and Line Reference	Explanation
schedule h, part iii, section a, line 3	bad debt as a community benefit THE ORGANIZATION IS UNABLE TO ESTIMATE THE AMOUNT FOR LINE 3 AND HAS ELECTED TO LEAVE IT BLANK BAD DEBT EXPENSE SHOULD BE CONSIDERED COMMUNITY BENEFIT BECAUSE THIS IS UNCOMPENSATED HEALTHCARE PROVIDED TO RESIDENTS OF THE COMMUNITY

Form and Line Reference	Explanation
<p>schedule h, part iii, section a, line 4</p>	<p>footnote to the financial statements describing bad debt. Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectibility of accounts receivable, the Health System analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and the provision for uncollectible accounts. Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Health System analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for uncollectible accounts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payer has not yet paid, or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely). The Hospital records an automatic discount of its standard charges for uninsured patients. For the remaining receivables associated with self-pay patients, which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill, the Health System records a significant provision for uncollectible accounts in the period of service on the basis of its past experience. This indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the reduced standard rates (or the discounted rates if negotiated or provided by policy) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts. The Health Systems allowance for doubtful accounts was approximately 98% of self-pay accounts receivable at June 30, 2014 and 2013. The current year decrease in allowance for doubtful accounts is primarily the result of a reduction in gross accounts receivable and changes in the age and payer mix of accounts receivable at June 30, 2014, as compared to 2013.</p>

Form and Line Reference	Explanation
schedule h, part iii, section b, line 8	costing methodology THE MEDICAL CENTER USES MEDICARE COST REPORT METHODOLOGY, WHICH APPORTIONS ROUTINE COSTS (ROOM AND BOARD) BASED ON MEDICARE OR MEDICAID DAYS TO TOTAL DAYS AND APPORTIONS ANCILLARY COSTS BASED ON PROGRAM CHARGES TO TOTAL CHARGES

Form and Line Reference	Explanation
schedule h, part iii, section c, line 9b	collection policy THE ORGANIZATION HAS A WRITTEN POLICY COVERING PROCEDURES FOR COLLECTING AND WRITING OFF BAD DEBTS ACCORDING TO THE POLICY, IF A PATIENT APPEARS TO BE INDIGENT, ACCOUNTS SHOULD BE REVIEWED, AT ANY TIME DURING THE COLLECTION PROCESS, FOR POSSIBLE CONSIDERATION AS A CHARITY CASE IN ACCORDANCE WITH THE ORGANIZATION'S CHARITY CARE POLICY

Form and Line Reference	Explanation
schedule h, part vi, line 2	needs assessment THE HOSPITAL'S COMMUNITY HEALTH PROFILES PROVIDE A SNAPSHOT OF SUBURBAN, URBAN, AND RURAL SERVICE AREAS WITHIN TEXAS USING KEY HEALTH INDICATORS, WHICH FACILITATE COMPARISONS LOCALLY, REGIONALLY, AND OVER TIME COMMUNITY HEALTH PROFILES ARE INTENDED TO ASSIST INTERNAL STAKEHOLDERS, COMMUNITY HEALTH COUNCIL MEMBERS, AND THE COMMUNITY HEALTH IMPROVEMENT DEPARTMENT IN DECIDING WHERE TO ALLOCATE RESOURCES AND ADDRESS HEALTH INEQUALITIES ALL ENTITY ADVOCATES USE NATIONAL, STATE, AND LOCAL SECONDARY AND PRIMARY DATA SOURCES TO PROVIDE A CURRENT OVERVIEW OF LOCAL HEALTH NEEDS, FACTORS IMPACTING DISEASE AND INJURY BURDEN, SOCIOECONOMIC STATUS, ACCESS TO HEALTH CARE, AGE DISTRIBUTION, INDICATORS AND LIFESTYLE BEHAVIORS THIS DATA IS USED TO GALVANIZE JOINT COMMUNITY HEALTH EFFORTS TO IMPROVE HEALTH AND REDUCE HEALTH INEQUALITIES AND TO EMPOWER THE GREATER COMMUNITY

Form and Line Reference	Explanation
schedule h, part vi, line 3	patient education of eligibility for assistance THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY AND CONTACT INFORMATION IS POSTED IN VARIOUS AREAS OF THE HOSPITAL INCLUDING ADMISSIONS & REGISTRATION, EMERGENCY, AND OUTPATIENT DEPARTMENTS ADDITIONALLY, FINANCIAL ASSISTANCE INFORMATION IS PROVIDED, VERBALLY AND IN WRITTEN BROCHURES, TO ALL SELF-PAY PATIENTS BY FINANCIAL COUNSELORS FINANCIAL ASSISTANCE INFORMATION IS ALSO INCLUDED IN EVERY PATIENT BILL THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY IS COMMUNICATED TO THE PATIENT BY FINANCIAL COUNSELORS WHO ALSO SCREEN SELF-PAY PATIENTS FOR POTENTIAL ELIGIBILITY FOR OTHER GOVERNMENTAL ASSISTANCE PROGRAMS IF IT IS DETERMINED THAT THE PATIENT IS POTENTIALLY ELIGIBLE FOR GOVERNMENTAL ASSISTANCE, THE FINANCIAL COUNSELOR WILL ASSIST THE PATIENT IN COMPLETING ANY FORMS NECESSARY TO APPLY FOR THE ASSISTANCE AT THE SAME TIME, THE PATIENTS ARE PROVIDED WITH A CHARITY CARE APPLICATION AND INFORMATIONAL FLYER THE PATIENT IS INFORMED THAT MOTHER FRANCES HOSPITAL-TYLER IS A NON-PROFIT CHARITABLE ORGANIZATION OFFERING FINANCIAL ASSISTANCE TO PATIENTS WHO ARE DEEMED MEDICALLY OR FINANCIALLY INDIGENT THE FINANCIAL COUNSELORS WILL THEN ASSIST THE PATIENT IN COMPLETING THE CHARITY CARE APPLICATION AND OBTAINING ANY AVAILABLE VERIFICATIONS ONCE THE PATIENT IS DISCHARGED, THE FINANCIAL COUNSELORS WILL CONTINUE TO CONTACT THE PATIENT TO ENSURE ALL NEEDED FORMS AND VERIFICATIONS NEEDED TO FILE AN APPLICATION FOR GOVERNMENTAL ASSISTANCE AND CHARITY CARE HAVE BEEN PROVIDED

Form and Line Reference	Explanation
schedule h, part vi, line 4	community information THE HOSPITAL OWNS AND OPERATES A 476 LICENSED BED GENERAL ACUTE CARE HOSPITAL AND RELATED HEALTHCARE FACILITIES IN TYLER, TEXAS THE HOSPITAL'S PRIMARY SERVICE AREA CONSISTS OF SMITH COUNTY WITH A POPULATION OF APPROXIMATELY 200,000 THE SECONDARY SERVICE AREA OF THE HOSPITAL CONSISTS OF ANDERSON, CHEROKEE, GREGG, HENDERSON, RAINS, RUSK, UPSHUR, WOOD, AND VAN ZANDT COUNTIES WITH A TOTAL POPULATION OF APPROXIMATELY 500,000



Form and Line Reference	Explanation
schedule h, part vi, line 5	<p>promotion of community health MOTHER FRANCES HOSPITAL-TYLER PROMOTES HEALTHCARE AND WELLN ESS EDUCATION BY OFFERING OUTREACH PROGRAMS AND SPECIAL INITIATIVES THAT IMPROVE THE QUALI TY OF LIFE AND HEALTH IN THE COMMUNITIES SERVED COMMUNITY BENEFIT IS PROVIDED THROUGH MANY REDUCED PRICE SERVICES AND FREE PROGRAMS TO THE COMMUNITY THESE SERVICES ARE ESSENTIAL TO PROVIDE COMPLETE HEALTHCARE TO THE COMMUNITIES SERVED SOME OF THESE PROGRAMS INCLUDE T HE FOLLOWING Tyler FamilyCARE Center - Women's Services - The clinic offers prenatal serv ices to all Medicaid patients, Title V recipients, many self-pay, underinsured, and anyone who presents for prenatal services Patient education is an integral part of patient care offering classes in English and Spanish In addition to regular prenatal education, car s eat education is also offered This program receives TMF support for these services The p rimary objective is to reduce the number of women who delivered babies with no prenatal ca re or childbirth education and reduce the number of sick infants born Social workers help clients become eligible for Medicaid, WIC, and other financial assistance Additionally, case management and diabetic counseling is provided FamilyCARE Center - Children's Servic es - The Center serves the largest number of Medicaid and CHIP patients in the area This patient population has a high percentage of at-risk ethnic groups It is the largest provi der of services to Medicaid and CHIP services for children in east Texas A special reach out and read program with book distribution and mentors is also provided This program rec eives financial and in-kind from TMF for these services This facility provides access to well baby care and sick baby care for new mothers who were provided care at the FamilyCARE Center - Women's Service and for the medically underserved children of east Texas Trinit y Clinic Special Needs Program - The Special Needs Program believes that all children shou ld have access to health care services, a medical home which are continuous, comprehensiv e, coordinated, compassionate and culturally competent Medical and social services are pr ovided to children with special needs The purpose of the program is To provide health car e services to over 525 patients ranging from neonates to 21 years serving 35 communities e ncompassing a 12 county area Services offered without charge include MOMS support group, Respite Care Program support, Annual Special Needs Children's Celebration for families, an d other local community activities Sickl e Cell Clinic - The Tyler FamilyCare Center Pedia tric Clinic provides the facility and support for patients with Sickl e Cell Joining force s with UT Southwestern Medical Center through a grant, a registered nurse works as the lia ison between pediatricians and the Sickl e Cell Clinic in Dallas to coordinate the care of patients Additionally, a hematologist specializing in the care of sickl e cell patients co nducts a clinic four times a year on site TMFHC joins with TFCC and serves as the site in collaboration with UT Southwestern Medical Center in Dallas to provide care for Sickl e Ce ll patients in the Smith and surrounding counties This program eliminates the need for fa milies to travel to Dallas to receive care It provides frontline information to parents a nd families on the disease and the need for medical care Emergency Education - Detailed i nstruction and hands on participation is offered for certification in areas including CPR, first aid, and AED use Courses are offered to school district and sponsors for UIL progr ams on an as needed basis Over 400 people were trained The purpose of the program is To improve the ability of people to respond to an emergency situation regardless of where it occurs The benefit to the public includes more rapid response by a trained person which s hould increase the potential for positive outcomes TeleCare Plus-Your Health Information Resource - TeleCare Plus is a medical call center available for FREE to the public 24 hour s a day Registered nurses provide callers with answers to health questions over the telep hone, can send health information via the mail, provide physician referrals, give informat ion on community and hospital resources and do symptom based triage Examples of the types of calls in 2014 would be FamilyCARE Center - Pediatrics/ Obstetrics, cardiac, neuro, en docrinology, geriatric, education calls, and general information and health care questions or nurse triage TeleCare Plus is designed to provide a central, confidential resource fo r the community to turn to for health information and assist callers in seeking out the ap propriate level of medical resources at the appropriate time Bethesda Clinic Support - Be thesda Clinic is a "free" medical clinic, which is supported financially and by support se rvices from the community Mother Frances Hospital provides support in all areas and on sp ecial projects as requested the purpose is To pro</p>

Form and Line Reference	Explanation
<p>schedule h, part vi, line 5</p>	<p>vide a site for patients where they can receive acute medical care Services are paid for on a sliding scale as determined by their board of directors This provides another access point for vulnerable populations and has bilingual staff Trinity Mother Frances Health S ystem Website - The TMFHS website at <a href="http://www.tmfhs.org">www.tmfhs.org</a> provides a large amount of information about the health system, Trinity Physicians, upcoming classes and events and a wealth of h ealth information This now includes the implementation of MYCHART for personal health inf ormation directly The website is designed as an access point to TMFHS resources Using th e web people can access information about the many services TMFHS provides, find informati on about physicians, register for classes or upcoming events, find a job and more The hea lth information module provides a vast amount of information regarding diseases, medicatio ns, labs, tests and also links to disease communities or support groups and resources Lifeline-Personal Emergency Response System - Lifeline provides independence to patients need ing quick access to emergency assistance in their home Customers wear a waterproof button on their wrist or around their neck that they can press to activate the Lifeline Call Cen ter in case of incapacitating event such as a fall or stroke The Lifeline Call Center wil l attempt to speak to the patient via the Lifeline speakerphone or send out a predetermine d contact such as a friend or neighbor or activate emergency personnel to assist the calle r The Lifeline program allows some people to stay at home that might otherwise need to be in an assisted living facility Scholarships are provided to a number of patients as requ ested to meet the needs of those who cannot afford the service and request financial suppo rt Community Partnerships - Assistance was provided both financially and with staffing fo r groups and organizations to provide collaborative programs, services, and health informa tion Projects included over 75 opportunities, including school-based programs, youth prog rams, and general public events The purpose is To provide assistance and support and to e ducate the public on programs offered by Komen Foundation, American Heart Association, Ame rican Cancer Society, Alzheimer Association, Bethesda Health Clinic, Bethesda Health Clini c, Boy Scouts, Children's Advocacy Center, nursing programs, and public and private school s United Way - TMFHS and our employees provided financial support of over \$75,000 The pu rpose is To assist with the design, development, funding, and mission development of over 30 non-profit agencies in the community providing services to children and families at-ris k regardless of their ability to pay for those services Share the Spirit - This is an ann ual fund raising campaign within the health system for employees It is organized and impl emented by employees with all proceeds going to help with health related programs Over \$ 160,000 was raised in 2014 To assist with the funding for the following projects Heart c are, Cancer care, Children's Miracle Network, diabetes education and services, and the emp loyee CrisisCare Fund Anyone is eligible to receive assistance based on need or program n eeds Children's Miracle Network - This is a designation for hospitals that focus on child ren's care and their needs It provides a support system for fundraising benefiting childr en's services Mother Frances Hospital is the only hospital between Dallas and Houston so designated The purpose of the network is To improve the medical services for pediatric pa tients and their families Medical equipment for pediatric services is purchased for both the Tyler and Jacksonville locations A board oversees the outlay of the funds raised in t he community during the year In 2014 over \$1 million was raised for this program Health Education /Screening Programs - Community education for healthy life styles was offered th roughout the region for a variety of con</p>

Form and Line Reference	Explanation
schedule h, part vi, line 6	affiliated health care system MOTHER FRANCES HOSPITAL-TYLER IS PART OF AN AFFILIATED HEALTH CARE SYSTEM CALLED TRINITY MOTHER FRANCES HEALTH SYSTEM TRINITY MOTHER FRANCES IS A FAITH-BASED ORGANIZATION DEDICATED TO CREATING HEALTHY LIVES FOR PEOPLE AND COMMUNITIES MFH-TYLER AND ITS AFFILIATES PROMOTE THE HEALTH OF THE COMMUNITIES SERVED BY PROVIDING ACUTE CARE FACILITIES AND CRITICAL ACCESS FACILITIES WHOSE OPERATIONS CONSIST PRIMARILY OF PROVIDING INPATIENT AND OUTPATIENT ACUTE CARE AND MEDICAL SERVICES TO PATIENTS RESIDING IN EAST TEXAS

Form and Line Reference	Explanation
schedule h, part vi, line 7	state filing of community benefit report texas

Additional Data

Software ID:  
Software Version:  
EIN: 75-0818167  
Name: Mother Frances Hospital Regional Health  
Care Center

990 Schedule H, Supplemental Information

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.	
Form and Line Reference	Explanation
schedule h, part v, section b, line 3	
schedule h, part v, section b, line 5	chna available to the public the chna and implementation strategy is available upon request and at the following website <a href="http://www.tmfhc.org/comprehensive-community-health-needs-assessments">http //www.tmfhc.org/comprehensive-community-health-needs-assessments</a>
schedule h, part v, section b, line 7	needs identified in chna not addressed MOTHER FRANCES HOSPITAL - TYLER DECIDED NOT TO SPECIFICALLY ADDRESS THE NEED FOR "ACCESS TO DENTAL SERVICES" LARGELY DUE TO ITS POSITION (LAST) ON THE PRIORITIZED LIST AND THE HOSPITAL'S CAPACITY TO ADDRESS THAT NEED
schedule h, part v, section b, lines 16, 17, & 18	billing and collections NEITHER MOTHER FRANCES HOSPITAL REGIONAL HEALTH CARE CENTER, NOR THIRD PARTIES AUTHORIZED BY MFH-REGIONAL HEALTH CARE CENTER, TAKE ANY ACTIONS UPON NON-PAYMENT FROM A PATIENT BEFORE MAKING A REASONABLE EFFORT TO DETERMINE IF THE PATIENT IS ELIGIBLE FOR THE FACILITY'S FINANCIAL ASSISTANCE POLICY
schedule h, part v, section b, line 20D	determination of FAP-eligible individuals for emergency and other medical care For selfpay patients that show to be FAP Eligible, we discount based upon their proven FPL percentage (100%, 75% or 50%) These amounts combined with the auto-Selfpay discount of 45% gets us to a rate comparable to lowest managed care or Medicare rates

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](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public  
Inspection

Name of the organization  
Mother Frances Hospital Regional Health  
Care Center

Employer identification number  
75-0818167

Part I

General Information on Grants and Assistance

- 1

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

☒ Yes ☐ No
- 2

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

Part II

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) SERVICE ORGANIZATION OF PINEY WOODS 2950 50TH ST LUBBOCK, TX 79314	30-0630886	501(C)(3)	10,076,250				COMMUNITY HEALTHCARE
(2) SERVICE ORGANIZATION OF NORTH & EAST TEXAS 2950 50TH ST LUBBOCK, TX 79314	26-0468622	501(C)(3)	4,515,027				COMMUNITY HEALTHCARE
(3) Trinity Mother Frances Health System Fdn 1315 DOCTORS DRIVE TYLER, TX 75701	75-2028241	501(C)(3)	58,180				COMMUNITY HEALTHCARE
(4) tyler family circle of care 214 east houston tyler, TX 75702	45-2578435	501(c)(3)	1,800,325				community healthcare

- 2

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

4
- 3

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

**Part III**

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

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

**Part IV**

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

Return Reference	Explanation
schedule i, part i, line 2	PROCEDURES FOR MONITORING THE USE OF GRANT FUNDS IN THE U S GRANT RECIPIENTS ARE REQUIRED TO ACKNOWLEDGE PRIOR TO THE ISSUANCE OF GRANT FUNDS THAT THE GRANT WILL BE USED IN ACCORDANCE WITH THE STATED PURPOSE OF THE GRANT APPLICATION AND ANY UNUSED FUNDS RELATED TO THE SPECIFIC PURPOSE OF THE GRANT WILL BE RETURNED TO THE ORGANIZATION THE ORGANIZATION MONITORS AND REVIEWS THE FINANCIAL DATA OF RECIPIENTS TO ENSURE THAT THE GRANTED FUNDS ARE BEING USED PROPERLY

Schedule J  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Compensation Information

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

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 23.  
▶ Attach to Form 990. ▶ See separate instructions.

▶ Information about Schedule J (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
Mother Frances Hospital Regional Health  
Care Center

Employer identification number  
  
75-0818167

Part I

Questions Regarding Compensation

	Yes	No
<div><div>1a</div><div>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</div><div><div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input checked="" type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div></div><div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div></div></div>		
<div><div>b</div><div>If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain</div></div>	1bYes	
<div><div>2</div><div>Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?</div></div>	2Yes	
<div><div>3</div><div>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</div><div><div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div></div><div><div><input checked="" type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div></div></div>		
<div><div>4</div><div>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</div></div>		
<div><div>a</div><div>Receive a severance payment or change-of-control payment?</div></div>	4aYes	
<div><div>b</div><div>Participate in, or receive payment from, a supplemental nonqualified retirement plan?</div></div>	4bYes	
<div><div>c</div><div>Participate in, or receive payment from, an equity-based compensation arrangement?</div></div> <div>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III</div>	4c	No
<div><div></div><div>Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.</div></div>		
<div><div>5</div><div>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</div></div>		
<div><div>a</div><div>The organization?</div></div>	5a	No
<div><div>b</div><div>Any related organization?</div></div> <div>If "Yes," to line 5a or 5b, describe in Part III</div>	5b	No
<div><div>6</div><div>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</div></div>		
<div><div>a</div><div>The organization?</div></div>	6a	No
<div><div>b</div><div>Any related organization?</div></div> <div>If "Yes," to line 6a or 6b, describe in Part III</div>	6b	No
<div><div>7</div><div>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</div></div>	7	No
<div><div>8</div><div>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</div></div>	8	No
<div><div>9</div><div>If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?</div></div>	9	



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

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

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

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

Part III Supplemental Information

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II

Also complete this part for any additional information

Return Reference	Explanation
schedule j, part i, line 1a	TAX INDEMNIFICATION AND GROSS UP PAYMENTS AMOUNTS PAID FOR "GROSSED UP" GIFT CARDS ARE INCLUDED AS TAXABLE COMPENSATION FOR THE FOLLOWING individuals ROBERT ROSE, TODD HANCOCK, LEE PORTWOOD, CHRISTY BUSH, MARTIN URBAN, DAVID CORRIOR, WILLIAM SANDBERG, ROBERT BIENERT, and TAWONDA FELTON
schedule j, part i, line 4a	SEVERANCE & change of control payments LAURA OWEN \$464,398 william bellenfant sr \$213,528 SCHEDULE J, PART I, LINE 4B PARTICIPATION IN OR PAYMENT FROM SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN PARTICIPANTS IN SERP REPORTED IN W-2 DEFERRED COMPENSATION ----- STEVEN KEUER MD \$426,080 NONE PARTICIPANTS IN 457(F) REPORTED IN W-2 ----- STEVEN KEUER MD \$7,727 GIFFORD ECKHOUT MD \$9,938 ANDY KIRKPATRICK MD \$8,719

Additional Data

Software ID:

Software Version:

EIN: 75-0818167

Name: Mother Frances Hospital Regional Health  
Care Center

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
RAY THOMPSON SYS EXEC VP/DIRECTOR/ASST Sec	(i)	295,700	295,768	0	4,335	5,966	601,769	0
	(ii)	443,550	443,651	0	6,503	8,948	902,652	0
FAGG SANFORD MD DIRECTOR	(i)	0	0	0	0	0	0	0
	(ii)	832,428	0	26,369	8,287	8,290	875,374	0
ANDY KIRKPATRICK MD DIRECTOR	(i)	0	0	0	0	0	0	0
	(ii)	625,214	0	33,835	10,837	18,944	688,830	8,719
JOHN MCGREEVY SR VP/CEO OF MFH	(i)	305,141	53,292	10,875	7,726	16,188	393,221	0
	(ii)	0	0	0	0	0	0	0
J LINDSEY BRADLEY JR SYSTEM PRESIDENT	(i)	196,885	184,786	0	2,439	3,356	387,466	0
	(ii)	678,160	636,483	0	8,399	11,558	1,334,600	0
JOYCE HESTER SR VP/CFO	(i)	80,449	28,969	0	2,710	3,104	115,232	0
	(ii)	241,347	86,905	0	8,128	9,310	345,690	0
STEVEN KEUER MD SYSTEM PRESIDENT/CMO	(i)	0	0	0	0	0	0	0
	(ii)	202,179	260,000	433,807	27,338	2,500	925,824	433,807
GIFFORD ECKHOUT MD EXECUTIVE VICE PRESIDENT	(i)	0	0	0	0	0	0	0
	(ii)	612,504	133,450	9,938	8,063	2,500	766,455	9,938
ROBERT ROSE SR VP, PATIENT CARE SERVICES	(i)	232,588	30,217	10,890	7,673	19,559	300,927	0
	(ii)	0	0	0	0	0	0	0
TODD HANCOCK VP	(i)	222,273	39,515	10,815	7,709	20,666	300,978	0
	(ii)	0	0	0	0	0	0	0
LEE PORTWOOD VP	(i)	219,930	18,913	10,815	9,341	13,307	272,306	0
	(ii)	0	0	0	0	0	0	0
MARTIN URBAN CRNA	(i)	242,178	0	18,564	7,470	16,392	284,604	0
	(ii)	0	0	0	0	0	0	0
DAVID CORRIoR CRNA	(i)	257,099	0	5,005	3,473	14,902	280,479	0
	(ii)	0	0	0	0	0	0	0
WILLIAM SANDBERG CRNA	(i)	283,047	0	1,269	8,084	8,434	300,834	0
	(ii)	0	0	0	0	0	0	0
ROBERT BIENERT CRNA	(i)	305,429	0	240	6,069	6,648	318,386	0
	(ii)	0	0	0	0	0	0	0
Tawonda Felton CRNA	(i)	387,632	0	686	8,088	7,129	403,535	0
	(ii)	0	0	0	0	0	0	0
LAURA OWEN SR VP/CEO	(i)	170,206	0	470,773	6,455	9,841	657,275	0
	(ii)	0	0	0	0	0	0	0
DAVID TEEGARDEN SYSTEM PRESIDENT/CMO	(i)	0	0	0	0	0	0	0
	(ii)	97,133	0	3,673	2,250	20,266	123,322	0
CHRIS GLENNEY VP OPERATIONS	(i)	0	0	0	0	0	0	0
	(ii)	251,415	41,650	10,875	9,663	19,105	332,708	0
WILLIAM BELLENFANT SR SR VP/CFO/DIRECTOR/TREASURER	(i)	0	0	0	0	0	0	0
	(ii)	0	0	213,528	0	0	213,528	0

Schedule K  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
Mother Frances Hospital Regional Health  
Care Center

Employer identification number  
75-0818167

Part I

Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	TYLER HEALTH FACILITIES DEVELOPMENT CORPORATION	52-1315814	902261HP4	10-12-2011	51,735,000	CAPITAL DEVELOPMENT		X		X		X
B	TYLER HEALTH FACILITIES DEVELOPMENT CORPORATION	52-1315814	902261GN0	05-16-2007	66,789,990	CAPITAL DEVELOPMENT		X		X		X
C	TYLER HEALTH FACILITIES DEVELOPMENT CORPORATION	52-1315814	902261GP5	05-30-2007	23,053,130	CAPITAL DEVELOPMENT		X		X		X
D	TYLER HEALTH FACILITIES DEVELOPMENT CORPORATION	52-1315814	xxxxxxxxx	10-19-2012	57,429,494	refinancing 1992 & 1997B Bonds		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired	0		0		0		0	
2	Amount of bonds legally defeased	0		0		0		0	
3	Total proceeds of issue	51,735,000		66,789,990		23,053,130		57,429,494	
4	Gross proceeds in reserve funds	5,173,500		288,280		2,300,000		0	
5	Capitalized interest from proceeds	0		0		0		0	
6	Proceeds in refunding escrows	45,260,090		64,699,862		0		57,170,774	
7	Issuance costs from proceeds	873,700		1,801,848		386,250		258,720	
8	Credit enhancement from proceeds	0		0		0		0	
9	Working capital expenditures from proceeds	0		0		0		0	
10	Capital expenditures from proceeds	0		0		20,366,880		0	
11	Other spent proceeds	0		0		0		0	
12	Other unspent proceeds	0		0		0		0	
13	Year of substantial completion	2013		2012					
14	Were the bonds issued as part of a current refunding issue?	Yes	No	Yes	No	Yes	No	Yes	No
			X		X		X	X	
15	Were the bonds issued as part of an advance refunding issue?		X	X			X		X
16	Has the final allocation of proceeds been made?	X		X		X		X	
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X		X	

Part III

Private Business Use

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

Part III

Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X		X		X		X
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		X
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 %		0 %		0 %		0 700 %	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶								
6	Total of lines 4 and 5							0 700 %	
7	Does the bond issue meet the private security or payment test?		X		X		X		X
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X		X		X
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?		X		X		X		X
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	X		X		X		X	

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X	X		X			X
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?	X						X	
b	Exception to rebate?		X						X
c	No rebate due?		X						X
If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed									
3	Is the bond issue a variable rate issue?		X		X		X	X	
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X		X		X
b	Name of provider	0		0		0			
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was the hedge terminated?								

Part IV

Arbitrage (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X		X		X
b	Name of provider	0		0		0		0	
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
7	Has the organization established written procedures to monitor the requirements of section 148?	X		X		X		X	

Part V

Procedures To Undertake Corrective Action

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

Part VI

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

Return Reference	Explanation
schedule k, part i	REFINANCED BONDS SERIES 1992 REVENUE BOND ISSUE DATE 05/27/1992 SERIES 1997B REVENUE BOND ISSUE DATE 12/01/1997 SERIES 2001 REVENUE BOND ISSUE DATE 10/30/2001 SERIES 2003 REVENUE BOND ISSUE DATE 05/08/2003

Schedule K (Form 990)	<div>Supplemental Information on Tax Exempt Bonds</div> <div>▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.</div> <div>▶ Attach to Form 990. ▶ See separate instructions.</div> <div>▶ Information about Schedule K (Form 990) and its instructions is at <a href="http://www.irs.gov/form990">www.irs.gov/form990</a>.</div>		OMB No 1545-0047
			2013
			Open to Public Inspection

Department of the Treasury Internal Revenue Service	Name of the organization Mother Frances Hospital Regional Health Care Center	Employer identification number 75-0818167
--	--	--

Part I Bond Issues

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A tyler health facilities development corporation	52-1315814	902261FP6	05-08-2003	60,753,954	capital development		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired	0							
2	Amount of bonds legally defeased	0							
3	Total proceeds of issue	60,753,954							
4	Gross proceeds in reserve funds	669,419							
5	Capitalized interest from proceeds	0							
6	Proceeds in refunding escrows	40,532,637							
7	Issuance costs from proceeds	771,361							
8	Credit enhancement from proceeds	0							
9	Working capital expenditures from proceeds	0							
10	Capital expenditures from proceeds	18,780,537							
11	Other spent proceeds	0							
12	Other unspent proceeds	0							
13	Year of substantial completion	2005							
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X							
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

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

Part III

Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X						
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X						
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 %							
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶								
6	Total of lines 4 and 5								
7	Does the bond issue meet the private security or payment test?		X						
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X						
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?		X						
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	X							

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?	X							
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?								
b	Exception to rebate?								
c	No rebate due?								
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?		X						
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X						
b	Name of provider	0							
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was the hedge terminated?								



Part IV

Arbitrage (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X						
b	Name of provider	0							
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X						
7	Has the organization established written procedures to monitor the requirements of section 148?	X							

Part V

Procedures To Undertake Corrective Action

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

Part VI

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

Schedule L  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

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

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Name of the organization  
Mother Frances Hospital Regional Health  
Care Center

Employer identification number  
75-0818167

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).  
Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

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

2

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

3

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

Part II Loans to and/or From Interested Persons.  
Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

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

Part III Grants or Assistance Benefitting Interested Persons.  
Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

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

**Part IV Business Transactions Involving Interested Persons.**

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) CATHERINE BRADLEY	SISTER OF CEO	28,152	SALARIES/WAGES		No

**Part V Supplemental Information**

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

Return Reference	Explanation
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SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury

Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization

Mother Frances Hospital Regional Health Care Center

Employer identification number

75-0818167

990 Schedule O, Supplemental Information

Return Reference	Explanation
form 990, part vi, section a, line 6	MEMBERS OR STOCKHOLDERS TRINITY MOTHER FRANCES HEALTH SYSTEM IS THE SOLE MEMBER OF MOTHER FRANCES HOSPITAL REGIONAL HEALTH CARE CENTER
FORM 990, PART VI, SECTION A, LINE 7A	MEMBERS WHO MAY ELECT MEMBERS OF THE GOVERNING BODY THE SOLE MEMBER, TRINITY MOTHER FRANC ES HEALTH SYSTEM, HAS THE POWER TO APPOINT ALL DIRECTORS AND THEIR SUCCESSORS TO THE GOVER NING BOARD
FORM 990, PART VI, SECTION A, LINE 7B	DECISIONS OF GOVERNING BODY SUBJECT TO APPROVAL BY THE MEMBER THE MEMBER HAS THE RIGHT TO APPROVE OR DISAPPROVE CERTAIN ACTIONS THAT HAVE BEEN PREVIOUSLY APPROVED BY THE BOARD OF DIRECTORS
FORM 990, PART VI, SECTION B, LINE 11B	PROCESS TO REVIEW THE FORM 990 THE ORGANIZATION ENGAGES AN OUTSIDE ACCOUNTING FIRM TO PRE PARE FORM 990 ONCE PREPARED, THE FORM IS REVIEWED BY THE ORGANIZATION'S INTERNAL ACCOUNTA NTS AND A COPY IS PROVIDED TO THE BOARD PRIOR TO FILING
FORM 990, PART VI, SECTION B, LINE 12C	PROCESS TO MONITOR AND ENFORCE CONFLICT OF INTEREST POLICY THE BOARD REVIEWS AND RESOLVES , IF NECESSARY , ANY TRANSACTIONS AS THEY ARISE THROUGHOUT THE YEAR IN ACCORDANCE WITH POLI CY STANDARDS
FORM 990, PART VI, SECTION B, LINES 15A & 15B	REVIEW OF COMPENSATION OF CEO, OFFICER, OR KEY EMPLOYEE THE ORGANIZATION USES COMPENSATIO N CONSULTANTS AND NATIONAL COMPENSATION SURVEY S TO DETERMINE COMPENSATION OF EMPLOYEES CO MPENSATION IS APPROVED BY THE ORGANIZATION'S GOVERNING BODY
FORM 990, PART VI, SECTION C, LINE 19	AVAILABILITY OF DOCUMENTS THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INT EREST POLICY , AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST
FORM 990, PART VII, SECTION A, LINE 1A & Schedule J, part ii	COMPENSATION FROM RELATED ORGANIZATIONS THE GOVERNING BOARD OF TRINITY MOTHER FRANCES HEA LTH SYSTEM UPON ADVICE FROM NATIONALLY RECOGNIZED COMPENSATION CONSULTANTS, WHO PERIODICAL LY REVIEW ALL EXECUTIVE COMPENSATION, APPROVED A DEFERRED COMPENSATION PLAN THAT PROVIDES A 65% TOTAL RETIREMENT BENEFIT FOR SENIOR EXECUTIVES THAT SERVE 20 YEARS OR MORE THIS PRO GRAM HAS BOTH RETENTION AND NON-COMPETITION CLAUSES THAT CREATE A RISK OF FORFEITURE DEFE RRED COMPENSATION IS SUBJECT TO A RISK OF FORFEITURE BASED ON RETENTION, NON- COMPETITION A ND OTHER CONTRACTUAL FACTORS ACCRUALS OF DEFERRED COMPENSATION ARE NOT INCLUDIBLE IN W-2 COMPENSATION UNTIL PAID OTHER EMPLOYEE BENEFITS INCLUDE QUALIFIED PENSION PLANS, HEALTH, DENTAL AND LIFE INSURANCE PLANS, DISABILITY INSURANCE, ETC TAXABLE EXPENSES ARE INCLUDED IN THE W-2 PAID COMPENSATION SALARY AMOUNT
form 990, part ix, line 11g	other fees for services Corporate Expense \$ 55,668,966 Professional Fees 33,108,055 Purchased Services 23,537,810 Contract Labor 5,726,823 Consulting 923,142 Physician Advisor 108 ,370 Transcription Services 38,746 ----- total \$ 119,111,912
Form 990, part xi, line 9	other changes in net assets transfer to affiliate \$(16,623,584) change in pension plan li ability (5,328,977) Equity in earnings of affiliate 5,039,375 change in fair value interes t rate sw ap (92,588) equity in income of consolidated subsidiary (35,802) ----- - total \$(17,041,576)

SCHEDULE R  
(Form 990)

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](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

Name of the organization  
Mother Frances Hospital Regional Health  
Care Center

Employer identification number  
75-0818167

Part I

Identification of Disregarded Entities

Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

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

Part II

Identification of Related Tax-Exempt Organizations

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) MOTHER FRANCES HOSPITAL - WINNSBORO  1315 DOCTORS DRIVE  TYLER, TX 75701 75-2771569	HOSPITAL	TX	501(C)(3)	3	TMFHS		No
(2) TRINITY MOTHER FRANCES HEALTH SYSTEM FDN  1315 DOCTORS DRIVE  TYLER, TX 75701 75-2028241	SUPPORT	TX	501(C)(3)	11, Type I	TMFHS		No
(3) REGIONAL MEDICAL SERVICES ASSOCIATION  1315 DOCTORS DRIVE  TYLER, TX 75701 75-2511459	HEALTHCARE	TX	501(C)(3)	3	MFH REG	Yes	
(4) TRINITY MOTHER FRANCES HEALTH SYSTEM  1315 DOCTORS DRIVE  TYLER, TX 75701 75-2616975	SUPPORT	TX	501(C)(3)	11, type I	NA		No
(5) TRINITY CLINIC  1315 DOCTORS DRIVE  TYLER, TX 75701 75-2616977	HEALTHCARE	TX	501(C)(3)	3	TMFHS		No
(6) MOTHER FRANCES HOSPITAL - JACKSONVILLE  1315 DOCTORS DRIVE  TYLER, TX 75701 75-1976930	HOSPITAL	TX	501(C)(3)	3	TMFHS		No

Part III

Identification of Related Organizations Taxable as a Partnership

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end- of-year assets	(h) Disproprtionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) TYLER RADIATION EQUIP LEASING  10101 WOODLOCH FOREST DRIVE THE WOODLANDS, TX 77380 26-2554738	EQUIPMENT LEASING	TX	MFH REG	UNRELATED	162,745	973,397		No	162,745		No	51 000 %
(2) Tyler Rehab Associates LP  3660 GRANDVIEW PKWY SUITE 200 BIRMINGHAM, AL 35243 25-1675784	REHABILITATION	AL	NA	EXCLUDED FROM TAX	4,362,860	2,767,820		No	0		No	50 000 %

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of- year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) TRI-STATE FINANCIAL LLC  1315 DOCTORS DRIVE TYLER, TX 75701 75-2728318	DORMANT	TX	TMFHS	C-corporation					No
(2) TRINCARE INC  1315 DOCTORS DRIVE TYLER, TX 75701 75-2161369	RETAIL HEALTH SVC	TX	TMFHS	C-corporation					No
(3) HEALTHPLAN OF TEXAS INC  1315 DOCTORS DRIVE TYLER, TX 75701 75-2636832	THIRD PARTY ADMIN	TX	TMFHS	C-corporation					No
(4) THE REGIONAL HEALTHCARE ALLIANCE  1315 DOCTORS DRIVE TYLER, TX 75701 75-2484109	PREFER PROVIDER	TX	TMFHS	C-corporation					No
(5) TEXAS HEALTH FACILITIES INSUR CORP LTD  PO BOX 1109 BWI GRAND CAYMAN CJ 98-0136025	INSURANCE	CJ	MFH REG	C-corporation	-35,802	147,535	100 000 %	Yes	
(6) CONCORDIUM HEALTH LLC  1315 DOCTORS DRIVE TYLER, TX 75701 70-2811022	INACTIVE	TX	NA	C-corporation					No

Part V

Transactions With Related Organizations

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

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

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity

b Gift, grant, or capital contribution to related organization(s)

c Gift, grant, or capital contribution from related organization(s)

d Loans or loan guarantees to or for related organization(s)

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

j Lease of facilities, equipment, or other assets to related organization(s)

k Lease of facilities, equipment, or other assets from related organization(s)

l Performance of services or membership or fundraising solicitations for related organization(s)

m Performance of services or membership or fundraising solicitations by related organization(s)

n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

r Other transfer of cash or property to related organization(s)

s Other transfer of cash or property from related organization(s)

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

1s

No

No

No

No

No

No

No

No

No

Yes

No

Yes

Yes

Yes

Yes

No

No

No

No

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) REGIONAL MEDICAL SERVICES ASSOCIATION	L	304,663	CASH VALUE

Schedule R (Form 990) 2013

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

[illegible]



Part VII

Supplemental Information

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

Return Reference	Explanation
SCHEDULE R, PART II, COLUMN F & Part III, column d	direct controlling entity THE FOLLOWING RELATED ORGANIZATIONS REPORTABLE IN PART II ARE DIRECTLY CONTROLLED BY TRINITY MOTHER FRANCES HEALTH SYSTEM ("TMFHS") MOTHER FRANCES HOSPITAL - JACKSONVILLE TRINITY MOTHER FRANCES HEALTH SYSTEM FOUNDATION TRINITY CLINIC MOTHER FRANCES HOSPITAL - WINNSBORO REGIONAL MEDICAL SERVICES ASSOCIATION AND TYLER RADIATION EQUIPMENT LEASING ARE DIRECTLY CONTROLLED BY MOTHER FRANCES HOSPITAL REGIONAL HEALTH CARE CENTER ("MFH REG")

Additional Data

Software ID:

Software Version:

EIN: 75-0818167

Name: Mother Frances Hospital Regional Health  
Care Center

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c) (3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled entity?	
						Yes	No
(1) MOTHER FRANCES HOSPITAL - WINNSBORO  1315 DOCTORS DRIVE TYLER, TX 75701 75-2771569	HOSPITAL	TX	501(C)(3)	3	TMFHS		No
(1) TRINITY MOTHER FRANCES HEALTH SYSTEM FDN  1315 DOCTORS DRIVE TYLER, TX 75701 75-2028241	SUPPORT	TX	501(C)(3)	11, Type I	TMFHS		No
(2) REGIONAL MEDICAL SERVICES ASSOCIATION  1315 DOCTORS DRIVE TYLER, TX 75701 75-2511459	HEALTHCARE	TX	501(C)(3)	3	MFH REG	Yes	
(3) TRINITY MOTHER FRANCES HEALTH SYSTEM  1315 DOCTORS DRIVE TYLER, TX 75701 75-2616975	SUPPORT	TX	501(C)(3)	11, type I	NA		No
(4) TRINITY CLINIC  1315 DOCTORS DRIVE TYLER, TX 75701 75-2616977	HEALTHCARE	TX	501(C)(3)	3	TMFHS		No
(5) MOTHER FRANCES HOSPITAL - JACKSONVILLE  1315 DOCTORS DRIVE TYLER, TX 75701 75-1976930	HOSPITAL	TX	501(C)(3)	3	TMFHS		No

**TY 2013 Earnings and Profits Other  
Adjustments Statement**

**Name:** Mother Frances Hospital Regional Health  
Care Center  
**EIN:** 75-0818167

Description	Amount
Rounding Adjustment	2

# TY 2013 Itemized Other Current Assets Schedule

**Name:** Mother Frances Hospital Regional Health  
Care Center

**EIN:** 75-0818167

Corporation Name	Corporation EIN	Other Current Assets Description	Beginning Amount	Ending Amount
		prepaid expenses	3,951	3,951

## TY 2013 Other Deductions Schedule

**Name:** Mother Frances Hospital Regional Health  
Care Center

**EIN:** 75-0818167

Description	Foreign Amount (should only be used when attached to 5471 Schedule C Line 16)	Amount
MANAGEMENT FEES		26,252
BANK CHARGES		120
GOVERNMENT & LICENSE FEES		7,012
TELEPHONE, FAX, PRINT, & COURIER		918
REGISTERED OFFICE FEES		1,500

TY 2013 Paid-In or Capital Surplus Reconciliation Statement

**Name:** Mother Frances Hospital Regional Health  
Care Center  
**EIN:** 75-0818167

Description	Beginning Amount	Ending Amount
contributed surplus	580,212	666,212

**Trinity Mother Frances Health System  
and Subsidiaries**

Auditor's Report and Consolidated Financial Statements

June 30, 2014 and 2013



# **Trinity Mother Frances Health System and Subsidiaries**

**June 30, 2014 and 2013**

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## Independent Auditor's Report

Board of Directors  
Trinity Mother Frances Health  
System and Subsidiaries  
Tyler, Texas

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

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Trinity Mother Frances Health System and Subsidiaries as of June 30, 2014 and 2013, and the results of their operations, the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

*Other Matter*

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The consolidating information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*BKD, LLP*

Dallas, Texas  
November 20, 2014

## Liabilities and Net Assets

	2014	2013
<b>Current Liabilities</b>		
Current maturities of long-term debt	\$ 9,220,375	\$ 10,550,246
Accounts payable	39,166,151	42,207,908
Accrued expenses	53,393,267	44,867,386
Estimated amounts due to third-party payers	8,760,351	5,171,885
Estimated self-insurance costs	7,710,546	9,949,453
Pension liability	469,156	454,963
	<hr/>	<hr/>
Total current liabilities	118,719,846	113,201,841
<b>Estimated Self-insurance Costs</b>	8,907,293	5,513,157
<b>Long-term Debt</b>	198,670,716	207,521,971
<b>Interest Rate Swap Agreement</b>	1,151,720	1,214,027
<b>Other Liabilities</b>	11,021,320	12,649,016
<b>Pension Liability</b>	66,060,184	65,453,682
	<hr/>	<hr/>
Total liabilities	404,531,079	405,553,694
	<hr/>	<hr/>
<b>Net Assets</b>		
Unrestricted	325,639,182	290,093,689
Temporarily restricted	7,579,197	6,349,910
Permanently restricted	2,051,125	2,051,125
	<hr/>	<hr/>
Total net assets	335,269,504	298,494,724
	<hr/>	<hr/>
Total liabilities and net assets	\$ 739,800,583	\$ 704,048,418
	<hr/>	<hr/>

# Trinity Mother Frances Health System and Subsidiaries

## Consolidated Statements of Operations and Changes in Net Assets Years Ended June 30, 2014 and 2013

	<b>2014</b>	<b>2013</b>
<b>Unrestricted Revenues, Gains and Other Support</b>		
Net patient service revenue	\$ 698,618,335	\$ 650,725,734
Less provision for uncollectible accounts	<u>68,401,590</u>	<u>51,438,215</u>
Net patient service revenue less provision for uncollectible accounts	630,216,745	599,287,519
Other operating revenue	79,009,294	53,106,277
Equity in earnings of affiliate	1,952,582	237,479
Interest income	<u>507,789</u>	<u>571,248</u>
Total unrestricted revenues, gains and other support	<u>711,686,410</u>	<u>653,202,523</u>
<b>Expenses</b>		
Salaries and wages	219,223,591	211,148,225
Physician compensation	143,691,300	137,429,997
Employee benefits	46,416,788	50,693,833
Purchased services and professional fees	56,941,975	69,448,338
Supplies and other	155,571,599	142,928,875
Depreciation and amortization	30,869,441	30,912,342
Interest	8,906,376	8,173,447
Loss on impairment and sale of property and equipment	<u>919,851</u>	<u>-</u>
Total expenses	<u>662,540,921</u>	<u>650,735,057</u>
<b>Operating Income</b>	<u>49,145,489</u>	<u>2,467,466</u>
<b>Other Income (Expense)</b>		
Investment return	12,462,723	7,194,769
Loss on debt restructuring	-	(904,513)
Loss on interest rate swap agreements	(92,588)	(112,813)
Contributions	<u>(21,469,808)</u>	<u>(15,240,613)</u>
Total other income (expense)	<u>(9,099,673)</u>	<u>(9,063,170)</u>
<b>Excess (Deficiency) of Revenues Over Expenses</b>	<u><u>\$ 40,045,816</u></u>	<u><u>\$ (6,595,704)</u></u>

# Trinity Mother Frances Health System and Subsidiaries

## Consolidated Statements of Operations and Changes in Net Assets (Continued) Years Ended June 30, 2014 and 2013

	<b>2014</b>	<b>2013</b>
<b>Unrestricted Net Assets</b>		
Excess (deficiency) of revenues over expenses	\$ 40,045,816	\$ (6,595,704)
Net assets released from restrictions for capital acquisitions	828,654	5,649,930
Change in defined benefit pension plan gains and losses, prior service costs or credits and transition assets or obligations	<u>(5,328,977)</u>	<u>26,157,771</u>
Change in unrestricted net assets	<u>35,545,493</u>	<u>25,211,997</u>
<b>Temporarily Restricted Net Assets</b>		
Contributions received	828,654	5,852,125
Change in interest in net assets of Foundation	1,229,287	(3,613,720)
Investment return	-	(202,195)
Net assets released from restrictions for capital acquisitions	<u>(828,654)</u>	<u>(5,649,930)</u>
Change in temporarily restricted net assets	<u>1,229,287</u>	<u>(3,613,720)</u>
<b>Permanently Restricted Net Assets</b>		
Change in interest in net assets of Foundation	<u>-</u>	<u>(50,621)</u>
Change in permanently restricted net assets	<u>-</u>	<u>(50,621)</u>
<b>Change in Net Assets</b>	36,774,780	21,547,656
<b>Net Assets, Beginning of Year</b>	<u>298,494,724</u>	<u>276,947,068</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 335,269,504</u></u>	<u><u>\$ 298,494,724</u></u>

# **Trinity Mother Frances Health System and Subsidiaries**

## **Notes to Consolidated Financial Statements**

**June 30, 2014 and 2013**

### **Note 1: Nature of Operations and Summary of Significant Accounting Policies**

#### ***Nature of Operations***

The consolidated financial statements of Trinity Mother Frances Health System and Subsidiaries (Health System) include the accounts of Trinity Mother Frances Health System (System) and its wholly owned subsidiaries. Entities included in the consolidated financial statements of the Health System are:

- Mother Frances Hospital Regional Health Care Center and Subsidiaries (Consolidated Hospital Group)
- Trinity Clinic (Clinic)
- Mother Frances Hospital – Jacksonville (Jacksonville)
- Mother Frances Hospital – Winnsboro (Winnsboro)
- The Regional Healthcare Alliance (TRHA)
- Tri-State Financial, L L C (Tri-State)
- TrinCare, Inc (TCI)
- HealthPlan of Texas, Inc (HOT)

The sole member organization of the System is the Congregation of the Sisters of the Holy Family of Nazareth, a religious order of the Roman Catholic Church.

Mother Frances Hospital Regional Health Care Center (Hospital) is an acute care facility whose operations consist primarily of inpatient and outpatient acute care medical services to residents of Tyler, Texas, and surrounding areas. Wholly owned subsidiaries included in the consolidated financial statements of the Consolidated Hospital Group include Texas Health Facility Insurance Corporation, Ltd (THFIC) and Regional Medical Services Association (RMSA). THFIC is a captive insurance company incorporated in the Cayman Islands for the purpose of providing primary excess professional liability coverage for the Hospital, which is then ceded to a reinsurance company. RMSA is a nonprofit corporation that recruits and employs physicians to serve the Hospital.

The Hospital also owns 50% of HealthSouth Rehabilitation Hospital – Tyler d/b/a/ Trinity Mother Frances Rehabilitation Hospital (HealthSouth). Because the Hospital does not exercise control of HealthSouth, this investment is accounted for using the equity method of accounting.

The Hospital also owns a 51% interest in Tyler Radiation Equipment Leasing, LLC (TREL), which is also accounted for using the equity method of accounting due to a lack of the Hospital's control.

# **Trinity Mother Frances Health System and Subsidiaries**

## **Notes to Consolidated Financial Statements**

**June 30, 2014 and 2013**

The Health System owns a 50% interest in Champion EMS (Champion), a joint venture with an unrelated medical center to provide ambulance services in northeast Texas. This investment is accounted for under the equity method of accounting. During 2013, the Health System contributed property and equipment with a net book value of \$822,067 to Champion, which was accounted for as an increase in the investment.

The Clinic, a nonprofit corporation, is a multi-specialty physician group organized to own and operate outpatient medical clinics serving residents of Tyler, Texas, and surrounding areas.

Jacksonville is a tax-exempt critical access hospital providing services to residents in and around Jacksonville, Texas. As a critical access hospital, Jacksonville's acute length of stay may not exceed 96 hours and its total acute care beds cannot exceed 25.

Winnsboro is a tax-exempt acute care hospital providing inpatient and outpatient medical services to residents in and around Winnsboro, Texas. Winnsboro is also designated as a critical access hospital.

TRHA, a nonprofit, taxable corporation, is a preferred provider organization. The System appoints the governing body of TRHA.

Tri-State is a taxable limited liability company organized to serve as a collection agency for health care providers. Tri-State is wholly owned by the System. Tri-State is a dormant company as operations ceased in February 2001.

TCI is a taxable corporation organized to provide various clinical and management services. TCI is wholly owned by the System. TCI currently operates a reference laboratory which began operations during 2010, and two optical shops which began operations in 2011.

HOT is a taxable, for-profit corporation organized primarily to create new health care resources and health care arrangements to be offered to the general public and third-party payers. HOT was originally licensed to operate as a health maintenance organization in Texas in accordance with Article 20A of the Texas Insurance Code, but was re-licensed as a third-party administrator in December 2005. HOT is wholly owned by the System.

The System holds a nonvoting membership interest in Continue CARE Hospital of Tyler, Inc (CCHT), a long-term acute care hospital. In accordance with the terms of the membership agreement, 80% of the annual cash dividends from CCHT are distributed to the System. During 2014 and 2013, CCHT distributed approximately \$2,833,000 and \$982,000, respectively, in cash dividends under this arrangement, which are recognized as other operating revenues by the System.

### ***Principles of Consolidation***

The accompanying consolidated financial statements include the accounts of the System, the Consolidated Hospital Group, the Clinic, Jacksonville, Winnsboro, TRHA, Tri-State, TCI and HOT. All material intercompany accounts and transactions have been eliminated in consolidation.

# **Trinity Mother Frances Health System and Subsidiaries**

## **Notes to Consolidated Financial Statements**

**June 30, 2014 and 2013**

### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### ***Cash Equivalents***

The Health System considers all liquid investments other than those limited as to use, with maturities of three months or less to be cash equivalents. At June 30, 2014 and 2013, cash equivalents consisted primarily of money market mutual funds and cash accounts held by brokers.

At June 30, 2014, the Health System's cash accounts exceeded federally insured limits by approximately \$22,195,000.

### ***Investments and Investment Return***

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments, other than those previously disclosed as accounted for using the equity method of accounting, are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value, if determinable.

The Health System also invests in alternative investments, including hedge funds. The fair value of these investments is estimated using the net asset value per share of the investment based on information provided by the investment managers.

Investment return includes dividend, interest and other investment income, realized and unrealized gains and losses on investments stated at fair value, and realized gains and losses on other investments. Investment return is reflected in the accompanying consolidated statements of operations and changes in net assets as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

### ***Assets Limited As To Use***

Assets limited as to use include: (1) assets held by trustees under bond indenture agreements, (2) assets set aside by the board of directors (Board) and held by trustees under self-insurance, deferred compensation and supplemental retirement plan trust agreements, (3) assets set aside by the Board for future capital improvements over which the Board retains control and may, at its discretion, subsequently use for other purposes. Amounts required to meet current liabilities of the Health System are included in current assets.



# **Trinity Mother Frances Health System and Subsidiaries**

## **Notes to Consolidated Financial Statements**

**June 30, 2014 and 2013**

### ***Patient Accounts Receivable***

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectibility of accounts receivable, the Health System analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and the provision for uncollectible accounts. Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts.

For receivables associated with services provided to patients who have third-party coverage, the Health System analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for uncollectible accounts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payer has not yet paid, or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely).

The Hospital records an automatic discount of its standard charges for uninsured patients. For the remaining receivables associated with self-pay patients, which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill, the Health System records a significant provision for uncollectible accounts in the period of service on the basis of its past experience. This indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the reduced standard rates (or the discounted rates if negotiated or provided by policy) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The Health System's allowance for doubtful accounts was approximately 98% of self-pay accounts receivable at June 30, 2014 and 2013. The current year decrease in allowance for doubtful accounts is primarily the result of a reduction in gross accounts receivable and changes in the age and payer mix of accounts receivable at June 30, 2014, as compared to 2013.

### ***Inventories***

The Health System states inventories at the lower of cost, determined using the weighted-average cost.

### ***Property and Equipment***

Property and equipment are recorded at cost and are depreciated on a straight-line basis over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

# Trinity Mother Frances Health System and Subsidiaries

## Notes to Consolidated Financial Statements

June 30, 2014 and 2013

The estimated useful lives for each major depreciable classification of property and equipment are as follows

Land improvements	10 – 20 years
Buildings and improvements	10 – 40 years
Equipment	3 – 20 years
Computer software	3 – 15 years

Donations of property and equipment are reported at fair value as an increase in unrestricted net assets unless use of the assets is restricted by the donor. Monetary gifts that must be used to acquire property and equipment are reported as restricted support. The expiration of such restrictions is reported as an increase in unrestricted net assets when the donated asset is placed in service.

The Health System capitalizes interest costs as a component of construction in progress, first based on interest costs of borrowing specifically for the project, net of interest earned on investments acquired with the proceeds of the borrowing and then based on the weighted-average interest expense incurred on other funds expended for the project.

Total interest capitalized and incurred is shown in the table as follows

	2014	2013
Total interest expense incurred and capitalized on specific borrowings for project	\$ -	\$ 1,132,665
Total interest capitalized under the weighted-average method	116,636	489,236
Interest income from investment of proceeds of borrowings for project	-	(56,276)
Net interest cost capitalized	<u>\$ 116,636</u>	<u>\$ 1,565,625</u>
Interest expense capitalized	\$ 116,636	\$ 1,621,901
Interest charged to expense	<u>8,906,376</u>	<u>8,173,447</u>
Total interest incurred	<u>\$ 9,023,012</u>	<u>\$ 9,795,348</u>

### ***Long-lived Asset Impairment***

The Health System evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimate future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of long-lived asset exceeds its fair value.

# **Trinity Mother Frances Health System and Subsidiaries**

## **Notes to Consolidated Financial Statements**

**June 30, 2014 and 2013**

An asset impairment loss of approximately \$659,000 on property owned by the Health System was recognized during the year ended June 30, 2014. The loss is included in loss on impairment and sale of property and equipment in the accompanying consolidated statements of operations. No asset impairment was recognized during the year ended June 30, 2013.

### ***Interest in Net Assets of the Foundation***

The Foundation and the Health System are financially interrelated organizations. The Foundation seeks private support for and holds net assets on behalf of the Health System. The Health System accounts for its interest in the net assets of the Foundation (interest) in a manner similar to the equity method. Changes in the interest are included in change in net assets. Transfers of assets between the Foundation and the Health System are recognized as increases or decreases in the interest.

The Foundation was established to solicit contributions principally to support the operations of the Health System. Funds are distributed to the Health System as determined by the Foundation's Board. The Health System's interest in the net assets of the Foundation is reported in the accompanying consolidated balance sheets and was \$9,630,322 and \$8,401,035 at June 30, 2014 and 2013, respectively.

### ***Deferred Financing Costs***

Deferred financing costs represent costs incurred in connection with the issuance of long-term debt. Such costs are being amortized over the term of the respective debt using the interest method.

### ***Guarantee***

The Health System guarantees certain third-party debt of Champion as discussed in *Note 13*. The guarantee is in effect until the related debt is paid in full. Should the Health System be obligated to perform under the guarantee agreement, the Health System may seek reimbursement from Champion of amounts expended under the guarantee. At June 30, 2014, the balance guaranteed by the Health System was approximately \$1,884,000.

### ***Temporarily and Permanently Restricted Net Assets***

Temporarily restricted net assets are those whose use by the Health System has been limited by donors to a specific time period or purpose. The interest in the net assets of the Foundation includes permanently restricted net assets, which have been restricted by donors to the Foundation to be maintained in perpetuity.

# **Trinity Mother Frances Health System and Subsidiaries**

## **Notes to Consolidated Financial Statements**

**June 30, 2014 and 2013**

### ***Net Patient Service Revenue***

The Hospital, the Clinic, Jacksonville and Winnsboro have agreements with third-party payers that provide for payments to the entities at amounts different from their established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

### ***Charity Care***

The Hospital, the Clinic, Jacksonville and Winnsboro provide care without charge or at amounts less than established rates to patients meeting certain criteria under their charity care policies. Because the Health System does not pursue collection of amounts determined to qualify as charity care, those amounts are not reported as net patient service revenue.

### ***Contributions***

Unconditional promises to give cash and other assets are accrued at estimated fair value at the date each promise is received. Gifts received with donor stipulations are reported as either temporarily or permanently restricted support. When a donor restriction expires, that is, when a time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified and reported as an increase in unrestricted net assets. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions. Conditional contributions are reported as liabilities until the condition is eliminated or the contributed assets are returned to the donor.

### ***Estimated Malpractice Costs***

An annual estimated provision is accrued for the self-insured portion of medical malpractice claims and includes an estimate of the ultimate costs for both reported claims and claims incurred but not reported.

### ***Income from Operations***

The Health System considers investment income from assets held by trustee under bond indenture agreements and trust accounts established to fund physician deferred compensation agreements as operating income. In addition, the Health System considers earnings from its investment in equity method investments as operating income and considers donations to community service organizations as nonoperating expense. All other investment return is included in nonoperating income.

# **Trinity Mother Frances Health System and Subsidiaries**

## **Notes to Consolidated Financial Statements**

**June 30, 2014 and 2013**

### ***Income Taxes***

The System, the Hospital, RMSA, the Clinic, Jacksonville and Winnsboro have been recognized as exempt from income taxes under Section 501 of the Internal Revenue Code (IRC) and a similar provision of state law. However, these entities are subject to federal income tax on any unrelated business taxable income.

THFIC is not considered to be engaged in a United States trade or business and, therefore, is not subject to United States income taxes. If THFIC were to be considered engaged in a United States trade or business, it could be subject to federal income tax. THFIC is currently exempt from income taxes in the Cayman Islands. Accordingly, no provision for taxes has been made.

With a few exceptions, the Health System is no longer subject to U.S. federal examinations by tax authorities for years before 2011.

### ***Excess of Revenues Over Expenses***

The accompanying consolidated statements of operations and changes in net assets include excess of revenues over expenses. Changes in unrestricted net assets, which are excluded from excess of revenues over expenses, consistent with industry practice, include certain changes in defined benefit pension liabilities, permanent transfers to and from affiliates for other than goods and services and contributions of long-lived assets with no donor restrictions (including assets acquired using contributions, which, by donor restriction, were to be used for the purpose of acquiring such assets). Contributions of long-lived assets with donor-imposed restrictions that were not met in the same year are included in the change in temporarily restricted net assets.

### ***Self-insurance***

The Health System has elected to self-insure certain costs related to employee health and accident benefit programs. Costs resulting from noninsured losses are charged to income when incurred. The Health System has purchased insurance that limits its exposure for individual claims for health insurance and that limits its exposure per claim to \$375,000 for non-physician employees and \$120,000 for physician employees. The Health System has purchased insurance that limits its exposure for individual claims for workers' compensation that limits its exposure per claim to \$500,000.

### ***Transfers Between Fair Value Hierarchy Levels***

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized at the end of the reporting period following the transfer date.

# **Trinity Mother Frances Health System and Subsidiaries**

## **Notes to Consolidated Financial Statements**

**June 30, 2014 and 2013**

### ***Electronic Health Record Incentive Program***

The Electronic Health Records Incentive Program, enacted as part of the *American Recovery and Reinvestment Act of 2009*, provides for one-time incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate meaningful use of certified electronic health records technology (EHR). For hospitals paid under the prospective payment system, payments under the Medicare program are generally made for up to four years based on a statutory formula. Critical access hospitals (CAH) are eligible to receive incentive payments in the cost reporting period beginning in the federal fiscal year in which meaningful use criteria have been met. The Medicare incentive payment is for qualifying costs of the purchase of certified EHR technology multiplied by the Hospital's Medicare share fraction, which includes a 20% incentive. The Clinic may also receive incentive payments of up to \$44,000 per eligible physician over five years.

Payments under the Medicaid program are generally made for up to four years based upon a statutory formula, as determined by the state, which is approved by the Centers for Medicare and Medicaid Services. Payments to the Clinic under the Medicaid program are up to \$63,750 per eligible physician over six years. Payment under both programs are contingent on the hospitals and Clinic continuing to meet escalating meaningful use criteria and any other specific requirements that are applicable for the reporting period.

The Health System recognizes revenue using the cliff recognition approach at the point when management is reasonably assured it has met all of the meaningful use objectives and any other specific grant requirements applicable for the reporting period.

In 2014, the Health System completed the second-year requirements under the Medicare and Medicaid programs. In 2013, the Health System completed the first-year requirements under the Medicare program. Approximately \$7,582,000 and \$8,250,000 of revenue has been recorded and included in other revenue within operating revenues in the accompanying consolidated statements of operations and changes in net assets for the years ended June 30, 2014 and 2013. The final amount for any payment year is determined based upon an audit by the fiscal intermediary. Events could occur that would cause the final amounts to differ materially from the initial payments under the program.

### ***Reclassifications***

Certain reclassifications have been made to the 2013 financial statements to conform to the 2014 financial statement presentation. These reclassifications had no effect on the change in net assets.

# Trinity Mother Frances Health System and Subsidiaries

## Notes to Consolidated Financial Statements

June 30, 2014 and 2013

### Note 2: Net Patient Service Revenue

The Hospital, the Clinic, Jacksonville and Winnsboro (System providers) recognize patient service revenue associated with services provided to patients who have third-party coverage on the basis of contractual rates for the service rendered. For uninsured patients that do not qualify for charity care, the System providers recognize revenues on the basis of its standard rates for services provided. On the basis of historical experience, a significant portion of the System providers uninsured patients will be unable or unwilling to pay for the services provided. Thus, the System providers record a significant provision for uncollectible accounts related to uninsured patients in the period services are provided. This provision for uncollectible accounts is presented in the accompanying consolidated statements of operations as a component of net patient service revenue.

The System providers have arrangements with third-party payers that provide for payments at amounts different from its established rates. These payment arrangements include:

- **Medicare** – Inpatient and substantially all outpatient services rendered to Medicare program beneficiaries of the Hospital are paid at prospectively determined rates per discharge or occasion of service. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors.

The Hospital is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports, which are subject to audits by the Medicare administrative contractor.

Jacksonville and Winnsboro have been classified as CAH by the Medicare program. As a CAH, payments for inpatient and outpatient services are made based on the reasonable costs of providing care to Medicare program beneficiaries. CAH status places certain operating constraints on Jacksonville and Winnsboro, including limitations on patient census and average length of stay. Jacksonville and Winnsboro are reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports, which are subject to audits by the Medicare administrative contractor. Services to Medicare beneficiaries provided by the Clinic are primarily reimbursed under a fee schedule methodology.

- **Medicaid** – Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a mixture of prospective and cost-based methodologies. Outpatient and physician services are reimbursed under a mixture of cost reimbursement and fee schedule methods. The Hospital, Jacksonville and Winnsboro are reimbursed at a tentative rate with final settlement determined after submission of annual cost reports, which are subject to audits by the Medicaid administrative contractor.

# **Trinity Mother Frances Health System and Subsidiaries**

## **Notes to Consolidated Financial Statements**

**June 30, 2014 and 2013**

The Health System participates in the state of Texas' disproportionate share (DSH) program. This funding program is designed to compensate hospitals for the Medicaid upper payment limit gap, which is approximately equal to the difference in what Medicare would have paid for Medicaid charges and what Medicaid actually paid and is funded through intergovernmental transfers (IGT) made by governmental agencies on behalf of the Health System. Total DSH revenue recognized during the years ended June 30, 2014 and 2013, were approximately \$5,034,000 and \$4,607,000, respectively. The funding program has been impacted by the demonstration project discussed in the following paragraph and historical funding received may not be representative of future funding from this program.

On December 12, 2011, the United States Department of Health & Human Services (HHS) approved a new Medicaid section 1115(a) demonstration entitled "Texas Health Transformation and Quality Improvement Program." This demonstration expands existing Medicaid managed care programs and established two funding pools that will assist providers with uncompensated care costs and promote health system transformation. The demonstration is effective from December 12, 2011 to September 30, 2016. During 2014, the Health System received approximately \$26,111,000 and \$9,029,000 in funding from the uncompensated care funding pool and health system transformation pool, respectively. During 2013, the Health System received approximately \$13,575,000 and \$2,301,000 in funding from the uncompensated care funding pool and health system transformation pool, respectively. These programs are subject to ongoing review by HHS and the state of Texas and the funding is subject to recoupment based on future audits. The funding is not necessarily representative of funding the Health System will receive in future years.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. Settlements under reimbursement agreements with Medicare and Medicaid programs are estimated and recorded in the period the related services are rendered and are adjusted in future periods as adjustments become known or as the service years are no longer subject to audit, review or investigation. Annual cost reports required under the Medicare and Medicaid programs are subject to routine audits, which may result in adjustments to the amounts ultimately determined to be due to the Health System under the reimbursement programs. These audits often require several years to reach their final determination of amounts earned under the programs. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

The System providers have also entered into payment agreements with certain commercial insurance carriers and other plans, which provide for payments at discounted rates, per diem amounts or predetermined amounts per case or encounter.



# Trinity Mother Frances Health System and Subsidiaries

## Notes to Consolidated Financial Statements

**June 30, 2014 and 2013**

Patient service revenue, net of contractual allowances and discounts (but before the provision for uncollectible accounts) recognized in the years ended June 30, 2014 and 2013, was

	<b>2014</b>	<b>2013</b>
Medicare	\$ 274,769,504	\$ 253,419,179
Medicaid	31,695,507	31,885,700
Other third-party payers	264,352,433	214,759,735
Self-pay	<u>127,800,891</u>	<u>150,661,120</u>
Net patient service revenue	<u><u>\$ 698,618,335</u></u>	<u><u>\$ 650,725,734</u></u>

### **Note 3: Concentration of Credit Risk**

The Health System grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payer agreements. The mix of net receivables from patients and third-party payers at June 30, 2014 and 2013, are shown below.

	<b>2014</b>	<b>2013</b>
Medicare	36%	38%
Medicaid	5%	4%
Other third-party payers	52%	51%
Patients	<u>7%</u>	<u>7%</u>
	<u><u>100%</u></u>	<u><u>100%</u></u>

# Trinity Mother Frances Health System and Subsidiaries

## Notes to Consolidated Financial Statements

June 30, 2014 and 2013

### Note 4: Investments

Assets limited as to use include

	2014	2013
Internally designated for capital acquisitions		
Cash and cash equivalents	\$ 21,282,687	\$ 35,596,027
Money market mutual funds	318,235	-
Fixed income mutual funds	20,739,718	12,018,354
U S Treasury obligations	15,813,265	9,554,529
U S Agency obligations	5,832,673	6,122,179
Equity securities		
Financials	7,475,816	2,205,005
Health care	4,149,538	1,585,819
Technology	9,718,115	2,412,405
Industrial and material	7,964,701	2,539,021
Consumer	9,788,495	3,213,663
Energy and utilities	6,548,423	2,514,472
Other sectors	864,945	132,823
Interest receivable	78,910	58,771
	<u>\$ 110,575,521</u>	<u>\$ 77,953,068</u>
Internally designated and held by trustee, supplemental retirement plan		
Cash and cash equivalents	\$ 77,468	\$ 153,496
Fixed income mutual funds	1,040,513	930,385
Interest receivable	9,752	2,843
	<u>\$ 1,127,733</u>	<u>\$ 1,086,724</u>
Held by trustee, under bond indenture agreement		
Money market mutual funds	\$ 7,312,579	\$ 11,248,782
Guaranteed investment contract	8,820,504	8,820,504
Interest receivable	247,662	239,361
	<u>\$ 16,380,745</u>	<u>\$ 20,308,647</u>

# Trinity Mother Frances Health System and Subsidiaries

## Notes to Consolidated Financial Statements

June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Internally designated and held by trustee.		
self insurance		
Money market mutual funds	\$ 817.788	\$ 730.836
U S Treasury obligations	3,219.965	3,104.830
U S Agency obligations	975.063	1,188.800
Corporate bonds		
Financials	1,588.337	1,853.908
Technology	545.490	704.549
Industrial and materials	274.364	343.109
Consumer	134.881	154.044
Energy and utilities	282.953	356.645
Telecommunications	527.200	670.914
Equity securities		
Financials	438.879	451.995
Health care	243.605	325.070
Technology	570.517	494.509
Industrial and materials	467.580	520.464
Consumer	574.649	658.755
Energy and utilities	384.435	515.431
Other sectors	50.778	27.227
Interest receivable	62.109	73.684
	<u>\$ 11,158.593</u>	<u>\$ 12,174.770</u>
Internally designated and held by trustee.		
deferred compensation plan		
Mutual funds		
Balanced	\$ 10,559.116	\$ 8,050.279
U S equity	4,610.029	4,705.856
International equity	1,529.929	1,485.568
Fixed income	2,894.764	2,263.556
	<u>\$ 19,593.838</u>	<u>\$ 16,505.259</u>

# Trinity Mother Frances Health System and Subsidiaries

## Notes to Consolidated Financial Statements

June 30, 2014 and 2013

### ***Other Investments***

Other investments include

	<b>2014</b>	<b>2013</b>
U S Treasury obligations	\$ 5,352,683	\$ 8,002,226
U S Agency obligations	9,481,679	10,603,178
Corporate bonds		
Financials	18,623,143	15,250,696
Technology	1,202,588	949,193
Industrial and materials	2,068,834	-
Consumer	2,327,891	4,044,157
Energy and utilities	1,421,953	2,370,538
Telecommunications	773,055	1,364,598
Other sectors	533,960	497,685
Equity securities		
Financials	1,334,222	316,762
Health care	740,576	227,812
Technology	1,734,411	346,557
Industrial and materials	1,421,475	364,746
Consumer	1,746,972	461,662
Energy and utilities	1,168,710	361,219
Other sectors	154,368	19,081
Alternative investments	16,270,079	10,513,502
Interest receivable	212,769	197,287
	<u>66,569,368</u>	<u>55,890,899</u>
Less current portion	<u>5,528,758</u>	<u>4,216,869</u>
	<u><u>\$ 61,040,610</u></u>	<u><u>\$ 51,674,030</u></u>

# Trinity Mother Frances Health System and Subsidiaries

## Notes to Consolidated Financial Statements

June 30, 2014 and 2013

### Alternative Investments

The fair value of the alternative investments has been estimated using the net asset value per share reported by the investment managers. Alternative investments held at June 30, 2014 and 2013, consist of the following:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
<b>2014</b>				
Mesirow Absolute Return Fund	\$ 14,088,677	\$ -	Quarterly	95 Days
Permal Macro Holdings Institutional Limited	2,181,402	-	Monthly	5th day of month
<b>2013</b>				
Mesirow Absolute Return Fund	\$ 8,202,613	\$ -	Quarterly	95 Days
Permal Macro Holdings Institutional Limited	2,310,889	-	Monthly	5th day of month

These are investments in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The funds' composite portfolios include investments in U.S. common stocks, global real estate projects and arbitrage investments.

### Investments in Affiliates

Investments in affiliates include a 50% interest in Champion and HealthSouth and a 51% interest in TREL, which are investments accounted for under the equity method of accounting. The balance of the investments in affiliates was \$3,888,886 and \$6,822,029 at June 30, 2014 and 2013, respectively.

### Investment Return

Total investment return is comprised of the following:

	2014	2013
Interest and dividend income	\$ 3,523,120	\$ 3,601,265
Net realized gains	2,402,330	8,338,365
Net unrealized gains (losses)	7,045,062	(4,375,808)
	<u>\$ 12,970,512</u>	<u>\$ 7,563,822</u>

# Trinity Mother Frances Health System and Subsidiaries

## Notes to Consolidated Financial Statements

June 30, 2014 and 2013

Total investment return is reflected in the accompanying consolidated statements of operations and changes in net assets as follows

	2014	2013
Unrestricted net assets		
Operating income	\$ 507,789	\$ 571,248
Other nonoperating income	12,462,723	7,194,769
Temporarily restricted net assets	<u>-</u>	<u>(202,195)</u>
	<u><u>\$ 12,970,512</u></u>	<u><u>\$ 7,563,822</u></u>

### Note 5: Risk Management

The Health System is self-insured for the first \$3,000,000 of each medical malpractice claim. The Health System purchases commercial insurance coverage above the self-insurance limits. Losses from asserted and unasserted claims identified under the Health System's incident reporting system are accrued based on estimates that incorporate the Health System's past experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors. Accrued malpractice losses have been estimated by professional insurance consultants. Claim liabilities are determined without regard for recoveries and presented at gross. Expected recoveries are presented separately. The Health System currently does not estimate any losses will exceed self-insured limits.

The Health System is also self-insured for employee health care and workers' compensation claims. A reserve has been established for unpaid claims and claims incurred, but not received, is reflected in estimated self-insurance costs in the accompanying consolidated balance sheets.

A provision is accrued for self-insured claims, including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims and other economic and social factors. It is reasonably possible that the Health System's estimate will change by a material amount in the near term.

# Trinity Mother Frances Health System and Subsidiaries

## Notes to Consolidated Financial Statements

**June 30, 2014 and 2013**

Activity in the Health System's accrued self-insured liabilities during 2014 is summarized as follows

	<b>Professional Liability</b>	<b>Employee Health</b>	<b>Workers' Compensation</b>
Balance, beginning of year	\$ 8,846,600	\$ 6,000,702	\$ 615,308
Current year claims incurred and changes in estimates for claims incurred in prior years	7,056,231	19,268,357	973,689
Claims and expenses paid	<u>(2,268,774)</u>	<u>(22,676,037)</u>	<u>(1,198,237)</u>
Balance, end of year	<u><u>\$ 13,634,057</u></u>	<u><u>\$ 2,593,022</u></u>	<u><u>\$ 390,760</u></u>

Activity in the Health System's accrued self-insured liabilities during 2013 is summarized as follows

	<b>Professional Liability</b>	<b>Employee Health</b>	<b>Workers' Compensation</b>
Balance, beginning of year	\$ 9,760,291	\$ 4,252,415	\$ 1,546,663
Current year claims incurred and changes in estimates for claims incurred in prior years	2,586,094	22,653,045	44,379
Claims and expenses paid	<u>(3,499,785)</u>	<u>(20,904,758)</u>	<u>(975,734)</u>
Balance, end of year	<u><u>\$ 8,846,600</u></u>	<u><u>\$ 6,000,702</u></u>	<u><u>\$ 615,308</u></u>

# Trinity Mother Frances Health System and Subsidiaries

## Notes to Consolidated Financial Statements

June 30, 2014 and 2013

### Note 6: Long-term Debt

	2014	2013
Series 2012A Note (A)	\$ 15,510,292	\$ 17,429,494
Series 2012B Note (B)	40,000,000	40,000,000
Revenue bonds, Series 2011 (C)	51,735,000	51,735,000
Revenue bonds, Series 2007A (D)	64,480,000	64,680,000
Revenue bonds, Series 2007B (E)	23,000,000	23,000,000
Revenue bonds, Series 2003 (F)	-	4,825,000
Note payable, bank (G)	8,337,070	8,697,110
Notes payable, vendor (H)	3,369,114	5,615,190
Capital lease obligation (I)	395,655	-
Other notes payable	521,179	1,521,164
	<u>207,348,310</u>	<u>217,502,958</u>
Net bond premium	542,781	569,259
	<u>207,891,091</u>	<u>218,072,217</u>
Less current maturities	<u>9,220,375</u>	<u>10,550,246</u>
	<u><u>\$ 198,670,716</u></u>	<u><u>\$ 207,521,971</u></u>

- (A) Series 2012A Note (2012A Note) in the original amount of \$17,429,494 dated October 1, 2012, at an interest rate of 67% of LIBOR plus 1.85% (currently 1.86%). Additional interest may be charged for downgrades of the Hospital's bond rating. The 2012A Note was issued to refinance the 1992 Bonds. The 2012A Note is payable in annual installments ranging from approximately \$1,500,000 to \$2,000,000 through July 1, 2022.

The 2012A Note was funded through a loan agreement entered into with a bank by the Tyler Health Facilities Development Corporation (Corporation) on behalf of the Hospital. The Series 2012A Note is secured by a pledge of the Hospital's revenues pursuant to the loan agreement. The 2012A Note has not been guaranteed by the Corporation.

- (B) The Series 2012B Note (2012B Note) in the original amount of \$40,000,000 dated October 1, 2012, at an interest rate of 2.15%. The 2012B Note was issued to refinance the 1997B Bonds. The 2012B Note is payable in annual installments ranging from approximately \$4,900,000 to \$6,600,000 through July 1, 2020.



# **Trinity Mother Frances Health System and Subsidiaries**

## **Notes to Consolidated Financial Statements**

**June 30, 2014 and 2013**

The 2012B Note was funded through a loan agreement entered into with a bank by the Corporation on behalf of the Hospital. The Series 2012B Note is secured by a pledge of the Hospital's revenues pursuant to the loan agreement. The 2012B Note has not been guaranteed by the Corporation.

- (C) Series 2011 Tyler Health Facilities Development Corporation Hospital Revenue Bonds (2011 Bonds) in the original amount of \$51,735,000 with a discount of \$427,709 dated October 12, 2011, interest ranging from 5.00% to 5.60%. The 2011 Bonds are payable in annual installments ranging from \$6,400,000 to \$8,600,000 from July 1, 2021 through July 1, 2027. All of the 2011 Bonds still outstanding may be redeemed at the Hospital's option on or after July 1, 2021, at face value. Proceeds of the 2011 Bonds were used primarily to fund the construction of the Owen Heart Hospital, as well as fund certain other projects and to refinance existing bank debt.

The Corporation issued the 2011 Bonds on behalf of the Hospital. The 2011 Bonds are secured by a pledge of the Hospital's revenues, the reserve funds established with the bond trustee pursuant to the loan agreement and bond indenture. The 2011 Bonds have not been guaranteed by the Corporation.

- (D) Series 2007A Tyler Health Facilities Development Corporation Hospital Revenue Refunding Bonds (2007A Bonds) in the original amount of \$65,550,000 with a premium of \$1,239,990 dated May 16, 2007, interest rates ranging from 4.50% to 5.25%. The 2007A Bonds are payable in annual installments through July 1, 2033. The remaining annual installments range from \$205,000 to \$7,985,000. All of the 2007A Bonds still outstanding may be redeemed at the Hospital's option on or after July 1, 2017, at face value.

The Corporation issued the 2007A Bonds on behalf of the Hospital. The 2007A Bonds are secured by a pledge of the Hospital's revenues, the reserve funds established with the bond trustee pursuant to the loan agreement and bond indenture, and a mortgage lien on the land and buildings constituting the main campus of the Hospital.

The 2007A Bonds have not been guaranteed by the Corporation. The 2007A Bonds were issued to advance refund \$20,000,000 of outstanding 2003 Bonds and all of the outstanding 2001 Bonds, which totaled \$40,000,000 at the time of the advance refunding.

- (E) Series 2007B Tyler Health Facilities Development Corporation Hospital Revenue Refunding Bonds (2007B Bonds) in the original amount of \$23,000,000 with a premium of \$53,130 dated May 16, 2007, bearing interest at 5.00%. The 2007B Bonds are payable in annual installments ranging from \$5,325,000 to \$6,190,000 from July 1, 2034 to July 1, 2037. All of the 2007B Bonds still outstanding may be redeemed at the Hospital's option on or after July 1, 2017, at face value.

The Corporation issued the 2007B Bonds on behalf of the Hospital. The 2007B Bonds are secured by a pledge of the Hospital's revenues, the reserve funds established with the bond trustee pursuant to the loan agreement and bond indenture, and a mortgage lien on the land and buildings constituting the main campus of the Hospital. The 2007B Bonds have not been guaranteed by the Corporation.

# **Trinity Mother Frances Health System and Subsidiaries**

## **Notes to Consolidated Financial Statements**

**June 30, 2014 and 2013**

- (F) Series 2003 Tyler Health Facilities Development Corporation Hospital Revenue Bonds (2003 Bonds) in the original amount of \$59,550,000 with a premium of \$1,203,954 dated May 8, 2003, interest ranging from 2.00% – 5.75%. The 2003 Bonds were payable in annual installments through July 1, 2013. The 2003 Bonds were paid off on July 1, 2013.

The Corporation issued the 2003 Bonds on behalf of the Hospital. The 2003 Bonds are secured by a pledge of the Hospital's revenues, the reserve funds established with the bond trustee pursuant to the loan agreement and bond indenture, and a mortgage lien on the land and buildings constituting the main campus of the Hospital. The 2003 Bonds have not been guaranteed by the Corporation. As mentioned previously, \$20,000,000 of the outstanding 2003 Bonds were advanced refunded through the issuance of the 2007A Bonds.

- (G) Note payable to bank for the System, due in equal monthly installments of \$67,855 including interest at 5.25% from April 1, 2011 through April 1, 2029. Any outstanding principal balance and accrued interest is due in full on April 1, 2029. The note is secured by certain property and equipment.
- (H) Note payable to vendor for software, due in equal monthly installments of \$160,434, including interest at a rate of 0%, through March 31, 2016.
- (I) Capital lease for medical equipment, due in equal monthly payments of \$14,057, including interest at an imputed rate of 2.69%, through October 31, 2016.

The indenture and loan agreements require that certain funds be established with a trustee. Accordingly, these funds are included as assets limited as to use and held by trustee in the accompanying consolidated balance sheets. The agreements also require the Hospital to comply with certain restrictive covenants, including minimum insurance coverage, maintaining a historical debt-service coverage ratio of at least 1.25, minimum days cash on hand, restrictions on transfers of assets out of the obligated group and restrictions on the incurrence of additional debt and disposition of assets.

# Trinity Mother Frances Health System and Subsidiaries

## Notes to Consolidated Financial Statements

June 30, 2014 and 2013

Aggregate annual maturities of long-term debt and payments on capital lease obligations at June 30, 2014 are

	Debt (Excluding Capital Lease Obligations)	Capital Lease Obligations
2015	\$ 9,044,901	\$ 183,261
2016	8,830,838	168,679
2017	7,766,181	56,226
2018	8,133,226	-
2019	8,494,518	-
Thereafter	164,682,991	-
	<u>\$ 206,952,655</u>	408,166
Less amount representing interest		12,511
Present value of future minimum lease payments		395,655
Less current portion		175,474
Noncurrent portion		<u>\$ 220,181</u>

### Note 7: Derivative Financial Instruments

As a strategy to lower the overall interest expense incurred on its existing long-term debt, the Hospital entered into a nonamortizing basis swap during 2007 (Basis Swap). The Basis Swap agreement provides for the Hospital to receive interest from the counterparty of 67% of LIBOR, plus 0.274% on a notional amount of \$75,000,000 and to pay interest to the counterparty at a floating rate tied to SIFMA. Under the Basis Swap agreement, the Hospital pays or receives the net interest amount monthly, with the monthly settlements included in interest expense. The Basis Swap agreement was amended on April 12, 2012, reducing the notional amount from \$75,000,000 to \$37,500,000.

The Basis Swap does not qualify for hedge accounting treatment. Therefore, the change in the fair value of the swap is recognized as a gain or loss in the accompanying consolidated statements of operations and changes in net assets, as a component of excess of revenues over expenses.

The agreement terminates on June 7, 2027, but can be terminated by the Hospital on any business day provided that the Hospital has given prior written notice of at least five days to the counterparty.

The Basis Swap requires the Hospital to post collateral to the extent the swap liability exceeds \$5,000,000.

# Trinity Mother Frances Health System and Subsidiaries

## Notes to Consolidated Financial Statements

June 30, 2014 and 2013

The following table presents certain information regarding the Hospital's interest rate swap agreement

	2014	2013
Fair value of Basis Swap included as a component of other long-term liabilities on the consolidated balance sheets	<u>\$ (1,151,720)</u>	<u>\$ (1,214,027)</u>
Net gain recognized in excess of revenues over expenses as a component of other nonoperating income (expense)	<u>\$ (92,588)</u>	<u>\$ (112,813)</u>

### Note 8: Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes

	2014	2013
Interest in the net assets of the Foundation	<u>\$ 7,579,197</u>	<u>\$ 6,349,910</u>

During the years ended June 30, 2014 and 2013, net assets were released from donor restrictions by incurring expenditures satisfying the restricted purposes in the amounts of \$828,654 and \$5,649,930, respectively

Permanently restricted net assets are comprised of the Health System's interest in the permanently restricted net assets of the Foundation and amounted to \$2,051,125 at both June 30, 2014 and 2013

### Note 9: Charity Care

In support of its mission, the Health System voluntarily provides care without charge or at amounts less than its established charges to patients meeting certain criteria under its charity care policy. Because the Health System does not pursue collection of amounts determined to be charity care, such amounts are not reported as net patient service revenue

# Trinity Mother Frances Health System and Subsidiaries

## Notes to Consolidated Financial Statements

**June 30, 2014 and 2013**

In addition to these uncompensated costs, the Health System also commits significant time and resources to endeavors and critical services, which meet otherwise, unfilled community needs. Many of these activities are sponsored with the knowledge that they will not be self-supporting or financially viable. Such programs include:

- Health screening and assessments
- Community education activities
- Pediatric center to provide immunizations and support a child abuse intervention program
- Women's center to provide prenatal and postnatal care, along with bilingual parenting education
- Various support groups

The costs of charity care provided under the Health System's charity care policy were approximately \$24,477,000 and \$22,060,000 for 2014 and 2013, respectively. The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross uncompensated charges.

### **Note 10: Functional Expenses**

The Health System provides health care services primarily to residents within its geographic area. Expenses related to providing these services are as follows:

	<u>2014</u>	<u>2013</u>
Health care services	\$ 545,308,887	\$ 555,928,783
General and administrative	<u>117,232,034</u>	<u>94,806,274</u>
	<u><u>\$ 662,540,921</u></u>	<u><u>\$ 650,735,057</u></u>

### **Note 11: Pension and Other Post-retirement Benefit Obligations**

#### ***Defined Contribution Pension Plans***

The System has two defined contribution pension plans that cover substantially all full-time employees. One plan is organized under section 403(b) of the IRC, which receives employee pretax and elective employer contributions for the Health System employees.

# **Trinity Mother Frances Health System and Subsidiaries**

## **Notes to Consolidated Financial Statements**

**June 30, 2014 and 2013**

The other defined contribution plan is organized under Section 401(a) of the IRC. All employees are eligible and are automatically enrolled in the plan. Employees become fully vested after three years of service. Employer contributions vary by years of service. The System contributes 1.25% for employees with less than five years of service, 1.75% for five to ten years of service and 2.25% for over ten years of service. Service Based Employer Contributions (SBEC) varies by years of service. The System also makes a matching contribution to this plan, equal to 50% of an employee's elective deferral into the 403(b) plan, up to a maximum of 2% of the employees' eligible compensation.

Pension expense related to these plans was \$4,749,290 and \$4,597,503 for 2014 and 2013, respectively.

### ***Defined Benefit Pension Plans***

The System also has a noncontributory defined benefit pension plan covering all employees who meet the eligibility requirements (Employee Plan). The System's funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as the System may determine to be appropriate from time to time. This plan was frozen as of December 31, 2009.

The System expects to contribute approximately \$9,000,000 to the Employee Plan in 2015.

The System also has a supplemental executive retirement plan (SERP) covering certain members of management. The System's funding policy is to contribute the amount of pension benefit payments at the time the benefit is paid. The System expects to contribute approximately \$489,000 to the SERP in 2014.

During 2014, a SERP beneficiary exited the SERP resulting in a curtailment of \$1,214,057.

# Trinity Mother Frances Health System and Subsidiaries

## Notes to Consolidated Financial Statements

**June 30, 2014 and 2013**

The System uses a June 30 measurement date for the plans. Information about the plans' funded status is as follows:

	<b>Employee Plan</b>		<b>SERP</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Change in benefit obligation				
Beginning of year	\$ 175,699,454	\$ 190,117,821	\$ 1,667,157	\$ 1,606,015
Service cost	258,378	262,663	430,068	456,886
Interest cost	8,273,925	7,682,287	26,664	20,189
Actuarial (gain) loss	16,397,464	(18,598,671)	8,182	10,148
Benefits paid	(4,238,139)	(3,764,646)	(448,858)	(426,081)
Curtailment	-	-	(1,214,057)	-
End of year	<u>\$ 196,391,082</u>	<u>\$ 175,699,454</u>	<u>\$ 469,156</u>	<u>\$ 1,667,157</u>
Change in fair value of plan assets				
Beginning of year	\$ 111,457,966	\$ 106,982,187	\$ -	\$ -
Actuarial return on plan assets	14,111,071	7,407,092	-	-
Employer contributions	9,000,000	833,333	448,858	426,081
Benefits paid	(4,238,139)	(3,764,646)	(448,858)	(426,081)
End of year	<u>130,330,898</u>	<u>111,457,966</u>	<u>-</u>	<u>-</u>
Funded status, end of year	<u>\$ (66,060,184)</u>	<u>\$ (64,241,488)</u>	<u>\$ (469,156)</u>	<u>\$ (1,667,157)</u>

A significant portion of the actuarial loss in 2014 was due to the decrease of the discount rate used to measure the pension obligation to 4.21% at June 30, 2014 from 4.71% at June 30, 2013. A significant portion of the actuarial gain in 2013 was due to the increase of the discount rate used to measure the pension obligation to 4.71% at June 30, 2013 from 4.05% at June 30, 2012.

Liabilities recognized in the System's accompanying consolidated balance sheets:

	<b>Employee Plan</b>		<b>SERP</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Current liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 469,156</u>	<u>\$ 454,963</u>
Noncurrent liabilities	<u>\$ 66,060,184</u>	<u>\$ 64,241,488</u>	<u>\$ -</u>	<u>\$ 1,212,194</u>

# Trinity Mother Frances Health System and Subsidiaries

## Notes to Consolidated Financial Statements

June 30, 2014 and 2013

Amounts recognized in the System's unrestricted net assets not yet recognized as components of net periodic benefit cost consist of

	Employee Plan		SERP	
	2014	2013	2014	2013
Net loss	\$ 59,241,327	\$ 53,631,284	\$ 49,862	\$ 105,186
Prior service cost	-	-	121,413	448,577
	<u>\$ 59,241,327</u>	<u>\$ 53,631,284</u>	<u>\$ 171,275</u>	<u>\$ 553,763</u>

The following is information for pension plans with an accumulated benefit obligation in excess of plan assets

	Employee Plan		SERP	
	2014	2013	2014	2013
Projected benefit obligation	<u>\$ 196,391,082</u>	<u>\$ 175,699,454</u>	<u>\$ 469,156</u>	<u>\$ 1,667,157</u>
Accumulated benefit obligation	<u>\$ 196,391,082</u>	<u>\$ 175,699,454</u>	<u>\$ 469,156</u>	<u>\$ 1,667,157</u>
Fair value of plan assets	<u>\$ 130,330,898</u>	<u>\$ 111,457,966</u>	<u>\$ -</u>	<u>\$ -</u>
Components of net periodic benefit cost				
Service cost	\$ 258,378	\$ 262,663	\$ 430,068	\$ 456,886
Interest cost	8,273,925	7,682,287	26,664	20,189
Expected return on plan assets	(7,407,606)	(6,832,940)	-	-
Amortization of prior service	-	-	176,545	176,874
Amortization of net loss	3,982,535	6,682,276	12,217	16,783
Settlement recognition	-	-	48,627	53,299
Curtailment recognition	-	-	(1,060,776)	-
Net periodic benefit cost	<u>\$ 5,107,232</u>	<u>\$ 7,794,286</u>	<u>\$ (366,655)</u>	<u>\$ 724,031</u>



# Trinity Mother Frances Health System and Subsidiaries

## Notes to Consolidated Financial Statements

June 30, 2014 and 2013

Other changes in plan assets and benefit obligations recognized outside of excess of revenue over expenses

	Employee Plan		SERP	
	2014	2013	2014	2013
Net (gain) loss	\$ 9,694,000	\$ (19,172,823)	\$ (1,205,875)	\$ 10,148
Amortization of net loss	(3,982,535)	(6,748,140)	(12,217)	(16,783)
Prior service cost	-	-	-	-
Amortization of prior service cost	-	-	(176,545)	(176,874)
Amount recognized due to settlement	-	-	(48,627)	(53,299)
Amount recognized due to curtailment	-	-	1,060,776	-
Total recognized in other changes in net assets	<u>\$ 5,711,465</u>	<u>\$ (25,920,963)</u>	<u>\$ (382,488)</u>	<u>\$ (236,808)</u>
Total recognized in net periodic benefit cost and other changes in net assets	<u>\$ 10,818,697</u>	<u>\$ (18,126,677)</u>	<u>\$ (749,143)</u>	<u>\$ -487,223</u>

There are no plan assets expected to be returned to the Health System for the year ended June 30, 2014

The estimated net loss and prior service cost for the defined benefit pension plans that will be amortized from unrestricted net assets into net periodic benefit costs over the next fiscal year for both plans is \$4,830,360 and \$4,362,670 at June 30, 2014 and 2013, respectively

Significant assumptions include

	Employee Plan		SERP	
	2014	2013	2014	2013
Weighted-average assumptions used to determine benefit obligations				
Discount rate	4.21%	4.71%	0.31%	0.86 – 2.64%
Rate of compensation increase	N/A	N/A	5.00%	5.00%
Weighted-average assumptions used to determine benefit costs				
Discount rate	4.71%	4.05%	0.38 – 1.98%	0.63 – 1.35%
Expected return on plan assets	7.00%	7.00%	N/A	N/A
Rate of compensation increase	N/A	N/A	5.00%	5.00%

# Trinity Mother Frances Health System and Subsidiaries

## Notes to Consolidated Financial Statements

June 30, 2014 and 2013

The System has estimated the long-term rate of return on plan assets based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid by the System at June 30, 2014, are

	Employee Plan	SERP
2015	\$ 5,578,368	\$ 489,130
2016	5,959,757	-
2017	6,475,931	-
2018	7,058,217	-
2019	7,611,391	-
2020 – 2024	46,854,499	-

Plan assets of the Employee Plan are held in the Texas Hospital Association Retirement Trust for member hospitals, which invests plan assets for the plans of approximately 40 participating hospitals. The investment objectives for the trust are to provide returns, which improve the funded status of the participating hospital's plans over time and reduce pension costs and to receive favorable performance from the pension fund's active managers in exchange for the fees paid to the investment management fund

Based on the risk posture of the Texas Hospital Association Retirement Trust, the trustees developed asset mix targets, which reflect the holdings of the System. The asset mix target at June 30, 2014 and 2013, was

	2014	2013
Equity securities	50%	49%
Debt securities	35%	34%
Cash equivalents	0%	3%
Alternative investments	15%	14%
	<u>100%</u>	<u>100%</u>

### ***Pension Plan Assets***

Following is a description of the valuation methodologies and inputs used for pension plan assets measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of pension plan assets pursuant to the valuation hierarchy

# Trinity Mother Frances Health System and Subsidiaries

## Notes to Consolidated Financial Statements

June 30, 2014 and 2013

Where quoted market prices are available in an active market, plan assets are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of plan assets with similar characteristics or discounted cash flows. Level 2 plan assets include interest in a pooled investment trust fund. Level 2 inputs include the net asset value reported by fund managers. In certain cases where Level 1 or Level 2 inputs are not available, plan assets are classified within Level 3 of the hierarchy. The Health System did not hold any Level 1 or Level 3 securities in pension plans at June 30, 2014 and 2013.

The fair values of the pension plan assets at June 30, 2014 and 2013, were as follows:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		Fair Value		
<b>June 30, 2014</b>				
Investment in Texas Hospital Association Retirement Trust	\$ 130,330,898	\$ -	\$ 130,330,898	\$ -
<b>June 30, 2013</b>				
Investment in Texas Hospital Association Retirement Trust	\$ 111,457,966	\$ -	\$ 111,457,966	\$ -

A nonqualified plan trust has been created for the purpose of funding SERP-obligations. However, certain rights are retained by general creditors of the System with respect to assets held in trust and, therefore, the trust assets would not be treated as sufficiently separated from the employer to constitute plan assets under Accounting Standards Codification (ASC) Topic 715, *Compensation – Retirement Benefits*. The assets held in this trust are reported in the accompanying consolidated balance sheets as a component of assets limited as to use (see *Note 4*).

### Other Post-retirement Obligations

The Health System has entered into agreements with certain current and former employees to pay for health insurance and long-term care insurance in retirement. The estimated cost of these obligations was approximately \$1,100,000 at June 30, 2014 and 2013, respectively, and has been recorded in other liabilities in the accompanying consolidated balance sheets.

# **Trinity Mother Frances Health System and Subsidiaries**

## **Notes to Consolidated Financial Statements**

**June 30, 2014 and 2013**

### ***Deferred Compensation Plans***

The Health System offers a nonqualified deferred compensation plan organized under section 457(b) of the IRC for certain physicians of the Clinic and RMSA. Benefits generally vest immediately. The assets of the plan are recorded in assets limited as to use, internally designated and held by trustee, deferred compensation plan in the accompanying consolidated balance sheets and are approximately \$12,104,000 and \$9,324,000 at June 30, 2014 and 2013, respectively. There is an offsetting liability recorded in accrued expenses in the accompanying consolidated balance sheets. Investment income related to the plans and corresponding changes in the offsetting liability are recorded as a component of physician compensation in the accompanying consolidated statements of operations and changes in net assets.

The Health System offers a nonqualified deferred compensation plan organized under section 457(f) of the IRC for certain physicians of the Clinic. Benefits generally vest 24 months after termination of employment subject to certain limitations. The assets of the plan are recorded in assets limited as to use, internally designated and held by trustee, deferred compensation plan in the accompanying consolidated balance sheets and are approximately \$7,490,000 and \$7,182,000 at June 30, 2014 and 2013, respectively. There is an offsetting liability recorded in other long-term liabilities in the accompanying consolidated balance sheets. Investment income related to the plans and corresponding changes in the offsetting liability are recorded as a component of physician compensation in the accompanying consolidated statements of operations and changes in net assets.

### **Note 12: Deferred Payments**

The Clinic acquired the assets of various physician practices between 1996 and 2004. The purchase of assets included intangible assets representing the value of physician's covenants not to compete executed in connection with the physician's employment agreements. The value of the noncompete agreements depends on the length of time the physician complies with the restrictions on competition.

The amounts allocated to each physician will only be paid if the physician remains an employee of the Clinic for five years from the date of the agreement and complies in full with the restrictions on competition. After termination, payments are made in equal annual installments over four to seven years based on the specific provisions of each agreement.

Interest accrues on the unpaid balance of the amount due to physicians from the date of the agreement at 8% annually. The interest accrued is due and payable annually each December 31, except at the election of the physician employees to defer receipt. The related liability is included in other liabilities on the consolidated balance sheets and totaled \$1,611,469 and \$1,707,840 at June 30, 2014 and 2013, respectively.

# Trinity Mother Frances Health System and Subsidiaries

## Notes to Consolidated Financial Statements

**June 30, 2014 and 2013**

### **Note 13: Related Party Transactions**

The Health System leases space and provides various services to CCHT. Rental income from CCHT for the years ended June 30, 2014 and 2013 was approximately \$1,149,000 and \$987,000, respectively. Amounts due to the Health System from CCHT were \$574,515 and \$345,588 at June 30, 2014 and 2013, respectively.

Amounts due from affiliates, classified as current receivables, at June 30, 2014 and 2013, are shown below:

	<u>2014</u>	<u>2013</u>
The Foundation	\$ 1,051,870	\$ 598,296
CCHT	574,515	345,588
Champion	-	281,214
Healthisouth	1,376,071	1,191,817
Other	<u>1,000</u>	<u>-</u>
	<u><u>\$ 3,003,456</u></u>	<u><u>\$ 2,416,915</u></u>

The Health System holds a noncontrolling membership interest in the Pineywoods Service Organization and the Service Organization of North and East Texas (collectively, Service Organizations). The primary purpose of the Service Organizations is to improve the health care of residents in east Texas through multiple means. A member of management of the Health System serves on the board of directors of the Service Organizations. During 2014 and 2013, the Health System contributed approximately \$19,455,000 and \$10,759,000, respectively, to the Service Organizations. These contributions have been included as a component of other nonoperating expenses in the accompanying consolidated statements of operations and changes in net assets.

The System has provided a 50% guarantee of substantially all of the long-term debt of Champion. Champion has entered into notes payable with a bank with a principal balance of \$3,768,874 and \$3,638,148 at June 30, 2014 and 2013, respectively. The remaining 50% of the debt is guaranteed by the other member of Champion.

During 2013, the Hospital transferred operations of its family care clinics to Tyler Family Circle of Care (TFCC), a federally qualified health center. The Hospital provides various general and administrative services to TFCC and makes contributions to TFCC to assist in covering operating losses. Contributions to TFCC during 2014 and 2013 were approximately \$1,800,000 and \$4,198,000, respectively, which primarily consisted of services provided to TFCC at a reduced cost. This contribution has been included as a component of other nonoperating expenses in the accompanying consolidated statements of operations and changes in net assets.

There were members of the board of directors that received consulting fees totaling \$81,000 and \$103,000 during the years ended June 30, 2014 and 2013, respectively.

# **Trinity Mother Frances Health System and Subsidiaries**

## **Notes to Consolidated Financial Statements**

**June 30, 2014 and 2013**

### **Note 14: Significant Estimates and Concentrations**

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the items listed as follows:

#### ***Allowance for Net Patient Service Revenue Adjustments***

Estimates of allowances for adjustments included in net patient service revenue are described in *Notes 1* and *2*.

#### ***Malpractice Claims***

Estimates related to the accrual for medical malpractice claims are described in *Notes 1* and *5*.

#### ***Litigation***

In the normal course of business, the Health System is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the Health System's self-insurance program (discussed elsewhere in these notes) or by commercial insurance, for example, allegations regarding employment practices or performance of contracts. The Health System evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

#### ***Deferred Compensation Agreement***

As discussed in *Note 11*, the amount of annual expense accrued for deferred compensation is based on an estimate of the total amounts payable under the contracts over the lifetimes of the beneficiaries.

#### ***Self-insured Employee Health Care and Workers' Compensation***

Estimates related to the accrual for self-insured employee health care claims and workers' compensation claims are discussed in *Note 5*.

#### ***Defined Benefit Pension Plan***

Estimates related to the Health System's obligation for its defined benefit pension plan are described in *Note 11*.

# **Trinity Mother Frances Health System and Subsidiaries**

## **Notes to Consolidated Financial Statements**

**June 30, 2014 and 2013**

### ***Investments***

The Health System invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying consolidated balance sheets.

### ***Health Care Reform Legislation***

The Patient Protection and Affordable Care Act (PPACA) is substantially reforming the United States health care system. The legislation impacts multiple aspects of the health care system, including many provisions that change payments from Medicare, Medicaid and insurance companies. The legislation has established health insurance exchanges, which provide individuals without employer provided health care coverage the opportunity to purchase insurance. It is possible that some employers currently offering insurance to employees will opt to have employees seek insurance coverage through the insurance exchanges. The reimbursement rates paid by insurers participating in the insurance exchanges may be substantially different than rates paid under current health insurance products. Another significant component of the PPACA is the expansion of the Medicaid program to a wide range of newly eligible individuals. In anticipation of this expansion, payments under certain existing programs, such as Medicare disproportionate share, have decreased. Each state's participation in an expanded Medicaid program is optional.

The state of Texas has chosen not to expand the Medicaid program, which may result in revenues from newly covered individuals not offsetting the Health System's reduced revenue from other Medicare/Medicaid programs.

The PPACA is extremely complex and may be difficult for the federal government and each state to implement. While the overall impact of the PPACA cannot currently be estimated, it is reasonably possible that it will have a negative impact on the Health System's net patient service revenue. Additionally, it is possible that the Health System will experience payment delays and other operational challenges during PPACA's implementation.

# Trinity Mother Frances Health System and Subsidiaries

## Notes to Consolidated Financial Statements

June 30, 2014 and 2013

### Note 15: Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

### Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2014 and 2013.

	Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2014	Fair Value			
Money market mutual funds	\$ 14,468,032	\$ 14,468,032	\$ -	\$ -
U S Treasury obligations	24,385,913	-	24,385,913	-
U S Agency obligations	16,289,415	-	16,289,415	-
Corporate bonds				
Financials	20,211,480	-	20,211,480	-
Technology	1,748,078	-	1,748,078	-
Industrial and material	2,343,198	-	2,343,198	-
Consumer	2,462,772	-	2,462,772	-
Energy and utilities	1,704,906	-	1,704,906	-
Telecommunications	1,300,255	-	1,300,255	-
Other sectors	533,960	-	533,960	-
Equity securities				
Financials	9,248,917	9,248,917	-	-
Health care	5,133,719	5,133,719	-	-
Technology	12,023,043	12,023,043	-	-
Industrial and materials	9,853,756	9,853,756	-	-
Consumer	12,110,116	12,110,116	-	-
Energy and utilities	8,101,568	8,101,568	-	-
Other sectors	1,070,091	1,070,091	-	-
Mutual funds	41,374,069	41,374,069	-	-
Alternative investment	16,270,079	-	16,270,079	-
Interest rate swap agreements	(1,151,720)	-	(1,151,720)	-



# **Trinity Mother Frances Health System and Subsidiaries**

## **Notes to Consolidated Financial Statements**

**June 30, 2014 and 2013**

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying consolidated balance sheets at amounts other than fair value

### ***Cash and Cash Equivalents***

The carrying amount approximates fair value

### ***Interest in Net Assets of the Foundation***

Fair value is estimated at the present value of the future distributions expected to be received

### ***Accrued Interest Receivable***

The carrying amount approximates fair value

### ***Long-term Debt***

Fair value is estimated, based on the borrowing rates currently available to the Health System for debt with similar terms and maturities

## **Note 16: Subsequent Events**

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were issued

## **Supplemental Information**