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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?

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?

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 \$ 17,815,358 including grants of \$ 1,361,853) (Revenue \$ 22,470,562)

MOTHER FRANCES HOSPITAL - WINNSBORO IS A HOSPITAL WITH 25 AVAILABLE BEDS LOCATED IN WINNSBORO, TEXAS THE HOSPITAL SERVES THE NORTHEAST TEXAS AREA OF WOOD, FRANKLIN, HOPKINS, RAINS, AND CAMP COUNTIES AND OFFERS A WIDE RANGE OF SERVICES INCLUDING GENERAL SURGERY, CARDIAC REHABILITATION, AND A 24-HOUR EMERGENCY DEPARTMENT THE HOSPITAL HAD 2,229 PATIENT DAYS, 667 DISCHARGES, AND 7,056 EMERGENCY ROOM VISITS DURING THE YEAR MFH - WINNSBORO PROVIDES QUALITY MEDICAL HEALTHCARE REGARDLESS OF RACE, CREED, SEX, NATIONAL ORIGIN, HANDICAP, AGE OR ABILITY TO PAY THE HOSPITAL PROVIDES CARE TO PERSONS COVERED BY GOVERNMENTAL PROGRAMS INCLUDING MEDICARE AND MEDICAID FOR REIMBURSEMENT THAT DOES NOT ALWAYS COVER THE COST OF PROVIDING THE CARE RECOGNIZING ITS MISSION TO THE COMMUNITY, SERVICES ARE PROVIDED TO BOTH FINANCIALLY INDIGENT AND MEDICALLY INDIGENT PATIENTS TO THE EXTENT REIMBURSEMENT FOR SERVICES IS BELOW COST, MFH - WINNSBORO RECOGNIZES DIFFERENCES AS CHARITY CARE

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 17,815,358

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	No
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I 	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4 Yes	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III 	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10 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	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? If "Yes," complete Schedule F, Parts II and IV	15	No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? If "Yes," complete Schedule F, Parts III and IV	16	No
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? 	20b Yes	

Part IV

Checklist of Required Schedules (continued)

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

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

☒

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

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	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	Yes
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	No
16b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b	

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed▶
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) LILLIA ELENA BIRDSONG DIRECTOR	1 0 0 0	X								
(2) SUE HORCHEM DIRECTOR	1 0 0 0	X								
(3) REV HENRY SUCHE DIRECTOR/VICE CHAIR	1 0 0 0	X		X				300		
(4) CLARA ZIEGLER DIRECTOR	1 0 0 0	X								
(5) RAY THOMPSON CHAIRMAN OF THE BOARD	7 0 33 0	X		X				258,767	1,219,902	25,752
(6) JANET COATES CEO/PRESIDENT	40 0 0 0	X		X						
(7) JARED PETTY DO PHYSICIAN/director	40 0 0 0	X						0	405,414	27,144
(8) J LINDSEY BRADLEY JR SYSTEM PRESIDENT/DIRECTOR	1 0 39 0	X		X				42,408	1,653,906	25,752
(9) CHARLES PRUITT DIRECTOR/PRES OF MED STAFF	40 0 0 0	X		X				0	141,783	11,475
(10) JOYCE HESTER SR VICE PRESIDENT/ CFO	4 0 36 0			X				43,767	393,903	23,252
(11) WILLIAM BELLENFANT SR SR VP/CFO/DIRECTOR/TREASURER	0 0 0 0						X	0	213,528	0

Part VII

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								345,242	4,028,436	113,375

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 ►1

		Yes	No
3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	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

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

(A) Name and business address	(B) Description of services	(C) Compensation
COMMUNITY HOSPITAL CONSULTING LP, 5801 TENNYSON PARKWAY PLANO TX 75024	CONSULTING services	856,065
TEXAS HEALTH RESOURCES, 612 E LAMAR BLVD 6TH FLOOR ARLINGTON TX 76011	MANAGEMENT SERVICES	335,951
ULTRASOUND ASSOCIATES INC, 401 EAST FRONT TYLER TX 75702	ULTRASOUND SERVICES	228,503
LIQUIDAGENTS HEALTHCARE LLC, 6900 DALLAS PARKWAY STE 450 PLANO TX 75024	EMPLOYMENT SERVICES	122,449

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

Part VIII

Statement of Revenue

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d				
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f		0			
Program Service Revenue	2a	NET PATIENT SERVICE REVENUE	Business Code 621110	20,513,014	20,513,014		
	b	UPL MEDICAID REVENUE	900099	1,188,764	1,188,764		
	c	PHARMACY REVENUE	446110	475,886	475,886		
	d	RELATED RENTAL REVENUE	532000	177,899	177,899		
	e	EHR INCENTIVE REVENUE	900099	107,460	107,460		
	f	All other program service revenue		7,539	7,539		
	g	Total. Add lines 2a-2f		22,470,562			
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		12		12
4		Income from investment of tax-exempt bond proceeds		0			
5		Royalties		0			
6a		Gross rents	(i) Real	(ii) Personal			
		b	Less rental expenses				
		c	Rental income or (loss)	0	0		
		d	Net rental income or (loss)		0		
7a		Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
		b	Less cost or other basis and sales expenses				
		c	Gain or (loss)				
		d	Net gain or (loss)		0		
8a		Gross income from fundraising events (not including \$ of contributions reported on line 1c) See Part IV, line 18	a				
		b	Less direct expenses	b			
		c	Net income or (loss) from fundraising events		0		
9a		Gross income from gaming activities See Part IV, line 19	a				
		b	Less direct expenses	b			
		c	Net income or (loss) from gaming activities		0		
10a		Gross sales of inventory, less returns and allowances	a				
		b	Less cost of goods sold	b			
		c	Net income or (loss) from sales of inventory		0		
Miscellaneous Revenue		Business Code					
11a	VENDING INCOME	722210	1,133			1,133	
b	CAFETERIA INCOME	722210	1,221			1,221	
c	REBATE INCOME	900099	1,422			1,422	
d	All other revenue						
e	Total. Add lines 11a-11d		3,776				
12	Total revenue. See Instructions			22,474,350	22,470,562	3,788	

Part IX Statement of Functional Expenses

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.	1,361,853	1,361,853		
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.	367,600	301,432	66,168	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	0			
7	Other salaries and wages.	4,740,727	3,887,396	853,331	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	80,461	65,978	14,483	
9	Other employee benefits.	699,027	573,202	125,825	
10	Payroll taxes.	310,350	254,487	55,863	
11	Fees for services (non-employees):				
a	Management.	360,000	295,200	64,800	
b	Legal.	7,802	6,398	1,404	
c	Accounting.	0			
d	Lobbying.	0			
e	Professional fundraising services. See Part IV, line 17.	0			
f	Investment management fees.	0			
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	6,621,995	5,430,036	1,191,959	
12	Advertising and promotion.	14,628	11,995	2,633	
13	Office expenses.	77,332	63,412	13,920	
14	Information technology.	9,217	7,558	1,659	
15	Royalties.	0			
16	Occupancy.	391,278	320,848	70,430	
17	Travel.	16,149	13,242	2,907	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.	0			
19	Conferences, conventions, and meetings.	4,829	3,960	869	
20	Interest.	0			
21	Payments to affiliates.	0			
22	Depreciation, depletion, and amortization.	602,952	602,952		
23	Insurance.	-58,831	-48,241	-10,590	
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	1,408,592	1,408,592		
b	BAD DEBT EXPENSE	2,812,297	2,812,297		
c	REPAIRS AND MAINTENANCE	329,228	269,967	59,261	
d	EDUCATION	103,555	84,915	18,640	
e	All other expenses	107,142	87,879	19,263	
25	Total functional expenses. Add lines 1 through 24e.	20,368,183	17,815,358	2,552,825	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		160,236	1	1,534
	2	Savings and temporary cash investments		0	2	0
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		2,533,642	4	2,212,657
	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		284,538	8	292,800
	9	Prepaid expenses and deferred charges		168,980	9	42,216
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a8,936,503			
	b	Less accumulated depreciation	10b3,613,049	5,910,169	10c	5,323,454
	11	Investments—publicly traded securities		0	11	0
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		1,370,137	15	2,450,905
	16	Total assets. Add lines 1 through 15 (must equal line 34)		10,427,702	16	10,323,566
Liabilities	17	Accounts payable and accrued expenses		2,364,845	17	1,521,929
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		0	20	0
	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		0	23	0
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		6,000,265	25	4,632,878
	26	Total liabilities. Add lines 17 through 25		8,365,110	26	6,154,807
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		2,062,592	27	4,168,759
	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		2,062,592	33	4,168,759
	34	Total liabilities and net assets/fund balances		10,427,702	34	10,323,566

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	22,474,350
2	Total expenses (must equal Part IX, column (A), line 25)	2	20,368,183
3	Revenue less expenses Subtract line 2 from line 1	3	2,106,167
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	2,062,592
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	4,168,759

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.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization Mother Frances Hospital - Winnsboro	Employer identification number 75-2771569
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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 33¹/₃% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33¹/₃% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10

☐

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

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated

e

☐

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

f

☐

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

g

☐

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

(i)

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

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

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

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

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

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

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

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

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

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

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

Facts And Circumstances Test

Return Reference	Explanation	
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SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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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 - Winnsboro	Employer identification number 75-2771569
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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 Form 1120-POL 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		267
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.			267
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 THE MEDICARE DEFINITION OF UNALLOWABLE EXPENSES

Part IV Supplemental Information (*continued*)[illegible]

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization Mother Frances Hospital - Winnsboro	Employer identification number 75-2771569
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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

▶ \$ _____

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

Cat No 52283D

Schedule D (Form 990) 2013

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

- 3

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

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other
- 4

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

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

☐ Yes

☐ No

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

- 1a

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

☐ Yes

☐ No
- b

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

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	
- 2a

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

☐ Yes

☐ No
- b

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

☐

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance	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 | | 265,577 | | 265,577 |
| b Buildings | | 3,949,939 | 811,096 | 3,138,843 |
| c Leasehold improvements | | 364,272 | 225,770 | 138,502 |
| d Equipment | | 4,356,715 | 2,576,183 | 1,780,532 |
| e Other | | | | |
| Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) | | | | 5,323,454 |
- Schedule D (Form 990) 2013

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	19,660,631
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12	2e	-2,812,297
a	Net unrealized gains on investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII)	2d	-2,812,297
e	Add lines 2a through 2d	2e	-2,812,297
3	Subtract line 2e from line 1	3	22,472,928
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1	4c	1,422
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII)	4b	1,422
c	Add lines 4a and 4b	4c	1,422
5	Total revenue Add lines 3 and 4c . (This must equal Form 990, Part I, line 12)	5	22,474,350

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	17,554,464
2	Amounts included on line 1 but not on Form 990, Part IX, line 25	2e	-1,422
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIII)	2d	-1,422
e	Add lines 2a through 2d	2e	-1,422
3	Subtract line 2e from line 1	3	17,555,886
4	Amounts included on Form 990, Part IX, line 25, but not on line 1 :	4c	2,812,297
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII)	4b	2,812,297
c	Add lines 4a and 4b	4c	2,812,297
5	Total expenses Add lines 3 and 4c . (This must equal Form 990, Part I, line 18)	5	20,368,183

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 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 \$(2,812,297) schedule d, part xi, line 4b reconcILiation of revenue per audited financial statements with return Rebate InCOME \$ 1,422
schedule d, part xii, line 2d	Reconciliation of expense per audited financial statements with return Rebate Income \$(1,422) schedule d, part xii, line 4b Reconciliation of expense per audited financial statements with return Bad Debt Expense \$ 2,812,297
schedule d, part v, line 4	intended use of 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

[illegible]

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Mother Frances Hospital - Winnsboro

Employer identification number
75-2771569

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)			656,595		656,595	3 740 %
b Medicaid (from Worksheet 3, column a)			1,325,794	2,003,651	-677,857	
c Costs of other means-tested government programs (from Worksheet 3, column b)			689,156	435,189	253,967	1 450 %
d Total Financial Assistance and Means-Tested Government Programs			2,671,545	2,438,840	232,705	5 190 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)			5,974		5,974	0 030 %
g Subsidized health services (from Worksheet 6)			542,581		542,581	3 090 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			1,361,853		1,361,853	7 760 %
j Total Other Benefits			1,910,408		1,910,408	10 880 %
k Total. Add lines 7d and 7j			4,581,953	2,438,840	2,143,113	16 070 %

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

2,812,297

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

6,502,408

6

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

6

8,041,503

7

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

7

-1,539,095

8

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

Section C. Collection Practices

9a

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

9a

Yes

b

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

9b

Yes

Part IVManagement Companies and Joint Ventures

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

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

Part V

Facility Information

Section A. Hospital Facilities

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

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

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
	See Additional Data Table										

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

MOTHER FRANCES HOSPITAL - WINNSBORO

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

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? _____

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

Part VI

Supplemental Information

Provide the following information

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

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 \$2,812,297

Form and Line Reference	Explanation
SCHEDULE H, PART III, SECTION A, LINE 2	BAD DEBT EXPENSE THE AMOUNT REPORTED ON LINE 2 IS BAD DEBT EXPENSE PER THE AUDITED FINANCIAL STATEMENTS

Form and Line Reference	Explanation
SCHEDULE H, PART III, SECTION A, LINE 3	BAD DEBT AS 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>BAD DEBT EXPENSE FOOTNOTE 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	medicare shortfall & COSTING METHODOLOGY THE ORGANIZATION HAD A MEDICARE SHORTFALL IN THE AMOUNT OF \$1,539,095 THE STATE OF TEXAS TREATS MEDICARE SHORTFALL AS COMMUNITY BENEFIT FOR MEETING STATUTORY REQUIREMENTS FOR CHARITY CARE AND COMMUNITY BENEFIT THE HOSPITAL 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 13 SUBURBAN, URBAN, AND RURAL SERVICE AREAS WITHIN NORTH 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 PATIENTS WHO DISCHARGE PRIOR TO MEETING WITH A FINANCIAL COUNSELOR ARE ADVISED OF FINANCIAL ASSISTANCE THROUGH PHONE CALLS AND LETTERS IN BOTH ENGLISH AND SPANISH 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- WINNSBORO 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 OBTAIN 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 IS LOCATED IN A RURAL AREA WITH A POPULATION OF JUST OVER 59,000 WITH AN AVERAGE HOUSEHOLD INCOME FOR THE SERVICE AREA OF \$52,925 OVER 12% OF THE HOSPITAL'S PATIENTS ARE UNINSURED AND 12.8% ARE MEDICAID RECIPIENTS THE HOSPITAL'S SERVICE AREA HAS AN UNINSURED RATE OF 19.3% OF THE POPULATION THERE ARE FIVE OTHER NOT-FOR-PROFIT HOSPITALS, ONE COMMUNITY HOSPITAL, AND ONE FOR-PROFIT COMPANY IN THE SAME SERVICE AREA

Form and Line Reference	Explanation
<p>SCHEDULE H, PART VI, LINE 5</p>	<p>PROMOTION OF COMMUNITY HEALTH MOTHER FRANCES HOSPITAL-WINNSBORO PROMOTES HEALTHCARE AND WELLNESS EDUCATION BY OFFERING OUTREACH PROGRAMS AND SPECIAL INITIATIVES THAT IMPROVE THE Q UALITY 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 ESSENT IAL TO PROVIDE COMPLETE HEALTHCARE TO THE COMMUNITIES SERVED SOME OF THESE PROGRAMS INCLU DE Diabetes Support Group and Community Education - The hospital hosts a Diabetes Support Group on topics that are geared to help the individuals cope with the disease elements T he meetings are open to any individual and/ family members The primary objective is to re duce the number of people suffering from diabetes, to reduce the number of ER visits for s ymptoms, to provide coping mechanisms to control the disease, and to improve general welln ess in the communities served TeleCare Plus-Your Health Information Resource - TeleCare P lus is a medical call center available for FREE to the public 24 hours a day Registered n urses provide callers with answers to health questions over the telephone, can send health information via the mail, provide physician referrals, give information on community and hospital resources and do symptom based triage Examples of the types of calls in 2014 wou ld be Tyler FamilyCARE Center - Pediatrics/ Obstetrics, cardiac, endocrinology, geriatric , education calls, and general information and health care questions or nurse triaging Te leCare Plus is designed to provide a central, confidential resource for the community to t urn to for health information and assist callers in seeking out the appropriate level of m edical resources at the appropriate time Share the Spirit - This is an annual fund raisin g campaign within the entire health system for employees It is organized and implemented by employees with all proceeds going to help with health related programs Over \$ 170,000 was raised in 2014 The purpose of the program is To assist with the funding for the follo wing projects Heart care, Cancer care, Children's Miracle Network, diabetes education and services, and the employee CrisisCare Fund (Anyone who is an employee of the health syste m is eligible to receive assistance based on need or program needs) Preventative Health C are - A community wide health senior health fair was held Information on diabetes, nutrit ion, and blood pressure screenings were provided Screenings were provided at no cost to t he individuals The goal is to provide individuals with health risk assessment information and to encourage them to discuss the test results with their health care provider This a ctivity should help divert patients from the emergency departments of the hospitals in the region Pediatric Safety - A bicycle safety program was held in Winnsboro for first grade students It included bicycle safety with an emphasis on the need to wear a bicycle helme t Students received reflectors and sponsored by CMN and Winnsboro Trauma Program The goa l is to address the need to prevent unnecessary ER visits and potential long-term disabili ties for children This program also targets parent education with materials and informati on Improving the fragmented continuum of care - Implemented the new EHR, EPIC and the upd ates for the system including "My Chart" and the cell phone application Achieved Stage 6 HIMSS Analytics EHR adoption Model which recognizes an organization's accomplishments to i mplement technology solutions that have the ability to improve patient safety and quality of care The goal is to improve the patient's experience as they transition through the co ntinuum of care This should reduce duplication of testing Participation in initiatives t hat improve the patient's experience was identified as a need Improving Access to special ty providers and services - Specialty services came to Winnsboro at a significant cost to improve access to care to an aging population Services included cardiology, urology, gast roenterology, and pain This also provided support for a critical access hospital and thei r patients The objective is to increase access to additional specialist services and prov iders in the community Access to mental health services - MFH - Winnsboro established a l ist of mental health providers in Wood County While there are few services to vulnerable populations this information is made available Additionally, the needs for more services in the area were identified and work within the larger health system was promoted The nee d to identify access for affordable mental health services was identified as a community n eed Information on referrals for available mental health services/resources is particular ly needed in the emergency department Reducing transportation barriers - MFH - Winnsboro established a list of transportation services available This included the community and r egional GoBus There are no other public transport</p>

Form and Line Reference	Explanation
SCHEDULE H, PART VI, LINE 5	ation services. If necessary, assistance for payments can be made by the hospital if the need is within the guidelines. The need to provide access and information about available transportation services to community members was identified as a community need. Fundraising for not-for-profits - MFH - Winnsboro supports the Children's Miracle Network by raising money through direct financial donations, bake sales, jean days, special lunch offerings, etc. The goal is to raise money for services that otherwise would not be available for the community unless these monies were raised. The programs often target those less fortunate or have open door policies for all those who need the care. Additionally, these programs provide new leadership opportunities for the staff.

Form and Line Reference	Explanation
schedule h, part vi, line 6	affiliated health care system MOTHER FRANCES HOSPITAL-WINNSBORO 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-WINNSBORO 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: 75-2771569
Name: Mother Frances Hospital - Winnsboro

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 & IMPLEMENTATION STRATEGY THE HOSPITAL'S CHNA AND IMPLEMENTATION STRATEGY IS AVAILAB LE UPON REQUEST AND AT THE FOLLOWING WEBSITE http //www tmfhc org/comprehensive-community -health-needs-assessments
SCHEDULE H, PART V, SECTION B, LINE 7	NEEDS IDENTIFIED IN CHNA NOT ADDRESSED MOTHER FRANCES HOSPITAL - WINNSBORO DECIDED NOT TO SPECIFICALLY ADDRESS THE NEED FOR "ACCESS TO MENTAL HEALTH SERVICES AND PROVIDERS" AND "A CCESS TO TRANSPORTATION," LARGELY DUE TO THEIR POSITIONS (SECOND TO LAST AND LAST) ON THE PRIORITIZED LIST AND THE HOSPITAL'S LACK OF CAPACITY TO ADDRESS THOSE NEEDS FURTHERMORE, MOTHER FRANCES HOSPITAL - WINNSBORO HAS PREVIOUSLY OFFERED MENTAL HEALTH SERVICES, BUT IT WAS FORCED TO CLOSE THE UNIT DUE TO LACK OF PATIENT VOLUME TRANSPORTATION IS NOT A CORE B USINESS FUNCTION OF THE HOSPITAL AND HOSPITAL LEADERSHIP VIEWS THIS AS A LARGER INFRASTRUC TURE ISSUE MOTHER FRANCES HOSPITAL - WINNSBORO LEADERSHIP FELT THAT RESOURCES AND EFFORTS WOULD BE BETTER SPENT ADDRESSING THE FIRST FOUR PRIORITIZED NEEDS
SCHEDULE H, PART V, SECTION B, LINES 16, 17, & 18	BILLING & COLLECTIONS NEITHER MOTHER FRANCES HOSPITAL - WINNSBORO, NOR THIRD PARTIES AUTH ORIZED BY MFH-W, TAKE ANY ACTIONS UPON NON-PAYMENT FROM A PATIENT BEFORE MAKING A REASONAB LE 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 selfpa y patients that show to be FAP Eligible, we discount based upon their proven FPL percentag e (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

Name of the organization
Mother Frances Hospital - Winnsboro

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

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

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

OMB No 1545-0047

2013

Open to Public
Inspection

Employer identification number
75-2771569

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 STREET LUBBOCK,TX 79314	30-0630886	501(C)(3)	940,450				COMMUNITY HEALTHCARE
(2) SERVICE ORGANIZATION OF NORTH & EAST TEXAS 2950 50TH STREET LUBBOCK,TX 79314	26-0468622	501(C)(3)	421,403				COMMUNITY HEALTHCARE

2

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

2

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.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Mother Frances Hospital - Winnsboro

Employer identification number
75-2771569

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 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>	1b	
<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>	2	
<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>	4a	Yes
<div><div>b</div><div>Participate in, or receive payment from, a supplemental nonqualified retirement plan?</div></div>	4b	No
<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				
(1)RAY THOMPSON CHAIRMAN OF THE BOARD	(i)	129,369	129,398	0	1,897	2,573	263,237	0
	(ii)	609,881	610,021	0	8,941	12,341	1,241,184	0
(2)JARED PETTY DO PHYSICIAN/director	(i)	0	0	0	0	0	0	0
	(ii)	267,979	54,613	82,822	8,200	18,944	432,558	0
(3)J LINDSEY BRADLEY JR SYSTEM PRESIDENT/DIRECTOR	(i)	21,876	20,532	0	271	373	43,052	0
	(ii)	853,169	800,737	0	10,567	14,541	1,679,014	0
(4)JOYCE HESTER SR VICE PRESIDENT/ CFO	(i)	32,180	11,587	0	1,084	1,241	46,092	0
	(ii)	289,616	104,287	0	9,754	11,173	414,830	0
(5)CHARLES PRUITT DIRECTOR/PRES OF MED STAFF	(i)	0	0	0	0	0	0	0
	(ii)	129,227	10,025	2,531	3,452	8,023	153,258	0
(6)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

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 4a	severance & change of control payments william bellenfant sr \$213,528

efile GRAPHIC print - DO NOT PROCESS		As Filed Data -		DLN: 93493134026445	
SCHEDULE O (Form 990 or 990-EZ) Department of the Treasury Internal Revenue Service	Supplemental Information to Form 990 or 990-EZ Complete to provide information for responses to specific questions on Form 990 or to provide any additional information. ▶ Attach to Form 990 or 990-EZ. ▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.				OMB No 1545-0047
					2013
					Open to Public Inspection
Name of the organization Mother Frances Hospital - Winnsboro				Employer identification number 75-2771569	

990 Schedule O, Supplemental Information

Return Reference	Explanation
form 990, part v, line 1a	
form 990, part vi, section a, line 3	delegation of management duties THE ORGANIZATION HAS HIRED A MANAGEMENT COMPANY TO PERFOR M THE DUTIES OF THE CEO UNDER EMPLOY MENT FOR THE UNRELATED MANAGEMENT COMPANY, THE FOLLOW ING INDIVIDUAL SERVES AS AN OFFICER FOR THE HOSPITAL AND IS PAID COMPENSATION BY THE MANAG EMENT COMPANY FOR SERVICES TO THE HOSPITAL PER IRS GUIDANCE, NO COMPENSATION IS SHOWN ON FORM 990, PART VII, FOR THIS INDIVIDUAL JANET COATES \$210,358
FORM 990, PART VI, SECTION A, LINE 6	MEMBERS OR STOCKHOLDERS TRINITY MOTHER FRANCES HEALTH SY STEM IS THE SOLE MEMBER OF MOTHER FRANCES HOSPITAL - WINNSBORO
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 SY STEM, 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 PRES CRIBED STANDARDS
FORM 990, PART VI, SECTION B, LINES 15A & 15B	REVIEW OF COMPENSATION OF CEO, OFFICERS OR KEY EMPLOYEES THE ORGANIZATION USES COMPENSATI ON CONSULTANTS AND NATIONAL COMPENSATION SURVEYS TO DETERMINE COMPENSATION OF EMPLOYEES C OMPENSATION 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 SY STEM 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 PROFESSIONAL FEES \$ 3,008,351 CORPORATE EXPENSE 1,708,766 PURCHAS ED SERVICES 1,735,005 CONTRACT LABOR 145,222 CONSULTING 24,651 ----- TOTAL \$ 6,621,995

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Mother Frances Hospital - Winnsboro

Employer identification number
75-2771569

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 - JACKSONVILLE 1315 DOCTORS DRIVE TYLER, TX 75701 75-1976930	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		No
(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 REGIONAL HC CTR 1315 DOCTORS DRIVE TYLER, TX 75701 75-0818167	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) Dispropportionate 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	

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 CJ 98-0136025	INSURANCE	CJ	MFH REG	C-CORPORATION					No
(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

No

No

No

No

No

No

No

No

No

No

Yes

Yes

Yes

Yes

Yes

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

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	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 REGIONAL HEALTH CARE CENTER REGIONAL MEDICAL SERVICES ASSOCIATION IS DIRECTLY CONTROLLED BY MOTHER FRANCES HOSPITAL REGIONAL HEALTH CARE CENTER ("MFH REG")

Additional Data

Software ID:

Software Version:

EIN: 75-2771569

Name: Mother Frances Hospital - Winnsboro

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 - JACKSONVILLE 1315 DOCTORS DRIVE TYLER, TX 75701 75-1976930	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		No
(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 REGIONAL HC CTR 1315 DOCTORS DRIVE TYLER, TX 75701 75-0818167	HOSPITAL	TX	501(C)(3)	3	TMFHS		No

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

Trinity Mother Frances Health System and Subsidiaries

Consolidated Balance Sheets

June 30, 2014 and 2013

Assets

	2014	2013
Current Assets		
Cash and cash equivalents	\$ 74,125,544	\$ 47,060,016
Short-term investments	5,528,758	4,216,869
Assets limited as to use, current	9,911,422	4,525,850
Patient accounts receivable, net of allowance, 2014 – \$93,454,000, 2013 – \$99,259,000	69,851,483	86,740,242
Estimated amounts due from third-party payers	11,215,385	7,741,648
Due from affiliates	3,003,456	2,416,915
Inventories	7,551,880	6,492,784
Prepaid expenses and other	6,247,712	6,616,476
Total current assets	<u>187,435,640</u>	<u>165,810,800</u>
Assets Limited As To Use		
Internally designated for capital acquisitions	110,575,521	77,953,068
Internally designated and held by trustee, supplemental retirement plan	1,127,733	1,086,724
Internally designated and held by trustee, self-insurance	11,158,593	12,174,770
Internally designated and held by trustee, deferred compensation plan	19,593,838	16,505,259
Held by trustee, under bond indenture agreement	16,380,745	20,308,647
	<u>158,836,430</u>	<u>128,028,468</u>
Less amount required to meet current obligations	<u>9,911,422</u>	<u>4,525,850</u>
Total assets limited as to use	<u>148,925,008</u>	<u>123,502,618</u>
Property and Equipment, At Cost		
Land and land improvements	37,300,355	37,667,673
Buildings and improvements	366,232,014	355,796,869
Equipment	313,155,448	304,658,619
Construction in progress	1,224,490	10,713,447
	<u>717,912,307</u>	<u>708,836,608</u>
Less accumulated depreciation	<u>390,962,888</u>	<u>363,144,030</u>
Total property and equipment, net	<u>326,949,419</u>	<u>345,692,578</u>
Other Assets		
Interest in net assets of Trinity Mother Frances Health System Foundation Center for Health Care Philanthropy (Foundation)	9,630,322	8,401,035
Other investments	61,040,610	51,674,030
Investments in affiliates	3,888,886	6,822,029
Deferred financing costs and other	1,930,698	2,145,328
Total other assets	<u>76,490,516</u>	<u>69,042,422</u>
Total assets	<u><u>\$ 739,800,583</u></u>	<u><u>\$ 704,048,418</u></u>

Liabilities and Net Assets

	2014	2013
Current Liabilities		
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
 Estimated Self-insurance Costs	 8,907,293	 5,513,157
 Long-term Debt	 198,670,716	 207,521,971
 Interest Rate Swap Agreement	 1,151,720	 1,214,027
 Other Liabilities	 11,021,320	 12,649,016
 Pension Liability	 66,060,184	 65,453,682
	<hr/>	<hr/>
Total liabilities	404,531,079	405,553,694
 Net Assets		
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

	2014	2013
Unrestricted Revenues, Gains and Other Support		
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>
Expenses		
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>
Operating Income	<u>49,145,489</u>	<u>2,467,466</u>
Other Income (Expense)		
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>
Excess (Deficiency) of Revenues Over Expenses	<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

	2014	2013
Unrestricted Net Assets		
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>
Temporarily Restricted Net Assets		
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>
Permanently Restricted Net Assets		
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>
Change in Net Assets	36,774,780	21,547,656
Net Assets, Beginning of Year	<u>298,494,724</u>	<u>276,947,068</u>
Net Assets, End of Year	<u><u>\$ 335,269,504</u></u>	<u><u>\$ 298,494,724</u></u>

Trinity Mother Frances Health System and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended June 30, 2014 and 2013

	2014	2013
Operating Activities		
Change in net assets	\$ 36,774,780	\$ 21,547,656
Items not requiring (providing) cash		
Loss on debt restructuring	-	904,513
(Gain) loss on sale of property and equipment	260,651	(1,368,000)
Impairment of land value	659,200	-
Depreciation and amortization	30,869,441	30,912,342
Amortization of net bond premium	(25,149)	40,547
Contributions for property and equipment	(828,654)	(5,649,930)
Net gain on investments	(9,447,392)	(3,962,557)
Gain on investment in equity investee	1,166,321	(237,479)
Change in fair value of interest rate swap agreements	(62,307)	267,708
Change in interest in net assets of Foundation	(1,229,287)	3,664,341
Change in pension liability	620,695	(18,833,004)
Provision for uncollectible accounts	68,401,590	51,438,215
Accrued self-insurance costs	1,155,229	(96,759)
Changes in		
Patient accounts receivable, net	(51,512,831)	(66,658,348)
Estimated amounts due from and to third-party payers	114,729	(8,921,722)
Accounts payable and accrued expenses	3,962,367	7,977,873
Other assets and liabilities	(1,276,873)	1,838,073
Net cash provided by operating activities	<u>79,602,510</u>	<u>12,863,469</u>
Investing Activities		
Purchase of property and equipment	(12,484,170)	(57,800,545)
Proceeds from sale of property and equipment	10,000	3,074,152
Payments to dispose of property and equipment	(43,000)	-
Purchase of investments	(91,142,873)	(105,451,577)
Proceeds from disposition of investments	59,103,834	155,978,324
Contributions to equity investees	(3,190,000)	(2,762,000)
Distributions from equity investees	<u>5,022,185</u>	<u>4,461,105</u>
Net cash used in investing activities	<u>(42,724,024)</u>	<u>(2,500,541)</u>
Financing Activities		
Payment of deferred financing costs	-	(757,213)
Contributions for property and equipment	828,654	5,649,930
Proceeds from issuance of long-term debt	-	57,429,494
Principal payments on long-term debt	<u>(10,641,612)</u>	<u>(72,095,319)</u>
Net cash used in financing activities	<u>(9,812,958)</u>	<u>(9,773,108)</u>
Increase in Cash and Cash Equivalents	27,065,528	589,820
Cash and Cash Equivalents, Beginning of Year	<u>47,060,016</u>	<u>46,470,196</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 74,125,544</u></u>	<u><u>\$ 47,060,016</u></u>
Supplemental Cash Flows Information		
Interest paid (net of amount capitalized)	\$ 9,049,873	\$ 9,235,904
Notes payable obligations with vendors	\$ -	\$ 7,979,209
Capital lease obligations incurred for property and equipment	\$ 485,635	\$ 121,833
Property and equipment in accounts payable	\$ 289,666	\$ 460,968

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

	2014	2013
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.

	2014	2013
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

	2014	2013
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

	2014	2013
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
	<hr/> 66,569,368	<hr/> 55,890,899
Less current portion	<hr/> 5,528,758	<hr/> 4,216,869
	<hr/> <hr/> \$ 61,040,610	<hr/> <hr/> \$ 51,674,030

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
2014				
Mesirow Absolute Return Fund	\$ 14,088,677	\$ -	Quarterly	95 Days
Permal Macro Holdings Institutional Limited	2,181,402	-	Monthly	5th day of month
2013				
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

	Professional Liability	Employee Health	Workers' Compensation
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

	Professional Liability	Employee Health	Workers' Compensation
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

	<u>2014</u>	<u>2013</u>
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

	<u>2014</u>	<u>2013</u>
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:

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

	Employee Plan		SERP	
	2014	2013	2014	2013
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:

	Employee Plan		SERP	
	2014	2013	2014	2013
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

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

	Fair Value	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, 2013				
Money market mutual funds	\$ 11,979,618	\$ 11,979,618	\$ -	\$ -
U S Treasury obligations	20,661,585	-	20,661,585	-
U S Agency obligations	17,914,157	-	17,914,157	-
Corporate bonds				
Financials	17,104,604	-	17,104,604	-
Technology	1,653,742	-	1,653,742	-
Industrial and material	343,109	-	343,109	-
Consumer	4,198,201	-	4,198,201	-
Energy and utilities	2,727,183	-	2,727,183	-
Telecommunications	2,035,512	-	2,035,512	-
Other sectors	497,685	-	497,685	-
Equity securities				
Financials	2,973,762	2,973,762	-	-
Health care	2,138,701	2,138,701	-	-
Technology	3,253,471	3,253,471	-	-
Industrial and materials	3,424,231	3,424,231	-	-
Consumer	4,334,080	4,334,080	-	-
Energy and utilities	3,391,122	3,391,122	-	-
Other sectors	179,131	179,131	-	-
Mutual funds	29,453,998	29,453,998	-	-
Alternative investment	10,513,502	-	10,513,502	-
Interest rate swap agreements	(1,214,027)	-	(1,214,027)	-

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2014.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include investments in money market mutual funds, equities and mutual funds. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. Level 2 securities include investments in U S Treasury and Agency obligations, corporate bonds and alternative investments. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Health System did not hold any Level 3 securities at June 30, 2014 and 2013.

Trinity Mother Frances Health System and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

The value of certain investments, classified as alternative investments, is determined using net asset value (or its equivalent) as a practical expedient. Investments for which the Health System expects to have the ability to redeem its investments with the investee within 12 months after the reporting date are categorized as Level 2. Investments for which the Organization does not expect to be able to redeem its investments with the investee within 12 months after the reporting date are categorized as Level 3.

Interest Rate Swap Agreements

The fair value is estimated using forward-looking interest rate curves and discounted cash flows that are observable or that can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

Fair Value of Financial Instruments

The following table presents estimated fair values of the Health System's financial instruments and the level within the fair value hierarchy 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)
		Carrying Amount		
June 30, 2014				
Financial Assets				
Cash and cash equivalents	\$ 103,934,301	\$ 103,934,301	\$ -	\$ -
Investments	186,165,335	98,915,279	87,250,056	-
Interest in net assets of the Foundation	9,630,322	-	9,630,322	-
Accrued interest receivable	611,202	611,202	-	-
Financial Liabilities				
Interest rate swap agreement	1,151,720	-	1,151,720	-
Long-term debt	207,495,436	-	216,500,271	-
June 30, 2013				
Financial Assets				
Cash and cash equivalents	\$ 82,809,539	\$ 82,809,539	\$ -	\$ -
Investments	138,777,394	61,128,114	77,649,280	-
Interest in net assets of the Foundation	8,401,035	-	8,401,035	-
Accrued interest receivable	571,946	571,946	-	-
Financial Liabilities				
Interest rate swap agreement	1,214,027	-	1,214,027	-
Long-term debt	218,072,217	-	222,050,261	-

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

Trinity Mother Frances Health System and Subsidiaries

Balance Sheet – Consolidating Information

June 30, 2014

Assets	The System	Consolidated Hospital Group (Obligated Group)	Trinity Clinic	Jacksonville	Winnsboro	TRHA	Tricare, Inc	HOT	Eliminations	Consolidated
Current Assets										
Cash and cash equivalents	\$ 562	\$ 73,924,180	\$ 11,844	\$ 1,849	\$ 1,534	\$ -	\$ 98,393	\$ 8,182	\$ -	\$ 74,125,544
Short-term investments	-	5,528,758	-	-	-	-	-	-	-	5,528,758
Assets limited as to use - current	-	8,080,181	1,831,241	-	-	-	-	-	-	9,911,422
Patient accounts receivable - net of allowance of \$93,454,000	-	48,054,485	15,063,105	3,988,849	2,141,660	-	603,384	-	-	69,851,483
Estimated amounts due from third-party payers	1,854,529	6,107,030	508	1,545,478	1,707,840	-	-	-	-	11,215,385
Due from affiliates	123,088	2,880,368	-	-	-	-	-	-	-	3,003,456
Inventories	-	6,883,909	131,330	167,997	292,800	-	75,844	-	-	7,551,880
Prepaid expenses and other	2,369,556	2,860,173	508,477	376,955	113,213	-	18,873	465	-	6,247,112
Total current assets	4,347,735	154,319,084	17,546,505	6,081,128	4,257,047	-	796,494	87,647	-	187,435,640
Assets Limited As To Use										
Internally designated for capital acquisitions	-	108,960,480	1,615,041	-	-	-	-	-	-	110,575,521
Internally designated and held by trustee supplemental retirement plan	-	1,127,733	-	-	-	-	-	-	-	1,127,733
Internally designated and held by trustee self-insurance	-	6,807,293	4,351,300	-	-	-	-	-	-	11,158,593
Internally designated and held by trustee deferred compensation plan	-	852,696	18,741,142	-	-	-	-	-	-	19,593,838
Held by trustee under bond indenture agreement	-	16,380,745	-	-	-	-	-	-	-	16,380,745
	-	134,128,947	24,707,483	-	-	-	-	-	-	158,836,430
Less amount required to meet current obligations	-	8,080,181	1,831,241	-	-	-	-	-	-	9,911,422
Total assets limited as to use	-	126,048,766	22,876,242	-	-	-	-	-	-	148,925,008
Property and Equipment - At Cost										
Land and land improvements	-	36,644,031	26,475	-	629,849	-	-	-	-	37,300,355
Buildings and improvements	-	361,101,150	1,180,925	-	3,949,939	-	-	-	-	366,232,014
Equipment	-	299,140,935	2,616,036	6,604,666	4,356,715	-	437,096	-	-	313,155,448
Construction in progress	-	1,211,079	13,411	-	-	-	-	-	-	1,224,490
	-	698,097,195	3,836,847	6,604,666	8,936,503	-	437,096	-	-	717,912,307
Less accumulated depreciation	-	379,210,783	2,452,402	5,463,739	3,613,049	-	222,915	-	-	390,962,888
Total property and equipment - net	-	318,886,412	1,384,445	1,140,927	5,323,454	-	214,181	-	-	326,949,419
Intercompany Receivables	2,961,598	82,796,477	670,374	17,541,036	743,065	-	158,643	-	(104,871,193)	-
Other Assets										
Interest in net assets of Trinity Mother Frances Health System Foundation Center for Health Care Philanthropy (Foundation)	9,630,322	-	-	-	-	-	-	-	-	9,630,322
Other investments	-	61,040,610	-	-	-	-	-	-	-	61,040,610
Investment in affiliates	762,421	3,228,178	-	-	-	-	-	-	(101,713)	3,888,886
Deferred financing costs and other	39,503	1,580,409	310,786	-	-	-	-	-	-	1,930,698
Total other assets	10,432,246	65,849,197	310,786	-	-	-	-	-	(101,713)	76,490,516
Total assets	\$ 17,741,579	\$ 747,899,936	\$ 42,788,352	\$ 24,763,091	\$ 10,323,566	\$ -	\$ 1,169,318	\$ 87,647	\$ (104,972,906)	\$ 739,800,583

Trinity Mother Frances Health System and Subsidiaries

Balance Sheet – Consolidating Information (Continued)

June 30, 2014

	The System	Consolidated Hospital Group (Obligated Group)	Trinity Clinic	Jacksonville	Winnboro	TRHA	Tricare, Inc.	HOT	Eliminations	Consolidated
Liabilities and Net Assets (Deficit)										
Current Liabilities										
Current maturities of long-term debt	\$ 379,620	\$ 884,055	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 922,035
Accounts payable	1,410,820	299,141	516,897	1,354,493	1,227,542	-	36,989	-	-	39,166,151
Accrued expenses	992,347	28,467,440	23,630,305	85,728	195,462	-	21,985	-	-	53,393,267
Estimated amounts due to third-party payers	-	1,906,479	-	3,397,006	3,456,866	-	-	-	-	8,760,351
Estimated self-insurance costs	-	5,675,335	1,831,241	103,899	100,071	-	-	-	-	7,710,546
Pension liability	-	469,156	-	-	-	-	-	-	-	469,156
Total current liabilities	2,782,787	75,330,575	30,626,443	4,941,126	4,979,941	-	58,974	-	-	118,719,846
Intercompany Payables	56,608,640	20,014,408	26,670,877	-	887,362	907,110	598,211	985	(104,871,193)	-
Estimated Self-insurance Costs	-	5,072,064	3,450,859	195,791	188,579	-	-	-	-	\$ 907,293
Long-term Debt	7,957,450	190,713,266	-	-	-	-	-	-	-	198,670,716
Interest Rate Swap Agreement	-	1,151,720	-	-	-	-	-	-	-	1,151,720
Other Liabilities	1,100,000	681,771	9,140,624	-	98,925	-	-	-	-	11,021,320
Pension Liability	-	51,156,664	14,903,520	-	-	-	-	-	-	66,060,184
Total liabilities	68,448,877	344,120,468	84,792,323	5,136,917	6,154,807	907,110	657,185	985	(104,871,193)	404,531,079
Net Assets (Deficit)										
Unrestricted	(60,337,620)	403,779,468	(42,003,971)	19,626,174	4,168,759	(907,110)	512,133	86,662	(101,713)	325,639,182
Temporarily restricted	7,579,197	-	-	-	-	-	-	-	-	7,579,197
Permanently restricted	2,051,125	-	-	-	-	-	-	-	-	2,051,125
Total net assets (deficit)	(50,707,298)	403,779,468	(42,003,971)	19,626,174	4,168,759	(907,110)	512,133	86,662	(101,713)	335,269,504
Total liabilities and net assets (deficit)	\$ 17,741,579	\$ 747,899,936	\$ 42,788,352	\$ 24,763,091	\$ 10,323,566	\$ -	\$ 1,169,318	\$ 87,647	\$ (104,972,906)	\$ 739,800,583

Trinity Mother Frances Health System and Subsidiaries

Statement of Operations – Consolidating Information Year Ended June 30, 2014

	The System	Consolidated Hospital Group (Obligated Group)	Trinity Clinic	Jacksonville	Winnsboro	TRHA	Trincare, Inc.	HOT	Eliminations	Consolidated
Unrestricted Revenues - Gains and Other Support										
Net patient service revenue	\$ -	\$ 512,278,991	\$ 121,899,264	\$ 39,335,920	\$ 19,865,266	\$ -	\$ 5,654,677	\$ -	(415,783)	\$ 698,618,335
Less provision for uncollectible accounts	-	44,985,302	9,827,819	8,864,106	2,812,297	-	1,912,066	-	-	68,401,590
Net patient service revenue less provision for uncollectible accounts	-	467,293,689	112,071,445	30,471,814	17,052,969	-	3,742,611	-	(415,783)	630,216,745
Other operating revenue	86,819,060	66,969,853	44,310,600	7,306,233	2,607,662	10,997	510,124	(4,802)	(129,520,433)	79,009,294
Equity in earnings of affiliate	(3,086,793)	5,039,375	-	-	-	-	-	-	-	1,952,582
Interest income	-	507,789	-	-	-	-	-	-	-	507,789
Total unrestricted revenues, gains and other support	83,732,267	539,810,706	156,382,045	37,778,047	19,660,631	10,997	4,252,735	(4,802)	(129,936,216)	711,686,410
Expenses										
Salaries and wages	37,873,209	151,354,091	17,384,464	8,050,561	4,989,759	-	770,863	-	(1,199,356)	219,223,591
Physician compensation	328,459	36,871,138	138,451,097	7,190,562	3,008,351	-	-	-	(42,158,307)	143,691,300
Employee benefits	6,829,610	32,682,733	3,805,658	1,816,703	1,100,150	-	181,934	-	-	46,416,788
Purchased services and professional fees	16,057,011	95,427,654	15,602,085	6,611,229	4,541,474	-	2,601,897	6,982	(83,906,357)	56,941,975
Supplies and other	13,703,800	126,231,865	9,239,646	6,314,522	1,944,621	1,555	470,449	534	(2,335,393)	155,571,599
Depreciation and amortization	5,678,432	23,828,899	328,233	378,624	602,952	-	52,301	-	-	30,869,441
Interest	519,918	8,251,293	429,832	-	5,304	-	29	-	(300,000)	8,906,376
Loss on impairment and sale of property and equipment	-	919,851	-	-	-	-	-	-	-	919,851
Equity in income of consolidated subsidiary	(1,417)	35,802	-	-	-	-	-	-	(34,385)	-
Total expenses	80,989,022	475,603,326	185,241,015	30,362,201	16,192,611	1,555	4,077,473	7516	(129,933,798)	662,540,921
Operating Income (Loss)	2,743,245	64,207,380	(28,858,970)	7,415,846	3,468,020	9,442	175,262	(12,318)	(2,418)	49,145,489
Other Income (Expense)										
Investment return	(150)	12,460,922	1,951	-	-	-	-	-	-	12,462,723
Change in fair value of interest rate swap agreements	-	(92,588)	-	-	-	-	-	-	-	(92,588)
Contributions	(214,446)	(16,391,602)	-	(3,501,907)	(1,361,853)	-	-	-	-	(21,469,808)
Total other income (expense)	(214,596)	(4,023,268)	1,951	(3,501,907)	(1,361,853)	-	-	-	-	(9,099,673)
Excess (Deficiency) of Revenues Over Expenses	\$ 2,528,649	\$ 60,184,112	\$ (28,857,019)	\$ 3,913,939	\$ 2,106,167	\$ 9,442	\$ 175,262	\$ (12,318)	\$ (2,418)	\$ 40,045,816

Trinity Mother Frances Health System and Subsidiaries

Statement of Changes in Net Assets – Consolidating Information Year Ended June 30, 2014

	The System	Consolidated Hospital Group (Obligated Group)	Trinity Clinic	Jacksonville	Winnsboro	TRHA	Tricare, Inc	HOT	Eliminations	Consolidated
Unrestricted Net Assets										
Excess (deficiency) of revenues over expenses	\$ 2 528 649	\$ 60 184 112	\$ (28 857 019)	\$ 3 913 939	\$ 2 106 167	\$ 9 442	\$ 175 262	\$ (12 318)	\$ (2 418)	\$ 40 045 816
Net assets released from restrictions	-	828 654	-	-	-	-	-	-	-	828 654
Change in pension liability	-	(5 328 977)	-	-	-	-	-	-	-	(5 328 977)
Transfer (to) from affiliate	15 186	(16 623 584)	16 608 398	-	-	-	-	-	-	-
Change in unrestricted net assets	2 543 835	39 060 205	(12 248 621)	3 913 939	2 106 167	9 442	175 262	(12 318)	(2 418)	35 545 493
Temporarily Restricted Net Assets										
Contributions received	-	828 654	-	-	-	-	-	-	-	828 654
Change in interest in net assets of Foundation	1 229 287	-	-	-	-	-	-	-	-	1 229 287
Net assets released from restrictions	-	(828 654)	-	-	-	-	-	-	-	(828 654)
Change in temporarily restricted net assets	1 229 287	-	-	-	-	-	-	-	-	1 229 287
Change in Net Assets	3 773 122	39 060 205	(12 248 621)	3 913 939	2 106 167	9 442	175 262	(12 318)	(2 418)	36 774 780
Net Assets (Deficit) Beginning of Year	(54 480 420)	364 719 263	(29 755 350)	15 712 235	2 062 592	(100 152)	336 871	98 980	(99 295)	298 494 724
Net Assets (Deficit) End of Year	\$ (50 707 298)	\$ 403 779 468	\$ (42 003 971)	\$ 19 626 174	\$ 4 168 759	\$ (90 710)	\$ 512 133	\$ 86 662	\$ (101 713)	\$ 335 269 504