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Form 990



Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

By law, the IRS generally cannot redact the information on the form

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

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 07-01-2013, 2013, and ending 06-30-2014

B Check if applicable

☐ Address change

☐ Name change

☐ Initial return

☐ Terminated

☐ Amended return

☐ Application pending

C Name of organization

MISSION HOSPITAL REGIONAL MEDICAL CENTER

Doing Business As

Number and street (or P O box if mail is not delivered to street address)

27700 MEDICAL CENTER ROAD

Suite

Room/suite

City or town, state or province, country, and ZIP or foreign postal code

MISSION VIEJO, CA 92691

F Name and address of principal officer

KENNETH MCFARLAND

27700 MEDICAL CENTER ROAD

MISSION VIEJO,CA 92691

H(a) Is this a group return for subordinates?

☐ Yes☒ No

H(b) Are all subordinates included?

☐ Yes☐ No

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

H(c) Group exemption number

0928

I Tax-exempt status

☒ 501(c)(3) ☐ 501(c) () ☐ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website:

WWW MISSION4HEALTH COM

K Form of organization

☒ Corporation☐ Trust☐ Association☐ Other

L Year of formation

1941

M State of legal domicile

CA

Part I	Summary																																
Activities & Governance	<div><div><div>1</div><div>Briefly describe the organization's mission or most significant activities</div><div>WE ARE COMMITTED TO EXTENDING THE HEALING MINISTRY OF JESUS IN THE TRADITION OF THE SISTERS OF ST JOSEPH OF ORANGE BY IMPROVING THE HEALTH AND QUALITY OF LIFE IN OUR COMMUNITIES</div></div><div><div><div>2</div><div>Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets</div></div></div><div><table><tr><td>3</td><td>Number of voting members of the governing body (Part VI, line 1a)</td><td>3</td><td>15</td></tr><tr><td>4</td><td>Number of independent voting members of the governing body (Part VI, line 1b)</td><td>4</td><td>12</td></tr><tr><td>5</td><td>Total number of individuals employed in calendar year 2013 (Part V, line 2a)</td><td>5</td><td>2,631</td></tr><tr><td>6</td><td>Total number of volunteers (estimate if necessary)</td><td>6</td><td>727</td></tr><tr><td>7a</td><td>Total unrelated business revenue from Part VIII, column (C), line 12</td><td>7a</td><td>703,275</td></tr><tr><td>b</td><td>Net unrelated business taxable income from Form 990-T, line 34</td><td>7b</td><td>224,145</td></tr></table></div></div>	3	Number of voting members of the governing body (Part VI, line 1a)	3	15	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	12	5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	2,631	6	Total number of volunteers (estimate if necessary)	6	727	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	703,275	b	Net unrelated business taxable income from Form 990-T, line 34	7b	224,145								
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Revenue	<table><tr><td>8</td><td>Contributions and grants (Part VIII, line 1h)</td><td>Prior Year</td><td>Current Year</td></tr><tr><td>9</td><td>Program service revenue (Part VIII, line 2g)</td><td>8,308,384</td><td>14,961,825</td></tr><tr><td>10</td><td>Investment income (Part VIII, column (A), lines 3, 4, and 7d)</td><td>499,389,716</td><td>485,540,575</td></tr><tr><td>11</td><td>Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)</td><td>12,605,651</td><td>10,490,697</td></tr><tr><td>12</td><td>Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)</td><td>890,324</td><td>188,438</td></tr><tr><td></td><td></td><td>521,194,075</td><td>511,181,535</td></tr></table>	8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year	9	Program service revenue (Part VIII, line 2g)	8,308,384	14,961,825	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	499,389,716	485,540,575	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	12,605,651	10,490,697	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	890,324	188,438			521,194,075	511,181,535								
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Net Assets or Fund Balances	<table><tr><td></td><td></td><td>Beginning of Current Year</td><td>End of Year</td></tr><tr><td>20</td><td>Total assets (Part X, line 16)</td><td>650,427,438</td><td>661,630,451</td></tr><tr><td>21</td><td>Total liabilities (Part X, line 26)</td><td>348,089,184</td><td>342,889,976</td></tr><tr><td>22</td><td>Net assets or fund balances Subtract line 21 from line 20</td><td>302,338,254</td><td>318,740,475</td></tr></table>			Beginning of Current Year	End of Year	20	Total assets (Part X, line 16)	650,427,438	661,630,451	21	Total liabilities (Part X, line 26)	348,089,184	342,889,976	22	Net assets or fund balances Subtract line 21 from line 20	302,338,254	318,740,475																
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22	Net assets or fund balances Subtract line 21 from line 20	302,338,254	318,740,475																														

Part II

Signature Block

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

Sign Here

Signature of officer

2015-05-05

Date

EILEEN HAUBL SR

VICE PRESIDENT

Type or print name and title

Print/Type preparer's name

EVA NIITA

Preparer's signature

Date

Check ☐ if self-employed

PTIN P01286320

Firm's name

ERNST & YOUNG US LLP

Firm's EIN

Firm's address

4370 LA JOLLA VILLAGE DR SUITE 500

SAN DIEGO, CA 92122

Phone no

May the IRS discuss this return with the preparer shown above? (see instructions)

☐ Yes☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2013)

Part IIIStatement of Program Service Accomplishments

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

1Briefly describe the organization’s mission

WE ARE COMMITTED TO EXTENDING THE HEALING MINISTRY OF JESUS IN THE TRADITION OF THE SISTERS OF ST JOSEPH OF ORANGE BY CONTINUALLY IMPROVING THE HEALTH AND QUALITY OF LIFE OF PEOPLE IN THE COMMUNITIES WE SERVE

2Did 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

3Did the organization cease conducting, or make significant changes in how it conducts, any program services?

If "Yes," describe these changes on Schedule O

4Describe 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 \$ 400,832,613 including grants of \$ 7,585,904) (Revenue \$ 485,540,575)

SEE SCHEDULE O

4b

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

4c

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

4dOther program services (Describe in Schedule O)
























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

4eTotal program service expenses

400,832,613

Part IV

Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	2 Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I 	3	No
4 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	No
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 Yes	
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 Yes	
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 Yes	
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 Yes	
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	Yes	
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	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	Yes	
36	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.	1a	288			
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	3			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	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.	2a	2,631			
b	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).	2b	Yes			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes			
b	If "Yes," has it filed a Form 990-T for this year? <i>If "No" to line 3b, provide an explanation in Schedule O.</i>	3b	Yes			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a				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?	5a				No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b				No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c				
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	6a				No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b				
7 Organizations that may receive deductible contributions under section 170(c).						
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	Yes			
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	Yes			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c				No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e				No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f				No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g				
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h				
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8				
9 Sponsoring organizations maintaining donor advised funds.						
a	Did the organization make any taxable distributions under section 4966?	9a				
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b				
10 Section 501(c)(7) organizations. Enter						
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b				
11 Section 501(c)(12) organizations. Enter						
a	Gross income from members or shareholders.	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b				
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?						
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b				
13 Section 501(c)(29) qualified nonprofit health insurance issuers.						
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a				
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b				
c	Enter the amount of reserves on hand.	13c				
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a				No
b	If "Yes," has it filed a Form 720 to report these payments? <i>If "No," provide an explanation in Schedule O.</i>	14b				

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	15	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b	Enter the number of voting members included in line 1a, above, who are independent	12	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a	The governing body?	8a	Yes
b	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
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b	
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	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?		
a	The organization's CEO, Executive Director, or top management official	15a	No
b	Other officers or key employees of the organization	15b	Yes
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	Yes
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b	Yes

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	CA
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 AARON NEUHARTH 27700 MEDICAL CTR ROAD MISSION VIEJO, CA 92691 (949) 364-7767	

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

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

Form **990** (2013)

Part VII

1b	Sub-Total	▼			
c	Total from continuation sheets to Part VII, Section A	▼			
d	Total (add lines 1b and 1c)	▼	4,148,253	2,558,478	622,987

2 Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization. 311

		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)	(B)	(C)
Name and business address	Description of services	Compensation
PAIN RECOVERY MEDICAL GROUP INC, 21221 SPURNEY LANE HUNTINGTON BEACH CA 92646	MEDICAL SERVICES	3,637,025
ORTHOPEDIC TRAUMA SPECIALIST INC, 26730 CROWN VALLEY PARKWAY SUITE 2 MISSION VIEJO CA 92691	MEDICAL SERVICES	874,903
MISSION TRAUMA SURGICAL GROUP, 26732 CROWN VALLEY PARKWAY SUITE 3 MISSION VIEJO CA 92691	MEDICAL SERVICES	1,070,090
PACIFIC HOSPITALIST, 510 SUPERIOR AVE STE 290 NEWPORT BEACH CA 92663	MEDICAL SERVICES	881,886
DVA RENAL HEALTHCARE INC, PO BOX 8500-1607 PHILADELPHIA PA 191781607	MEDICAL SERVICES	1,017,094

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 ►22

Part VIII

Statement of Revenue

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

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514		
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a	0					
	b	Membership dues	1b	0					
	c	Fundraising events	1c	1,937,946					
	d	Related organizations	1d	6,464,733					
	e	Government grants (contributions)	1e	121,498					
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	6,437,648					
	g	Noncash contributions included in lines 1a-1f \$		185,465					
	h	Total. Add lines 1a-1f						14,961,825	
Program Service Revenue	2a	NET PATIENT REVENUE	Business Code	622110	451,759,630	451,759,630	0	0	
	b	MOB RENTAL		531120	13,323,961	13,323,961	0	0	
	c	CAPITATION REVENUE		622110	9,638,351	9,638,351	0	0	
	d	CHILDREN'S HOSPITAL AT MISSION		622110	6,185,783	6,185,783	0	0	
	e	NUTRITIONAL SERVICES		722310	1,968,753	1,968,753	0	0	
	f	All other program service revenue			2,664,097	1,960,822	703,275	0	
	g	Total. Add lines 2a-2f			485,540,575				
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		10,469,281			10,469,281	
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)	987					20,429
		d	Net gain or (loss)						21,416
8a		Gross income from fundraising events (not including \$ 1,937,946 of contributions reported on line 1c) See Part IV, line 18							
		a	290,986						
		b	Less direct expenses						691,278
c		Net income or (loss) from fundraising events		-400,292			-400,292		
9a		Gross income from gaming activities See Part IV, line 19							
		a	187,509						
		b	Less direct expenses						42,750
c		Net income or (loss) from gaming activities		144,759			144,759		
10a		Gross sales of inventory, less returns and allowances							
	a	443,971							
	b	Less cost of goods sold							
c	Net income or (loss) from sales of inventory		443,971			443,971			
Miscellaneous Revenue		Business Code							
11a									
b									
c									
d	All other revenue								
e	Total. Add lines 11a-11d			0					
12	Total revenue. See Instructions			511,181,535	484,837,300	703,275	10,679,135		

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.	7,542,876	7,542,876		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	43,028	43,028		
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.	0	0		
4	Benefits paid to or for members.	0	0		
5	Compensation of current officers, directors, trustees, and key employees.	2,779,383	1,550,405	1,228,978	0
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	972,245	972,245	0	0
7	Other salaries and wages.	135,536,709	125,238,558	8,187,776	2,110,375
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	8,630,321	8,038,224	484,920	107,177
9	Other employee benefits.	42,458,785	38,761,120	3,240,118	457,547
10	Payroll taxes.	11,480,949	10,674,322	655,232	151,395
11	Fees for services (non-employees):				
a	Management.	28,550,625	22,664,465	5,886,160	0
b	Legal.	2,361,385	848,676	1,512,709	0
c	Accounting.	138,571	0	0	138,571
d	Lobbying.	0	0	0	0
e	Professional fundraising services. See Part IV, line 17.	92,396			92,396
f	Investment management fees.	0	0	0	0
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	58,399,719	40,096,862	17,897,886	404,971
12	Advertising and promotion.	970,141	0	965,131	5,010
13	Office expenses.	13,661,800	12,919,875	675,004	66,921
14	Information technology.	1,586,278	1,586,278	0	0
15	Royalties.	0	0	0	0
16	Occupancy.	30,127,506	28,129,841	1,557,034	440,631
17	Travel.	498,997	194,514	279,148	25,335
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.	0	0	0	0
19	Conferences, conventions, and meetings.	97,703	73,814	6,850	17,039
20	Interest.	10,404,857	8,238,393	2,166,464	0
21	Payments to affiliates.	0	0	0	0
22	Depreciation, depletion, and amortization.	22,841,601	20,531,751	2,303,287	6,563
23	Insurance.	4,262,008	0	4,262,008	0
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	64,931,459	64,862,741	68,718	0
b	HOSPITAL FEE PROGRAM	7,233,878	7,233,878	0	0
c	LICENSES/TAXES/DUES	555,951	173,125	373,844	8,982
d	ALL OTHER EXPENSES	1,794,784	457,622	1,276,868	60,294
e	All other expenses.				
25	Total functional expenses. Add lines 1 through 24e.	457,953,955	400,832,613	53,028,135	4,093,207
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).	0			

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		7,369,038	1	3,484,949
	2	Savings and temporary cash investments		81,982,453	2	89,564,524
	3	Pledges and grants receivable, net		4,324,716	3	836,804
	4	Accounts receivable, net		81,258,090	4	80,218,220
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		0	7	0
	8	Inventories for sale or use		5,679,942	8	5,874,504
	9	Prepaid expenses and deferred charges		1,201,791	9	1,045,840
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a549,669,078			
	b	Less accumulated depreciation	10b205,773,348	330,867,220	10c	343,895,730
	11	Investments—publicly traded securities		75,074,493	11	87,235,102
	12	Investments—other securities See Part IV, line 11		21,155,126	12	18,992,319
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		13,717,072	14	13,717,072
	15	Other assets See Part IV, line 11		27,797,497	15	16,765,387
	16	Total assets. Add lines 1 through 15 (must equal line 34)		650,427,438	16	661,630,451
Liabilities	17	Accounts payable and accrued expenses		57,816,779	17	61,113,982
	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		290,272,405	25	281,775,994
	26	Total liabilities. Add lines 17 through 25		348,089,184	26	342,889,976
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		240,787,500	27	239,504,301
	28	Temporarily restricted net assets		61,406,531	28	77,308,109
	29	Permanently restricted net assets		144,223	29	1,928,065
	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		302,338,254	33	318,740,475
	34	Total liabilities and net assets/fund balances		650,427,438	34	661,630,451

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	511,181,535
2	Total expenses (must equal Part IX, column (A), line 25)	2	457,953,955
3	Revenue less expenses Subtract line 2 from line 1	3	53,227,580
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	302,338,254
5	Net unrealized gains (losses) on investments	5	7,466,995
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	-44,292,354
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	318,740,475

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?	Yes	
3b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	Yes	

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(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			
WILLIAM LOSEE PHARMACIST CLINICAL	50 0 0 0					X		196,519	0	43,124
VICTORIA MCKINNEY E D MATERNAL/CHILD/MED/SURG	50 0 0 0					X		203,483	0	20,435
TERRI FOX-COVERT VP HUMAN RESOURCES	50 0 0 0					X		286,651	0	54,982
WINIFRED JOHNSON CHIEF DEVELOPMENT OFFICER	50 0 0 0					X		199,890	0	24,468
FARAH ZIAII NUCLEAR MED TECHNOLOGIST -ARSO	50 0 0 0					X		221,111	0	44,815
SHIRLEY BARNES FORMER VP HUMAN RESOURCES	0 0 0 0						X	245,579	0	0
MARGARITA COWLEY FORMER CHIEF OPERATING OFFICER	0 0 0 0						X	351,505	0	0
PETER BASTONE FORMER CEO	0 0 0 0						X	0	241,852	0

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 MISSION HOSPITAL REGIONAL MEDICAL CENTER	Employer identification number 95-1643360
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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?

11g(i)

☐

☐

(ii)

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

11g(ii)

☐

☐

(iii)

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

11g(iii)

☐

☐

h

☐

Provide the following information about the supported organization(s)

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

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

Cat No 11285F

Schedule A (Form 990 or 990-EZ) 2013

Part II

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

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

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

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

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

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

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

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

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

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

Facts And Circumstances Test

Return Reference	Explanation	
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SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

OMB No 1545-0047

2013

Open to Public Inspection

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

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

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

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

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

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

Name of the organization MISSION HOSPITAL REGIONAL MEDICAL CENTER	Employer identification number 95-1643360
--	--

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)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input type="checkbox"/> 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	0
d	Mailings to members, legislators, or the public?		No	0
e	Publications, or published or broadcast statements?		No	0
f	Grants to other organizations for lobbying purposes?		No	0
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	0
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	0
i	Other activities?	Yes		64,074
j	Total. Add lines 1c through 1i.			64,074
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Return Reference	Explanation
SCHEDULE C, PART II-B, LINE 1i	OTHER ACTIVITIES THE AMOUNT ON LINE 1i IS THE PORTION OF DUES PAID TO HOSPITAL ASSOCIATIONS FOR LOBBYING ACTIVITIES. DURING THE PAST YEAR, ST. JOSEPH HEALTH SYSTEM CONDUCTED ADVOCACY EFFORTS WHICH INCLUDED SOME LOBBYING ACTIVITIES. THESE INCLUDED MEETING WITH LOCAL, STATE AND FEDERAL LEGISLATORS, THEIR STAFF AND OTHER GOVERNMENTAL OFFICIALS, AND COMMUNICATIONS TO LEGISLATORS ADVOCATING POSITIONS ON LEGISLATION.

[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
MISSION HOSPITAL REGIONAL MEDICAL CENTER

Employer identification number
95-1643360

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?		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?		<input type="checkbox"/> Yes <input type="checkbox"/> No

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

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

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

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

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

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

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

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

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

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

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

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

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

(i) Revenues included in Form 990, Part VIII, line 1 ▶ \$ _____

(ii) Assets included in Form 990, Part X ▶ \$ _____

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

a Revenues included in Form 990, Part VIII, line 1 ▶ \$ _____

b Assets included in Form 990, Part X ▶ \$ _____

Part III

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

- 3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other
- 4

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

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

☐ Yes

☐ No

Part IV

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

- 1a

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

☐ Yes

☐ No
- b

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

	Amount
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	2,009,707	1,766,554	1,257,495	0	
b Contributions	2,176,600	102,259	514,556	1,207,312	
c Net investment earnings, gains, and losses	421,408	161,946	10,588	57,912	
d Grants or scholarships		0	0	0	
e Other expenditures for facilities and programs		0	0	0	
f Administrative expenses	34,661	21,052	16,084	7,729	
g End of year balance	4,573,054	2,009,707	1,766,555	1,257,495	

- 2

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

Board designated or quasi-endowment

57 84 0 %
- b

Permanent endowment

42 16 0 %
- c

Temporarily restricted endowment

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

- 3a

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

(i) unrelated organizations

3a(i)

☐ Yes

☐ No

(ii) related organizations

3a(ii)

☐ Yes

☐ No
- b

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

3b

☐ Yes

☐ No

- 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	250,000	35,735,120		35,985,120
b Buildings		292,433,430	80,375,733	212,057,697
c Leasehold improvements		19,787,938	11,685,319	8,102,619
d Equipment		161,777,111	113,685,005	48,092,106
e Other		39,685,479	27,291	39,658,188
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				343,895,730

Part XI

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

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

Part XII

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

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

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

Part XIII

Supplemental Information

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

Return Reference	Explanation
Schedule D, Part V, Line 4	INTENDED USE OF ENDOWMENT FUNDS THE USE OF THE RESTRICTED ENDOWMENTS ARE SPECIFIED WHEN PUT IN PLACE BY THE DONORS. LIKE ALL ENDOWMENTS, ONLY THE DISTRIBUTED EARNED INCOME IS AVAILABLE FOR USE. THE UNRESTRICTED ENDOWMENT INCOME IS USED AT THE DISCRETION OF THE EXECUTIVE LEADERSHIP OF THE HOSPITAL FOR CAPITAL/BUILDING AND EQUIPMENT NEEDS.
Schedule D, Part X, Line 2	ASC 740 (FIN 48) FOOTNOTE ACCOUNTING STANDARDS CODIFICATION (ASC 740), INCOME TAXES, CLARIFIES THE ACCOUNTING FOR INCOME TAXES BY PRESCRIBING A MINIMUM RECOGNITION THRESHOLD THAT A TAX POSITION IS REQUIRED TO MEET BEFORE BEING RECOGNIZED IN THE FINANCIAL STATEMENTS. ASC 740 ALSO PROVIDES GUIDANCE ON DERECOGNITION, MEASUREMENT, CLASSIFICATION, INTEREST AND PENALTIES, DISCLOSURE AND TRANSITION. THE GUIDANCE IS APPLICABLE TO PASS-THROUGH ENTITIES AND TAX-EXEMPT ORGANIZATIONS. NO SIGNIFICANT TAX LIABILITY FOR TAX BENEFITS, INTEREST OR PENALTIES WAS ACCRUED AT JUNE 30, 2014 OR 2013.

[illegible]

SCHEDULE G
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding
Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than \$15,000 on Form 990-EZ, line 6a.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

▶ Information about Schedule G (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 MISSION HOSPITAL REGIONAL MEDICAL CENTER	Employer identification number 95-1643360
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Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.
Form 990-EZ filers are not required to complete this part.

1 Indicate whether the organization raised funds through any of the following activities. Check all that apply.

a <input checked="" type="checkbox"/> Mail solicitations	e <input checked="" type="checkbox"/> Solicitation of non-government grants
b <input checked="" type="checkbox"/> Internet and email solicitations	f <input type="checkbox"/> Solicitation of government grants
c <input checked="" type="checkbox"/> Phone solicitations	g <input checked="" type="checkbox"/> Special fundraising events
d <input checked="" type="checkbox"/> In-person solicitations	

2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? ☒ **Yes** ☐ **No**

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization.

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?		(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col (i)	(vi) Amount paid to (or retained by) organization
		Yes	No			
1 HARRIS CONNECT LLC BREWSTER NY 10 1515 ROUTE 22 BREWSTER, NY 10509	TELEPHONE OUTREACH		No	66,745	75,000	-8,255
2						
3						
4						
5						
6						
7						
8						
9						
10						
Total ▶				66,745	75,000	-8,255

3 List all states in which the organization is registered or licensed to solicit contributions or has been notified it is exempt from registration or licensing.

CA

.....

.....

Part II Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

Revenue			(a) Event #1	(b) Event #2	(c) Other events	(d) Total events (add col (a) through col (c))	
			<u>GOLF</u> (event type)	<u>GALA</u> (event type)	<u>4</u> (total number)		
	1	Gross receipts	373,023	1,232,666	623,243	2,228,932	
	2	Less Contributions . . .	315,423	1,083,216	539,307	1,937,946	
	3	Gross income (line 1 minus line 2)	57,600	149,450	83,936	290,986	
Direct Expenses	4	Cash prizes	0	0	0	0	
	5	Noncash prizes . . .	0	0	0	0	
	6	Rent/facility costs . . .	51,477	0	2,620	54,097	
	7	Food and beverages .	57,863	149,302	89,315	296,480	
	8	Entertainment	0	27,000	17,224	44,224	
	9	Other direct expenses .	86,951	112,803	96,723	296,477	
	10	Direct expense summary Add lines 4 through 9 in column (d) ➡					(691,278)
	11	Net income summary Subtract line 10 from line 3, column (d) ➡					-400,292

Part III Gaming. Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

Revenue		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col (a) through col (c))
	1 Gross revenue			187,509	187,509
Direct Expenses	2 Cash prizes			3,750	3,750
	3 Non-cash prizes			39,000	39,000
	4 Rent/facility costs			0	0
	5 Other direct expenses			0	0
	6 Volunteer labor	<div><div><input type="checkbox"/> Yes _____ % <input type="checkbox"/> No</div><div><input type="checkbox"/> Yes _____ % <input type="checkbox"/> No</div></div>	<div><div><input type="checkbox"/> Yes _____ % <input type="checkbox"/> No</div><div><input checked="" type="checkbox"/> Yes100.000 % <input type="checkbox"/> No</div></div>		
	7 Direct expense summary Add lines 2 through 5 in column (d) ▶				42,750
	8 Net gaming income summary Subtract line 7 from line 1, column (d) ▶				144,759

9 Enter the state(s) in which the organization operates gaming activities CA

a Is the organization licensed to operate gaming activities in each of these states?

☐ Yes ☒ No

b If "No," explain _____
SEE SCHEDULE G, PART IV

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year?

☐ Yes ☒ No

b If "Yes," explain _____

Does the organization operate gaming activities with nonmembers? ☐ Yes ☒ No

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? ☐ Yes ☒ No

13 Indicate the percentage of gaming activity operated in

a The organization's facility

13a

%

b An outside facility

13b

100 000 %

14 Enter the name and address of the person who prepares the organization's gaming/special events books and records

Name CATHLEEN A COLLINS

Address 27700 MEDICAL CENTER ROAD
MISSION VIEJO,CA 92691

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? ☐ Yes ☒ No

b If "Yes," enter the amount of gaming revenue received by the organization \$ and the amount of gaming revenue retained by the third party \$

c If "Yes," enter name and address of the third party

Name

Address

16 Gaming manager information

Name CATHLEEN A COLLINS

Gaming manager compensation \$ 715

Description of services provided VICE PRESIDENT AND CHIEF DEVELOPMENT OFFICER

☐ Director/officer ☒ Employee ☐ Independent contractor

17 Mandatory distributions

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? ☒ Yes ☐ No

b Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year \$ 168,758

Part IV Supplemental Information. Provide the explanations required by Part I, line 2b, columns (iii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also complete this part to provide any additional information (see instructions).

Return Reference	Explanation
SCHEDULE G, PART III, LINE 9B	GAMING MISSION HOSPITAL IS A NON-PROFIT ORGANIZATION AND GAMING IS NOT THE PRIMARY FUNDRAISING ACTIVITY, THEY WERE RAFFLES FOR A VEHICLE, PRIZE BASKETS, AND CASH PRIZES TOTALING \$3,750 00 AS A TAX-EXEMPT HOSPITAL, MISSION HOSPITAL REGIONAL MEDICAL CENTER IS EXEMPT FROM THE CALIFORNIA ATTORNEY GENERAL REGISTRATION AND REPORTING REQUIREMENTS FOR THE RAFFLES

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
MISSION HOSPITAL REGIONAL MEDICAL CENTER

Employer identification number
95-1643360

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 type="checkbox"/> 400% <input checked="" type="checkbox"/> Other _____ 500 % c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care 4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	3a	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	3b	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	4	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5a	Yes	
6a	Did the organization prepare a community benefit report during the tax year?	5b		No
b	If "Yes," did the organization make it available to the public?	5c		
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H	6a	Yes	
		6b	Yes	

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			6,530,728		6,530,728	1 410 %
b Medicaid (from Worksheet 3, column a)			54,007,810	48,142,418	5,865,392	1 270 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			6,586,973	3,768,121	2,818,852	0 610 %
d Total Financial Assistance and Means-Tested Government Programs			67,125,511	51,910,539	15,214,972	3 290 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			2,634,562	209,675	2,424,887	0 530 %
f Health professions education (from Worksheet 5)			30,000		30,000	0 010 %
g Subsidized health services (from Worksheet 6)			82,566		82,566	0 020 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			2,911,458		2,911,458	0 630 %
j Total Other Benefits			5,658,586	209,675	5,448,911	1 190 %
k Total. Add lines 7d and 7j			72,784,097	52,120,214	20,663,883	4 480 %

Part IICommunity Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing			81,486		81,486	0.020 %
2Economic development						
3Community support			38,136		38,136	0.010 %
4Environmental improvements						
5Leadership development and training for community members			87,262		87,262	0.020 %
6Coalition building						
7Community health improvement advocacy						
8Workforce development						
9Other			106,468		106,468	0.020 %
10Total			313,352		313,352	0.070 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

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

1

No

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

2

22,258,969

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

3

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

Section B. Medicare

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

5

89,730,361

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

6

111,118,433

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

7

-21,388,072

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

☐ Cost accounting system

☐ Cost to charge ratio

☒ Other

Section C. Collection Practices

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

9a

Yes

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

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 %
1MECC - SEE PART VI	PHYSICIAN OFFICE&CONF ED CTR	50.000 %		50.000 %
2MAS - SEE PART VI	OUTPATIENT SURGERY CENTER	39.730 %		60.270 %
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)

MISSION HOSPITAL REGIONAL MEDICAL CEN

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>13</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 checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input checked="" 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 checked="" 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>500</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes		
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes		
a <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 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 checked="" type="checkbox"/> Other (describe in Part VI)					
13 Explained the method for applying for financial assistance?		13	Yes		
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes		
a <input type="checkbox"/> The policy was posted on the hospital facility's website					
b <input type="checkbox"/> The policy was attached to billing invoices					
c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms					
d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices					
e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility					
f <input type="checkbox"/> The policy was available upon request					
g <input checked="" type="checkbox"/> Other (describe in Part VI)					
Billing and Collections					
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?		15	Yes		
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP					
a <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?				17	No
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)					

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		

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

[illegible]

Part V

Facility Information (continued)

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

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

Name and address		Type of Facility (describe)
1	MISSION AMBULATORY SURGICENTER LTD 26730 CROWN VALLEY PARKWAY MISSION VIEJO, CA 92691	OUTPATIENT SURGERY CENTER
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 3C	IN DETERMINING ELIGIBILITY FOR FREE OR DISCOUNTED CARE, THE ORGANIZATION ALSO CONSIDERED CERTAIN ASSETS OF A PATIENT IN ADDITION, A PATIENT'S SPECIAL CIRCUMSTANCES, INCLUDING BUT NOT LIMITED TO DISABILITY AND HOMELESSNESS ARE CONSIDERED WHEN DETERMINING ELIGIBILITY

Form and Line Reference	Explanation
SCHEDULE H, PART I, LINES 7A-I	COST-TO-CHARGE RATIO METHODOLOGY A COST-TO-CHARGE RATIO FROM THE COST ACCOUNTING SYSTEM WAS USED TO DETERMINE THE COST OF ALL REPORTED CHARITY CARE AND OTHER COMMUNITY BENEFITS AT COST IT INCLUDED ALL PATIENT TYPES (I E INPATIENT OUTPATIENT, EMERGENCY ROOM), AND WOULD ONLY INCLUDE CHARGES OR RELATED COSTS THAT PERTAIN TO EACH RESPECTIVE AREA (I E CHARITY, MEDICAID, MANAGED CARE, PRIVATE INSURANCE, SELF-PAY, UNINSURED, ETC) FOR UNREIMBURSED COSTS, THAT WOULD BE THE DIFFERENCE BETWEEN THE DETERMINED COSTS UTILIZING THE COST-TO-CHARGE RATIO LESS ANY PAYMENTS RECEIVED FOR THAT PARTIAL PAYOR GROUP THE COST-TO-CHARGE RATIO USED WAS NOT DERIVED FROM WORKSHEET 2, RATIO OF PATIENT CARE COST-TO-CHARGES

Form and Line Reference	Explanation
SCHEDULE H, PART I, LINE 7, COLUMN (F)	JOINT VENTURE EXPENSES OF \$3,643,791 WERE INCLUDED IN THE TOTAL EXPENSE AMOUNT USED TO CALCULATE AMOUNTS IN PART I, LINE 7, COLUMN F

Form and Line Reference	Explanation
SCHEDULE H, PART I, LINE 7G	SUBSIDIZED HEALTH SERVICES PHARMACY & DME - \$24,566 RECUPERATIVE PROGRAMS - \$58,000

Form and Line Reference	Explanation
SCHEDULE H, PART II	COMMUNITY BUILDING ACTIVITIES OUR MISSION CALLS US TO IMPROVE HEALTH AND QUALITY OF LIFE IN THE COMMUNITIES WE SERVE A KEY EMPHASIS IS PUT ON DEVELOPING PROGRAMS THAT ADDRESS ROOT CAUSES OF HEALTH PROBLEMS KEY ISSUES FOR FISCAL YEAR 2014 CONTINUE TO BE ACCESS TO AFFORDABLE HOMES AND SERVING THE HOMELESS MISSION HOSPITAL HAS PARTNERED WITH KEY COMMUNITY STAKEHOLDERS TO HELP ADDRESS THESE LONG-TERM ISSUES ACCESS TO AFFORDABLE HOMES THE AFFORDABLE HOMES OUTCOME GOAL IS TO INCREASE AFFORDABLE HOMES IN SOUTH ORANGE COUNTY, WITH A SPECIAL FOCUS ON THE CITIES OF SAN CLEMENTE, SAN JUAN CAPISTRANO, LAKE FOREST, AND MISSION VIEJO IN 2008, MISSION HOSPITAL INITIATED A PARTNERSHIP WITH OVER A DOZEN AGENCIES TO CREATE THE SOUTH ORANGE COUNTY ALLIANCE FOR HOUSING OUR COMMUNITIES (SOCAHOC) TOGETHER, THE ALLIANCE WORKS TO INCREASING THE NUMBER OF PUBLIC OR PRIVATE POLICIES THAT SUPPORT AFFORDABLE HOMES, INCREASING BROAD-BASED COMMUNITY ADVOCACY ORGANIZATIONS THAT IDENTIFY AND ACT ON AFFORDABLE HOMES AS A PRIORITY, AND COLLABORATING TO CREATE NEW AFFORDABLE HOMES HOMELESS OUTREACH AFTER PURCHASING THE LAGUNA BEACH CAMPUS, THE LOCAL HEALTH NEEDS ASSESSMENT IDENTIFIED HOMELESS OUTREACH AS A PRIMARY NEED FOR THE COMMUNITY BEGINNING IN 2009, WE BEGAN COLLABORATING WITH LOCAL RESIDENTS AND AGENCIES WHO SERVE THE HOMELESS TO MEET THEIR NEEDS MISSION HOSPITAL PROVIDES A NUTRITIONALLY BALANCED LUNCH FOR UP TO 50 HOMELESS PEOPLE STAYING AT THE CITY'S ALTERNATIVE SLEEPING LOCATION 5 DAYS EACH WEEK (REPRESENTING \$21,000 ANNUALLY) IN ADDITION, WE PROVIDE \$5,000 TO A LOCAL SOUP KITCHEN IN CAPISTRANO BEACH SAFE RIDES TO TEENS TO AVOID TRAGEDY DUE TO DRUNK DRIVING, MISSION HOSPITAL SPONSORS AND COORDINATES THE SAFE RIDES PROGRAM, A FREE, ANONYMOUS SERVICE THAT PROVIDES TEENS A SAFE RIDE HOME SHOULD THEY NEED A RIDE ON FRIDAY OR SATURDAY EVENINGS THIS PROGRAM HAS AN ANNUAL COST OF APPROXIMATELY \$17,000

Form and Line Reference	Explanation
SCHEDULE H, PART III, LINE 2	DISCOUNTS ON PATIENT ACCOUNTS IN BAD DEBT ANY ACCOUNT RETURNED TO THE HOSPITAL FROM A COLLECTION AGENCY THAT HAS DETERMINED THE PATIENT DOES NOT HAVE THE RESOURCES TO PAY HIS OR HER BILL, MAY BE DEEMED ELIGIBLE FOR CHARITY CARE WITHOUT ABSOLUTE REQUIREMENT FOR SUBMISSION OF A FINANCIAL ASSISTANCE APPLICATION ALL OUTSIDE COLLECTION AGENCIES CONTRACTED WITH SJHS TO PERFORM ACCOUNT FOLLOW-UP AND/OR BAD DEBT COLLECTION WILL UTILIZE THE FOLLOWING CRITERIA TO IDENTIFY A STATUS CHANGE FROM BAD DEBT TO CHARITY CARE - PATIENT ACCOUNTS MUST HAVE NO APPLICABLE INSURANCE (INCLUDING GOVERNMENTAL COVERAGE PROGRAMS OR OTHER THIRD PARTY PAYERS), AND - THE PATIENT MUST HAVE A CREDIT SCORE AND BEHAVIOR RATING WITHIN THE LOWEST 25TH PERCENTILE OF CREDIT SCORES FOR ANY CREDIT EVALUATION METHOD USED, AND - THE PATIENT HAS NOT MADE A PAYMENT WITHIN 150 DAYS OF ASSIGNMENT TO THE COLLECTION AGENCY, AND - THE COLLECTION AGENCY HAS DETERMINED THAT THE PATIENT IS UNABLE TO PAY, AND/OR - THE PATIENT DOES NOT HAVE A VALID SOCIAL SECURITY NUMBER AND/OR AN ACCURATELY STATED RESIDENCE ADDRESS IN ORDER TO DETERMINE A CREDIT SCORE ALL ACCOUNTS RETURNED FROM A COLLECTION AGENCY FOR RE-ASSIGNMENT FROM BAD DEBT TO CHARITY CARE WILL BE EVALUATED BY HOSPITAL PERSONNEL TO DETERMINE ELIGIBILITY FOR CHARITY CARE OR DISCOUNTED CARE PRIOR TO ANY RE-CLASSIFICATION WITHIN THE HOSPITAL ACCOUNTING SYSTEM AND RECORDS DOCUMENTATION OF THE PATIENT'S INABILITY TO PAY FOR SERVICES WILL BE MAINTAINED BY THE HOSPITAL

Form and Line Reference	Explanation
SCHEDULE H, PART III, SECTION A, LINE 4	BAD DEBT EXPENSE PAGE 11 OF THE AUDITED FINANCIAL STATEMENTS - THE ORGANIZATION RECEIVES PAYMENT FOR SERVICES RENDERED TO PATIENTS FROM FEDERAL AND STATE GOVERNMENTS UNDER THE MEDICARE AND MEDICAID PROGRAMS, PRIVATELY SPONSORED MANAGED CARE PROGRAMS FOR WHICH PAYMENT IS MADE BASED ON TERMS DEFINED UNDER FORMAL CONTRACTS, AND OTHER PAYORS THE ORGANIZATION BELIEVES THERE ARE NO SIGNIFICANT RISKS ASSOCIATED WITH RECEIVABLES FROM GOVERNMENT PROGRAMS RECEIVABLES FROM CONTRACTED AND OTHERS ARE FROM VARIOUS PAYORS WHO ARE SUBJECT TO DIFFERING ECONOMIC CONDITIONS, AND DO NOT REPRESENT ANY CONCENTRATED RISKS TO THE ORGANIZATION THE ORGANIZATION ANALYZES ITS HISTORICAL EXPERIENCE AND IDENTIFIES TRENDS FOR EACH OF ITS MAJOR PAYOR SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS

Form and Line Reference	Explanation
SCHEDULE H, PART III, SECTION B, LINE 8	TREATMENT OF MEDICARE SHORTFALL AS COMMUNITY BENEFIT AS A CATHOLIC HEALTH CARE MINISTRY, THE ORGANIZATION FOLLOWS THE CATHOLIC HEALTH ASSOCIATION'S COMMUNITY BENEFIT REPORTING GUIDELINES AND THEREFORE DOES NOT REPORT MEDICARE AS A COMMUNITY BENEFIT MEDICARE COSTS ARE DETERMINED USING THE MEDICARE COST REPORT

Form and Line Reference	Explanation
SCHEDULE H, PART III, SECTION C, LINE 9B	APPLICATION OF COLLECTION PRACTICES TO THOSE QUALIFYING FOR FINANCIAL ASSISTANCE MISSION HOSPITAL REGIONAL MEDICAL CENTER PATIENT ACCOUNTS WERE NOT FORWARDED TO COLLECTION STATUS WHEN THE PATIENT MADE A GOOD FAITH EFFORT TO RESOLVE OUTSTANDING ACCOUNT BALANCES SUCH EFFORTS INCLUDE APPLYING FOR FINANCIAL ASSISTANCE, NEGOTIATING A PAYMENT PLAN, OR APPLYING FOR MEDICAID COVERAGE PRIOR TO ADVANCING ANY ACCOUNT FOR EXTERNAL COLLECTION, THE ORGANIZATION PERFORMED AN EVALUATION TO IDENTIFY IF THE ACCOUNT QUALIFIED FOR FINANCIAL ASSISTANCE ACCOUNTS FOR PATIENTS WHO QUALIFIED FOR FREE CARE (100 PERCENT FINANCIAL ASSISTANCE) WERE WRITTEN OFF AND COLLECTION EFFORTS WERE NOT PURSUED

Form and Line Reference	Explanation
SCHEDULE H, PART IV, COLUMN (A)	NAME OF ENTITY 1 MISSION EDUCATION CONFERENCE CENTER, LLC 2 MISSION AMBULATORY SURGICENTER, LTD, DBA MISSION SURGERY CENTER

Form and Line Reference	Explanation
SCHEDULE H, PART VI, LINE 2	NEEDS ASSESSMENT MISSION HOSPITAL USED THE COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) TO MORE FULLY UNDERSTAND THE RISING SIGNIFICANT HEALTH AND QUALITY OF LIFE NEEDS FACING ITS MOST VULNERABLE COMMUNITY MEMBERS WE EMPLOYED A VARIETY OF METHODS TO GATHER DATA TO ENSURE THE PRIORITIES SELECTED ARE ALIGNED WITH THE GREATEST NEEDS DURING THIS ASSESSMENT, WE COLLECTED DATA FROM RESIDENTS USING BOTH A TELEPHONE SURVEY AND ENGAGED RESIDENTS IN FOCUS GROUPS ACROSS FIVE (5) CITIES IN SOUTH ORANGE COUNTY WE ALSO OBTAINED FEEDBACK FROM COMMUNITY SERVICE PROVIDERS TO UNDERSTAND BROADER ISSUES FACING RESIDENTS SEPARATELY, WE REVIEWED LOCAL SECONDARY SOURCES SUCH AS HOSPITAL DATA, INFORMATION FROM LOCAL NON-PROFIT AGENCIES AND THE ORANGE COUNTY HEALTH CARE AGENCY TO IDENTIFY TRENDS AND SYNERGIES ACROSS IDENTIFIED SIGNIFICANT HEALTH NEEDS TO ENGAGE A WIDE VARIETY OF PERSPECTIVES IN DETERMINING PRIORITY AREAS, WE CREATED AN ADVISORY COMMITTEE THIS COMMITTEE MET THROUGHOUT OUR PROCESS TO REVIEW BOTH PRIMARY AND SECONDARY DATA AND NARROW OUR LIST OF POTENTIAL PRIORITIES FOR OUR FY15-17 COMMUNITY BENEFIT PLAN THE MISSION HOSPITAL COMMUNITY BENEFIT COMMITTEE ALSO REVIEWED INFORMATION AND ACTED AS THE FINAL FILTER TO IDENTIFY AND DECIDE ON THE PRIORITY AREAS FOR MISSION HOSPITAL'S FY15-17 COMMUNITY BENEFIT PLAN

Form and Line Reference	Explanation
SCHEDULE H, PART VI, LINE 3	PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE THE ORGANIZATION POSTED NOTICES INFORMING THE PUBLIC OF THE FINANCIAL ASSISTANCE PROGRAM NOTICES WERE POSTED IN HIGH VOLUME INPATIENT AND OUTPATIENT SERVICE AREAS NOTICES WERE ALSO POSTED AT LOCATIONS WHERE A PATIENT COULD PAY THEIR BILL NOTICES INCLUDED CONTACT INFORMATION ON HOW A PATIENT COULD OBTAIN MORE INFORMATION ON FINANCIAL ASSISTANCE AS WELL AS WHERE TO APPLY FOR ASSISTANCE THESE NOTICES WERE POSTED IN ENGLISH AND SPANISH AND ANY OTHER LANGUAGES THAT WERE REPRESENTATIVE OF 5% OR GREATER OF PATIENTS IN THE HOSPITAL'S SERVICE AREA ALL PATIENTS WHO DEMONSTRATED LACK OF FINANCIAL COVERAGE BY THIRD PARTY INSURERS WERE OFFERED AN OPPORTUNITY TO COMPLETE THE FINANCIAL ASSISTANCE APPLICATION AND WERE OFFERED INFORMATION, ASSISTANCE, AND REFERRAL AS APPROPRIATE TO GOVERNMENT SPONSORED PROGRAMS FOR WHICH THEY MAY HAVE BEEN ELIGIBLE

Form and Line Reference	Explanation
SCHEDULE H, PART VI, LINE 4	COMMUNITY INFORMATION MISSION HOSPITAL PROVIDES SOUTH ORANGE COUNTY COMMUNITIES WITH HEALTH ACCESS THROUGH TWO CONVENIENT LOCATIONS, MISSION VIEJO AND LAGUNA BEACH THE HOSPITAL'S SERVICE AREA EXTENDS FROM THE JUNCTION OF THE 405 AND 5 FREEWAYS IN THE NORTH TO CAMP PENDLETON IN THE SOUTH GEOGRAPHICALLY, SOUTH COUNTY IS BORDERED BY THE PACIFIC OCEAN TO THE WEST, THE SANTA ANA MOUNTAINS TO THE NORTH AND EAST, AND THE MARINE BASE CAMP PENDLETON TO THE SOUTH OUR PRIMARY SERVICE AREA INCLUDES THE CITIES OF MISSION VIEJO, LAGUNA BEACH, LAGUNA NIGUEL, SAN JUAN CAPISTRANO, SAN CLEMENTE, RANCHO SANTA MARGARITA, LAKE FOREST, LAGUNA HILLS, DANA POINT, LADERA RANCH TRABUCO CANYON, CAPISTRANO BEACH AND ALISO VIEJO THIS INCLUDES A POPULATION OF APPROXIMATELY 623,000 PEOPLE, AN INCREASE OF 4% FROM THE PRIOR ASSESSMENT MISSION HOSPITAL'S SECONDARY SERVICE AREA INCLUDES LAGUNA WOODS, IRVINE, FOOTHILL RANCH AND SILVERADO SOUTH ORANGE COUNTY IS A RELATIVELY AFFLUENT COMMUNITY WITH A MEDIAN HOUSEHOLD INCOME OF \$95,506 COMPARED TO THE ORANGE COUNTY MEDIAN HOUSEHOLD INCOME OF \$79,132 (2000 US CENSUS QUICK FACTS) THE AVERAGE HOUSEHOLD SIZE IS 2.70 COMPARED TO THE ORANGE COUNTY WIDE HOUSEHOLD SIZE OF 3.06 DEMOGRAPHICALLY, THE AREA IS PRIMARILY CAUCASIAN (69.7%), WITH THE HISPANIC POPULATION REPRESENTING 17.9% OUR SERVICE AREA INCLUDES DANA POINT, A FEDERALLY DESIGNATED MEDICALLY UNDERSERVED AREA THE FOLLOWING NON-PROFIT HOSPITALS ARE WITHIN THE MISSION HOSPITAL SERVICE AREA SADDLEBACK MEMORIAL-LAGUNA HILLS, SADDLEBACK MEMORIAL, SAN CLEMENTE, CHOC CHILDREN'S HOSPITAL OF ORANGE COUNTY AT MISSION

Form and Line Reference	Explanation
SCHEDULE H, PART VI, LINE 5	<p>PROMOTION OF COMMUNITY HEALTH GOVERNING BODY IS COMPRISED OF A MAJORITY OF PERSONS WHO RESIDE IN THE HOSPITAL'S PRIMARY SERVICE AREA AND WHO ARE NOT EMPLOYEES, CONTRACTORS, OR FAMILY MEMBERS THE SUB-COMMITTEE OF THE BOARD OF TRUSTEES, KNOWN AS THE COMMUNITY BENEFIT COMMITTEE, OVERSAW THE DEVELOPMENT AND IMPLEMENTATION OF THE COMMUNITY HEALTH NEEDS ASSESSMENT REPORT AND COMMUNITY BENEFIT PLAN/IMPLEMENTATION STRATEGY REPORT EVERY THREE YEARS, AS WELL AS AN ANNUAL COMMUNITY BENEFIT REPORT THE COMMITTEE ALSO PROVIDED GENERAL DIRECTION TO MISSION HOSPITAL REGARDING 1) BUDGETING DECISIONS, 2) COMMUNITY BENEFIT PROGRAM CONTENT, 3) COMMUNITY BENEFIT PROGRAM DESIGN, 4) TARGET GEOGRAPHIC/POPULATION, 5) PROGRAM CONTINUATION OR DISCONTINUATION, 6) FUND DEVELOPMENT SUPPORT, AND 7) COMMUNITY-WIDE ENGAGEMENT MEDICAL STAFF PRIVILEGES ARE EXTENDED TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY GIVING BACK TO THE COMMUNITY IS HARDWIRED INTO EVERY ASPECT OF OUR ORGANIZATION AS A MEMBER OF THE FAITH-BASED HEALTH MINISTRY OF ST JOSEPH HEALTH, WE PROVIDE FREE AND DISCOUNTED CARE VIA OUR FINANCIAL ASSISTANCE PROGRAM AND HAVE A FUNDING STREAM TO ADDRESS THE NEEDS OF THE ECONOMICALLY POOR AND VULNERABLE IN THE COMMUNITIES WE SERVE OUR COMMITMENT TO COMMUNITY IS FURTHER DEMONSTRATED THROUGH OUR STRATEGIC COMMUNITY INVESTMENTS ON AN ANNUAL BASIS, TEN PERCENT OF OUR NET INCOME IS DEVOTED TO FUND COMMUNITY PROGRAMS FOR THE ECONOMICALLY POOR (CARE FOR THE POOR FUNDS) SPECIFICALLY, FUNDS ARE USED FOR OUTREACH PROGRAMS, DEFINED AS THOSE SERVICES THAT ADDRESS A SPECIFIC UNMET HEALTH NEED AND ARE SEPARATE FROM TRADITIONAL ACUTE CARE SERVICES THE FOLLOWING PROGRAMS IN FY14 WERE MADE POSSIBLE THROUGH CARE FOR THE POOR FUNDS AND EXEMPLIFY OUR COMMITMENT TO PROMOTE HEALTH AND ACCESS TO CARE TO THE LOW-INCOME CAMINO HEALTH CENTER PROVIDES ESSENTIAL MEDICAL SERVICES TO SOUTH ORANGE COUNTY RESIDENTS WHO ARE UNINSURED OR UNDERINSURED SERVICES INCLUDE PRIMARY HEALTH CARE, DENTAL CARE SERVICES FOR PREGNANT WOMEN AND CHILDREN, SEVERAL WOMEN, INFANT & CHILDREN (WIC) CLINICS THROUGHOUT SOUTH COUNTY, AND TWO MOBILE VANS THAT PROVIDE ESSENTIAL ACCESS TO HEALTH CARE FOR THOSE WITHOUT TRANSPORTATION OPTIONS RECUPERATIVE CARE PROJECT A COUNTY-WIDE PROJECT TO SUPPORT HOMELESS RESIDENTS WHO HAVE EXPERIENCED A HOSPITAL STAY TO PROVIDE THEM WITH TEMPORARY HOUSING AND RECUPERATIVE SERVICES TO ENSURE THEY ARE AT A HEALTHY STATE PRIOR TO RETURNING TO THEIR NORMAL LIVING ENVIRONMENT HELPING HANDS PROGRAM OFFERS ONE-TIME ASSISTANCE TO PATIENTS WHO NEED FINANCIAL SUPPORT FOR MEDICAL EQUIPMENT OR PHARMACEUTICAL NEEDS THIS PROGRAM IS CONDUCTED THROUGH THE CARE MANAGEMENT TEAM WHO CONSIDERS A PATIENT'S SOCIO-ECONOMIC AND MEDICAL NEEDS PRIOR TO DISCHARGE WE ARE ALSO COMMITTED TO PROMOTING HEALTH AND ACCESS TO CARE FOR THE BROADER COMMUNITY THIS IS DEMONSTRATED THROUGH THE FOLLOWING PROGRAMS CHILDHOOD OBESITY PROGRAM ONE OF OUR COMMUNITY BENEFIT PRIORITY AREAS IN FY14 WAS TO ADDRESS CHILDHOOD OBESITY ACROSS SOUTH ORANGE COUNTY OUR GOAL IS TO REDUCE THE PREVALENCE OF YOUTH AGED 3-11 YEARS WHO ARE OVERWEIGHT OR OBESE YOUTH ALCOHOL PREVENTION PROGRAM IDENTIFIED AS A SIGNIFICANT NEED IN THE LAGUNA BEACH NEEDS ASSESSMENT AND SELECTED AS A COMMUNITY BENEFIT PRIORITY AREA, MISSION HOSPITAL FACILITATES THE LAGUNA BEACH COMMUNITY COALITION TO ADDRESS YOUTH ALCOHOL & SUBSTANCE USE PREVENTION THROUGH A VARIETY OF APPROACHES THE GOAL IS TO REDUCE 9TH GRADE YOUTH WHO REPORT CONSUMING ALCOHOL WITHIN 30 DAYS MISSION HOSPITAL BREAST CARE CENTER OFFERED ON THE CAMPUS OF MISSION VIEJO, MISSION HOSPITAL'S BREAST CARE CENTER OFFERS COMPREHENSIVE SERVICES TO BOTH PREVENT AND TREAT BREAST CANCER STATE OF THE ART DIAGNOSTIC SERVICES ARE AVAILABLE AS WELL AS NURSE NAVIGATOR ASSISTANCE FOR THOSE WITH A POSITIVE DIAGNOSIS IN ADDITION, PREVENTION EDUCATION IS CONDUCTED IN THE COMMUNITY TO REACH RESIDENTS IN THEIR OWN NEIGHBORHOODS FOR DETAILED INFORMATION ABOUT THESE PROGRAMS, PLEASE VISIT OUR WEBSITE AT WWW.MISSION4HEALTH.COM</p>

Form and Line Reference	Explanation
SCHEDULE H, PART VI, LINE 6	AFFILIATED HEALTH CARE SYSTEM MISSION HOSPITAL IS A HEALING MINISTRY OF ST JOSEPH HEALTH, AN INTEGRATED HEALTHCARE DELIVERY SYSTEM SPONSORED BY THE ST JOSEPH HEALTH MINISTRY ST JOSEPH HEALTH IS ORGANIZED INTO THREE REGIONS NORTHERN CALIFORNIA, SOUTHERN CALIFORNIA, AND WEST TEXAS/EASTERN NEW MEXICO THE SYSTEM INCLUDES 14 ACUTE CARE HOSPITALS, HOME HEALTH AGENCIES, HOSPICE CARE, OUTPATIENT SERVICES, COMMUNITY CLINICS, AND PHYSICIAN ORGANIZATIONS EACH ASSOCIATED MINISTRY WORKS TO LIVE OUT ITS MISSION TO EXTEND THE HEALING MINISTRY OF JESUS IN THE TRADITION OF THE SISTERS OF ST JOSEPH OF ORANGE BY CONTINUALLY IMPROVING THE HEALTH AND QUALITY OF LIFE OF THE COMMUNITIES IT SERVES IN 1986, ST JOSEPH HEALTH CREATED A PLAN AND BEGAN AN EFFORT TO FURTHER ITS COMMITMENT TO NEIGHBORS IN NEED WITH A VISION OF REACHING BEYOND THE WALLS OF ITS HEALTHCARE FACILITIES AND TRANSCENDING TRADITIONAL EFFORTS OF PROVIDING FINANCIAL ASSISTANCE FOR THOSE IN NEED OF ACUTE SERVICES, ST JOSEPH HEALTH CREATED THE ST JOSEPH HEALTH SYSTEM FOUNDATION TO IMPROVE THE HEALTH OF LOW-INCOME INDIVIDUALS RESIDING IN LOCAL COMMUNITIES OUR FOUNDATIONAL DOCUMENT, A VISION OF VALUES, FORMALIZES A POLICY THROUGH WHICH THE HOSPITAL MINISTRIES RETURN TEN PERCENT OF THEIR NET INCOME TO THE ST JOSEPH HEALTH SYSTEM FOUNDATION TO SUPPORT OUTREACH EFFORTS FOR THE MATERIALLY POOR THE FOUNDATION THEN FUNDS PROGRAMS IN COMMUNITIES SERVED BY ST JOSEPH HEALTH HOSPITALS THAT ALIGN WITH OUR MISSION AND EXEMPLIFY THE FOUR CORE VALUES OF ST JOSEPH HEALTH SERVICE, EXCELLENCE, DIGNITY, AND JUSTICE

Form and Line Reference	Explanation
SCHEDULE H, PART VI, LINE 7	STATE FILING OF COMMUNITY BENEFIT REPORT CALIFORNIA

Additional Data

Software ID:

Software Version:

EIN: 95-1643360

Name: MISSION HOSPITAL REGIONAL MEDICAL CENTER

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, LINE 3	INPUT FROM COMMUNITY REPRESENTATIVES MISSION HOSPITAL GATHERED COMMUNITY INPUT THROUGH THREE MAJOR AVENUES TELEPHONE SURVEY, STAKEHOLDER PANELS, AND RESIDENT FOCUS GROUPS TELEPHONE SURVEY A TELEPHONE SURVEY WAS CONDUCTED BY PROFESSIONAL RESEARCH CONSULTANTS, INC (PRC) USING A SYSTEMATIC, DATA DRIVEN APPROACH TO DETERMINING THE HEALTH STATUS AND NEEDS IN DESIGNATED HIGH NEED AREAS THE INFORMATION FROM THIS SURVEY WAS USED TO INFORM DECISIONS AND GUIDE EFFORTS TO IMPROVE COMMUNITY HEALTH AND WELLNESS THE TELEPHONE SURVEY GATHERED A TOTAL OF 763 INTERVIEWS, A SAMPLE THAT IS REPRESENTATIVE OF THE ACTUAL POPULATION DEMOGRAPHICS STAKEHOLDER PANELS FOUR (4) PANEL DISCUSSIONS WERE HELD WITH KEY INFORMANTS REPRESENTING A WIDE-VARIETY OF SERVICE PROVIDERS AND LEADERS ACROSS OUR SERVICE AREA A TOTAL OF 43 COMMUNITY STAKEHOLDERS BROUGHT THEIR FIRST-HAND KNOWLEDGE ABOUT RESIDENTS' NEEDS, SERVICES AVAILABLE, AND CURRENT AND EMERGING COMMUNITY HEALTH AND QUALITY OF LIFE ISSUES IN ADDITION, WE GAINED FEEDBACK THROUGH THE MISSION HOSPITAL LAGUNA BEACH ADVISORY COUNCIL, A COUNCIL ESTABLISHED BY THE ATTORNEY GENERAL IN 2009 AND COMPRISED OF RESIDENTS AND LEADERS IN LAGUNA BEACH COUNCIL MEMBERS PROVIDED INPUT THROUGH AN ONLINE SURVEY AND FOCUS GROUP RESIDENT FOCUS GROUPS A TOTAL OF 209 RESIDENTS PARTICIPATED IN NINE FORUMS ACROSS SOUTH ORANGE COUNTY AT EACH FORUM, AREAS OF OPPORTUNITY IDENTIFIED THROUGH THE TELEPHONE SURVEY AND STAKEHOLDER PANELS WERE SHARED WITH PARTICIPANTS TO GET THEIR FEEDBACK AND VALIDATE EARLY FINDINGS RESIDENTS IDENTIFIED ANY MISSING HEALTH AND QUALITY OF LIFE ISSUES AND PRIORITIZED THE TOP ISSUES ACCORDING TO THEIR CONCERNS HEALTH NEEDS ASSESSMENT ADVISORY COMMITTEE IN 2013 MISSION HOSPITAL FORMULATED AN ADVISORY COMMITTEE TO ENGAGE LEADERS BEYOND THE COMMUNITY BENEFIT STAFF AND ALLOW FOR A COLLECTIVE ANALYSIS OF THE MANY SOURCES OF DATA AVAILABLE FOR REVIEW AS WELL AS TO NARROW THE LIST OF PRIORITIES FOR THE FY15-17 COMMUNITY BENEFIT PLAN THE COMMITTEE CONSISTED OF COMMUNITY BENEFIT COMMITTEE MEMBERS, REPRESENTATIVES FROM LOCAL COMMUNITY CLINICS, PUBLIC HEALTH PERSONNEL AND HOSPITAL STAFF FROM A VARIETY OF UNITS FOR MORE INFORMATION, GO TO WWW.MISSION4HEALTH.COM

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, LINE 5	THE COMMUNITY HEALTH NEEDS ASSESSMENT IS AVAILABLE TO THE PUBLIC USING THE FOLLOWING URL HTTP //WWW.MISSION4HEALTH.COM/DOCUMENTS/COMMUNITY-BENEFIT/2014-COMMUNITY-HEALTH-NEEDS-ASSESSMENT-REPORT.PDF

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, LINE 7	<p>NEEDS NOT ADDRESSED THE FOLLOWING SIGNIFICANT COMMUNITY HEALTH NEEDS IDENTIFIED DURING THE FY14 CHNA PROCESS WILL NOT BE DIRECTLY ADDRESSED THROUGH PROGRAMMING OR FUNDING AND AN EXPLANATION IS PROVIDED BELOW</p> <p>ACCESS TO SOCIAL SERVICES</p> <p>ACCESS TO SOCIAL SERVICES WAS IDENTIFIED AS A NEED IN THE RESIDENT FOCUS GROUPS. EFFORTS WILL CONTINUE TO CREATE AWARENESS ABOUT LOCAL SOCIAL SERVICES TO THE COMMUNITY AND MISSION HOSPITAL STAFF WILL SHARE THIS ISSUE WITH LOCAL PARTNERS TO HELP THEIR EFFORTS TO EXPAND AWARENESS OF SERVICES. ACTIVITIES FOR TEENS SEVERAL AGENCIES DEDICATED TO YOUTH AND TEENS EXIST IN THE COMMUNITY, SUCH AS THE BOYS & GIRLS CLUB, YMCA, ETC. IN ADDITION, MANY LOCAL SCHOOLS OFFER AFTER-SCHOOL ENRICHMENT PROGRAMS AND MAINTAIN A SKILL-SET THAT EXCEEDS OUR OWN.</p> <p>AFFORDABLE HOUSING</p> <p>WE HAVE CONCENTRATED ON AFFORDABLE HOMES FOR MANY YEARS IN SOUTH ORANGE COUNTY. RESIDENTS SHARE THAT HOUSING COSTS REMAIN UNAFFORDABLE. WITH THE RECENT CHANGES IN REDEVELOPMENT FUNDS AND THE LACK OF LOCAL RESOURCES AND COLLABORATIVE EFFORTS NEEDED TO FOCUS ON THIS ISSUE, THE COMMITTEE FELT OUR MINISTRY RESOURCES COULD BE BETTER UTILIZED IN ANOTHER AREA.</p> <p>DENTAL CARE</p> <p>WHILE DENTAL CARE WAS IDENTIFIED AS A PRIORITY NEED, OUR PRIORITY PROCESS IDENTIFIED ACCESS TO PRIMARY HEALTH CARE SERVICES AS A GREATER NEED IN THE COMMUNITY. WE WILL WORK COLLABORATIVELY WITH OTHER AGENCIES TO BRING DENTAL SERVICES TO SOUTH ORANGE COUNTY WHENEVER POSSIBLE.</p> <p>DIABETES</p> <p>CAMINO HEALTH CENTER HAS IDENTIFIED THIS CONDITION AS ONE OF THEIR 16 AREAS OF CLINICAL FOCUS. WE WILL CONTINUE TO WORK COLLABORATIVELY WITH CAMINO TO CONNECT RESIDENTS IN NEED OF MEDICAL SERVICES WITH THEIR CENTER.</p> <p>ECONOMIC BURDEN</p> <p>THE LACK OF AFFORDABLE JOBS, ABILITY TO PAY FOR CHILD CARE AND OTHER BASIC NEEDS WAS SO BROAD A TOPIC THAT WE DECIDED TO FOCUS OUR EFFORTS ON ISSUES MORE SPECIFIC. WE WILL BRING THIS ISSUE TO OUR ST. JOSEPH HEALTH SYSTEM ADVOCACY BRANCH AND CONTINUE TO ADVOCATE FOR THE NEEDS OF THE POOR TO IMPROVE THEIR QUALITY OF LIFE.</p> <p>EDUCATION</p> <p>MISSION HOSPITAL WORKED WITH DOZENS OF AGENCIES TO DEVELOP CPATHE (CAPISTRANO PROMOTING ACCESS TO HIGHER EDUCATION) FROM 2008-2011. THIS COLLABORATIVE STILL EXISTS, PRIMARILY THROUGH PARTNERSHIP BETWEEN UNIVERSITY OF CALIFORNIA, IRVINE AND CAPISTRANO UNIFIED SCHOOL DISTRICT. THE SCHOOL DISTRICT HAS CREATED A SPECIFIC PLAN TO ADDRESS THE EDUCATION GRADUATION GAP AND HAS MADE SIGNIFICANT EFFORTS WITHIN THE TEACHING MODEL.</p> <p>OVERWEIGHT/OBESITY</p> <p>WE HAVE FOCUSED ON OVERWEIGHT/OBESITY FOR OVER 10 YEARS, AND RECENT RESULTS HAVE DEMONSTRATED THE RATES OF OBESITY, PARTICULARLY CHILDHOOD OBESITY ARE DECLINING IN OUR LOW-INCOME AREAS. WE WILL REMAIN INVOLVED ON A CONSULTATIVE BASIS WITH THE MANY AGENCIES THAT ARE DIRECTLY FOCUSED ON THIS ISSUE AND WILL CONTINUE TO SUPPORT THEM IN THEIR BROAD COMMUNITY EFFORTS.</p> <p>SAFETY</p> <p>SAFETY WAS IDENTIFIED PRIMARILY THROUGH THE RESIDENT FOCUS GROUPS IN PARTICULAR AREAS, AND RELATED PRIMARILY TO LIGHTING IN NEIGHBORHOOD PARKS. THE COMMITTEE FELT THERE WERE MORE PRESSING COMMUNITY NEEDS THAT REQUIRED OUR RESOURCES.</p> <p>SENIOR/AGING RELATED ISSUES</p> <p>SOUTH ORANGE COUNTY HAS FIVE SENIOR CENTERS IN THE AREA IN ADDITION TO AGE WELL SENIOR SERVICES, AN AGENCY WHOLLY DEDICATED TO THE NEEDS OF SENIORS. WE WILL CONTINUE TO PARTNER WITH AGE WELL AND COMMUNITY CENTERS AROUND OUR IDENTIFIED PRIORITY AREAS. IN ADDITION, MISSION HOSPITAL WILL COLLABORATE WITH MANY LOCAL ORGANIZATIONS THAT ISOLATED AREAS OF HIGH NEED HAVE BEEN IDENTIFIED IN THE CITIES OF SAN CLEMENTE, DANA POINT, SAN JUAN CAPISTRANO, LAGUNA NIGUEL, MISSION VIEJO, LAKE FOREST AND RANCHO SANTA MARGARITA. THESE AREAS WERE DETERMINED BASED ON KEY DRIVERS FOR COMMUNITY VULNERABILITY, WHICH INCLUDE MEDIAN HOUSEHOLD INCOME, NUMBER OF PEOPLE LIVING IN A HOME, HEALTH INSURANCE COVERAGE, HIGHEST EDUCATIONAL LEVEL, ETC. ALTHOUGH HIGH NEEDS WERE IDENTIFIED IN THESE 7 AREAS, BASED ON HOSPITAL RESOURCES AND PARTNERSHIPS AND IN AN EFFORT TO SHOW SIGNIFICANT OUTCOMES AT THE END OF THE THREE-YEAR PLAN, A DECISION WAS MADE TO PRIMARILY FOCUS ON THE CITIES OF SAN CLEMENTE, DANA POINT, SAN JUAN CAPISTRANO, LAGUNA BEACH AND LAKE FOREST. THIS DECISION WAS MADE IN PARTNERSHIP WITH COMMUNITY BENEFIT DEPARTMENT STAFF, THE HOSPITAL EXECUTIVE TEAM AND THE COMMUNITY BENEFIT COMMITTEE. FOR FURTHER INFORMATION, PLEASE SEE THE IMPLEMENTATION STRATEGY FOUND AT HTTP://WWW.MISSION4HEALTH.COM/DOCUMENTS/COMMUNITY-BENEFIT/FY15-17-MISSION- CB-PLAN-AND-IS-REPORT PDF</p>

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, LINE 12I	OTHER BASIS FOR CALCULATING AMOUNT CHARGED TO PATIENT THE ORGANIZATION RECOGNIZES THAT A PORTION OF THE UNINSURED OR UNDERINSURED PATIENT POPULATION MAY NOT ENGAGE IN THE TRADITIONAL FINANCIAL ASSISTANCE APPLICATION PROCESS THEREFORE, THE ORGANIZATION ALSO USES AN AUTOMATED PREDICTIVE SCORING TOOL TO IDENTIFY AND QUALIFY PATIENTS FOR FINANCIAL ASSISTANCE FOR ACCOUNTS THAT ARE INITIALLY CLASSIFIED AS BAD DEBT

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, LINE 14G	OTHER METHOD FOR PUBLICIZING POLICIES THE ORGANIZATION ADHERES TO STATE REGULATIONS IN PUBLICIZING ITS FINANCIAL ASSISTANCE POLICY THESE REGULATIONS INCLUDE THE POSTING OF THE FULL POLICY ON THE OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT (OSHDP) WEBSITE IN ADDITION, POLICY NOTICES ARE POSTED IN CONSPICUOUS AREAS SUCH AS EMERGENCY DEPARTMENTS, BILLING OFFICES, ADMISSIONS OFFICES AND OTHER OUTPATIENT SETTINGS INDIVIDUAL NOTICES OF FINANCIAL ASSISTANCE ARE INCLUDED WITH BILLINGS FOR PATIENTS WHO HAVE NOT PROVIDED PROOF OF THIRD-PARTY COVERAGE ALONG WITH CONTACT INFORMATION IN THE EVENT OF ADDITIONAL INQUIRIES NOTICES OF FINANCIAL ASSISTANCE ARE ALSO PROVIDED UPON INQUIRY WRITTEN NOTICES ARE PROVIDED IN ALL LANGUAGES SPOKEN BY 5% OR MORE OF THE HOSPITAL'S SERVICE AREA

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, LINE 18E	OTHER EFFORTS MADE BY HOSPITAL FACILITY THE ORGANIZATION ADHERES TO STATE REGULATIONS IN PUBLICIZING ITS FINANCIAL ASSISTANCE POLICY THESE REGULATIONS INCLUDE THE POSTING OF THE FULL POLICY ON THE OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT (OSHDP) WEBSITE IN ADDITION, POLICY NOTICES ARE POSTED IN CONSPICUOUS AREAS SUCH AS EMERGENCY DEPARTMENTS, BILLING OFFICES, ADMISSIONS OFFICES AND OTHER OUTPATIENT SETTINGS INDIVIDUAL NOTICES OF FINANCIAL ASSISTANCE ARE INCLUDED WITH BILLINGS FOR PATIENTS WHO HAVE NOT PROVIDED PROOF OF THIRD-PARTY COVERAGE ALONG WITH CONTACT INFORMATION IN THE EVENT OF ADDITIONAL INQUIRIES NOTICES OF FINANCIAL ASSISTANCE ARE ALSO PROVIDED UPON INQUIRY WRITTEN NOTICES ARE PROVIDED IN ALL LANGUAGES SPOKEN BY 5% OR MORE OF THE HOSPITAL'S SERVICE AREA

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, LINE 20D	OTHER METHOD FOR DETERMINING MAXIMUM CHARGED AMOUNT FOR PATIENTS WITH A FAMILY INCOME BETWEEN 201% AND 350% OF FEDERAL POVERTY GUIDELINES (FPG), THE HOSPITAL FACILITY USES MEDICARE RATES WHEN CALCULATING THE MAXIMUM AMOUNTS THAT CAN BE CHARGED FOR PATIENTS WITH A FAMILY INCOME BETWEEN 351% AND 500% OF FPG, THE AVERAGE OF NEGOTIATED COMMERCIAL INSURANCE RATES IS USED TO DETERMINE THE MAXIMUM AMOUNT THAT CAN BE CHARGED

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

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

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

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

OMB No 1545-0047

2013

Open to Public
Inspection

Name of the organization
MISSION HOSPITAL REGIONAL MEDICAL CENTER

Employer identification number
95-1643360

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
See Additional Data Table							

2

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

10

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
(1) RECUPERATION-HELPING HANDS-ON BEHALF OF PATIENTS	17	24,566			
(2) INDIVIDUAL FUNERALS	9	12,158			
(3) MAMMOGRAMS	11	2,710			
(4) HOME CARE	80	3,594			

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	DESCR OF ORGANIZATION'S PROCEDURES FOR MONITORING THE USE OF GRANTS MISSION HOSPITAL HAS AN AFFILIATION AGREEMENT WITH CAMINO HEALTH CENTER THAT CALLS FOR THE STEERING COMMITTEE, WHICH INCLUDES AN OFFICER FROM THE HOSPITAL, TO PROVIDE OVERSIGHT OF FUNDS GRANTED TO CAMINO BY THE HOSPITAL THE CARE FOR THE POOR FUNDS GIVEN TO THE ST JOSEPH HEALTH SYSTEM FOUNDATION IS GOVERNED BY THE HEALTH SYSTEM FOUNDATION THE DISBURSEMENT OF THE FUNDS FOLLOWS SPECIFICS SET FORTH BY THE HEALTH SYSTEM POLICY "CARE FOR THE POOR PROGRAM ACCOUNTING " THERE IS NO MONITORING DONE IN THE OTHER GRANTS
SCHEDULE I, PART III, LINE 1, COLUMN B	CALCULATION OF NUMBER OF RECIPIENTS - RECUPERATION - HELPING HANDS WE ESTIMATE 80 NUMBER OF RECIPIENTS BY LOOKING AT 90% OF INVOICES AND ESTIMATED REMAINING AT AN AVERAGE OF 4 PATIENTS PER INVOICE

Additional Data

Software ID:
Software Version:
EIN: 95-1643360
Name: MISSION HOSPITAL REGIONAL MEDICAL CENTER

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
ST JOSEPH HEALTH SYSTEM FOUNDATION 3345 MICHELSON DR IRVINE,CA 92612	33-0143024	501(c)(3)	5,363,300				CARE FOR THE POOR

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
CAMINO HEALTH CENTER 30300 CAM CAPISTRANO CAPISTRANO, CA 92675	33-0574214	501(c)(3)	1,888,906				PROGRAM SUPPORT

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
NATIONAL HEALTH FOUNDATION 515 S FIGUEROA 1300 LOS ANGELES, CA 90071	23-7314808	501(c)(3)	58,000	0			PROGRAM SUPPORT

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
ST JOSEPH HOSPITAL OF ORANGE 1100 W STEWART STREET ORANGE, CA 92868	95-1643359	501(c)(3)	10,000				PROGRAM SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
ST MARGARET'S EPISCOPAL SCHOOL 31641 LA NOVIA SJ CAPSITRANO, CA 92675	95-3408913	501(c)(3)	9,150				PROGRAM SUPPORT

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
MARCH OF DIMES 2222 MARTIN ST 155 IRVINE, CA 92612	13-1846366	501(c)(3)	30,000				PROGRAM SUPPORT

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
CHILDREN HOSPITAL OF ORANGE COUNTY FDN 455 S MAIN ST ORANGE, CA 92868	95-2321786	501(c)(3)	10,000				PROGRAM SUPPORT

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
UCI FOUNDATION UCI SB 431 IRVINE, CA 92697	95-2540117	501(c)(3)	18,333				PROGRAM SUPPORT

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
SUSAN KOMEN FOR THE CURE 3191-A AIRPORT LOOP DR COSTA MESA, CA 92626	75-2844659	501(c)(3)	10,000				PROGRAM SUPPORT

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
ST TIMOTHY'S CATHOLIC CHURCH 29102 CROWN VALLEY LAGUNA NIGUEL, CA 92677	95-3656905	501(c)(3)		82,864	OTHER	FOOD BANK DONATION	PROGRAM SUPPORT

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
MISSION HOSPITAL REGIONAL MEDICAL CENTER

Employer identification number
95-1643360

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 checked="" type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input checked="" type="checkbox"/> Discretionary spending account</div></div><div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div></div></div>		
<div><div>b</div><div>If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain</div></div>	1bYes	
<div><div>2</div><div>Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?</div></div>	2Yes	
<div><div>3</div><div>Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III</div><div><div><div><input type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div></div><div><div><input type="checkbox"/> Written employment contract</div><div><input type="checkbox"/> Compensation survey or study</div><div><input type="checkbox"/> Approval by the board or compensation committee</div></div></div></div>		
<div><div>4</div><div>During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization</div></div>		
<div><div>a</div><div>Receive a severance payment or change-of-control payment?</div></div>	4aYes	
<div><div>b</div><div>Participate in, or receive payment from, a supplemental nonqualified retirement plan?</div></div>	4bYes	
<div><div>c</div><div>Participate in, or receive payment from, an equity-based compensation arrangement?</div></div> <div>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III</div>	4c	No
<div><div></div><div>Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.</div></div>		
<div><div>5</div><div>For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of</div></div>		
<div><div>a</div><div>The organization?</div></div>	5a	No
<div><div>b</div><div>Any related organization?</div></div> <div>If "Yes," to line 5a or 5b, describe in Part III</div>	5b	No
<div><div>6</div><div>For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of</div></div>		
<div><div>a</div><div>The organization?</div></div>	6a	No
<div><div>b</div><div>Any related organization?</div></div> <div>If "Yes," to line 6a or 6b, describe in Part III</div>	6b	No
<div><div>7</div><div>For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III</div></div>	7Yes	
<div><div>8</div><div>Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III</div></div>	8	No
<div><div>9</div><div>If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?</div></div>	9	

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

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

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

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

Part III Supplemental Information

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

Return Reference	Explanation
Schedule J, Part I, Line 1a	TRAVEL FOR COMPANIONS ST JOSEPH HEALTH SYSTEM ALLOWS FOR COMPANION TRAVEL TO CERTAIN PRE-APPROVED, MINISTRY SPONSORED EVENTS. COMPANION TRAVEL IS TREATED AS TAXABLE COMPENSATION IN MOST CASES. IN THE CASE THAT COMPANION TRAVEL IS NOT TAXABLE COMPENSATION, THE INDIVIDUAL IS PROVIDING A SERVICE TO THE HEALTH SYSTEM AS A REPRESENTATIVE WITH KNOWLEDGE OF THE COMMUNITIES AND MINISTRIES WE SERVE. MEMBERS OF THE BOARD AND EXECUTIVE MANAGEMENT TEAM ARE SELECTED TO PARTICIPATE IN AN ANNUAL PILGRIMAGE TO LE PUY, FRANCE, WHERE THE SISTERS' FIRST CONGREGATION WAS FORMED. THE PURPOSE OF THE PILGRIMAGE IS FOR THE ORGANIZATION'S LEADERS TO DEVELOP A DEEPER UNDERSTANDING OF THE ROOTS AND HERITAGE OF THE ORGANIZATION IN ORDER TO CARRY OUT THE MISSION. COMPANION TRAVEL IS CONSIDERED TO BE AN ESSENTIAL PART OF THIS EXPERIENCE AND THE COMPANION ACTS AS A REPRESENTATIVE WITH KNOWLEDGE OF THE COMMUNITIES AND MINISTRIES WE SERVE. THE FOLLOWING INDIVIDUAL LISTED ON PART VII RECEIVED A BENEFIT FOR COMPANION TRAVEL THAT WAS INTENDED TO BE COMPENSATION: TERRI FOX-COVERT - \$5,236. DISCRETIONARY SPENDING ACCOUNT: EXECUTIVES RECEIVE A PERCENTAGE OF BASE COMPENSATION FOR DISCRETIONARY SPENDING. THESE AMOUNTS ARE INCLUDED IN OTHER REPORTABLE COMPENSATION.
Schedule J, Part I, Line 3	DESCRIPTION OF CEO PAID BY EXEMPT PARENT: THE ORGANIZATION'S CHIEF EXECUTIVE OFFICER IS PAID BY ITS TAX-EXEMPT PARENT, ST JOSEPH HEALTH SYSTEM, AND IS DISCLOSED AS A PERSON PAID BY A RELATED ORGANIZATION. SEE SCHEDULE O, PART VI, LINE 15A FOR THE PROCESS THAT IS COMPLETED BY THE ST JOSEPH HEALTH SYSTEM.
Schedule J, Part I, Line 4a	SEVERANCE PAYMENT OR CHANGE OF CONTROL PAYMENT: THE FOLLOWING INDIVIDUALS RECEIVED SEVERANCE PAYMENTS FOR EITHER PART OR ALL OF THE YEAR: PETER BASTONE - \$241,853; MARGARITA COWLEY - \$351,505; SHIRLEY BARNES - \$245,579.
Schedule J, Part I, Line 4b	DESCRIPTION OF A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN: EXECUTIVES COULD PARTICIPATE IN A NON-QUALIFIED DEFERRED COMPENSATION PLAN UNDER INTERNAL REVENUE CODE 457(F). THE PLAN WAS FROZEN EFFECTIVE DECEMBER 31, 2007, AFTER WHICH TIME NO FURTHER CONTRIBUTIONS WERE PERMITTED TO THE PLAN. THIS PLAN WILL CEASE TO EXIST ONCE ALL BENEFITS HAVE BEEN DISTRIBUTED IN ACCORDANCE WITH PROVISIONS OF THE PLAN. THE FOLLOWING INDIVIDUALS RECEIVED PAYMENT FROM THE SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN (SERP): KENNETH MCFARLAND - \$158,344; CYNTHIA MULLER - \$749; LINDA JOHNSON - \$21,475.
Schedule J, Part I, Line 7	DESCRIBE ANY NON-FIXED PAYMENTS PROVIDED: A PORTION OF EXECUTIVE SALARIES ARE PLACED 'AT-RISK' AND ARE NOT AWARDED UNLESS SPECIFIC STRATEGIC OBJECTIVE TARGETS ARE MET OR EXCEEDED. THE AT-RISK EXECUTIVE PLAN IS DESIGNED TO MOTIVATE AND REWARD EXECUTIVES FOR TEAM PERFORMANCE THAT SUPPORTS THE STRATEGIC GOALS AND SUCCESSFUL PERFORMANCE OF ST JOSEPH HEALTH SYSTEM. AT-RISK PAY IS AWARDED TO ASSISTANT VICE PRESIDENTS, VICE PRESIDENTS, SENIOR VICE PRESIDENTS, EXECUTIVE VICE PRESIDENTS, AND THE CHIEF EXECUTIVE OFFICER BASED ON ACHIEVING OR SURPASSING SPECIFIC GOALS THAT ARE PREDETERMINED BY THE BOARD OF TRUSTEES PRIOR TO THE BEGINNING OF THE FISCAL YEAR. THE GOALS INCLUDE OUR STRATEGIC OBJECTIVES OF PERFECT CARE, SACRED ENCOUNTERS, AND HEALTHIEST COMMUNITIES, AS WELL AS FISCAL STEWARDSHIP. EACH OF THESE FACTORS IS TAKEN INTO CONSIDERATION WHEN DETERMINING THE PERCENTAGE OF AT-RISK PAY.

Additional Data

Software ID:
Software Version:
EIN: 95-1643360
Name: MISSION HOSPITAL REGIONAL MEDICAL CENTER

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
KENNETH MCFARLAND BOARD MEMBER, CEO & PRESIDENT	(i) (ii)	0 480,652	0 187,331	0 255,658	0 20,068	0 32,670	0 976,379	0 158,344
ANNETTE WALKER BOARD MEMBER	(i) (ii)	0 519,458	0 137,665	0 68,198	0 12,750	0 33,924	0 771,995	0 0
TODD LEMPERT MD BOARD MEMBER (PART YEAR)	(i) (ii)	0 0	0 0	185,620 0	0 0	0 0	185,620 0	0 0
CYNTHIA MUELLER VP MISSION INTEGRATION	(i) (ii)	199,914 0	69,297 0	26,855 0	26,867 0	22,397 0	345,330 0	749 0
EILEEN HAUBL VP & CHIEF FINANCIAL OFFICER	(i) (ii)	271,262 0	88,694 0	41,171 0	24,752 0	22,484 0	448,363 0	0 0
TARA COWELL VP/ASSOC GENERAL COUNSEL/SEC	(i) (ii)	0 230,892	0 53,574	0 29,621	0 16,482	0 23,189	0 353,758	0 0
LINDA JOHNSON CHIEF CLINICAL OFFICER	(i) (ii)	293,447 0	96,758 0	73,593 0	17,613 0	32,569 0	513,980 0	21,475 0
MICHAEL BECK VP, INTEGRATED OPERATIONS	(i) (ii)	177,526 0	59,080 0	28,743 0	19,986 0	34,903 0	320,238 0	0 0
MICHAEL KOHLER EXEC DIR PERIOPERATIVE SVS	(i) (ii)	153,102 0	19,899 0	3,045 0	8,946 0	22,371 0	207,363 0	0 0
RONALD GALONSKY CHIEF OPER&INTEGRATION OFFICER	(i) (ii)	237,610 0	31,250 0	142,455 0	0 0	20,814 0	432,129 0	0 0
SAMUEL GOMEZ EXEC DIR NURSING SERVICES	(i) (ii)	135,096 0	22,967 0	2,744 0	4,957 0	12,785 0	178,549 0	0 0
WILLIAM LOSEE PHARMACIST CLINICAL	(i) (ii)	195,594 0	0 0	925 0	18,295 0	24,829 0	239,643 0	0 0
VICTORIA MCKINNEY E D MATERNAL/CHILD/MED/SURG	(i) (ii)	172,004 0	23,753 0	7,726 0	9,595 0	10,840 0	223,918 0	0 0
TERRI FOX-COVERT VP HUMAN RESOURCES	(i) (ii)	195,919 0	65,797 0	24,935 0	21,484 0	33,498 0	341,633 0	0 0
WINIFRED JOHNSON CHIEF DEVELOPMENT OFFICER	(i) (ii)	107,921 0	55,888 0	36,081 0	10,134 0	14,334 0	224,358 0	0 0
FARAH ZIAII NUCLEAR MED TECHNOLOGIST - ARSO	(i) (ii)	219,711 0	500 0	900 0	20,314 0	24,501 0	265,926 0	0 0
DENNIS HAGHIGHAT VP MEDICAL AFFAIRS	(i) (ii)	10,008 272,555	1,009 62,361	996 18,661	506 12,859	422 10,849	12,941 377,285	0 0
MARGARITA COWLEY FORMER CHIEF OPERATING OFFICER	(i) (ii)	0 0	0 0	351,505 0	0 0	0 0	351,505 0	0 0
PETER BASTONE FORMER CEO	(i) (ii)	0 0	0 0	0 241,852	0 0	0 0	0 241,852	0 0
SHIRLEY BARNES FORMER VP HUMAN RESOURCES	(i) (ii)	0 0	0 0	245,579 0	0 0	0 0	245,579 0	0 0

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

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

OMB No 1545-0047
2013
Open to Public Inspection

Name of the organization
MISSION HOSPITAL REGIONAL MEDICAL CENTER

Employer identification number
95-1643360

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

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

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

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

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

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

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) COAST RDLGY IMAGING INTERVENTION	SEE PART V	245,060	RADIOLOGY PROF COVERAGE		No
(2) ORANGE COUNTY NEUROSURGERY ASSOC	SEE PART V	972,245	ER CALL/PHYS ASST AGREEMENT		No

Part V Supplemental Information

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

Return Reference	Explanation
Schedule L, Part IV, LINE (1), COLUMN (B)	RELATIONSHIP BETWEEN INTERESTED PERSON AND THE ORGANIZATION DR LEMPERT IS A BOARD MEMBER (TERM EXPIRED DEC 2013) AND HAS A GREATER THAN 5% INTEREST IN COAST RADIOLOGY IMAGING & INTERVENTION, INC WHICH HAS AN AGREEMENT FOR PROFESSIONAL SERVICES WITH THE HOSPITAL DR MASSOUDI IS A BOARD MEMBER AND HAS A GREATER THAN 5% INTEREST IN ORANGE COUNTY NEUROSURGICAL ASSOCIATES WHICH HAS AN AGREEMENT FOR PROFESSIONAL SERVICES WITH THE HOSPITAL

SCHEDULE M
(Form 990)

Department of the Treasury
Internal Revenue Service

Noncash Contributions

►Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.
► Attach to Form 990.

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
MISSION HOSPITAL REGIONAL MEDICAL CENTER

Employer identification number
95-1643360

Part I Types of Property

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1 Art—Works of art				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded	X	11	185,465	FMV
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other				
15 Real estate—Residential				
16 Real estate—Commercial				
17 Real estate—Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ► (GIFTS IN KIND)	X	813	0	SEE PART II
26 Other ► ()				
27 Other ► ()				
28 Other ► ()				

29

Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement

30a

During the year, did the organization receive by contribution any property reported in Part I, lines 1 through 28, that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?

b

If "Yes," describe the arrangement in Part II

31

Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?

32a

Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?

b

If "Yes," describe in Part II

33

If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II

Yes

No

No

Yes

No

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

Cat No 51227J

Schedule M (Form 990) (2013)

Part II

Supplemental Information.

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

Return Reference	Explanation
SCHEDULE M, PART I, COLUMN (B)	AMOUNTS IN THIS COLUMN WERE BASED ON THE NUMBER OF CONTRIBUTIONS
SCHEDULE M, PART I, LINE 25	GIFTS IN KIND WITH AN ESTIMATED VALUE OF \$443,499 WERE RECEIVED DURING THE YEAR AND WERE NOT INCLUDED ON THE BOOKS VALUE WAS ESTIMATED FROM DONOR'S APPROXIMATION OF VALUE REVENUE FROM THE SALE OF THESE ITEMS IS INCLUDED IN FUNDRAISING REVENUE ON FORM 990, PART VIII, LINE 8A

2013

Open to Public
Inspection

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.

Name of the organization
MISSION HOSPITAL REGIONAL MEDICAL CENTER

Employer identification number

95-1643360

Return Reference	Explanation	
	FORM 990, PART III, LINE 4A	<p>PROGRAM SERVICE ACCOMPLISHMENTS REALIZING OUR MISSION MISSION HOSPITAL HAS BEEN MEETING THE HEALTH AND QUALITY OF LIFE NEEDS OF THE LOCAL COMMUNITY FOR OVER 40 YEARS SERVING THE COMMUNITIES OF SOUTH ORANGE COUNTY, MISSION HOSPITAL IS AN ACUTE CARE, FULL SERVICE FACILITY THAT HOUSES THE REGION'S DESIGNATED TRAUMA CENTER, ONE OF ONLY THREE IN THE COUNTY A COMPLETE ARRAY OF TOP-QUALITY HEALTHCARE SERVICES ARE OFFERED INCLUDING 24-HOUR EMERGENCY CARE, IMAGING, CARDIAC REHABILITATION AND CHEST PAIN CENTER, STROKE CENTER, MATERNITY CENTER MISSION HOSPITAL ALSO OFFERS ORTHOPEDICS, REHABILITATION, CANCER, SPINE AND VASCULAR SERVICES OUR LAGUNA BEACH HEALTHCARE SERVICES INCLUDE 24-HOUR EMERGENCY, MEDICAL-SURGICAL CARE AS WELL AS BEHAVIORAL HEALTH AND CHEMICAL AND PAIN MEDICATION DEPENDENCY TREATMENT WITH OVER 2,700 EMPLOYEES COMMITTED TO REALIZING THE MISSION, MISSION HOSPITAL IS ONE OF THE LARGEST EMPLOYERS IN THE SOUTH ORANGE COUNTY REGION AS A MEMBER OF ST JOSEPH HEALTH, MISSION HOSPITAL IS COMMITTED TO EXTENDING THE HEALING MINISTRY OF JESUS IN THE TRADITION OF THE SISTERS OF ST JOSEPH OF ORANGE. THIS MISSION HAS GUIDED OUR CATHOLIC HEALTHCARE MINISTRY SINCE THE OPENING OF OUR FIRST HOSPITAL IN EUREKA, CALIFORNIA NEARLY 100 YEARS AGO THE SISTERS OF ST JOSEPH OF ORANGE TRACE THEIR ROOTS BACK TO 17TH CENTURY FRANCE AND THE UNIQUE VISION OF A JESUIT PRIEST NAMED JEAN-PIERRE MEDAILLE. HE SOUGHT TO ORGANIZE AN ORDER OF RELIGIOUS WOMEN WHO, RATHER THAN REMAINING SAFELY CLOISTERED IN A CONVENT, VENTURED OUT INTO THE COMMUNITY TO SEEK OUT "THE DEAR NEIGHBORS" AND MINISTER TO THEIR NEEDS THE CONGREGATION MANAGED TO SURVIVE THE TURBULENCE OF THE FRENCH REVOLUTION AND EVENTUALLY EXPANDED, NOT ONLY THROUGHOUT FRANCE, BUT THROUGHOUT THE WORLD IN 1912 A SMALL GROUP OF SISTERS OF ST JOSEPH WENT TO EUREKA, CALIFORNIA, AT THE INVITATION OF THE LOCAL BISHOP, TO ESTABLISH A SCHOOL A FEW YEARS LATER, THE GREAT INFLUENZA EPIDEMIC OF 1918 CAUSED THE SISTERS TO TEMPORARILY SET ASIDE THEIR EDUCATION EFFORTS TO CARE FOR THE ILL THEY REALIZED IMMEDIATELY THAT THE SMALL COMMUNITY DESPERATELY NEEDED A HOSPITAL THROUGH BOLD FAITH, FORESIGHT, AND FLEXIBILITY IN 1920, THE SISTERS OPENED THE 28-BED ST JOSEPH HOSPITAL OF EUREKA, THE FIRST ST JOSEPH HEALTH MINISTRY THREE MISSION OUTCOMES STRATEGICALLY GUIDE OUR MINISTRY WORK MISSION HOSPITAL IS COMMITTED TO THREE SYSTEM WIDE MISSION OUTCOMES 1) SACRED ENCOUNTERS, 2) PERFECT CARE, AND 3) HEALTHIEST COMMUNITIES 1) EVERY INTERACTION WILL BE EXPERIENCED AS A SACRED ENCOUNTER THE GOAL OF SACRED ENCOUNTER HAS A DIRECT CONNECTION TO THE OVERALL MISSION OUR VALUE OF DIGNITY CALLS FOR US TO RESPECT EACH PERSON AS AN INHERENTLY VALUABLE MEMBER OF THE HUMAN COMMUNITY AND AS A UNIQUE EXPRESSION OF LIFE WE STRIVE TO DO THIS BY KEEPING AT THE FOREFRONT OF OUR MINDS THE UNDERSTANDING OF THE IMPACT WE CAN HAVE ON ONE ANOTHER WITH EVERY ACTION WE TAKE SACRED MOMENTS SUPPORT OUR MISSION OUTCOME OF SACRED ENCOUNTERS BY FOSTERING SACRED ENCOUNTERS THROUGHOUT THE PATIENT JOURNEY OUR SACRED MOMENTS PROGRAM IS A PROACTIVE APPROACH TO 'HEALING BEYOND SCIENCE' IT ATTEMPTS TO BRING THE SACRED INTO EVERYDAY INTERACTIONS BY PROVIDING A PRACTICAL STRUCTURE FOR FRONTLINE CAREGIVERS TO FOSTER SACRED ENCOUNTERS WITH THEIR PATIENTS, VISITORS, PHYSICIANS AND COLLEAGUES EMPLOYEES ACROSS THE MINISTRY HAVE EACH PARTICIPATED IN 12-HOURS OF SACRED MOMENTS DESIGNS IN THEIR UNIT, AND HAVE ATTENDED A 90-MINUTE SACRED MOMENTS DEVELOPMENT SESSION 2) ALL PATIENTS WILL RECEIVE PERFECT CARE IT IS OUR ATTENTION TO DETAIL AND THE SMALLEST IMPERFECTIONS OF EACH PATIENT'S EXPERIENCE THAT DRIVES A DEEPER UNDERSTANDING AND ULTIMATELY A SUSTAINABLE APPROACH TO THE ACHIEVEMENT OF PERFECT CARE IN FY14, MISSION HOSPITAL ADOPTED A DAILY ROUNDING SYSTEM THROUGHOUT THE ORGANIZATION TO INCREASE COMMUNICATION AT ALL LEVELS OF THE ORGANIZATION AS WELL AS IMPLEMENTING A "CATCH OF THE DAY" PROGRAM WHERE FRONT-LINE STAFF IDENTIFY AREAS WITHIN A PRACTICE THAT COULD LEAD TO A NEGATIVE PATIENT OUTCOME THIS PROCESS ENABLES CLINICIANS TO SPEAK OPENLY ABOUT HOW A PROCEDURE COULD BE IMPROVED TO CONTINUALLY IMPROVE OUR EFFORTS TOWARD PERFECT CARE 3) THE COMMUNITIES WE SERVE WILL BE AMONG THE HEALTHIEST IN OUR NATION WE SEEK TO DEVELOP COMMUNITY HEALTH INITIATIVES THAT IMPACT LONG-TERM HEALTH ACROSS THE ENTIRE COMMUNITY SINCE 2010, WE HAVE WORKED IN THE LAGUNA BEACH COMMUNITY TO REDUCE YOUTH ALCOHOL & SUBSTANCE USE, AS OVER 35% OF 9TH GRADERS REPORTED USING ALCOHOL WITHIN 30 DAYS IN 2008 (SOURCE LAGUNA BEACH UNIFIED SCHOOL DISTRICT CALIFORNIA HEALTHY KIDS SURVEY 2008 RESULTS) OUR STRATEGIES WERE MULTI-FACETED, USING THE FOLLOWING THREE STRATEGIES 1) INCREASE A CHILD'S OWN PROBLEM-SOLVING SKILLS, 2) INCREASE CARING RELATIONSHIPS AT HOME, AND 3) REDUCING ACCESS TO ALCOHOL IN JULY 2012, WE BROUGHT ON A COMMUNITY DEVELOPMENT SPECIALIST TO SUPPORT THE LAGUNA BEACH COMMUNITY COALITION AND OUR EFFORTS AROUND YOUTH ALCOHOL USE PREVENTION</p>

Return Reference	Explanation	
	FORM 990, PART III, LINE 4A	<p>THE COALITION'S 20 MEMBERS SUPPORTED LAGUNA BEACH UNIFIED SCHOOL DISTRICT IN CHANGING THE SCHOOL CURRICULUM TO ADDRESS RISKY BEHAVIORS THROUGH IMPLEMENTING THE EVIDENCED-BASED BOTVIN LIFE SKILLS CURRICULUM. THIS CURRICULUM HAS A SPECIAL FOCUS TO IMPROVE PROBLEM-SOLVING SKILLS TO STUDENTS IN VARIOUS GRADE LEVELS. FY 14 WAS DEDICATED TO EDUCATING PARENTS AND INCREASING POSITIVE RELATIONSHIPS FOR YOUTH AT HOME. THIS YEAR'S PROGRAM WAS FOCUSED ON PARENTS OF 4TH & 5TH GRADE STUDENTS GETTING THEM READY FOR MIDDLE SCHOOL. A 5-WEEK SERIES AIMED AT HELPING PARENTS UNDERSTAND IF THEIR CHILDREN WERE SURVIVING OR THRIVING USING THE 40 DEVELOPMENTAL ASSETS CURRICULUM. OTHER TOPICS INCLUDED POSITIVE PARENTING AND COMMUNICATION, SETTING BOUNDARIES, PLANNING AND DECISION-MAKING. ADDITIONAL RESULTS OF LOCAL EFFORTS FROM COALITION MEMBER AGENCIES INCLUDED - THE CONTINUATION OF THE CATALYST CLUB BY YOUTH AT LAGUNA BEACH HIGH SCHOOL, WHERE STUDENTS WHO DON'T DRINK OR USE DRUGS FEEL SUPPORTED. THEY PLANNED AND IMPLEMENTED MONTHLY OUTINGS AND EVENTS TO SHOW THAT YOUTH CAN HAVE FUN AND MAKE FRIENDS IN A SAFE AND HEALTHY ENVIRONMENT - THE LAGUNA BEACH PRESCRIPTION DRUG AWARENESS PROGRAM CONDUCTED 2 NATIONAL TAKE BACK PRESCRIPTION DRUG EVENTS THIS YEAR AND WORKED WITH THE CITY COUNCIL TO SET UP A PERMANENT PRESCRIPTION DRUG DROP BOX AT THE LAGUNA BEACH POLICE DEPARTMENT - THE LAGUNA BEACH POLICE DEPARTMENT CONTINUES TO CONDUCT THE DECOY SHOULDER TAP PROGRAM TO DETER ADULTS FROM FURNISHING ALCOHOL TO MINORS OF STORES AND THE MINOR DECOY PROGRAM TO REDUCE THE NUMBER OF RETAIL STORES FROM SELLING ALCOHOL TO MINORS. THEY ARE ALSO PROVIDING RESPONSIBLE BEVERAGE SERVICE TRAINING FOR LOCAL RESTAURANTS AND BARS - IN ADDITION, THE COALITION SUPPORTED HIGH SCHOOL PARENT AWARENESS WORKSHOPS WHICH INCLUDED INTRODUCTION TO THE 40 DEVELOPMENTAL ASSETS, INTERNET SAFETY, DRUG & ALCOHOL TRENDS, AND REVIEWING RESULTS OF THE CALIFORNIA HEALTHY KIDS SURVEY. OVER 500 PARENTS ATTENDED THESE PRESENTATIONS DURING FY 14. THE NATIONAL INSTITUTE FOR DRUG AWARENESS HAS CONCLUDED THAT PREVENTION PROGRAMS AIMED AT KEY TRANSITION POINTS FOR YOUTH CAN PRODUCE RESULTS, EVEN IN HIGH RISK FAMILIES. MISSION HOSPITAL PROVIDED TRANSITIONAL PARENT MEETINGS FOR 120 PARENTS OF 5TH & 8TH GRADERS TO PREPARE THEM FOR THEIR CHILDREN TRANSITIONING INTO DIFFERENT SCHOOL SETTINGS. PROGRAM SERVICE ACCOMPLISHMENTS FINANCIAL ASSISTANCE PROGRAM WE BELIEVE THAT NO ONE SHOULD DELAY SEEKING NEEDED MEDICAL CARE BECAUSE THEY LACK HEALTH INSURANCE. THAT IS WHY MISSION HOSPITAL HAS A PATIENT FINANCIAL ASSISTANCE PROGRAM THAT PROVIDES FREE AND/OR DISCOUNTED SERVICES TO ELIGIBLE PATIENTS. FACTORS USED IN DETERMINING ELIGIBILITY FOR PATIENT FINANCIAL ASSISTANCE INCLUDE INCOME LEVEL, ASSET LEVEL, AND MEDICAL INDIGENCE. MEDICAID AND OTHER MEANS TESTED PROGRAMS MEDICAID, ALSO KNOWN AS MEDICAL IN CALIFORNIA, IS THE US HEALTH PROGRAM FOR PEOPLE WITH LOW INCOME. IT IS JOINTLY FUNDED BY THE STATE AND FEDERAL GOVERNMENTS, AND IS MANAGED BY THE STATES MEDICAL SERVICES INITIATIVE (MSI). IS A FEDERAL, STATE AND COUNTY-FUNDED HEALTHCARE PROGRAM THAT PROVIDES A FULL RANGE OF MEDICAL SERVICES FOR PERSONS AGED 21 - 64 YEARS. FINANCIAL ELIGIBILITY IS BASED ON A CASE-BY-CASE BASIS, HOWEVER ONLY PERSONS WHOSE ANNUAL INCOME IS LESS THAN 200% OF THE FEDERAL POVERTY LEVEL ARE ELIGIBLE. IN APPLYING FOR THE PROGRAM, PROOF OF ORANGE COUNTY RESIDENCY AND U.S. CITIZENSHIP OR LEGAL RESIDENCY IS REQUIRED. MISSION HOSPITAL PARTICIPATES IN BOTH THE STATE AND COUNTY GOVERNMENT PROGRAMS. FOR A BREAK OUT ON EXPENSES FOR THESE PROGRAMS LISTED ABOVE REFER TO SCHEDULE H, PART I, LINES 7A, 7B, AND 7C. CARE FOR THE POOR PROGRAMS WE BELIEVE THAT ALL RESIDENTS IN THE COMMUNITY DESERVE ACCESS TO MEDICAL CARE. THAT IS WHY MISSION HOSPITAL DEDICATES 10% OF ITS NET INCOME TOWARD CARE FOR THE POOR TO SUPPORT LOCAL PROGRAMS SUCH AS CAMINO HEALTH CENTER, THE LOCAL FEDERALLY-QUALIFIED HEALTH CENTER THAT SERVES SOUTH COUNTY RESIDENTS WHO ARE UNINSURED OR UNDER</p>

Return Reference	Explanation
FORM 990, PART VI, LINE 6	DESCRIPTION OF CLASSES OF MEMBERS OR STOCKHOLDERS ST JOSEPH HEALTH SYSTEM AND COVENANT HEALTH NETWORK, INC ARE THE CORPORATE MEMBERS OF MISSION HOSPITAL

Return Reference	Explanation
FORM 990, PART VI, LINE 7A	DESCRIPTION OF CLASSES OF PERSONS AND THE NATURE OF THEIR RIGHTS MISSION HOSPITAL HAS A TIERED GOVERNANCE IN WHICH THE CORPORATE MEMBERS RESERVE THE RIGHT TO APPOINT TRUSTEES TO THE MISSION HOSPITAL BOARD ALL TRUSTEE APPOINTMENTS THAT COME FROM THE MISSION HOSPITAL BOARD AS NOMINATIONS MUST BE APPROVED BY ST JOSEPH HEALTH SYSTEM, AS A CORPORATE MEMBER, AND ST JOSEPH HEALTH MINISTRY , AS THE ORGANIZATIONAL SPONSOR THE TRUSTEES ARE THEN APPROVED AND ELECTED BY THE COVENANT HEALTH NETWORK, INC BOARD

Return Reference	Explanation
FORM 990, PART VI, LINE 7B	DESCR CLASSES OF PERSONS, DECISIONS REQ APPR & TYPE OF VOTING RIGHTS THE RESERVED RIGHTS IN OUR TIERED GOVERNANCE STRUCTURE CONTEMPLATE PRELIMINARY APPROVAL BY THE COVENANT HEALTH NETWORK, INC BOARD AND FINAL APPROVAL BY THE ST JOSEPH HEALTH SYSTEM MEMBER OF FINANCING, BUDGETS, UNBUDGETED EXPENDITURES OF DEFINED AMOUNTS, STRATEGIC PLAN, APPOINTMENT OF AUDITORS, CREATION OR INVESTMENT IN A LEGALLY RECOGNIZED ENTITY, JOINT VENTURES, PURPOSES, SALE OR DISPOSITION OF REAL PROPERTY, MERGER OR SALE OF SUBSTANTIALLY ALL ASSETS, APPOINTMENT AND REMOVAL OF TRUSTEES, ADOPTION OR AMENDMENT OF BYLAWS ST JOSEPH HEALTH SYSTEM RESERVES THE RIGHT TO APPROVE AMENDMENTS TO ARTICLES

Return Reference	Explanation
FORM 990, PART VI, LINE 11B	DESCRIBE PROCESS USED BY MANAGEMENT &/OR GOVERNING BODY TO REVIEW 990 THE FORM 990 WAS PREPARED BY THE FINANCE DEPARTMENT BASED ON INFORMATION RECEIVED FROM VARIOUS DEPARTMENTS OF THE ORGANIZATION AS APPLICABLE THE FORM 990 WAS THEN REVIEWED BY AN OFFICER OF THE ORGANIZATION A COPY OF THE FORM 990 FILING WAS DISTRIBUTED TO ALL VOTING MEMBERS OF THE BOARD FOR THE APRIL 2015 MEETING DURING THE FINANCE COMMITTEE MEETING, MANAGEMENT PRESENTED AND DISCUSSED CERTAIN DISCLOSURES AND INFORMATION INCLUDED IN THE FORM 990 THE FINANCE COMMITTEE CHAIR THEN PROVIDED A SUMMARY AT THE FULL BOARD MEETING

Return Reference	Explanation
FORM 990, PART VI, LINE 12C	<p>DESCRIPTION OF PROCESS TO MONITOR TRANSACTIONS FOR CONFLICTS OF INTEREST OFFICERS, TRUSTEES AND KEY EMPLOYEES ARE REQUIRED TO DISCLOSE THE EXISTENCE AND NATURE OF ANY ACTUAL, APPARENT, OR POTENTIAL CONFLICTS OF INTEREST HE/SHE MAY HAVE THAT MIGHT RESULT IN OR HAVE THE APPEARANCE OF A CONFLICT IN CONNECTION WITH THAT INDIVIDUAL SATISFYING THEIR FIDUCIARY OBLIGATIONS TO THE ORGANIZATION DISCLOSURES SHALL BE MADE PROMPTLY ANY TIME AN ACTUAL, APPARENT OR POTENTIAL CONFLICT OF INTEREST ARISES AND BEFORE THE CONSUMMATION OF ANY CONTRACT, TRANSACTION OR ARRANGEMENT THAT IS THE SUBJECT OF THE POTENTIAL CONFLICT OF INTEREST WITH GUIDANCE FROM THE ST JOSEPH HEALTH SYSTEM CHIEF COMPLIANCE OFFICER (CCO), THE CHIEF EXECUTIVE AND/OR THE GOVERNING BOARD CHAIRPERSON, AS APPROPRIATE, CONSIDERS THE MATTER INITIALLY IF THE MATTER CANNOT BE RESOLVED AT THAT LEVEL, THE MATTER IS ESCALATED TO THE CCO THE CCO, IN CONSULTATION WITH THE ST JOSEPH HEALTH SYSTEM GENERAL COUNSEL, REVIEWS THE MATTER AND PRESENTS RECOMMENDATIONS TO THE GOVERNING BOARD AND/OR BOARD COMMITTEE, AS APPROPRIATE, FOR DISCUSSION AND VOTE THE INDIVIDUAL WHOSE POTENTIAL CONFLICT IS BEING REVIEWED MAY BE REQUESTED TO BE PRESENT DURING ANY MEETING IN WHICH THE BOARD OR BOARD COMMITTEE CONDUCTS ITS EVALUATION BUT SHALL BE EXCUSED FOR ANY DISCUSSION OR VOTE</p>

Return Reference	Explanation
FORM 990, PART VI, LINES 15A & 15B	<p>OFFICES & POSITIONS FOR WHICH PROCESS WAS USED & YEAR PROCESS WAS BEGUN THE CHIEF EXECUTIVE OFFICER OF MISSION HOSPITAL IS COMPENSATED BY ST JOSEPH HEALTH SYSTEM, MISSION HOSPITAL'S TAX EXEMPT PARENT EXECUTIVE COMPENSATION IS APPROVED BY THE MISSION HOSPITAL EXECUTIVE COMPENSATION COMMITTEE, WHICH IS COMPRISED OF INDEPENDENT PERSONS THE COMMITTEE REVIEWS COMPARABILITY DATA PREPARED FOR AND COMPILED BY THE ST JOSEPH HEALTH SYSTEM WORKLIFE COMMITTEE, A COMMITTEE OF THE ST JOSEPH HEALTH SYSTEM BOARD OF TRUSTEES COMPRISED OF INDEPENDENT MEMBERS THE ST JOSEPH HEALTH SYSTEM WORKLIFE COMMITTEE ACTS IN ACCORDANCE WITH A COMMITTEE CHARTER APPROVED BY THE ST JOSEPH HEALTH SYSTEM BOARD OF TRUSTEES AND AN EXECUTIVE COMPENSATION PHILOSOPHY THE CHARTER DIRECTS THE ST JOSEPH HEALTH SYSTEM WORKLIFE COMMITTEE TO ADMINISTER THE EXECUTIVE COMPENSATION PROGRAM AND TO APPROVE PROGRAM CHANGES, AS NECESSARY, TO ENSURE ALIGNMENT WITH THE STATED PHILOSOPHY AND ENSURE CONTINUED COMPLIANCE WITH FEDERAL AND STATE REGULATIONS ON BEHALF OF THE ST JOSEPH HEALTH SYSTEM BOARD OF TRUSTEES OVERALL, THE PHILOSOPHY IS INTENDED TO REWARD A BROAD SPECTRUM OF HIGH ORGANIZATIONAL AND INDIVIDUAL PERFORMANCE EXPECTATIONS, AS WELL AS RETENTION OF KEY MANAGEMENT TALENT THE EXECUTIVE COMPENSATION PHILOSOPHY DEFINES THE MARKET FOR ADMINISTERING COMPENSATION AS A COMPARABLE SET OF FOR PROFIT AND NOT-FOR-PROFIT HEALTH CARE DELIVERY SYSTEMS ST JOSEPH HEALTH SYSTEM PROVIDES COMPENSATION TO ITS EXECUTIVES IN THE FORM OF BASE SALARY, AN ANNUAL INCENTIVE PROGRAM, AND BENEFITS TO ENSURE COMPENSATION PHILOSOPHY ADHERENCE AND GENERAL FAIR MARKET VALUE COMPENSATION, THE COMMITTEE REGULARLY REVIEWS INFORMATION FROM MULTIPLE SOURCES OF MARKET DATA AND ENGAGES LEGAL COUNSEL AND CONSULTING SUPPORT, AS NEEDED THEY USE THIS INFORMATION TO SUPPORT ONGOING EFFECTIVENESS AND ADMINISTRATION OF THE PROGRAM THE ST JOSEPH HEALTH SYSTEM WORKLIFE COMMITTEE MEETS AT LEAST 3 TIMES A YEAR AND TAKES ACTION IN EXECUTIVE SESSION THESE ACTIONS ARE DOCUMENTED IN DETAILED MINUTES AND APPROVED IN SUBSEQUENT MEETINGS A FULL COMPENSATION REVIEW IS CONDUCTED ON A BIENNIAL BASIS AND THE LAST REVIEW WAS PERFORMED IN JUNE 2013 DURING THE YEAR, THE MISSION HOSPITAL EXECUTIVE COMPENSATION COMMITTEE REVIEWED AND APPROVED ANY CHANGES IN COMPENSATION FOR KEY EXECUTIVES PREDICATED ON THE ANALYSIS AND RECOMMENDATION BY AN INDEPENDENT THIRD PARTY CONSULTING FIRM WITH EXPERTISE IN HEALTHCARE EXECUTIVE COMPENSATION IN ADDITION, ANNUAL INCENTIVE AWARDS ARE REVIEWED AND APPROVED PRIOR TO PAYMENT CONSISTENT WITH THE MOST RECENT COMPENSATION BIENNIAL REVIEW AND IN ACCORDANCE WITH THE PLAN DOCUMENT THESE ACTIONS ARE DOCUMENTED IN DETAILED MINUTES WHICH ARE SUBSEQUENTLY APPROVED AT THE COMMITTEE MEETING</p>

Return Reference	Explanation
FORM 990, PART VI, LINE 19	AVAIL OF GOV DOCS, CONFLICT OF INTEREST POLICY & FINANCIAL STMTS THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST THE SJHS COMMUNITY BENEFIT REPORTS, FINANCIAL REPORTS, AND PHILANTHROPY REPORTS ARE ALSO AVAILABLE ON THE SJHS INTERNET SITE FOR MISSION HOSPITAL, AUDITED FINANCIAL STATEMENTS ARE ATTACHED TO FORM 990

Return Reference	Explanation
FORM 990, PART IX, LINE 11G	OTHER FEES EXCEED 10% PURCHASED SERVICES - \$ 33,644,820 PROFESSIONAL FEES/PHY SICIAN FEES - \$ 11,530,562 REGISTRIES - \$ 5,435,700 PURCHASED SERVICES BIOMED - \$ 5,354,853 MEDICAL PURCHASED SERVICES - \$ 1,613,825 CONSULTING/MANAGEMENT FEES - \$ 819,959 ----- TOTAL \$ 58,399,719 =====

Return Reference	Explanation
FORM 990, PART XI, LINE 9	OTHER CHANGES IN NET ASSETS OR FUND BALANCE \$ (2,200,000) - MIMG ACQUISITION IN FY 13 \$ (24,303,164) - CAPITAL CONTRIBUTION TO HERITAGE \$ 334,166 - CHANGES IN INVESTMENTS IN SUBSIDIARIES & MINORITY INTERESTS \$ (17,931,076) - NET ASSET TRANSFER TO ST JOSEPH HEALTH SYSTEM \$ (97,000) - INTERCOMPANY TRANSFERS TO MISSION FOUNDATION \$ (103,425) - OTHER FUND ADJUSTMENTS \$ 8,147 - OTHER GRANT ADJUSTMENTS \$ (2) - ROUNDING ----- \$ (44,292,354) - TOTAL =====

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
MISSION HOSPITAL REGIONAL MEDICAL CENTER

Employer identification number
95-1643360

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

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

Part III

Identification of Related Organizations Taxable as a Partnership

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

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

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust

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

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

Part V

Transactions With Related Organizations

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

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

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

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

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

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

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

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

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

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

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

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

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

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

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

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

Yes

No

1a

No

1b

Yes

1c

Yes

1d

No

1e

No

1f

No

1g

No

1h

No

1i

No

1j

Yes

1k

Yes

1l

Yes

1m

Yes

1n

No

1o

Yes

1p

Yes

1q

Yes

1r

Yes

1s

No

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

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

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 III	IDENTIFICATION OF RELATED ORGANIZATIONS TAXABLE AS A PARTNERSHIP ST JOSEPH HEALTH SYSTEM HOME HEALTH AGENCY EIN 33-0282945 ADDRESS 1845 W ORANGEWOOD AVENUE, STE 200 ORANGE, CA 92868-2012 ST JOSEPH HEALTH SYSTEM HOME CARE SERVICES EIN 33-0307672 ADDRESS 1845 W ORANGEWOOD AVENUE, STE 100, ORANGE, CA 92868-2012 METHODIST DIAGNOSTIC IMAGING EIN 75-2343261 ADDRESS 4005 24TH STREET, LUBBOCK, TX 79410 SHA, LLC EIN 75-2569094 ADDRESS 12940 NORTH HIGHWAY 183, AUSTIN, TX 78750 LUBBOCK SURGERY CENTER, LTD EIN 75-2177401 ADDRESS 2301 QUAKER, LUBBOCK, TX 79410 COVENANT LONG-TERM CARE, LP EIN 20-5033419 ADDRESS 4000 24TH STREET, LUBBOCK, TX 79410 HERITAGE INVESTMENT GROUP I, LLC EIN 27-1000061 ADDRESS 3345 MICHELSON DRIVE, STE 100, IRVINE, CA 92612 MISSION AMBULATORY SURGICENTER, LTD EIN 33-0355575 ADDRESS 27800 MEDICAL CENTER ROAD, STE 362, MISSION VIEJO, CA 92691 COMPREHENSIVE IMAGING PARTNERS OF ORANGE COUNTY, LLC EIN 26-4591502 ADDRESS ONE CITY BOULEVARD WEST, SUITE 1100, ORANGE, CA 92868 ST JOSEPH PHYSICIAN VENTURES I, LLC EIN 45-4521884 ADDRESS 1100 WEST STEWART DRIVE, ORANGE, CA 92868 ADVANCED SURGERY INSTITUTE, LLC EIN 26-2299255 ADDRESS 1739 4TH STREET, SANTA ROSA, CA 95404 HOAG OUTPATIENT CENTERS EIN 45-3587572 ADDRESS 1 HOAG DRIVE, BOX 6100, NEWPORT BEACH, CA 92658 NEWPORT IMAGING CENTER EIN 33-0191776 ADDRESS 360 SAN MIGUEL, NEWPORT BEACH, CA 92660 HOAG ORTHOPEDIC INSTITUTE EIN 61-1588294 ADDRESS 1 HOAG DRIVE, BOX 6100, NEWPORT BEACH, CA 92658 MAIN ST SPECIALTY SURGERY CENTER EIN 95-4813223 ADDRESS 280 MAIN STREET, STE 100, ORANGE, CA 92868 ORTHOPEDIC SURGERY CENTER OF OC, LLC EIN 33-0841806 ADDRESS 22 CORPORATE PLAZA, NEWPORT BEACH, CA 92660 THE INSTITUTE FOR INNOVATION, LLC EIN 90-0745066 ADDRESS 1 CENTERPOINTE DRIVE SUITE 200, LA PALMA, CA 90623-1052 HEALTHCARE DESIGN AND CONSTRUCTION EIN 46-2611662 ADDRESS 1 CENTERPOINTE DRIVE SUITE 200, LA PALMA, CA 90623-1052 NORTH BAY ENDOSCOPY CENTER, LLC EIN 61-1559876 ADDRESS 1383 N MCDOWELL BLVD SUITE 110, PETALUMA, CA 94954

Additional Data

Software ID:

Software Version:

EIN: 95-1643360

Name: MISSION HOSPITAL REGIONAL MEDICAL CENTER

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled entity?	
						Yes	No
(1) COVENANT HEALTH NETWORK INC 3345 MICHELSON DRIVE STE 100 IRVINE, CA 92612 46-1259908	HEALTHCARE	CA	501(C)(3)	11, III	SJHS	Yes	
(1) COVENANT HEALTH PARTNERS 3615 19TH STREET LUBBOCK, TX 79410 61-1573313	HEALTHCARE	TX	501(C)(3)	11, I	CHS	Yes	
(2) COVENANT HEALTH SYSTEM 3615 19TH STREET LUBBOCK, TX 79410 75-2765566	HEALTHCARE	TX	501(C)(3)	3	SJHS	Yes	
(3) COVENANT HEALTH SYSTEM FOUNDATION 4000 24TH STREET LUBBOCK, TX 79410 75-2897026	HEALTHCARE	TX	501(C)(3)	7	CHS	Yes	
(4) COVENANT MEDICAL GROUP 3420 22ND PLACE LUBBOCK, TX 79410 75-2743883	HEALTHCARE	TX	501(C)(3)	3	CHS	Yes	
(5) COVENANT PHYSICIAN PARTNERS 3615 19TH STREET LUBBOCK, TX 79410 46-3516417	HEALTHCARE	TX	501(C)(3)	3	CHS	Yes	
(6) HOAG CHARITY SPORTS 3920 BIRCH STREET SUITE 105 NEWPORT BEACH, CA 92660 45-2982422	SUPPORT	CA	501(C)(3)	7	HHF	Yes	
(7) HOAG HOSPITAL FOUNDATION 1 HOAG DRIVE BOX 6100 NEWPORT BEACH, CA 92663 95-3222343	FUNDRAISING	CA	501(C)(3)	7	HMHP	Yes	
(8) HOAG MEMORIAL HOSPITAL PRESBYTERIAN 1 HOAG DRIVE BOX 6100 NEWPORT BEACH, CA 92663 95-1643327	HEALTHCARE	CA	501(C)(3)	3	CHN	Yes	
(9) HOME CARE PARTNERS 1165 MONTGOMERY DR SANTA ROSA, CA 95405 68-0318656	INACTIVE	CA	501(C)(3)	3	SRMH	Yes	
(10) HOSPICE OF LUBBOCK 1102 SLIDE ROAD LUBBOCK, TX 79414 75-2133781	HEALTHCARE	TX	501(C)(3)	9	CHS	Yes	
(11) LUBBOCK METHODIST HOSPITAL FOUNDATION 3615 19TH STREET LUBBOCK, TX 79410 75-2220963	HEALTHCARE	TX	501(C)(3)	7	CHS	Yes	
(12) METHODIST CHILDREN'S HOSPITAL 3610 21ST STREET LUBBOCK, TX 79410 75-2428911	HEALTHCARE	TX	501(C)(3)	3	CHS	Yes	
(13) METHODIST HOSPITAL LEVELLAND 1900 COLLEGE AVENUE LEVELLAND, TX 79336 75-2246348	HEALTHCARE	TX	501(C)(3)	3	CHS	Yes	
(14) METHODIST HOSPITAL PLAINVIEW 2601 DIMMITT ROAD PLAINVIEW, TX 79072 75-2426010	HEALTHCARE	TX	501(C)(3)	3	CHS	Yes	
(15) QUEEN OF THE VALLEY MEDICAL CENTER 1000 TRANCAS STREET NAPA, CA 94558 94-1243669	HEALTHCARE	CA	501(C)(3)	3	SJHS	Yes	
(16) REDWOOD MEMORIAL FOUNDATION 3300 RENNER DRIVE FORTUNA, CA 95540 94-2779313	HEALTHCARE	CA	501(C)(3)	7	RMH	Yes	
(17) REDWOOD MEMORIAL HOSPITAL 3300 RENNER DRIVE FORTUNA, CA 95540 94-1384665	HEALTHCARE	CA	501(C)(3)	3	SJHS	Yes	
(18) SANTA ROSA MEMORIAL HOSPITAL 1165 MONTGOMERY DR SANTA ROSA, CA 95405 94-1231005	HEALTHCARE	CA	501(C)(3)	3	SJHS	Yes	
(19) SISTERS OF ST JOSEPH OF ORANGE 480 S BATAVIA ORANGE, CA 92868 95-1643383	RELIGIOUS ORG	CA	501(C)(3)	1	NA		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c) (3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled entity?	
						Yes	No
(21) SRM ALLIANCE HOSPITAL SERVICES 400 NORTH MCDOWELL BLVD PETALUMA, CA 94954 68-0395200	HEALTHCARE	CA	501(C)(3)	3	SRMH	Yes	
(1) ST JOSEPH HEALTH MINISTRY 3345 MICHELSON DRIVE STE 100 IRVINE, CA 92612 27-1666576	RELIGIOUS ORG	CA	501(C)(3)	1	SSJO		No
(2) ST JOSEPH HEALTH SYSTEM 3345 MICHELSON DRIVE STE 100 IRVINE, CA 92612 95-3589356	HEALTHCARE	CA	501(C)(3)	11, I	SJHM		No
(3) ST JOSEPH HEALTH SYSTEM FOUNDATION 3345 MICHELSON DRIVE STE 100 IRVINE, CA 92612 33-0143024	HEALTHCARE	CA	501(C)(3)	7	SJHS	Yes	
(4) ST JOSEPH HOME CARE NETWORK 170 PROFESSIONAL CENTER DR B ROHNERT PARK, CA 94928 68-0331084	HEALTHCARE	CA	501(C)(3)	9	SJHS	Yes	
(5) ST JOSEPH HOSPITAL OF EUREKA 2700 DOLBEER STREET EUREKA, CA 95501 94-1156596	HEALTHCARE	CA	501(C)(3)	3	SJHS	Yes	
(6) ST JOSEPH HOSPITAL OF ORANGE 1100 WEST STEWART DRIVE ORANGE, CA 92868 95-1643359	HEALTHCARE	CA	501(C)(3)	3	CHN	Yes	
(7) ST JUDE HOSPITAL YORBA LINDA 500 S MAIN STREET STE 1000 ORANGE, CA 92868 33-0185031	HEALTHCARE	CA	501(C)(3)	3	SJHS	Yes	
(8) ST JUDE HOSPITAL INC 101 EAST VALENCIA MESA DRIVE FULLERTON, CA 92635 95-1643324	HEALTHCARE	CA	501(C)(3)	3	CHN	Yes	
(9) ST MARY MEDICAL CENTER 18300 HIGHWAY 18 APPLE VALLEY, CA 92307 95-1914489	HEALTHCARE	CA	501(C)(3)	3	CHN	Yes	
(10) ST MARY OF THE PLAINS HOSPITAL FDN 4000 24TH STREET LUBBOCK, TX 79410 75-1653181	HEALTHCARE	TX	501(C)(3)	7	CHS	Yes	
(11) TALLER SAN JOSE 801 NORTH BROADWAY SANTA ANA, CA 92701 59-3816355	WORKFORCE DEV	CA	501(C)(3)	2	SSJO	Yes	
(12) AUXILIARY OF MISSION HOSP LAGUNA BEACH 31872 COAST HWY LAGUNA BEACH, CA 92651 95-6050019	SUPPORT	CA	501(C)(3)	11, III-O	NA		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of- year assets	(h) Disproprtionate allocations?		(i) Code V-UBI amount in Box 20 of K-1 (Form 1065)	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
ST JOSEPH HLTH SYS HOME HLTH SEE PART VII ORANGE, CA 928682012 33-0282945	HOME HEALTH	CA	NA	N/A								
ST JOSEPH HLTH SYS HOME CARE SEE PART VII ORANGE, CA 928682012 33-0307672	HOME HEALTH	CA	NA	N/A								
METHODIST DIAGNOSTIC IMAGING SEE PART VII LUBBOCK, TX 79410 75-2343261	HEALTHCARE SVCS	TX	NA	N/A								
SHA LLC SEE PART VII AUSTIN, TX 78750 75-2569094	INSURANCE	TX	NA	N/A								
LUBBOCK SURGERY CENTER LTD SEE PART VII LUBBOCK, TX 79410 75-2177401	HEALTHCARE SVCS	TX	NA	N/A								
COVENANT LONG-TERM CARE LP SEE PART VII LUBBOCK, TX 79410 20-5033419	HEALTHCARE SVCS	TX	NA	N/A								
HERITAGE INVESTMENT GROUP SEE PART VII ORANGE, CA 92868 27-1000061	INVESTMENTS	CA	NA	N/A								
MISSION AMBULATORY SURGICENTER SEE PART VII MISSION VIEJO, CA 92691 33-0355575	HEALTHCARE SVCS	CA	MHRMC	RELATED	982,505	2,005,669		No	0		No	43 312 %
COMPREHENSIVE IMAGING PARTNERS SEE PART VII ORANGE, CA 92868 26-4591502	HEALTHCARE SVCS	CA	NA	N/A								
ST JOSEPH PHYSICIAN VENTURES SEE PART VII ORANGE, CA 92868 45-4521884	REAL ESTATE	CA	NA	N/A								
ADVANCED SURGERY INSTITUTE LLC SEE PART VII SANTA ROSA, CA 95404 26-2299255	HEALTHCARE SVCS	CA	NA	N/A								
HOAG OUTPATIENT CENTERS SEE PART VII NEWPORT BEACH, CA 92658 45-3587572	HEALTHCARE SVCS	CA	NA	N/A								
NEWPORT IMAGING CENTER SEE PART VII NEWPORT BEACH, CA 92660 33-0191776	HEALTHCARE SVCS	CA	NA	N/A								
HOAG ORTHOPEDIC INSTITUTE SEE PART VII NEWPORT BEACH, CA 92658 61-1588294	HEALTHCARE SVCS	CA	NA	N/A								
MAIN ST SPECIALTY SURGERY CNTR SEE PART VII ORANGE, CA 92868 95-4813223	HEALTHCARE SVCS	CA	NA	N/A								

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant Income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end- of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in Box 20 of K-1 (Form 1065)	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
ORTHOPEDIC SURGERY CNTR OF OC SEE PART VII NEWPORT BEACH, CA 92660 33-0841806	HEALTHCARE SVCS	CA	NA	N/A								
THE INSTITUTE FOR INNOVATION SEE PART VII MISSION VIEJO, CA 92691 20-3132592	HEALTHCARE SVCS	DE	NA	N/A								
HEALTHCARE DESIGN & CONSTRUCT SEE PART VII LA PALMA, CA 906231052 90-0745066	REAL ESTATE	DE	NA	N/A								
NORTH BAY ENDOSCOPY CENTER SEE PART VII LA PALMA, CA 906231052 46-2611662	HEALTHCARE SVCS	CA	NA	N/A								

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
ST JOSEPH PROF SVCS ENTERPRISES INC 3345 MICHELSON DRIVE SUITE 100 IRVINE, CA 92612 33-0155323	HEALTHCARE SVCS	CA	NA	C-CORP					
AMERICAN UNITY GROUP LTD 58 PAR-LA-VILLE ROAD HAMILTON HM HX BD	CAPTIVE INSURANCE	BD	NA	C-CORP					
ALLIANCE PHYSICIAN SERVICES	INACTIVE	CA	NA	C-CORP					
MISSION VIEJO MEDICAL VENTURES 27800 MEDICAL CENTER RD 354 MISSION VIEJO, CA 92691 33-0212905	HEALTHCARE SVCS	CA	MHRMC	C-CORP	23,234	283,485	100 000 %	Yes	
ST JOSEPH YORBA PARK	INACTIVE	CA	NA	C-CORP					
LUBBOCK METHODIST HOSPITAL SVCS PO BOX 1201 LUBBOCK, TX 79410 75-2118585	HEALTHCARE SVCS	TX	NA	C-CORP					
LUBBOCK METHODIST HOSP PRACTICE MGMT 2107 OXFORD STREET STE 300 LUBBOCK, TX 79410 75-2578995	INACTIVE	TX	NA	C-CORP					
HOAG MANAGEMENT SERVICES INC 1 HOAG DRIVE BOX 6100 NEWPORT BEACH, CA 92658 33-0731587	HEALTHCARE SVCS	CA	NA	C-CORP					
COASTAL MANAGEMENT SERVICES ORGANIZATION 1 HOAG DRIVE BOX 6100 NEWPORT BEACH, CA 92658 33-0676831	HEALTHCARE SVCS	CA	NA	C-CORP					
HMTS INC FKA HOAG MEDICAL FOUNDATION 1 HOAG DRIVE BOX 6100 NEWPORT BEACH, CA 92658 45-3583707	HEALTHCARE SVCS	CA	NA	C-CORP					
ST JOSEPH HEALTH SOURCE INC 3345 MICHELSON DRIVE SUITE 100 IRVINE, CA 92612 46-1900168	HEALTHCARE SVCS	CA	NA	C-CORP					
DATU HEALTH INC 16150 MAIN CIRCLE DR SUITE 250 CHESTERFIELD, MO 63017 46-3070062	IT SVCS	MO	NA	C-CORP					
ST JOSEPH HEALTH 3345 MICHELSON DR SUITE 100 IRVINE, CA 92612 46-2340232	HOLDING COMPANY	CA	NA	C-CORP					

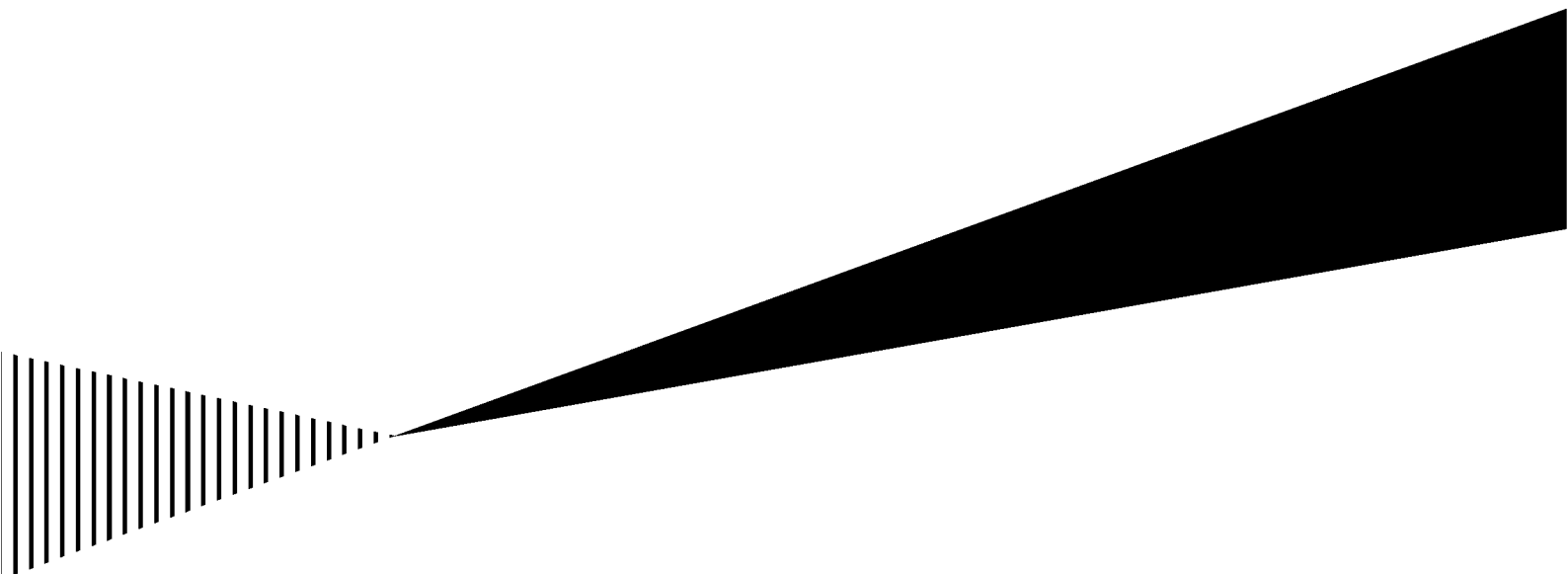
Form 990, Schedule R, Part V - Transactions With Related Organizations

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
ST JOSEPH HEALTH SYSTEM FOUNDATION	b	5,363,300	ACCRUAL
ST JOSEPH HEALTH SYSTEM FOUNDATION	c	6,342,968	ACCRUAL
ST JUDE HOSPITAL YORBA LINDA	b	26,639,501	ACCRUAL
ST JUDE HOSPITAL YORBA LINDA	j	498,466	ACCRUAL
ST JUDE HOSPITAL YORBA LINDA	k	194,216	ACCRUAL
ST JUDE HOSPITAL YORBA LINDA	l	3,356,462	ACCRUAL
ST JUDE HOSPITAL YORBA LINDA	q	57,137	ACCRUAL

CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

St Joseph Health System and Affiliates
A St Joseph Health Ministry Corporation
Fiscal Years Ended June 30, 2014 and 2013
With Report of Independent Auditors

Ernst & Young LLP



**Building a better
working world**

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Consolidated Financial Statements
and Supplementary Information

Fiscal Years Ended June 30, 2014 and 2013

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Report of Independent Auditors

The Board of Trustees
St Joseph Health System and Affiliates

We have audited the accompanying consolidated financial statements of St Joseph Health System and Affiliates, 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 fiscal years then ended, and the related notes to the consolidated financial statements

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Opinion

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

Supplementary Information

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

Ernst & Young LLP

September 26, 2014

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Consolidated Balance Sheets
(In Thousands)

	June 30	
	2014	2013
Assets		
Current assets		
Cash and equivalents	\$ 269,991	\$ 329,513
Short-term marketable securities	852,635	782,752
Patient accounts receivable, less allowance for doubtful accounts (\$240,482 and \$262,282 as of June 30, 2014 and 2013, respectively)	641,384	607,548
Other assets	258,722	294,900
Total current assets	2,022,732	2,014,713
Long-term marketable securities	1,080,035	990,317
Assets limited as to use		
Board designated	1,546,445	1,350,270
Held in trust	115,077	127,810
Total assets limited as to use	1,661,522	1,478,080
Property and equipment, net	3,853,737	3,641,852
Investments and other	130,225	115,250
Collateral held for swap counterparties	—	8,926
Notes receivable	21,711	23,152
Deferred financing costs, net	22,570	23,247
Goodwill and other intangibles, net	234,176	255,935
Total assets	\$ 9,026,708	\$ 8,551,472
Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 133,843	\$ 176,866
Accrued compensation and related liabilities	302,343	309,424
Accrued liabilities	491,547	366,648
Payable to third-party payors	62,317	75,873
Current maturities of long-term debt	49,025	202,453
Total current liabilities	1,039,075	1,131,264
Interest rate swaps	85,838	85,983
Other liabilities	257,313	252,227
Long-term debt, less current maturities	2,327,367	2,118,137
Total liabilities	3,709,593	3,587,611
Net assets		
Unrestricted		
Controlling interest	4,893,626	4,598,399
Noncontrolling interests in subsidiaries	107,624	76,418
Temporarily restricted	246,259	223,370
Permanently restricted	69,606	65,674
Total liabilities and net assets	\$ 9,026,708	\$ 8,551,472

See accompanying notes

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Consolidated Statements of Operations and Changes in Net Assets
(In Thousands)

	Year Ended June 30	
	2014	2013
Revenues		
Patient service, net of contractual allowances and discounts	\$ 4,480,661	\$ 4,088,718
Provision for doubtful accounts	205,438	236,897
Net patient service, net of provision for doubtful accounts	4,275,223	3,851,821
Premium	1,130,559	943,634
Other	225,884	160,245
Total revenues	5,631,666	4,955,700
Expenses		
Compensation and benefits	2,467,614	2,179,898
Supplies and other	1,139,382	1,048,765
Professional fees and purchased services	1,598,746	1,369,459
Depreciation and amortization	303,521	235,496
Interest	110,737	72,346
Impairment of goodwill	27,754	—
Total expenses	5,647,754	4,905,964
Operating (loss) income	(16,088)	49,736
Nonoperating gains, net	324,875	159,584
Contribution from affiliation	—	1,712,981
Excess of revenues over expenses	308,787	1,922,301
Less: Excess of revenues over expenses attributable to noncontrolling interests	15,985	41,314
Excess of revenues over expenses attributable to controlling interests	\$ 292,802	\$ 1,880,987
Unrestricted net assets		
Excess of revenues over expenses attributable to controlling interests	\$ 292,802	\$ 1,880,987
Net assets released from restrictions and other attributable to controlling interests	2,425	7,737
Increase in unrestricted net assets attributable to controlling interests	295,227	1,888,724
Excess of revenues over expenses attributable to noncontrolling interests	15,985	41,314
Net assets released from restrictions and other attributable to noncontrolling interests	15,221	(816)
Increase in unrestricted net assets attributable to noncontrolling interests	31,206	40,498
Increase in unrestricted net assets	326,433	1,929,222
Temporarily and permanently restricted net assets		
Restricted contributions and other, net	60,205	53,529
Restricted net assets released from restrictions	(33,384)	(36,932)
Restricted net assets contribution from affiliation	—	136,981
Increase in temporarily and permanently restricted net assets	26,821	153,578
Increase in net assets	353,254	2,082,800
Net assets at beginning of year	4,963,861	2,881,061
Net assets at end of year	\$ 5,317,115	\$ 4,963,861

See accompanying notes

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Consolidated Statements of Cash Flows
(In Thousands)

	Year Ended June 30	
	2014	2013
Cash flows from operating activities and nonoperating gains		
Increase in net assets	\$ 353,254	\$ 2,082,800
Adjustments to reconcile increase in net assets to net cash provided by operating activities and nonoperating gains		
Impairment of goodwill	27,754	—
Contribution from affiliation	—	(1,849,962)
Provision for doubtful accounts	205,438	236,897
Depreciation and amortization	303,521	235,496
Loss on disposal of assets	5,906	—
Loss on debt extinguishment	7,326	—
Amortization of deferred financing costs	1,078	891
Change in fair value of investments designated as trading	(181,967)	2,976
Restricted contributions and other, net	(60,205)	(16,597)
Change in fair value of interest rate swap agreements	(145)	(34,720)
Changes in operating assets and liabilities		
Patient accounts receivable	(239,274)	(263,340)
Investments designated as trading	(161,076)	69,795
Other assets	38,515	(73,502)
Accounts payable	(43,023)	32,453
Accrued compensation and related liabilities	(7,081)	22,239
Accrued liabilities	85,416	56,199
Payable to third-party payors	(13,556)	11,085
Other liabilities	5,086	12,770
Net cash provided by operating activities and nonoperating gains	<u>326,967</u>	<u>525,480</u>
Investing activities		
Purchase of property and equipment	(458,010)	(472,060)
(Increase) decrease in investments and other	(15,725)	1,883
Decrease in collateral held for swap counterpart	8,926	31,476
Decrease (increase) in notes receivable	1,441	(18,441)
Cash contribution from Hoag affiliation	—	147,078
Acquisitions, net of cash acquired	(26,092)	(145,210)
Net cash used in investing activities	<u>(489,460)</u>	<u>(455,274)</u>
Financing activities		
Restricted contributions and other	60,205	16,597
Proceeds from line of credit	—	121,000
Repayment of line of credit	(24,000)	(40,000)
Proceeds from long-term debt	701,720	2,646
Refunding of long-term debt	(552,844)	—
Repayment of long-term debt	(44,849)	(41,115)
Payment of debt extinguishment	(33,303)	—
(Increase) decrease in deferred financing costs	(3,958)	239
Net cash provided by financing activities	<u>102,971</u>	<u>59,367</u>
(Decrease) increase in cash and equivalents	(59,522)	129,573
Cash and equivalents at beginning of year	329,513	199,940
Cash and equivalents at end of year	<u>\$ 269,991</u>	<u>\$ 329,513</u>
Supplemental disclosure of noncash information		
Construction obligation	\$ 39,253	\$ 36,474
Capital lease obligation	\$ 5,571	\$ 13,835

See accompanying notes

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Notes to Consolidated Financial Statements

June 30, 2014

1. Summary of Significant Accounting Policies

Organization

St. Joseph Health System and Affiliates (collectively, the Health System) is a nonprofit organization previously sponsored by the Sisters of St. Joseph of Orange, a religious order of the Roman Catholic Church, with its Motherhouse in Orange, California. The sponsorship of the Health System was expanded to include the laity in a new nonprofit organization, St. Joseph Health Ministry (SJHM). SJHM is a public juridic person, a pontifical structure that allows laypeople to assume sponsorship responsibilities of “temporal goods” of the Catholic Church such as the Health System. SJHM formally assumed sponsorship responsibilities previously exercised by the General Council of the Sisters of St. Joseph of Orange. There was no direct impact on the operations of the Health System and its affiliates as a result of the expanded sponsorship.

Hoag Memorial Hospital Presbyterian and Affiliates

The Health System’s affiliation with Hoag Memorial Hospital Presbyterian and Affiliates (Hoag) became effective on March 1, 2013. The affiliation did not require a transfer of assets and was accomplished through the creation of a new entity, Covenant Health Network (CHN), a California nonprofit public benefit corporation. CHN became the third member of Hoag along with the then-current members comprising of the Hoag Family Foundation and the Association of Presbyterian Ministers (APM). CHN also became a member, joining the Health System, of the four Southern California hospital ministries: St. Joseph Hospital of Orange, St. Jude Medical Center, Mission Hospital, and St. Mary Medical Center. A majority of CHN’s board of directors are designated by the Health System, and the balance of directors are appointed by the Hoag Family Foundation and the APM.

Hoag is a nonprofit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the IRC). Hoag Orthopedic Institute (HOI), an orthopedic specialty hospital, is 51% owned by Hoag and is consolidated with Hoag’s financial statements. Hoag Hospital Foundation (Hoag Foundation) is a wholly owned nonprofit corporation that raises funds to support Hoag Hospital. Hoag’s consolidated financial statements have been consolidated with those of the Health System. The results of operations of Hoag have been included in the consolidated statements of operations and changes in net assets of the Health System as of the March 1, 2013, the effective date of the affiliation.

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Lubbock Methodist Hospital System and Affiliates

In 1998, the Health System entered into an affiliation agreement with Lubbock Methodist Hospital System and affiliates (collectively, LMHS). The agreement provided for the formation of Covenant Health System (Covenant) (1,102 licensed beds) with contributions by the Health System and LMHS of substantially all of the assets, liabilities, and operations of St. Mary of the Plains Hospital and Rehabilitation Center and Foundation, Lubbock, Texas, and LMHS to Covenant.

The Members Agreement restricts the ability of the Health System to exit its relationship with Covenant and also precludes the Health System and Covenant from entering into a wide variety of transactions that could result in Covenant assets or affiliates being conveyed to a third party, except conveyances in the ordinary course of business. These precluded transactions are referred to as Covered Transactions. Should Covenant or the Health System undertake a Covered Transaction, each is obligated to provide notice and information to LMHS and to make a “reciprocal offer” to LMHS, including an offer to purchase LMHS’s membership rights in Covenant and a simultaneous obligation to offer to sell the Health System’s membership rights in Covenant to LMHS at the same purchase price, adjusted upward by a formula that reflects the dissolution percentages (57% Health System, 43% LMHS).

Covenant is a nonprofit corporation that is exempt from income taxes under Section 501(c)(3) of the IRC. Firstcare, a licensed Texas health maintenance organization, is 67% owned by Covenant. Covenant’s financial results have been combined with those of the Health System, as the two entities are operated under common management and control and certain Covenant hospitals are members of the Health System Obligated Group (as defined below).

Including the above affiliations, the Health System is the sole or joint corporate member of 14 acute care hospital affiliates (3,996 licensed beds), which also offer associated ancillary, skilled nursing, psychiatric, substance abuse, rehabilitation, outpatient surgery, home health, and hospice services. Outpatient services and physician practice management are also provided through affiliated nonprofit subsidiaries and controlling interests in various partnerships. The hospital affiliates are:

- St. Joseph Hospital of Orange, Orange, California
- St. Jude Hospital, Inc. (dba St. Jude Medical Center), Fullerton, California

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

- Mission Hospital Regional Medical Center (dba Mission Hospital), Mission Viejo, California, and Laguna Beach, California
- St Mary Medical Center, Apple Valley, California
- Hoag Memorial Hospital Presbyterian, Newport Beach, California, and Irvine, California
- Queen of the Valley Medical Center, Napa, California
- Santa Rosa Memorial Hospital, Santa Rosa, California
- SRM Alliance Hospital Services (dba Petaluma Valley Hospital), Petaluma, California
- St Joseph Hospital of Eureka, Eureka, California
- Redwood Memorial Hospital, Fortuna, California
- Covenant Health System (dba Covenant Medical Center – Lakeside and Covenant Medical Center), Lubbock, Texas
- Methodist Children’s Hospital (dba Covenant Children’s Hospital), Lubbock, Texas
- Methodist Hospital Levelland (dba Covenant Levelland), Levelland, Texas
- Methodist Hospital Plainview (dba Covenant Hospital Plainview), Plainview, Texas

The Health System owns a captive insurance company, American Unity Group, Ltd (the Captive) The Health System’s hospital affiliates are also the corporate members of St Jude Hospital Yorba Linda dba St Joseph Heritage Healthcare (Heritage), a nonprofit corporation providing physician practice management services The Health System is also the sole corporate member of St Joseph Professional Services Enterprises, Inc (PSE), a company formed to participate in health care-related ventures, Revenue Cycle Services, LLC, a company formed to provide billing and collection services from health plan payors on behalf of the hospital affiliates, and St Joseph Health System Foundation, a company formed to administer funds for

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

charitable purposes Through PSE, the Health System owns a controlling interest in Heritage Investment Group I, LLC, a real estate company formed to construct, own, and manage a medical office building As of June 30, 2014, the Health System owns 71% of Innovation Institute, a company formed to engage in health care-related activities with other health systems, technology companies, and private investors and 95% of Datu Health, a company formed to develop technology applications for physicians and patients

The Health System office and its hospital affiliates are members of the Obligated Group, as defined under trust indentures, for purposes of entering into long-term debt arrangements (see Note 5)

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of the affiliated members of St Joseph Health System and entities controlled by its affiliates, Hoag, and Covenant All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements

Use of Estimates

The preparation of the Health System's consolidated financial statements in conformity with U S generally accepted accounting principles (GAAP) 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 Estimates also affect the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates

Cash and Equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents The carrying amount approximates fair value because of the short maturity of the investments

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Marketable Securities

Marketable securities with readily determinable fair values and all investments in debt securities are reported at fair value based on quoted market prices or similar instruments in markets that are not active. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the excess of revenues over expenses, unless the income or loss is restricted by donor or law.

The Health System has designated its investment portfolio as “trading.” Unrealized gains and losses on marketable securities that have been designated as trading securities are included within excess of revenues over expenses. In addition, cash flows from the purchases and sales of the Health System’s investment portfolio designated as trading are reported as a component of operating activities in the accompanying consolidated statements of cash flows.

Direct investments in equity securities with readily determinable fair values and all direct investments in debt securities have been measured at fair value in the accompanying consolidated balance sheets based upon quoted market prices. Investments that are not anticipated to be utilized in the current period are classified as noncurrent.

Investments in partnerships and limited liability companies with underlying interest in equity and debt securities are recorded using the equity method of accounting with the related changes in value in earnings reported as nonoperating gains, net in the accompanying consolidated financial statements.

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Patient Accounts Receivable

The Health System receives payment for services rendered to patients from the federal and state governments under the Medicare and Medicaid programs, privately sponsored managed care programs for which payment is made based on terms defined under formal contracts, and other payors. The following table summarizes the percentages of gross accounts receivable from all payors as of June 30.

	2014	2013
Government	44%	38%
Contracted	42	45
Self-pay and others	14	17
	100%	100%

The Health System believes there are no significant credit risks associated with receivables from government programs. Receivables from contracted and others are from various payors who are subject to differing economic conditions and do not represent any concentrated risks to the Health System. Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectibility of accounts receivable, the Health System analyzes its historical experience and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for doubtful accounts. The Health System regularly reviews data about these major payor 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 doubtful accounts, if necessary. For 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 doubtful accounts in the period of service on the basis of its past experience. The difference between the standard rates, or the discounted rates if negotiated, and the amounts actually expected to be collected after all reasonable collection efforts have been exhausted are recorded as allowance for doubtful accounts.

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

The Health System's allowance for doubtful accounts as a percentage of self-pay and others accounts receivable decreased from 87% as of June 30, 2013, to 85% as of June 30, 2014, due to an increase in collections in this payor category. The Health System had no significant changes in its charity care or uninsured discount policies during its fiscal years 2014 and 2013. The Health System does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant write-offs from third-party payors in the fiscal year ended June 30, 2014.

Other Assets

Other assets primarily consist of inventories, prepaid expenses, and other current assets expected to be utilized within a year. Inventories, consisting principally of supplies, are stated at the lower of cost (first-in, first-out basis) or market value.

Other assets consist of the following as of June 30:

	2014	2013
	<i>(In Thousands)</i>	
Inventories	\$ 64,673	\$ 58,053
California Hospital Fee receivable	30,312	95,461
Other current assets	163,737	141,386
	\$ 258,722	\$ 294,900

Assets Limited as to Use

Assets limited as to use primarily include assets held by trustees under indenture agreements and designated assets set aside by the Health System's Board of Trustees (the Board) for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes.

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment acquisitions are recorded at cost. Expenditures that materially increase values, change capacities, or extend useful lives are capitalized. Depreciation is recorded over the estimated useful life of each class of depreciable asset, ranging from 3 to 40 years, and is computed using the straight-line method. Leases that have been capitalized are amortized over the life of the lease, which approximates the useful life of the assets. Lease amortization is included within depreciation. Depreciation expense for the fiscal years ended June 30, 2014 and 2013, was \$294,648,000 and \$230,653,000, respectively. Net interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Deferred Financing Costs

Costs incurred in obtaining long-term financing are deferred and amortized over the terms of the related obligations using the effective-interest method.

Goodwill and Other Intangibles

Goodwill and other intangible assets consist primarily of costs in excess of the fair value of tangible assets of acquired entities. The Health System assesses goodwill for impairment by testing the carrying value of goodwill for impairment at the reporting unit level on an annual basis, or more frequently if significant indicators of impairment exist. The Health System primarily uses the income and market approaches to valuation that include the discounted cash flow method, the guideline company method, as well as other generally accepted valuation methodologies to determine the fair value of its reporting units (Level 3 within the fair value hierarchy). Indefinite-lived intangibles are assessed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Definite-lived intangible assets are amortized using the straight-line method over the estimated useful lives of the assets. Customer and contract intangibles are amortized over 18 years. Covenants not to compete are amortized over a period of five to eight years. Certain trade names are amortized over a useful life ranging from two to five years. To the extent that operating results indicate the probability that the carrying values of such assets have been impaired, provisions for losses are recorded based upon the discounted cash flows of the acquired entities over the remaining amortization period.

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

In fiscal year 2014, goodwill impairment was recorded due to certain future cash flow projections not supporting the recorded goodwill balance. The Health System completed the fair value assessment as of April 1, 2014, its annual impairment test date, and identified that the estimated fair value of one of its reporting units was less than its carrying value. The Health System then compared the implied fair value of the goodwill with the carrying amount of that goodwill. As the carrying amount of the reporting unit's goodwill exceeded the implied fair value, the Health System recognized a noncash impairment charge of \$27,754,000.

The Health System's goodwill balance was \$161,033,000 as of June 30, 2014, and \$173,919,000 as of June 30, 2013. The accumulated impairment losses were \$45,655,000 as of June 30, 2014, and \$17,901,000 as of June 30, 2013.

The Health System's other intangibles balances as of June 30 are as follows (see Acquisitions and Affiliations):

	2014	2013	Average Useful Life (Years)
	<i>(In Thousands)</i>		
Customer and contract	\$ 34,500	\$ 34,500	18
Covenant not-to-compete	24,601	24,601	7
Trade name – Hoag	16,000	16,000	Indefinite
Trade name – other	3,400	3,400	4
Other	11,322	11,322	7
	89,823	89,823	
Accumulated amortization	(16,680)	(7,807)	
Other intangibles, net	\$ 73,143	\$ 82,016	

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Amortization expense for the fiscal years ended June 30, 2014 and 2013, was \$8,873,000 and \$4,843,000, respectively. The future amortization of identifiable intangible assets by year, as of June 30, 2014, is as following (in thousands)

2015	\$ 8,873
2016	8,873
2017	8,873
2018	8,873
2019	8,873
2020 and thereafter	12,778
	<u>\$ 57,143</u>

Self-Insurance

The Health System is self-insured, through the Captive, for professional and general liability risks for its affiliates, except Hoag, subject to certain limitations. Risks in excess of \$5,000,000 per occurrence are reinsured with major independent insurance companies. Hoag is self-insured for professional and general liability risks, with risks in excess of \$2,000,000 re-insured with major independent insurance companies. Based on actuarially determined estimates, provisions have been made in the accompanying consolidated financial statements, with the current portion included within accrued liabilities and the noncurrent portion within other liabilities, for all known claims and incurred but not reported claims as of June 30, 2014 and 2013. The undiscounted accruals for professional and general liability claims totaled \$38,200,000 at June 30, 2014, and \$44,902,000 at June 30, 2013. Estimation differences between actual payments and amounts recorded in previous years are recognized as expense in the year such amounts become determinable.

Workers' Compensation Insurance

The Health System's affiliates in California, except Hoag, are insured for workers' compensation claims with major independent insurance companies, subject to certain deductibles of \$1,000,000 per occurrence as of June 30, 2014 and 2013. Hoag is self-insured for workers' compensation claims, with risks in excess of \$1,000,000 re-insured with major independent insurance companies. In connection with the workers' compensation plan, the Health System has filed

St. Joseph Health System and Affiliates
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Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

bank letters of credit with the insurance companies. Based on actuarially determined estimates, provisions have been made in the accompanying consolidated financial statements, with the current portion included within accrued compensation and the noncurrent portion within other liabilities, for all known claims and incurred but not reported claims as of June 30, 2014 and 2013. The undiscounted accruals for workers' compensation claims totaled \$117,059,000 at June 30, 2014, and \$112,006,000 at June 30, 2013. Receivables for insurance recoveries for Hoag were \$10,552,000 and \$11,433,000 at June 30, 2014 and 2013, respectively, and are primarily included in investments and other assets. Estimation differences between actual payments and amounts recorded in previous years are recognized as expense in the year such amounts become determinable.

Other Liabilities

Other liabilities consist of the following as of June 30

	2014	2013
	<i>(In Thousands)</i>	
Workers' compensation	\$ 89,723	\$ 83,909
Professional and general liability	17,534	19,967
Other liabilities	150,056	148,351
	<u>\$ 257,313</u>	<u>\$ 252,227</u>

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those assets whose use by the Health System has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Health System in perpetuity (see Note 11).

St. Joseph Health System and Affiliates
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Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the Health System are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose for restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the consolidated financial statements.

Net Patient Service Revenues

The Health System has agreements with third-party payors that provide for payments at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments.

Patient service revenues are reported at net realizable amounts from patients, third-party payors, and others for services rendered, including estimated settlements under reimbursement agreements with third-party payors. Settlements are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Favorable differences between final settlements and amounts accrued in previous years of \$23,858,000 and \$24,331,000 are reflected in net patient service revenue for the fiscal years ended June 30, 2014 and 2013, respectively.

The Health System recognizes significant amounts of patient service revenue at the time the services are rendered even though a patient's ability to pay is not assessed. The Health System records its provision for doubtful accounts based upon historical experience, as well as collections trends for major payor types.

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Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Patient service revenues, net of contractual allowances and discounts, recognized for the fiscal years ended June 30 are as follows

	2014	2013
	<i>(In Thousands)</i>	
Government	\$ 1,739,320	\$ 1,519,596
Contracted	2,421,859	2,066,329
Self-pay and others	319,482	502,793
	<u>\$ 4,480,661</u>	<u>\$ 4,088,718</u>

The Health System is reimbursed for services provided to patients under certain programs administered by governmental agencies. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Health System believes that it is in compliance with all applicable laws and regulations, and management is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs (see Note 12).

Premium Revenues

Firstcare contracts with various employers to provide medical services to subscribing participants. Firstcare receives monthly premium payments from employers and contracts with various medical providers to provide medical care. Firstcare's premium revenue for the fiscal years ended June 30 was \$514,042,000 in 2014 and \$484,312,000 in 2013.

In addition to the Firstcare contracts, the Health System has contracts with various health plans to provide medical services to subscribing participants. Under these agreements, the Health System's hospital affiliates and Heritage receive monthly capitation payments based on the number of each health plan's participants enrolled with participating affiliated or local physician groups that have designated the hospital affiliates as their provider. Under these arrangements, the hospital affiliates are responsible for hospital-contracted services provided to plan participants, including services received at other health care facilities. The Health System's

St. Joseph Health System and Affiliates
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Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

premium revenue for the contracts for the fiscal years ended June 30 was \$616,517,000 in 2014 and \$459,322,000 in 2013. Firstcare and the hospital affiliates have accrued for estimated claims for professional services and services from other providers (included in accrued liabilities). Claims accruals of \$86,143,000 and \$71,369,000 at June 30, 2014 and 2013, respectively, related to these services are generally based on claims lag analyses and are continually monitored and reviewed.

Charity Care

The Health System provides care to patients who meet certain criteria under its charity care policies without charge or at amounts less than its established rates. Because the Health System does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Operating Income

The Health System's primary purpose is to provide diversified health care services to the community served by its affiliates. Activities directly associated with the furtherance of this purpose are considered operating activities and classified as unrestricted operating revenues and expenses. Operating revenues include those generated from direct patient care, related support services, and other revenues related to the operation of the Health System, including gifts and bequests not restricted by donors.

Other activities that result in gains or losses unrelated to the Health System's primary purpose are considered to be nonoperating. Nonoperating gains and losses include investment income, realized and unrealized gains and losses on trading securities, gains and losses from the sale of property and equipment, and gains and losses on extinguishment of debt.

The Health System considers the performance indicator to be the excess of revenues over expenses.

Income Taxes

The principal operations of the Health System are exempt from taxation pursuant to IRC Section 501(c)(3) and the related state provisions.

St. Joseph Health System and Affiliates
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Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Accounting Standards Codification (ASC) 740, *Income Taxes*, clarifies the accounting for income taxes by prescribing a minimum recognition threshold that a tax position is required to meet before being recognized in the financial statements. ASC 740 also provides guidance on derecognition, measurement, classification, interest and penalties, disclosure, and transition. The guidance is applicable to pass-through entities and tax-exempt organizations. No significant tax liability for tax benefits, interest or penalties was accrued at June 30, 2014 or 2013.

The Health System and affiliates currently file Form 990 (*Return of Organization Exempt From Income Taxes*) and Form 990-T (*Exempt Organization Business Income Tax Return*) in the U.S. federal jurisdiction and the states of California and Texas for each tax-exempt organization as appropriate. The Health System and affiliates are not subject to income tax examinations prior to 2010 in major tax jurisdictions.

Acquisitions and Affiliations

The accounting for acquisitions requires extensive use of estimates and judgments to measure the fair value of the identifiable tangible and intangible assets acquired. The fair value of acquired tangible and identifiable intangible assets and liabilities assumed are based on their estimated fair values at the acquisition date and are measured using an income and market approach with significant unobservable inputs. For significant acquisitions, the Health System engages an independent third-party valuation firm to help determine the fair value of identifiable intangible assets. The Health System believes that the fair values assigned to the assets acquired and liabilities assumed are based on reasonable assumptions. However, actual values may differ, and unanticipated events and circumstances may occur.

The Health System accounts for acquisitions and affiliations in accordance with the business combinations accounting standard for not-for-profit entities.

Hoag Memorial Hospital Presbyterian and Affiliates

The affiliation with Hoag did not involve consideration and resulted in an excess of assets acquired over liabilities assumed under the business combination accounting guidance, which was recorded as a contribution to the Health System of \$1,849,962,000 for the fiscal year ended June 30, 2013. The unrestricted portion of the contribution of \$1,712,981,000 was classified as a nonoperating gain, and the remaining \$136,981,000 of the contribution was restricted and was

St. Joseph Health System and Affiliates
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Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

recorded in restricted net assets in the consolidated statements of operations and changes in net assets. The Health System recognized tangible and intangible assets acquired and liabilities assumed in connection with the affiliation based upon their estimated fair values at the transaction date. The Health System recognized the following fair value estimates of Hoag assets acquired and liabilities assumed as of March 1, 2013 (in thousands):

Cash and equivalents	\$ 147,078
Patient accounts receivable, net	95,607
Marketable securities and board designated assets	1,081,034
Other assets	46,672
Property and equipment, net	1,009,314
Goodwill – historical HOI	43,889
Covenant not to compete – historical HOI	11,629
Trade name	16,000
Lease intangible	11,322
Restricted assets	136,981
Other noncurrent assets	65,961
Current liabilities	(94,591)
Long-term debt	(591,202)
Other noncurrent liabilities	(129,732)
Total identifiable net assets assumed	<u>\$ 1,849,962</u>

Hoag's financial results for the four months ending June 30, 2013, included in the Health System's results from the date of the affiliation closing on March 1, 2013, were as follows (in thousands):

Total revenues	\$ 313,863
Operating income	5,651
Excess of revenues over expenses	22,938

St. Joseph Health System and Affiliates
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Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

The following pro forma (unaudited) consolidated financial information presents the Health System's results assuming the affiliation was in place for the entire year

	2013	
	Actual	Pro Forma (Unaudited)
Total revenues	\$ 4,955,700	\$ 5,610,129
Operating income	49,736	104,637
Excess of revenues over expenses	1,922,301	335,792

Pro forma results for the fiscal year ending June 30, 2013, include historical Hoag results for the eight-month period ended February 28, 2013, prior to the affiliation. Purchase accounting adjustments are included within pro forma results. A nonrecurring contribution of \$1,712,981,000 is included within pro forma results.

Mission Internal Medical Group

Effective November 2012, Heritage acquired tangible and intangible assets as well as a management company from Mission Internal Medical Group, Inc (MIMG), a Southern California physician medical group, for \$110,223,000. MIMG is located in the south Orange County market, providing physician services and unique ancillary services, including cardiac diagnostic services, an infusion center, medical travel clinic, and sleep center. Upon the effective date of the transaction, MIMG became the exclusive medical group partner in south Orange County providing professional services to patients whose contractual relationship is owned and managed by Heritage. The transaction was accounted for as an acquisition and resulted in goodwill and intangible assets of \$105,016,000. Intangible assets primarily related to covenants not to compete and customer contracts.

High Desert Primary Care

Effective December 2012, Heritage acquired tangible and intangible assets as well as a management company from High Desert Primary Care for \$34,987,000. The transaction was accounted for as an acquisition and resulted in goodwill and intangible assets of \$30,642,000. Intangible assets primarily related to covenants not to compete and customer contracts.

St. Joseph Health System and Affiliates
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Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

California Hospital Quality Assurance Program

California legislation established a program that imposes a Quality Assurance Fee (QA Fee) on certain general acute care hospitals in order to make supplemental payments and increased capitation payments (Supplemental Payments) to hospitals up to the aggregate upper payment limit for various periods. There have been three such programs since inception. The first two programs were the 21-month program (21-Month Program) covering the period April 1, 2009 to December 31, 2010, and the 6-month program (6-Month Program) covering the period January 1, 2011 to June 30, 2011 (the Original Programs), and the third, a 30-month program covering the period from July 1, 2011 to December 31, 2013 (30-Month Program, collectively, the Programs). The 30-Month Program was signed into law by the Governor of California in September 2011. The Programs are designed to make supplemental inpatient and outpatient Medi-Cal payments to private hospitals, including additional payments for certain facilities that provide high-acuity care and trauma services to the Medi-Cal population. This hospital QA Fee program provides a mechanism for increasing payments to hospitals that serve Medi-Cal patients, with no impact on the state's General Fund. Payments are made directly by the state or Medi-Cal managed care plans, which will receive increased capitation rates from the state in amounts equal to the Supplemental Payments. Outside of the legislation, the California Hospital Association has created a private program, operated by the California Health Foundation and Trust (CHFT), which was established to alleviate disparities potentially resulting from the implementation of the Programs.

The Original Programs required full federal approval (i.e., by the Centers for Medicare and Medicaid Services (CMS)) in order for them to be fully enacted. If final federal approval was not ultimately obtained, provisions in the underlying legislation allowed for the QA Fee, previously assessed, and Supplemental Payments, previously received, to be returned and recouped, respectively. As such, revenue and expense recognition was not allowed until full CMS approval was obtained.

In June 2012, the legislation governing the 30-Month Program was amended to allow for the fee-for-service portion to be administered separately from the managed care portion. CMS approval for the fee-for-service portion of the 30-Month Program was obtained in June 2012. In May and June 2013, CMS approved the managed care portion of the 30-Month Program covering the period from July 1, 2011 to June 30, 2013. Accordingly, the Health System recognized the

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Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

impact of the managed care portion for the approved period and continued to recognize the fee-for-service portion of the 30-Month Program. The Health System recognized payments to the California Department of Health Care Services for the QA Fee in the amount of \$138,530,000 and pledge payments to CHFT of \$6,269,000 within supplies and other expenses for the fiscal year ended June 30, 2013. During the fiscal year ended June 30, 2013, the Health System also recognized Supplemental Payment revenue in the amount of \$210,922,000 pertaining to the 30-Month Program within net patient service revenues.

As of June 30, 2014, the managed care portion of the 30-Month Program covering the period from July 1, 2013 to December 31, 2013, had not been approved by CMS. As a result, the Health System recognized only the fee-for-service portion of the 30-Month Program. During the fiscal year ended June 30, 2014, the Health System recognized QA Fees in the amount of \$44,506,000 and pledge payments to CHFT of \$938,000 within supplies and other expenses as well as Supplemental Payment revenue of \$45,657,000 within net patient service revenues.

Electronic Health Records Incentive Payments

The American Recovery and Reinvestment Act of 2009 included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act (HITECH). The provisions were designed to increase the use of electronic health record (EHR) technology and establish the requirements for a Medicaid and Medicare incentive payment program beginning in 2011 for eligible providers that adopt and demonstrate meaningful use of certified EHR technology. Eligibility for annual Medicare incentive payments depends on providers demonstrating meaningful use of EHR technology in each period over a four-year period. Initial Medicaid incentive payments are available to providers that adopt, implement, or upgrade certified EHR technology. Providers must continue to demonstrate meaningful use of such technology in subsequent years to qualify for additional Medicaid and Medicare incentive payments and to avoid potential penalties.

The Health System accounts for Medicare and Medicaid EHR incentive payments as a gain contingency. For the fiscal years ended June 30, 2014 and 2013, Medicare incentives of \$15,668,000 and \$5,997,000, respectively, were recognized in other revenues upon demonstration of compliance with the meaningful use criteria over the entire applicable compliance period and the end of the 12-month cost report period that will be used to determine the final incentive payment. The Health System also recognized Medicaid incentives of

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Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

\$5,103,000 in 2014 and \$1,954,000 in 2013, in other revenues, upon demonstration of compliance with the criteria. Income from incentive payments is subject to retrospective adjustment as the incentive payments are calculated using Medicare cost report data that is subject to audit. Additionally, the Health System's compliance with meaningful use criteria is subject to audit by the federal government.

Adoption of New Accounting Pronouncements

Effective July 1, 2013, the Health System adopted a new accounting standard relating to the offsetting of financial instruments. Adoption of the new standard did not have a significant impact on the Health System's consolidated financial statements.

In October 2012, an accounting standard was released that requires classification of cash receipts from the sale of donated financial assets to be consistent with cash donations received within the statement of cash flows. The Health System adopted the accounting standard effective July 1, 2013, which did not have a significant effect on the Health System's consolidated financial statements.

Recent Accounting Pronouncements

In February 2013, an accounting standard was released and effective for the Health System beginning July 1, 2014, requiring jointly and severally liable entities to measure the obligation as the aggregate amount the entity has agreed with co-obligors to pay and any additional amount it expects to pay on behalf of one or more co-obligors. The Health System is currently evaluating the effect of this standard to the consolidated financial statements.

In April 2013, an accounting standard was released and effective for the Health System beginning July 1, 2014, requiring nonprofits to recognize uncompensated services received from affiliates that provide a direct benefit at cost. The Health System is currently evaluating the effect of this standard to the consolidated financial statements.

St. Joseph Health System and Affiliates
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Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Subsequent Events

The Health System has evaluated subsequent events occurring between the end of the most recent fiscal year ended June 30, 2014 and September 26, 2014, the date the consolidated financial statements were issued. In August 2014, the Health System increased its outstanding borrowings on its revolving credit lines by \$130,000,000 in conjunction with a property acquisition (see Note 4).

2. Fair Value Measurements

Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the Health System utilizes a three-tier fair value hierarchy, as determined at the end of the reporting period, which prioritizes the inputs used in measuring fair value as follows:

- Level 1 – Pricing is based on observable inputs such as quoted prices in active markets. Financial assets in Level 1 include certain cash and cash equivalents, money market funds, mutual funds, corporate debt and equity securities, and certain commingled funds.
- Level 2 – Pricing inputs are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Financial assets and liabilities in this category include commercial paper, U.S. Treasury securities, corporate debt and equity securities, municipal bonds, interest rate swap obligations, and other securities.

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Notes to Consolidated Financial Statements (continued)

2. Fair Value Measurements (continued)

- Level 3 – Pricing inputs are generally unobservable and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require management's judgment or estimation of assumptions that market participants would use in pricing the assets or liabilities. The fair values are therefore determined using factors that involve considerable judgment and interpretations, including, but not limited to, private and public comparables and discounted cash flow models. This category primarily includes certain corporate debt and equity securities and commingled funds.

Assets and liabilities measured at fair value are based on one or more of three valuation techniques as follows:

- (a) Market approach: Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- (b) Cost approach: Amount that would be required to replace the service capacity of an asset (replacement cost).
- (c) Income approach: Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing, and excess earnings models).

The Health System has invested in funds that are included in long-term marketable securities and assets limited as to use in the accompanying consolidated balance sheets. Specifically, the Health System has invested in hedge funds, private equity funds, and real return asset funds. The funds use various strategies, including but not limited to long/short equities, arbitrage, and event driven strategies, to seek positive returns, regardless of market direction. The terms and conditions upon which the Health System may redeem investments in hedge funds range from monthly with 60 days' notice to rolling three years with 45 days' notice. Hedge funds may hold, directly or indirectly, side pocket investments where no redemptions are permitted until such investments are liquidated or deemed realized. These investments are primarily made through limited partnerships and offshore corporations where liquidity may be limited on new contributions for up to three years. Private equity investments generally have initial investment terms of ten years or greater and can be accessed on the partnership termination date. Certain of the Health System's investments in real return asset funds are subject to redemption limitations ranging

St. Joseph Health System and Affiliates
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Notes to Consolidated Financial Statements (continued)

2. Fair Value Measurements (continued)

from daily liquidity with 10 days' notice to quarterly liquidity with 60 days' notice. The remaining real return positions have initial investment terms greater than ten years and can be accessed on the partnership termination date. Certain funds reserve the right to reduce or suspend redemptions and to satisfy redemptions by making distributions in-kind, under certain circumstances. The Health System may not withdraw or sell, assign, or transfer its interests in certain limited partnerships except in very limited circumstances, subject to consent by the general partners of the funds.

Total unfunded commitments were \$76,666,000 and \$58,993,000 as of June 30, 2014 and 2013, respectively. The value for these funds recorded under the equity method of accounting and included within the tables below was \$982,413,000 at June 30, 2014, and \$771,333,000 at June 30, 2013.

The following tables provide the composition of certain assets and liabilities as of June 30

	June 30, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Method Investments	Equity Method Investments	Valuation Technique (a,b,c)
<i>(In Thousands)</i>							
Current assets							
Cash and equivalents	\$ 269,991	\$ 244,887	\$ 25,104	\$ —	\$ 269,991	\$ —	a
Short-term marketable securities							
Money market funds and commercial papers	\$ 21,135	\$ 21,135	\$ —	\$ —	\$ 21,135	\$ —	a
Mutual funds	12,451	12,451	—	—	12,451	—	a
U.S. Treasury securities	279,789	—	279,789	—	279,789	—	a
Corporate and other debt securities	330,419	21,278	309,139	2	330,419	—	a,c
Corporate equity securities	208,312	208,312	—	—	208,312	—	a
Other	529	—	529	—	529	—	a
	<u>\$ 852,635</u>	<u>\$ 263,176</u>	<u>\$ 589,457</u>	<u>\$ 2</u>	<u>\$ 852,635</u>	<u>\$ —</u>	
Long-term marketable securities							
Mutual funds	\$ 196,508	\$ 196,508	\$ —	\$ —	\$ 196,508	\$ —	a
U.S. Treasury securities	70,535	—	70,535	—	70,535	—	a
Corporate and other debt securities	53,331	—	53,331	—	53,331	—	a
Corporate equity securities	444,035	443,988	—	47	444,035	—	a
Other	315,626	—	—	—	—	315,626	a
	<u>\$ 1,080,035</u>	<u>\$ 640,496</u>	<u>\$ 123,866</u>	<u>\$ 47</u>	<u>\$ 764,409</u>	<u>\$ 315,626</u>	

St. Joseph Health System and Affiliates
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Notes to Consolidated Financial Statements (continued)

2. Fair Value Measurements (continued)

	June 30, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Method Investments	Equity Method Investments	Valuation Technique (a,b,c)
<i>(In Thousands)</i>							
Assets limited as to use							
Board designated							
Money market funds and commercial papers	\$ 334,843	\$ 334,843	\$ —	\$ —	\$ 334,843	\$ —	a
Mutual funds	213,592	213,592	—	—	213,592	—	a
U S Treasury securities	115,212	—	115,212	—	115,212	—	a
Corporate and other debt securities	102,791	—	102,791	—	102,791	—	a
Corporate equity securities	211,532	211,001	280	251	211,532	—	a
Other	683,552	8,177	8,588	—	16,765	666,787	a
	<u>\$ 1,661,522</u>	<u>\$ 767,613</u>	<u>\$ 226,871</u>	<u>\$ 251</u>	<u>\$ 994,735</u>	<u>\$ 666,787</u>	
Liabilities							
Interest rate swaps	\$ 85,838	\$ —	\$ 85,838	\$ —	\$ 85,838	\$ —	c
<i>(In Thousands)</i>							
	June 30, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Method Investments	Equity Method Investments	Valuation Technique (a,b,c)
Current assets							
Cash and equivalents	\$ 329 513	\$ 300 792	\$ 28 721	\$ —	\$ 329 513	\$ —	a
Short-term marketable securities							
Mutual funds	\$ 70 527	\$ 70 527	\$ —	\$ —	\$ 70 527	\$ —	a
U S Treasury securities	285 681	—	285 681	—	285 681	—	a
Corporate and other debt securities	211 202	9 281	201 921	—	211 202	—	a
Corporate equity securities	214 775	214 775	—	—	214 775	—	a c
Other	567	—	567	—	567	—	a
	<u>\$ 782 752</u>	<u>\$ 294 583</u>	<u>\$ 488 169</u>	<u>\$ —</u>	<u>\$ 782 752</u>	<u>\$ —</u>	a
Long-term marketable securities							
Money market funds and commercial papers	\$ 1 557	\$ 1 557	\$ —	\$ —	\$ 1 557	\$ —	a
Mutual funds	104 581	104 581	—	—	104 581	—	a
U S Treasury securities	60 229	—	60 229	—	60 229	—	a
Corporate and other debt securities	47 620	—	45 631	1 989	47 620	—	a
Corporate equity securities	460 206	460 101	105	—	460 206	—	a
Other	316 124	—	—	—	—	316 124	a
	<u>\$ 990 317</u>	<u>\$ 566 239</u>	<u>\$ 105 965</u>	<u>\$ 1 989</u>	<u>\$ 674 193</u>	<u>\$ 316 124</u>	a

St. Joseph Health System and Affiliates
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Notes to Consolidated Financial Statements (continued)

2. Fair Value Measurements (continued)

	June 30, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Method Investments	Equity Method Investments	Valuation Technique (a,b,c)
<i>(In Thousands)</i>							
Assets limited as to use							
Board designated							
Money market funds and commercial papers	\$ 319 344	\$ 319 344	\$ –	\$ –	\$ 319 344	\$ –	a
Mutual funds	327 055	327 055	–	–	327 055	–	a
U S Treasury securities	131 752	–	131 752	–	131 752	–	a
Corporate and other debt securities	171 823	10 476	161 347	–	171 823	–	a
Corporate equity securities	62 119	60 755	–	1 364	62 119	–	
Other	465 987	1 365	9 412	1	10 778	455 209	
	<u>\$ 1 478 080</u>	<u>\$ 718 995</u>	<u>\$ 302 511</u>	<u>\$ 1 365</u>	<u>\$ 1 022 871</u>	<u>\$ 455 209</u>	a
							a
Cash collateral held by swap counterparty							
U S Treasury securities	\$ 8 926	\$ –	\$ 8 926	\$ –	\$ 8 926	\$ –	a
Liabilities							
Interest rate swaps	\$ 85 983	\$ –	\$ 85 983	\$ –	\$ 85 983	\$ –	c

Activity for the fiscal year ended June 30, 2014, for investments with significant unobservable inputs (Level 3) consists of the following (in thousands)

Balance at July 1, 2013	\$ 3,354
Sales	(3,876)
Transfers, net	346
Realized gains, included in nonoperating gains	328
Net unrealized gains, included in nonoperating gains	148
Balance at June 30, 2014	<u>\$ 300</u>

St. Joseph Health System and Affiliates
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Notes to Consolidated Financial Statements (continued)

2. Fair Value Measurements (continued)

In addition to amounts included in the previous table, the Health System's investments in partnerships, limited liability companies, and similarly structured entities of \$18,058,000 and \$15,596,000 as of June 30, 2014 and 2013, respectively, are included in investments and other in the accompanying consolidated balance sheets and accounted for using the equity method of accounting, which is not a fair value measurement

The Health System sponsors certain deferred compensation plans for which plan assets of \$49,701,000 and \$41,782,000 comprised of certain mutual funds (Level 1) were maintained and recorded within investments and other as of June 30, 2014 and 2013, respectively

The Health System received restricted and unrestricted pledges and contributions. Amounts remaining to be collected were \$38,318,000 and \$36,713,000 for the fiscal years ended June 30, 2014 and 2013, respectively. Included in these amounts are long-term irrevocable planned gifts that are valued using discounted cash flow projections

Investment Gains and Losses

Interest, dividends, and realized gains on sales of marketable securities of \$174,743,000 and \$159,455,000, net of related fees, are included in nonoperating gains, net for the fiscal years ended June 30, 2014 and 2013, respectively

Also included in nonoperating gains, net are net unrealized gains of \$181,967,000 and \$2,976,000 for the fiscal years ended June 30, 2014 and 2013, respectively

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Notes to Consolidated Financial Statements (continued)

3. Property and Equipment

Property and equipment consist of the following at June 30

	2014	2013
	<i>(In Thousands)</i>	
Land	\$ 298,540	\$ 296,524
Buildings and improvements	3,555,435	3,445,550
Equipment	2,148,431	2,201,129
Construction in progress	886,511	635,080
	6,888,917	6,578,283
Less accumulated depreciation	(3,035,180)	(2,936,431)
	\$ 3,853,737	\$ 3,641,852

The Health System is required to recognize a liability for the fair value of conditional asset retirement obligations if the fair value of the liability can be reasonably estimated. The fair value of a liability for conditional asset retirement obligations must be recognized when incurred, generally upon acquisition, construction, or development and/or through the normal operation of the asset. The Health System estimated the fair value of known conditional asset retirement obligations relating to the costs of asbestos abatement that will result from the Health System's current plans to renovate and/or demolish certain of its facilities. This computation is based on a number of assumptions, which may change in the future based on the availability of new information, technology changes, changes in costs of remediation, and other factors. The conditional asset obligation at June 30, 2014 and 2013, was \$11,735,000 and \$11,959,000, respectively, and is included in other liabilities in the accompanying consolidated balance sheets.

Lease Financing Obligations

In June 2006, St. Joseph Hospital of Orange (SJO) executed a 55-year lease arrangement with a developer, whereby the developer agreed to construct a 130,000-square-foot medical office building and a parking structure on SJO's land. Under the ground lease, SJO received nominal base rent until construction was completed in August 2008, at which time SJO took occupancy. SJO guaranteed to lease 64,000 square feet of the medical office building for ten years and is required to pay lease payments for the parking structure for five years. At the end of the lease term, SJO will have title to both the parking structure and the medical office building. The

St. Joseph Health System and Affiliates
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Notes to Consolidated Financial Statements (continued)

3. Property and Equipment (continued)

aggregate cost of the project was \$43,527,000 and is included in buildings and improvements. All construction costs were substantially financed by the developer.

In May 2005, SJO executed a 22-year lease arrangement, including two five-year lease term extensions, with a joint venture partnership in which SJO has a 35% ownership interest. The joint venture partnership owned and constructed a 56,000-square-foot medical office building and parking structure on its land. SJO committed to leasing the whole building, but subleased approximately 43,000 square feet to Heritage for physician offices. The aggregate cost of the project was \$28,158,000 and is included in building and improvements. Substantially all construction costs were financed by the joint venture partnership.

SJO is considered the owner of both the medical office buildings and parking structures for financial reporting purposes due to certain financial arrangements that effectively fund a portion of the construction costs. Heritage is also considered a separate owner of the medical office building since it is affiliated with SJO, which has a 35% ownership interest in the joint venture partnership. Accordingly, the assets and long-term debt of the medical office buildings and parking structures are recorded in the accompanying consolidated financial statements at June 30, 2014 and 2013 (see Note 5). The medical office buildings and parking structures are included in buildings and improvements as of June 30, 2014 and 2013. SJO and Heritage did not meet the criteria necessary to derecognize the asset and related long-term debt when construction was complete in 2009 and the lease terms began.

The cost of the medical office buildings and parking structures are amortized over the economic life. Rent payments paid by SJO and Heritage are recorded as debt service payments on the debt obligation with the portion not relating to interest reducing the principal balance. Minimum estimated payments under lease financing obligations, excluding the effect of Consumer Price Index adjustments, are estimated to be as follows (in thousands):

Year	
2015	\$ 341
2016	460
2017	588
2018	727
2019	306
Thereafter	63,811
Total	<u>\$ 66,233</u>

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Notes to Consolidated Financial Statements (continued)

4. Credit Facilities

In June 2014, the Health System extended its syndicated credit arrangement (the Credit Agreement) to \$400,000,000 in revolving credit lines and renewed the arrangement to expire on June 19, 2019. The Health System had \$107,000,000 and \$131,000,000 in outstanding borrowings under this credit facility at June 30, 2014 and 2013, respectively (see Note 5). In August 2014, the Health System increased its outstanding borrowings on its revolving credit lines by \$130,000,000 in conjunction with a property acquisition.

The Health System has a credit facility with a bank to cumulatively borrow up to \$80,000,000. Borrowings under this credit facility bear interest at rates based on specified margins from published indices. The Health System had \$31,000,000 and \$39,000,000 in outstanding borrowings as of June 30, 2014 and 2013, respectively (see Note 5). The credit facility was renewed in January 2014 to expire on January 31, 2017.

The Health System has a bank credit facility that provides for the issuance of up to an aggregate of \$55,000,000 under letters of credit. Such letters of credit are collateralized under trust indentures (see Note 5). At June 30, 2014, the Health System had provided an aggregate of \$50,650,000 of these letters of credit for its workers' compensation and other insurance plans. At June 30, 2014 and 2013, none of these letters have been drawn upon.

5. Long-Term Debt

At June 30, 2014, the Health System Obligated Group is jointly and severally liable for certificates of participation and tax-exempt revenue bonds issued on its behalf by the California Statewide Communities Development Authority (CSCDA), California Health Facilities Financing Authority (CHFFA), and the Lubbock Health Facilities Development Corporation (LHFDC). At June 30, 2013, Hoag was liable for outstanding tax-exempt revenue bonds issued on its behalf by the City of Newport Beach (CNB) prior to the affiliation with the Health System.

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Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt (continued)

Long-term debt consists of the following at June 30

	2014	2013
	<i>(In Thousands)</i>	
CSCDA Series 1999, 2000, and 2007A-F fixed rate tax-exempt bonds, net of unamortized premium of \$2,139, due in varying amounts through 2047, coupon rates of 4.50% to 5.75%	\$ 592,719	\$ 606,342
LHFDC Series 2008A multi-annual three-year put bonds due in 2030, coupon rate of 3.05%	43,925	45,375
LHFDC Series 2008B fixed rate tax-exempt bonds, due in varying amounts through 2023, coupon rates of 4.00% to 5.00%	83,050	94,425
CHFFA Series 2009A fixed rate tax-exempt bonds, net of unamortized discount of \$2,525, due in varying amounts through 2039, coupon rates of 5.50% and 5.75%	182,570	182,469
CHFFA Series 2009BCD fixed rate multi-annual three-, five- and seven-year put bonds, net of unamortized premium of \$6,714, due in varying amounts through 2034, coupon rates of 4.00% to 5.25%	231,624	237,429
CHFFA Series 2011ABCD variable rate tax-exempt bonds with credit facility liquidity, due in varying amounts through 2041, interest rates varying from 0.01% to 0.12%	302,110	302,110
CHFFA Series 2013A fixed rate tax-exempt bonds, net of unamortized premium of \$4,477, due in varying amounts through 2037, coupon rates of 4.00% to 5.00%	329,287	—
CHFFA Series 2013BCD fixed rate multi-annual four-, six- and seven-year put bonds, net of unamortized premium of \$40,961, due in varying amounts through 2043, coupon rates of 4.15% to 4.26%	370,961	—
CNB Series 2008C variable rate tax-exempt bonds with self-liquidity, due in varying amounts through 2040, interest rates varying from 0.06% to 0.15%	—	70,095
CNB Series 2008DEF variable rate tax-exempt bonds with credit facility liquidity, refunded in July 2013	—	244,890

St. Joseph Health System and Affiliates
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Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt (continued)

	2014	2013
	<i>(In Thousands)</i>	
CNB Series 2009A fixed rate tax-exempt term bonds, refunded in July 2013	\$ —	\$ 62,384
CNB Series 2009DE fixed rate private placement tax- exempt bonds, refunded in July 2013	—	70,980
CNB Series 2011A fixed rate tax-exempt bonds, refunded in July 2013	—	104,495
Bank line of credit, balloon payment due June 2019, interest rates of 0.88% to 1.00%	107,000	131,000
Bank line of credit, balloon payment due January 2017, interest rate of 0.69% to 0.75%	31,000	39,000
Lease financing obligation (see Note 3)	66,233	66,569
Fair value adjustment from Hoag affiliation	—	29,534
Capitalized leases	23,088	17,746
Other	12,825	15,747
	2,376,392	2,320,590
Less current portion of long-term debt	(49,025)	(202,453)
	\$ 2,327,367	\$ 2,118,137

The effective interest rate on tax-exempt debt was 5.21% and 4.72% at June 30, 2014 and 2013, respectively.

The aggregate amount of principal maturities and sinking fund requirements related to long-term debt at June 30, 2014, is as follows (in thousands):

Year	
2015	\$ 49,025
2016	51,525
2017	50,769
2018	48,034
2019	156,685
Thereafter	2,020,354
	\$ 2,376,392

St. Joseph Health System and Affiliates
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Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt (continued)

In July 2011, the Health System issued \$302,110,000 of CHFFA variable rate tax-exempt demand bonds with interest rates reset daily or weekly and liquidity supported by irrevocable credit facilities. Proceeds of this issuance are being used to finance prospective projects and reimburse prior capital spending at various hospitals.

In conjunction with the issuance of the CHFFA variable rate tax-exempt demand bonds in July 2011, the Health System secured \$306,878,000 of credit facilities to provide liquidity for the outstanding bonds. In June 2014, the Health System extended the credit facilities to mature on June 19, 2019.

The fair value of the fixed rate tax-exempt bonds was estimated at \$1,955,963,000 and \$1,456,462,000 at June 30, 2014 and 2013, respectively. Fair value is estimated using a discounted cash flow analysis, based on current market interest rates for similar types of borrowing arrangements (Level 2 within the fair value hierarchy). The carrying amount of the Health System's variable rate tax-exempt bonds approximates its fair value as the interest rates change with the market.

At June 30, 2014, the Health System, was party to seven interest rate swap agreements with a current notional amount totaling \$516,675,000 and with varying expirations. In June 2014, the Health System novated and restructured four swap agreements totaling \$222,600,000, diversifying counterparties and increasing collateral threshold limits. There was no change to the notional value of the interest rate swaps. The swap agreements require fixed rate payment in exchange for a variable rate. The market risk exposure of these agreements occurs when the fixed rate paid is greater than the variable rate received. At June 30, 2014 and 2013, the total fair value of the combined interest rate swaps of \$85,838,000 and \$85,983,000, respectively, represents the estimated amount the Health System would have paid upon termination of these agreements as of these dates. Fair values are based on independent valuations obtained and are determined by calculating the value of the discounted cash flows of the differences between the fixed interest rate of the interest rate swaps and the counterparty's forward London Interbank Offered Rate curve, which is the input used in the valuation, taking also into account any nonperformance risk. Changes in the fair value of the interest rate swaps are included within nonoperating gains and losses. The Health System did not restrict any assets as collateral held for the swap counterparty at June 30, 2014. As required by its swap agreements, the Health System restricted \$8,926,000 in collateral held for the swap counterparty at June 30, 2013.

St. Joseph Health System and Affiliates
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Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt (continued)

In July 2013, the Health System issued \$654,840,000 of CHFFA fixed rate revenue bonds, of which \$324,840,000, net of unamortized premium of \$4,624,000, is due in varying amounts through 2037 at coupon rates of 4.00% to 5.00%, and \$330,000,000 of multi-annual four-, six-, and seven-year put bonds, net of unamortized premium of \$42,255,000, is due in varying amounts through 2043 at coupon rates of 4.15% to 4.26%. The proceeds of the issuance were used to refund Hoag's outstanding obligations of \$552,844,000, to reimburse certain prior expenditures, and to prospectively finance projects at various hospitals. Effective with the issuance of the CHFFA fixed rate revenue bonds, Hoag Hospital Newport Beach and Irvine entered the Health System's Obligated Group, and St. Joseph Home Health North exited the group.

Debt Covenants

As of June 30, 2014, the Health System continued to be subject to its existing Master Trust Indentures. The Health System's financing agreements contain restrictive covenants and limitations on certain working capital and liquidity ratios, amount of combined debt of the corporations comprising the Obligated Group, and amount of transfer of assets to non-Obligated Group members. Additionally, the trust indentures require that funds are established with, and controlled by, a trustee during the period the bonds remain outstanding.

If the Health System does not have a maximum annual debt service coverage ratio at the end of any fiscal year, including June 30, 2014, ranging from at least 2.0 to 1.0, pursuant to its trust indentures for the tax-exempt bonds issued through CSCDA, CHFFA, and LHFDC, the Health System is required to fund the applicable debt service reserve fund seven days after the required reporting date. As of June 30, 2014, the Health System is in compliance with all debt covenants.

Interest Cost

Interest cost incurred for the fiscal years ended June 30 is summarized as follows:

	2014	2013
	<i>(In Thousands)</i>	
Interest paid	\$ 109,659	\$ 71,455
Amortization of deferred financing costs	1,078	891
Total interest expense	<u>\$ 110,737</u>	<u>\$ 72,346</u>

St. Joseph Health System and Affiliates
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Notes to Consolidated Financial Statements (continued)

6. Children's Hospital of Orange County

SJO provided Children's Hospital of Orange County (CHOC) with specified facilities and ancillary services and other operating services under an agreement that required CHOC to reimburse SJO for the costs of providing such services. The agreement terminated on March 31, 2013. Net patient service revenues include \$55,509,000 for the fiscal year ended June 30, 2013, relating to these services.

In January 1993, Mission Hospital Regional Medical Center (MHRMC) and CHOC entered into an asset purchase agreement, a long-term lease, and an operating agreement forming Children's Hospital at Mission (CHM), a wholly owned subsidiary of CHOC. Pursuant to the asset purchase agreement, CHM purchased substantially all of the pediatric services and operations of MHRMC and certain tangible and intangible assets related to those activities and operations for \$10,200,000.

CHM has agreed to rent space from MHRMC through December 2022, with a ten-year renewal option available under the long-term lease. MHRMC provides CHM and its patients certain hospital services and facilities at an agreed-upon cost plus a percentage markup under the operating agreement. Net patient service revenues include \$12,974,000 and \$13,250,000 for the fiscal years ended June 30, 2014 and 2013, respectively, for these services. Other revenue includes \$6,186,000 and \$6,280,000 for the fiscal years ended June 30, 2014 and 2013, respectively, for other services provided to CHM.

7. Employee Benefit Plans

Retirement Plan

The Health System sponsors defined contribution retirement plans that cover substantially all employees. The plans provide for employer matching contributions in an amount equal to a percentage of employee pretax contributions, up to a maximum amount. In addition, the Health System makes contributions to all eligible employees based on years of service. The Health System contributed \$90,184,000 and \$83,857,000 in 2014 and 2013, respectively, to the plan.

St. Joseph Health System and Affiliates
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Notes to Consolidated Financial Statements (continued)

7. Employee Benefit Plans (continued)

Postretirement Health

The Health System offers a retiree health reimbursement plan to provide employees who have satisfied the conditions of eligibility, with certain retiree medical expense reimbursement benefits. Eligibility for plan benefits is based on age and years of service.

The following table sets forth the change in benefit obligations and components of net periodic benefit cost for the postretirement health plan. As of June 30, 2014 and 2013, there were no plan assets.

	2014	2013
	<i>(In Thousands)</i>	
Change in benefit obligations		
Accumulated postretirement benefit obligation at beginning of year	\$ 40,975	\$ 39,510
Service cost	2,582	2,639
Interest cost	1,710	1,501
Actuarial gain	(438)	(1,405)
Benefits paid	(1,528)	(1,270)
Change in plan provision	36	—
Accumulated postretirement benefit obligation at end of year recognized in the consolidated balance sheets	<u>\$ 43,337</u>	<u>\$ 40,975</u>
Amounts recognized in changes to unrestricted net assets		
Prior service cost	\$ (12,408)	\$ (15,541)
Net actuarial gain	13,126	13,379
Total	<u>\$ 718</u>	<u>\$ (2,162)</u>
Components of net periodic benefit costs		
Service cost	\$ 2,582	\$ 2,639
Interest cost	1,710	1,501
Amortization of net loss	(691)	(646)
Amortization of prior service cost	3,169	3,169
Net periodic benefit cost	<u>\$ 6,770</u>	<u>\$ 6,663</u>

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Notes to Consolidated Financial Statements (continued)

7. Employee Benefit Plans (continued)

The assumptions used to determine the net benefit obligation and net periodic benefit cost for the retirement plan are set forth below

	2014	2013
Weighted-average discount rate for benefit obligation	3.70%	4.05%
Weighted average discount rate for net periodic benefit cost	4.05%	3.65%

The assumed annual health care cost trend rate for the retiree health plan is 8.00% for 2014, gradually decreasing to 5.00% in 2020 and remaining at that level thereafter

Information about the expected cash flows for the retiree health reimbursement plan follows (in thousands)

Expected employer contributions 2015	\$	2,658
Expected benefit payments		
2015	\$	2,658
2016		4,019
2017		4,566
2018		4,774
2019		4,696
2020–2024		23,114

8. Functional Expenses

The Health System provides general health care services to residents within the geographic locations served by its affiliates. Expenses related to providing these services for the fiscal years ended June 30 are as follows

	2014	2013
	<i>(In Thousands)</i>	
Health care services	\$ 4,514,610	\$ 4,020,490
General and administrative	1,133,144	885,474
	<u>\$ 5,647,754</u>	<u>\$ 4,905,964</u>

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Notes to Consolidated Financial Statements (continued)

9. Charity Care

The Health System's policy is to accept all patients regardless of their ability to pay. In assessing a patient's ability to pay, the Health System's policy uses generally recognized income levels, but also considers cases where incurred charges are significant when compared to income. Health care services rendered to patients who are unable to pay according to these criteria are classified as traditional charity care.

The Health System's policy is to report charity care and community benefits disclosures on a cost basis and to report any offsetting funds separately. Charity care amounts are determined using both a ratio of cost to gross charges as well as cost accounting systems. Funds received from sources such as government programs or private grants, which offset or subsidize charity services, are separately disclosed.

The Health System incurred charity care costs for the fiscal years ended June 30 of \$89,117,000 and \$92,735,000, in 2014 and 2013, respectively.

10. Community Benefits (Unaudited)

The Health System's policy is also to sponsor numerous health care-related programs for the general community and the medically underserved population in the area it serves. Some of these programs include mobile medical vans, health and dental clinics, prenatal programs, AIDS residences, health referral services, and bilingual health education and are referred to as community services.

In addition to traditional charity care and other direct community services, the Health System incurred a shortfall from services rendered to patients covered by certain public programs. This shortfall is defined as the cost of providing services to state Medicaid and local indigent program beneficiaries in excess of government payments. The Health System's QA Fee payments and Supplemental Payment revenues from the California Hospital Quality Assurance Program are included within unpaid cost of state and local programs.

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Notes to Consolidated Financial Statements (continued)

10. Community Benefits (Unaudited) (continued)

The cost of the aforementioned programs for the Health System is summarized for the fiscal years ended June 30 as follows

	Total Community Benefit Expense, at Cost			Un-sponsored Community Benefit Expense, at Cost	
		% of Total Expenses	Direct Offsetting Revenue		% of Total Expenses
2014	Amount			Amount	
(In Thousands)					
Benefits for the poor					
Traditional charity care (audited)	\$ 89,117	1.6%	\$ —	\$ 89,117	1.6%
Community services for the poor	47,113	0.8%	2,950	44,163	0.8%
Unpaid cost of state and local programs	620,670	11.0%	385,479	235,191	4.2%
Total quantifiable benefits for the poor	756,900	13.4%	388,429	368,471	6.6%
Community services for the broader community	49,185	0.9%	1,318	47,867	0.8%
Total community benefits	\$ 806,085	14.3%	\$ 389,747	\$ 416,338	7.4%
	Total Community Benefit Expense, at Cost			Un-sponsored Community Benefit Expense, at Cost	
		% of Total Expenses	Direct Offsetting Revenue		% of Total Expenses
2013	Amount			Amount	
(In Thousands)					
Benefits for the poor					
Traditional charity care (audited)	\$ 92,735	1.9%	\$ —	\$ 92,735	1.9%
Community services for the poor	42,547	0.9%	4,349	38,198	0.8%
Unpaid cost of state and local programs	657,805	13.4%	492,333	165,472	3.4%
Total quantifiable benefits for the poor	793,087	16.2%	496,682	296,405	6.1%
Community services for the broader community	42,237	0.9%	812	41,425	0.8%
Total community benefits	\$ 835,324	17.1%	\$ 497,494	\$ 337,830	6.9%

In addition, the Health System incurred \$387,278,000 and \$371,326,000 in costs in excess of reimbursement from the Medicare program for the fiscal years ended June 30, 2014 and 2013, respectively

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Notes to Consolidated Financial Statements (continued)

10. Community Benefits (Unaudited) (continued)

The Health System's affiliated hospitals, excluding Hoag, dedicate approximately 10% of revenues in excess of expenses attributable to controlling interests each year to the St. Joseph Health System Foundation (Foundation). The Foundation administers various programs for the poor and underserved in local and other communities. Such programs are reflected in community services for the poor.

11. Temporarily and Permanently Restricted Net Assets

A summary of net assets at June 30 follows:

	2014	2013
	<i>(In Thousands)</i>	
Unrestricted	\$ 5,001,250	\$ 4,674,817
Temporarily restricted	246,259	223,370
Permanently restricted	69,606	65,674
Total net assets	<u>\$ 5,317,115</u>	<u>\$ 4,963,861</u>

Temporarily and permanently restricted net assets are donor-restricted assets appropriated for facility expansion, capital acquisition, health services, and other specific purposes.

Endowments

The Health System's endowment consists of approximately 157 separate endowment funds included in assets limited as to use established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees of the hospital foundations to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor restrictions to the contrary. As a result of this interpretation, the Health System classifies as permanently restricted net assets

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Notes to Consolidated Financial Statements (continued)

11. Temporarily and Permanently Restricted Net Assets (continued)

(i) the original value of gifts donated to the permanent endowment, (ii) the original value of subsequent gifts to the permanent endowment, and (iii) accumulations to the permanent endowment made in accordance with the direction of applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily net assets until those amounts are appropriated for expenditure by the Health System in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Health System considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- a The duration and preservation of the fund
- b The purposes of the hospital and the donor-restricted endowment fund
- c General economic conditions
- d The possible effect of inflation and deflation
- e The expected total return from income and the appreciation of investments
- f Other resources of the hospital
- g The investment policies of the hospital

The endowment net asset composition as of June 30, by fund type, was as follows (in thousands)

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated endowment funds	\$ 62,937	\$ 17,560	\$ 3,017	\$ 83,514
Donor-restricted endowment funds	—	40,273	66,589	106,862
Total funds	\$ 62,937	\$ 57,833	\$ 69,606	\$ 190,376

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Notes to Consolidated Financial Statements (continued)

11. Temporarily and Permanently Restricted Net Assets (continued)

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated endowment funds	\$ 56,425	\$ 13,819	\$ –	\$ 70,244
Donor-restricted endowment funds	–	29,873	65,674	95,547
Total funds	<u>\$ 56,425</u>	<u>\$ 43,692</u>	<u>\$ 65,674</u>	<u>\$ 165,791</u>

Changes in endowment net assets during the fiscal years ended June 30 were as follows (in thousands)

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, July 1, 2013	\$ 56,425	\$ 43,692	\$ 65,674	\$ 165,791
Realized investment gains (losses), net	5,703	9,566	(65)	15,204
Unrealized gains, net	2,914	5,705	33	8,652
Contributions, net	(1,508)	1,693	3,845	4,030
Appropriation of endowment assets for expenditure	(597)	(2,823)	119	(3,301)
Endowment net assets, June 30, 2014	<u>\$ 62,937</u>	<u>\$ 57,833</u>	<u>\$ 69,606</u>	<u>\$ 190,376</u>

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Notes to Consolidated Financial Statements (continued)

11. Temporarily and Permanently Restricted Net Assets (continued)

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets.				
July 1, 2012	\$ 19,074	\$ 5,614	\$ 9,601	\$ 34,289
Contributions from Hoag	33,457	36,972	53,818	124,247
Realized investment gains, net	1,737	1,467	539	3,743
Unrealized gains, net	2,104	1,090	2	3,196
Contributions, net	967	(421)	1,715	2,261
Appropriation of endowment assets for expenditure	(914)	(1,030)	(1)	(1,945)
Endowment net assets, June 30, 2013	\$ 56,425	\$ 43,692	\$ 65,674	\$ 165,791

The Health System has investment and spending policies for endowment assets that attempt to provide a stream of funding to programs supported by its endowment while balancing the risk of investment loss with the long-term preservation of purchasing power. Endowment assets include those assets of donor-restricted funds that the Health System must hold in perpetuity or for a donor-specified period as well as board-designated funds. The Health System seeks to maintain the purchasing power of the endowment assets portfolio and to achieve rates of returns that over time exceed inflation by a specified margin. To achieve its long-term investment objectives within prudent risk constraints, the Health System develops strategic asset allocation ranges and targets for the endowment portfolio and considers factors including, but not limited to, time horizon, liquidity, and risk tolerance. The current asset allocation targets emphasize diversification across asset classes to manage risk and enhance returns. Actual allocations may differ from target allocations in the short term or during periods of significant market fluctuations. In addition, the Health System confirms the asset allocation ranges on an annual basis and updates the investment policy and/or target allocations, as needed, if there is a significant change in capital market expectations and/or investment objectives, including spending requirements.

The Health System expects that the returns achieved for the endowment portfolio will be accompanied by capital market risk, but the Health System seeks to achieve returns, adjusted for this risk, that will compare favorably to the returns of the applicable markets and representative peers.

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Notes to Consolidated Financial Statements (continued)

11. Temporarily and Permanently Restricted Net Assets (continued)

The Health System's policy allows each hospital's Board of Trustees to determine a spending rate from endowment investments. In establishing this policy, the Health System considers the fair market value and long-term expected return on its endowment and the factors described above.

12. Commitments and Contingencies

Operating Leases

The Health System leases land, buildings, and equipment under various noncancelable operating leases excluding lease financing obligations (see Note 3) for terms up to 32 years. Lease expense for the fiscal years ended June 30 was \$90,416,000 in 2014 and \$70,574,000 in 2013. Sublease revenues relating to building space under various noncancelable leases were \$13,873,000 in 2014 and \$16,997,000 in 2013. The leases provide that the minimum monthly lease payments may be adjusted for inflation. Minimum lease commitments at June 30, 2014, are as follows (in thousands):

Year	
2015	\$ 84,958
2016	77,563
2017	70,219
2018	63,906
2019	60,528
Thereafter	<u>226,506</u>
	583,680
Less sublease revenue	<u>(39,190)</u>
	<u>\$ 544,490</u>

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Notes to Consolidated Financial Statements (continued)

12. Commitments and Contingencies (continued)

Litigation

In February 2012, the Health System became aware of and notified 31,800 patients that personal health information records residing on its internal computer networks had been accessible through external search engines. All affected patients and regulatory agencies have been notified, and corrective actions have been in progress. As of June 30, 2014, the outstanding class action suits filed against the Health System have been coordinated into a single proceeding. Given the ongoing discovery and developing case law affecting the issues, the financial impact is currently unknown.

The Health System has been named in complaints alleging various wage and hour violations in California. Similar actions have been filed against other California employers including other hospitals and health systems. The Health System is vigorously defending the action. All such current cases are in the preliminary stages, and as a result, the likelihood of an unfavorable outcome in any such case and the potential financial impact are unknown.

St. Joseph Hospital of Eureka has been named in a complaint alleging the existence of toxic mold at its facility and damages resulting therefrom. The case has been filed but not served, and as a result, the likelihood of an unfavorable outcome and the potential financial impact are unknown.

The Civil Division of the Department of Justice (DOJ) has contacted the Health System in connection with its nationwide review of whether, in certain cases, hospital charges to the federal government relating to implantable cardio-defibrillators (ICDs) met the CMS criteria. In connection with this nationwide review, the DOJ has indicated that it will be reviewing certain ICD billing and medical records at certain of the Health System's hospitals for the period from October 2003 to the present. The review could give rise to claims against the Health System under the federal false claims act or other statutes, regulations, or laws. At this time, management cannot predict what effect, if any, this review or any resulting claims could have on the Health System.

Certain claims, suits, and complaints arising in the ordinary course of business have also been filed or are pending against the Health System. In the opinion of management, such claims, if disposed of unfavorably, would not have a material adverse effect on the Health System's consolidated financial position, results of operations, or cash flows.

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Notes to Consolidated Financial Statements (continued)

12. Commitments and Contingencies (continued)

Seismic Compliance (Unaudited)

The Health System has completed facility master plans for each of its California hospitals, including an assessment of earthquake retrofit requirements. The Health System has received an extension for compliance with seismic standards for all of its California hospitals through January 1, 2015, for some hospitals for factors beyond the hospital's control. Excluding Hoag, the Health System projects total costs of \$1,083,225,325 to meet these seismic standards, and in some cases these projects will meet enhanced standards for 2030. Of the total projected costs, \$1,013,038,000 has been spent through June 30, 2014, with additional commitments of \$119,931,000.

Supplementary Information

St. Joseph Health System and Affiliates A St. Joseph Health Ministry Corporation

Consolidating Balance Sheet (In Thousands)

June 30, 2014

	Consolidated	Eliminations	Total Regional Entities	System Office	American Unity Group	Professional Services Group	Heritage Investment Group I	Revenue Cycle Services	Innovation Institute	St. Joseph Health System Foundation	Data Health	Obligated Group	Non- Obligated Group
Assets													
Current assets													
Cash and equivalents	\$ 269,991	\$ (40,591)	\$ 229,400	\$ -	\$ 8,941	\$ 3,098	\$ 1,273	\$ -	\$ 32,390	\$ 3,402	\$ 2,936	\$ 120,512	\$ 149,479
Short-term marketable securities	852,635	-	852,635	101,383	13,676	-	-	-	-	74,972	-	726,886	125,749
Patent accounts receivable less allowance for doubtful accounts	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	641,384	-	641,384	-	-	-	-	-	-	-	-	546,267	95,117
Total current assets	2,582,722	(40,591)	2,542,131	28,301	1,119	214	60	70	6,216	1,911	2,180	200,486	58,236
Long-term marketable securities	2,022,732	-	2,022,732	1,811,181	237,36	3,312	1,333	70	38,606	80,285	5,116	1,594,151	428,581
Assets limited as to use	1,080,035	-	1,080,035	136,235	66,918	-	-	-	-	-	-	955,544	124,491
Board designated	1,546,445	-	1,546,445	-	-	-	-	-	-	33,007	-	1,359,297	187,148
Held in trust	115,077	-	115,077	101,192	-	-	-	-	-	-	-	104,745	10,332
Total assets limited as to use	3,853,737	88,202	3,941,939	287,772	-	10,959	12,027	79	2,340	-	2,677	1,464,042	197,480
Property and equipment net	130,225	(58,228)	71,997	48,117	235	11,484	8,030	184	4,834	-	-	3,616,506	237,141
Investments and other	217,111	-	217,111	197,773	-	-	-	-	-	-	-	341,315	(211,090)
Notes receivable	22,570	-	22,570	3,507	-	-	-	-	-	-	-	22,570	-
Deferred financing costs net	234,176	-	234,176	-	-	-	-	-	1,069	-	-	38,879	195,297
Goodwill and other intangibles net	408,682	(34,135)	374,547	71,397	235	11,484	8,030	184	5,903	-	-	424,475	(157,931)
Total assets	\$ 9,026,708	\$ 13,476	\$ 9,040,184	\$ 26,280	\$ 90,889	\$ 25,755	\$ 21,390	\$ 333	\$ 46,849	\$ 113,292	\$ 22,661	\$ 8,054,808	\$ 971,900
Liabilities and net assets													
Current liabilities													
Accounts payable	\$ 133,843	\$ -	\$ 133,843	\$ 2,374	\$ 698	\$ -	\$ -	\$ 212	\$ 6,026	\$ 327	\$ 2,745	\$ 96,093	\$ 37,750
Accrued compensation and related liabilities	302,343	-	302,343	46,216	-	-	-	-	4,634	-	-	257,179	45,164
Accrued liabilities	491,547	(1,419)	490,128	169,519	17,513	-	2,580	5,832	-	-	-	357,372	134,756
Payable to third-party payors	62,317	-	62,317	-	-	-	-	-	-	-	-	62,317	-
Current maturities of long-term debt	49,025	(32,085)	16,940	35,524	-	-	-	-	-	-	-	45,937	3,008
Total current liabilities	1,035,075	(33,504)	1,001,571	263,695	18,211	-	2,580	10,380	10,660	327	8,137	818,898	220,177
Interest rate swaps	85,838	-	85,838	-	-	-	-	-	-	-	-	85,838	-
Other liabilities	257,313	-	257,313	128,786	10,109	6	-	185	-	-	353	208,834	48,479
Notes payable and interest due to (from) affiliates	-	1,887,245	1,887,245	(2,007,878)	114	-	117,40	22,528	(825)	(3,504)	103	(230,673)	230,673
Long-term debt less current maturities	2,327,367	(1,934,463)	392,904	2,248,065	-	20,572	-	-	-	-	-	2,319,646	77,261
Total liabilities	3,709,593	(80,722)	3,628,871	2,376,506	28,434	20,578	14,320	33,093	9,835	(3,177)	8,593	3,202,543	507,070
Net assets													
Controlling interest	\$ 209,491	229	\$ 209,720	4,914,495	-	5,177	7,070	(327,60)	37,014	116,469	14,068	4,852,265	357,226
Noncontrolling interests in subsidiaries	107,624	-	107,624	91,155	-	-	-	-	-	-	-	-	107,624
Total liabilities and net assets	\$ 9,026,708	\$ 13,476	\$ 9,040,184	\$ 26,280	\$ 90,889	\$ 25,755	\$ 21,390	\$ 333	\$ 46,849	\$ 113,292	\$ 22,661	\$ 8,054,808	\$ 971,900

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Consolidating Balance Sheet of Regional Entities
(In Thousands)

June 30, 2014

	Total Regional Entities	Eliminations	Southern California Region	Northern California Region	Texas Region	Heritage
Assets						
Current assets						
Cash and equivalents	\$ 258,542	\$ (93,574)	\$ 212,190	\$ 40,633	\$ 93,567	\$ 5,726
Short-term marketable securities	662,604	-	404,615	154,078	88,344	15,567
Patent accounts receivable less allowance for doubtful accounts	641,384	-	344,223	130,092	136,631	30,438
Other assets	218,651	-	83,512	37,920	72,439	24,780
Total current assets	1,781,181	(93,574)	1,044,540	362,723	390,981	76,511
Long-term marketable securities	876,882	2,365	512,486	198,668	163,363	-
Assets limited as to use						
Board designated	1,513,438	-	1,479,418	13,361	19,159	1,500
Held in trust	13,885	-	3,344	7,045	3,496	-
Total assets limited as to use	1,527,323	-	1,482,762	20,406	22,655	1,500
Property and equipment, net	3,449,681	-	2,430,710	634,818	289,121	95,032
Investments and other	115,569	-	76,713	5,071	29,185	4,600
Notes receivable	1,938	-	1,021	815	102	-
Deferred financing costs, net	19,063	-	13,643	4,336	1,084	-
Goodwill and other intangibles, net	194,146	-	66,273	-	-	127,873
Total assets	330,716	-	157,650	10,222	30,371	132,473
	<u>\$ 7,965,783</u>	<u>\$ (91,209)</u>	<u>\$ 5,628,148</u>	<u>\$ 1,226,837</u>	<u>\$ 896,491</u>	<u>\$ 305,516</u>
Liabilities and net assets						
Current liabilities						
Accounts payable	\$ 121,461	\$ 2	\$ 61,003	\$ 21,641	\$ 21,627	\$ 17,188
Accrued compensation and related liabilities	243,133	-	131,836	52,598	47,215	11,484
Accrued liabilities	296,154	-	137,872	34,977	82,833	40,472
Payable to third-party payors	62,317	-	32,654	17,500	12,163	-
Current maturities of long-term debt	35,524	-	16,288	4,738	14,140	358
Total current liabilities	758,589	2	379,653	131,454	177,978	69,502
(Other liabilities)	117,874	-	68,929	6,718	35,916	6,311
Notes payable and interest due to (from) affiliates	90,477	(93,576)	126,939	24,287	(280)	33,107
Long-term debt less current maturities	1,993,193	-	1,474,866	340,298	132,847	48,182
Total liabilities	2,960,133	(93,574)	2,050,387	502,757	346,461	154,102
Net assets						
Controlling interest	4,914,495	2,365	3,506,543	723,814	530,359	151,414
Noncontrolling interests in subsidiaries	91,155	-	71,218	266	19,671	-
Total liabilities and net assets	5,005,680	2,365	3,577,761	724,080	550,030	151,414
	<u>\$ 7,965,783</u>	<u>\$ (91,209)</u>	<u>\$ 5,628,148</u>	<u>\$ 1,226,837</u>	<u>\$ 896,491</u>	<u>\$ 305,516</u>

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Consolidating Balance Sheet of Southern California Region
(In Thousands)

June 30, 2014

	Southern California Region	Eliminations	St. Joseph Orange	St. Jude Medical Center	Mission Hospital	St. Mary Medical Center	Hoag Hospital	Hoag Foundation	Newport Healthcare Center	St. Joseph Home Health South	Other
Assets											
Current assets											
Cash and equivalents	\$ 212,190	\$ -	\$ -	\$ -	\$ 2,171	\$ 625	\$ 123,309	\$ 15,305	\$ 13,118	\$ 5,947	\$ 51,715
Short-term marketable securities	404,615	-	70,987	64,667	89,565	65,746	110,734	2,916	-	-	-
Patient accounts receivable, less allowance for doubtful accounts (other assets)	344,223	(945)	63,185	51,076	80,218	48,137	79,037	-	-	7,874	15,641
Total current assets	83,512	(17,076)	18,130	10,390	14,144	6,561	28,567	4,536	12,627	449	5,184
Long-term marketable securities	1,044,540	(18,021)	152,302	126,133	186,098	121,069	341,647	22,757	25,745	14,270	72,540
Assets limited as to use	512,486	-	208,374	279,012	-	25,100	-	-	-	-	-
Board designated	1,479,418	-	58,939	26,079	94,308	3,819	1,162,748	133,525	-	-	-
Held in trust	3,344	-	3,344	-	-	-	-	-	-	-	-
Total assets limited as to use	1,482,762	-	62,283	26,079	94,308	3,819	1,162,748	133,525	-	-	-
Property and equipment, net	2,430,710	(51,564)	475,955	613,834	343,645	138,036	741,576	-	129,934	2,157	37,137
Intangibles and other	76,713	(283,434)	14,402	(626)	21,251	1,210	237,601	32,835	16	-	53,458
Notes receivable	1,021	-	939	-	-	82	-	-	-	-	-
Deferred financing costs, net	13,643	-	5,495	4,192	2,612	1,344	-	-	-	-	-
Goodwill and other intangibles, net	66,273	(1,791)	-	-	13,717	-	-	-	-	-	54,347
Total assets	157,650	(285,225)	20,836	3,566	37,580	2,636	237,601	32,835	16	-	107,805
	\$ 5,628,148	\$ (354,810)	\$ 919,750	\$ 1,048,624	\$ 661,631	\$ 290,660	\$ 2,483,572	\$ 189,117	\$ 155,695	\$ 16,427	\$ 217,482
Liabilities and net assets (deficit)											
Current liabilities											
Accounts payable	\$ 61,003	\$ (81)	\$ 21,386	\$ 355	\$ 1,743	\$ 1,106	\$ 31,236	\$ 119	\$ 253	\$ 109	\$ 4,777
Accrued compensation and related liabilities	131,836	(2,909)	22,938	17,371	18,630	11,354	56,786	732	-	2,170	4,764
Accrued liabilities	137,872	(10,680)	17,557	27,115	40,741	14,059	42,229	63	481	1,410	4,897
Payable to third-party payors	32,654	-	1,111	3,998	14,716	11,493	1,336	-	-	-	-
Current maturities of long-term debt	16,288	(358)	6,317	4,149	3,165	964	-	-	-	-	2,051
Total current liabilities	379,653	(14,028)	69,309	52,988	78,995	38,976	131,587	914	734	3,689	16,489
Other liabilities	68,929	(3,220)	7,919	2,022	4,017	731	49,908	2,539	-	5,013	-
Notes payable and interest due to (from) affiliates	126,939	-	12,552	6,041	82,153	6,711	(25,807)	2,797	-	17,713	24,779
Long-term debt, less current maturities	1,474,866	(26,063)	372,881	349,973	177,726	55,922	539,763	-	-	-	4,664
Total liabilities	2,050,387	(43,311)	462,661	411,024	342,891	102,340	695,451	6,250	734	21,402	50,945
Net assets (deficit)	3,506,543	(382,717)	457,089	637,600	318,740	188,320	1,788,121	182,867	154,961	(4,975)	166,537
Controlling interest	71,218	71,218	-	-	-	-	-	-	-	-	-
Noncontrolling interests in subsidiaries	3,577,761	(311,499)	457,089	637,600	318,740	188,320	1,788,121	182,867	154,961	(4,975)	166,537
Total liabilities and net assets	\$ 5,628,148	\$ (354,810)	\$ 919,750	\$ 1,048,624	\$ 661,631	\$ 290,660	\$ 2,483,572	\$ 189,117	\$ 155,695	\$ 16,427	\$ 217,482

St. Joseph Health System and Affiliates

A St. Joseph Health Ministry Corporation

Consolidating Balance Sheet of Northern California Region

(In Thousands)

June 30, 2014

	Northern California Region	Eliminations	Queen of the Valley	Santa Rosa Memorial	Petaluma Valley	St. Joseph Eureka	Redwood Memorial	St. Joseph Home Health North	Redwood Memorial Foundation	Advanced Surgery Institute	Northbay Endoscopy Center	Queen of the Valley Foundation
Assets												
Current assets												
Cash and equivalents	\$ 40,633	\$ -	\$ 16,106	\$ 6,921	\$ 7,872	\$ -	\$ 4,256	\$ -	\$ 42	\$ 235	\$ 26	\$ 5,175
Short-term marketable securities	154,078	-	77,150	54,110	-	163	19,686	-	2,969	-	-	-
Patient accounts receivable less allowance for doubtful accounts	130,092	-	32,048	55,692	9,969	24,441	6,448	879	-	615	-	-
Other assets	37,920	(694)	6,640	14,265	2,797	11,758	1,661	18	-	211	-	1,264
Total current assets	362,723	(694)	131,944	130,988	20,638	36,362	32,051	897	3,011	1,061	26	6,439
Long-term marketable securities	198,668	-	92,154	71,372	-	602	31,568	-	-	-	-	2,972
Assets limited as to use												
Board designated	13,361	-	-	5,213	2,076	6,072	-	-	-	-	-	-
Held in trust	7,045	-	-	-	-	(60)	-	-	-	-	-	7,105
Total assets limited as to use	20,406	-	-	5,213	2,076	6,012	-	-	-	-	-	7,105
Property and equipment net	634,818	-	215,607	184,396	16,439	205,801	9,564	756	227	1,505	428	95
Investments and other	5,071	(3,441)	994	5,541	233	1,060	185	-	478	21	-	-
Notes receivable	815	-	135	-	-	548	132	-	-	-	-	-
Deferred financing costs net	4,346	-	1,339	2,378	16	582	21	-	-	-	-	-
Total assets	1,226,837	(3,441)	442,173	399,888	39,402	2190	73,521	1,653	3,716	2,587	451	16,611
Liabilities and net assets (deficit)												
Current liabilities												
Accounts payable	\$ 21,641	\$ 1	\$ 602	\$ 11,549	\$ 2,062	\$ 5,656	\$ 774	\$ 3	\$ -	\$ 994	\$ -	\$ -
Accrued compensation and related liabilities	52,598	-	19,635	15,671	3,682	10,193	2,592	772	-	53	-	-
Accrued liabilities	34,977	(694)	15,532	10,373	2,237	6,125	946	205	-	152	-	101
Payable to third-party payors	17,500	-	3,494	3,130	(573)	8,225	3,224	-	-	-	-	-
Current maturities of long-term debt	4,738	-	1,343	2,322	104	-	71	-	-	898	-	-
Total current liabilities	131,454	(693)	40,606	43,045	7,512	30,199	7,607	980	-	2,097	-	101
Other liabilities	6,718	-	994	2,606	177	1,170	185	-	-	-	56	1,530
Notes payable and interest due to (from) affiliates	24,287	(1)	(5,375)	(33,537)	21,487	34,748	(635)	8,003	525	-	-	(928)
Long-term debt less current maturities	340,298	(1)	151,110	126,115	234	60,857	1,764	-	-	219	-	-
Total liabilities	502,757	(693)	187,335	138,229	29,410	126,974	8,921	8,983	525	2,316	56	703
Net assets (deficit)												
Controlling interest	723,814	(3,706)	254,838	261,659	9,992	123,993	64,600	(7,330)	3,191	271	398	15,908
Noncontrolling interests in subsidiaries	266	266	-	-	-	-	-	-	-	-	-	-
Total liabilities and net assets	1,226,837	(4,135)	442,173	399,888	39,402	250,967	73,521	1,653	3,716	2,587	451	16,611

St. Joseph Health System and Affiliates

A St. Joseph Health Ministry Corporation

Consolidating Balance Sheet of Texas Region

(In Thousands)

June 30, 2014

	Texas Region	Eliminations	Covenant Lubbock	Covenant Levelland	Covenant Plainsview	Covenant LTAC	Covenant Medical Group	Methodist Medical Group	Covenant Surgecenter	Covenant Diagnostic Imaging	Hospice of Lubbock	Covenant Health Partners	First Care	Methodist Service Provider Organization	Covenant Foundation
Assets															
Current assets															
Cash and equivalents	\$ 93,567	\$ -	\$ 31,147	\$ 2,315	\$ 19,363	\$ 4,802	\$ 5,704	\$ -	\$ 754	\$ 157	\$ 5,010	\$ 3,000	\$ 12,790	\$ 3,378	\$ 5,147
Short-term marketable securities	88,344	-	68,621	4,060	15	-	95	-	1,096	-	-	-	14,457	-	-
Patient accounts receivable less allowance for doubtful accounts	136,631	-	87,317	1,837	6,863	1,725	5,165	-	2,253	795	675	-	30,001	-	-
Other assets	72,439	-	51,154	2,559	3,472	150	5,641	-	590	115	180	391	5,291	285	2,608
Total current assets	390,981	-	238,239	10,771	29,713	6,677	16,608	-	4,693	1,067	5,865	3,391	62,539	3,663	7,755
Long-term marketable securities	163,363	-	108,763	-	-	-	-	-	-	-	-	-	45,398	-	9,202
Assets limited as to use															
Board designated	19,159	-	2	41	-	-	-	-	-	-	-	-	-	-	19,116
Held in trust	3,496	-	269	-	-	-	-	-	-	-	-	-	-	-	3,227
Total assets limited as to use	22,655	-	271	41	-	-	-	-	-	-	-	-	-	-	22,343
Property and equipment net	289,121	-	258,513	1,757	6,648	1,075	1,954	-	1,769	447	154	-	14,825	1,973	6
Investments and other	29,185	(35,113)	11,347	-	-	-	25,060	536	154	-	143	-	-	27,058	-
Notes receivable	102	-	102	-	-	-	-	-	-	-	-	-	-	-	-
Deferred financing costs net	1,084	-	1,084	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	30,371	(35,113)	12,533	-	-	-	25,060	536	154	-	143	-	-	27,058	-
	\$ 896,491	\$ (35,113)	\$ 618,319	\$ 12,569	\$ 36,361	\$ 7,752	\$ 43,622	\$ 536	\$ 6,616	\$ 1,514	\$ 6,162	\$ 3,391	\$ 122,762	\$ 32,694	\$ 39,306
Liabilities and net assets (deficit)															
Current liabilities															
Accounts payable	\$ 21,627	\$ -	\$ 14,829	\$ 487	\$ 1,929	\$ 387	\$ 252	\$ -	\$ 453	\$ 38	\$ 242	\$ 5	\$ 1,578	\$ -	\$ 1,420
Accrued compensation and related liabilities	47,215	-	27,048	789	4,274	467	9,092	-	188	166	135	2,904	2,129	-	23
Accrued liabilities	82,833	-	5,481	902	120	201	2,688	-	-	35	-	-	73,222	-	184
Payable to third-party payors	12,163	-	11,219	107	837	-	-	-	-	-	-	-	-	-	-
Current maturities of long-term debt	14,140	-	14,000	-	-	-	-	-	-	-	-	-	140	-	-
Total current liabilities	177,978	-	72,577	2,285	7,160	1,055	12,032	-	641	239	377	2,909	77,069	-	1,627
Other liabilities	35,916	-	10,320	-	-	-	25,060	536	-	-	-	-	-	-	-
Notes payable and interest due to (from) affiliates	(280)	-	(165,969)	623	9,959	112	104,602	-	135	-	144	(2,014)	-	50,201	1,927
Long-term debt less current maturities	132,847	-	130,984	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	346,461	-	47,912	2,908	17,119	1,167	141,694	536	776	239	521	895	78,932	50,208	3,554
Net assets (deficit)	530,359	(54,784)	570,407	9,661	19,242	6,585	(98,072)	-	5,840	1,275	5,641	2,496	43,830	(17,514)	35,752
Controlling interest	19,671	19,671	-	-	-	-	-	-	-	-	-	-	-	-	-
Noncontrolling interests in subsidiaries	550,030	(35,113)	570,407	9,661	19,242	6,585	(98,072)	-	5,840	1,275	5,641	2,496	43,830	(17,514)	35,752
Total liabilities and net assets	\$ 896,491	\$ (35,113)	\$ 618,319	\$ 12,569	\$ 36,361	\$ 7,752	\$ 43,622	\$ 536	\$ 6,616	\$ 1,514	\$ 6,162	\$ 3,391	\$ 122,762	\$ 32,694	\$ 39,306

St. Joseph Health System and Affiliates A St. Joseph Health Ministry Corporation

Consolidating Statements of Operations (In Thousands)

Year Ended June 30, 2014

	Consolidated	Eliminations	Total Regional Entities	System Office	American Unity Group	Professional Services Enterprises	Heritage Investment Group I	Revenue Cycle Services	Innovation Institute	St. Joseph Health System Foundation	Data Health	Obligated Group	Non- Obligated Group
Revenues													
Patient service net of contractual allowances and discounts	\$ 4,480,661	\$ -	\$ 4,480,661	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ 3,968,450	\$ 512,211
Provision for doubtful accounts	205,438	-	205,438	-	-	-	-	-	-	-	-	185,084	20,354
Net patient service net of provision for doubtful accounts	4,275,223	-	4,275,223	-	-	-	-	-	-	-	-	3,783,366	491,857
Premium	1,130,559	-	1,130,559	-	-	-	-	-	-	-	-	316,303	814,256
Other	225,884	(134,254)	(124,450)	280,377	12,840	3,346	3,354	75,198	80,840	-	28,933	166,174	59,710
Total revenues	5,631,666	(134,254)	5,497,412	280,377	12,840	3,346	3,354	75,198	80,840	-	28,933	4,265,843	1,365,823
Expenses													
Compensation and benefits	2,467,614	(34,370)	2,264,587	150,286	-	-	-	53,042	22,631	-	11,438	2,022,148	445,466
Supplies and other	1,139,382	(22,110)	1,109,404	38,640	2,273	(97)	1,093	2,467	4,600	-	3,112	937,101	202,281
Professional fees and purchased services	1,598,746	(69,311)	1,425,596	134,270	156	-	33	42,025	50,556	-	15,221	790,840	807,906
Depreciation and amortization	303,521	5,776	284,013	12,128	-	649	335	206	326	-	88	278,096	25,425
Interest	110,737	(6,328)	96,292	16,891	-	3,256	620	-	-	-	6	109,683	1,054
Impairment of goodwill	27,754	(5,525)	33,279	-	-	-	-	-	-	-	-	1,002	26,752
Total expenses	5,647,514	(131,868)	5,213,371	352,215	2,429	3,808	2,081	97,740	78,113	-	29,865	4,138,870	1,508,884
Operating (loss) income	(16,088)	(2,386)	(16,661)	(71,838)	10,411	(462)	1,273	(22,542)	2,727	-	(932)	126,973	(143,061)
Nonoperating gains (losses), net	324,875	5,061	329,936	(25,204)	7,263	603	3	(6)	31	16,407	-	349,836	(24,961)
Excess (deficiency) of revenues over expenses	308,787	2,675	388,378	(97,042)	17,674	141	1,276	(22,548)	2,758	16,407	(932)	476,809	(168,021)
Less: Excess of revenues over expenses attributable to noncontrolling interests	15,985	1,309	14,586	-	-	-	-	-	-	-	-	-	15,985
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$ 292,802	\$ 1,366	\$ 373,702	\$ (97,042)	\$ 17,674	\$ 141	\$ 1,276	\$ (22,548)	\$ 2,758	\$ 16,407	\$ (932)	\$ 476,809	\$ (184,007)

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Consolidating Statements of Operations of Regional Entities
(In Thousands)

Year Ended June 30, 2014

	Total Regional Entities	Eliminations	Southern California Region	Northern California Region	Texas Region	Heritage
Revenues						
Patient service net of contractual allowances and discounts	\$ 4,480,661	\$ -	\$ 2,497,878	\$ 984,150	\$ 768,944	\$ 229,689
Provision for doubtful accounts	205,438	-	90,447	62,248	45,626	7,117
Net patient service net of provision for doubtful accounts	4,275,223	-	2,407,431	921,902	723,318	222,572
Premium	1,130,559	-	301,260	15,044	512,205	302,050
Other	(124,750)	(272,411)	41,999	24,752	55,436	25,474
Total revenues	5,281,032	(272,411)	2,750,690	961,698	1,290,959	550,096
Expenses						
Compensation and benefits	2,264,587	(29,187)	1,241,304	469,631	433,318	149,521
Supplies and other	1,109,404	(8,539)	633,911	179,824	211,981	92,227
Professional fees and purchased services	1,425,796	(234,684)	503,695	196,183	557,608	462,994
Depreciation and amortization	284,013	-	182,901	54,336	34,414	12,362
Interest	96,292	-	66,693	17,542	8,153	3,904
Impairment of goodwill	33,279	32,277	1,002	-	-	-
Total expenses	5,213,371	(240,133)	2,629,506	917,516	1,245,474	661,008
(Operating income) loss	67,661	(32,278)	121,184	44,182	45,485	(110,912)
Nonoperating gains net	320,717	-	257,179	39,973	22,502	1,063
Excess (deficiency) of revenues over expenses	388,378	(32,278)	378,363	84,155	67,987	(109,849)
Less: Excess (deficiency) of revenues over expense attributable to noncontrolling interests	14,586	-	17,544	(101)	(2,857)	-
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$ 373,792	\$ (32,278)	\$ 360,819	\$ 84,256	\$ 70,844	\$ (109,849)

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Consolidating Statements of Operations of Southern California Region
(In Thousands)

Year Ended June 30, 2014

	Southern California Region	Eliminations	St. Joseph Orange	St. Jude Medical Center	Mission Hospital	St. Mary Medical Center	Hoag Hospital	Hoag Foundation	Newport Healthcare Center	St. Joseph Home Health South	Other
Revenues											
Patient service, net of contractual allowances and discounts	\$ 2,497,878	\$ (2,673)	\$ 466,626	\$ 377,633	\$ 473,948	\$ 269,655	\$ 726,580	\$ -	\$ -	\$ 45,547	\$ 140,562
Provision for doubtful accounts	90,447	-	8,854	19,756	22,189	14,613	24,020	-	-	839	176
Net patient service, net of provision for doubtful accounts	2,407,431	(2,673)	457,772	357,877	451,759	255,042	702,560	-	-	44,708	140,386
Premium	301,260	-	90,305	89,839	9,638	20,893	90,585	-	-	-	-
Other	41,999	(128,766)	12,995	10,335	14,870	2,671	53,762	20,788	11,858	121	43,365
Total revenues	2,750,690	(131,439)	561,072	458,051	476,267	278,606	846,907	20,788	11,858	44,829	183,751
Expenses											
Compensation and benefits	1,241,304	(27,919)	263,612	201,338	200,514	141,029	363,334	-	-	30,163	69,233
Supplies and other	633,911	(33,384)	122,704	80,285	104,103	53,103	211,276	23,226	3,117	11,618	57,863
Professional fees and purchased services	503,695	(74,221)	142,189	107,462	95,840	62,837	141,901	-	1,731	5,943	20,013
Depreciation and amortization	182,901	(1,649)	40,592	26,195	22,834	10,447	74,530	-	2,793	785	6,374
Interest	66,693	(1,013)	16,745	19,213	10,316	2,817	18,322	-	-	8	285
Impairment of goodwill	1,002	-	-	1,002	-	-	-	-	-	-	-
Total expenses	2,629,506	(138,186)	585,842	435,495	433,607	270,233	809,363	23,226	7,641	48,517	153,768
Operating income (loss)	121,184	6,747	(24,770)	22,556	42,660	8,373	37,544	(2,438)	4,217	(3,688)	29,983
Nonoperating gains, net	257,179	(27,576)	33,224	50,215	14,242	7,878	172,637	3,815	74	9	2,661
Excess (deficiency) of revenues over expenses	378,363	(20,829)	8,454	72,771	56,902	16,251	210,181	1,377	4,291	(3,679)	32,644
Less: Excess of revenues over expenses attributable to noncontrolling interests	17,544	17,544	-	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$ 360,819	\$ (38,373)	\$ 8,454	\$ 72,771	\$ 56,902	\$ 16,251	\$ 210,181	\$ 1,377	\$ 4,291	\$ (3,679)	\$ 32,644

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Consolidating Statements of Operations of Northern California Region
(In Thousands)

Year Ended June 30, 2014

	Northern California Region	Eliminations	Queen of the Valley	Santa Rosa Memorial	Petaluma Valley	St. Joseph Eureka	Redwood Memorial	St. Joseph Home Health North	Redwood Memorial Foundation	Advanced Surgery Institute	Northbay Endoscopy Center	Queen of the Valley Foundation
Revenues												
Patient service net of contractual allowances and discounts	\$ 984,150	\$ (537)	\$ 232,466	\$ 393,362	\$ 84,821	\$ 216,602	\$ 42,558	\$ 9,700	\$ -	\$ 4,528	\$ 650	\$ -
Provision for doubtful accounts	62,248	-	14,379	25,269	7,448	11,482	3,443	212	-	15	-	-
Net patient service net of provision for doubtful accounts	921,902	(537)	218,087	368,093	77,373	205,120	39,115	9,488	-	4,513	650	-
Premium	15,044	-	10,775	4,269	-	-	-	-	-	-	-	-
Other	24,752	(1,174)	9,274	5,677	2,319	4,633	1,194	-	-	6	-	2,823
Total revenues	961,698	(1,711)	238,136	378,039	79,692	209,753	40,309	9,488	-	4,519	650	2,823
Expenses												
Compensation and benefits	469,631	-	136,554	173,711	43,083	86,503	19,811	8,309	-	1,367	293	-
Supplies and other	179,824	(369)	43,575	67,296	11,558	44,706	5,806	2,171	-	2,243	267	2,571
Professional fees and purchased services	196,183	(1,342)	49,182	70,928	17,707	48,761	8,922	1,396	-	506	29	94
Depreciation and amortization	54,336	-	16,378	18,620	3,608	13,370	1,408	345	-	566	27	14
Interest	17,542	-	6,771	6,784	23	3,659	98	139	-	68	-	-
Total expenses	917,516	(1,711)	252,460	337,339	75,979	196,999	36,045	12,360	-	4,750	616	2,679
Operating income (loss)	44,182	-	(14,324)	40,700	3,713	12,754	4,264	(2,872)	-	(231)	34	144
Nonoperating gains (losses) net	39,973	96	18,588	15,137	(443)	431	6,005	-	6	-	-	153
Excess (deficiency) of revenues over expenses	84,155	96	4,264	55,837	3,270	13,185	10,269	(2,872)	6	(231)	34	297
Less: Deficiency of revenues over expenses attributable to noncontrolling interests	(101)	(101)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$ 84,256	\$ 197	\$ 4,264	\$ 55,837	\$ 3,270	\$ 13,185	\$ 10,269	\$ (2,872)	\$ 6	\$ (231)	\$ 34	\$ 297

Year Ended June 30, 2014

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St. Joseph Health System and Affiliates A St. Joseph Health Ministry Corporation

Consolidating Balance Sheet (In Thousands)

June 30, 2013

	Consolidated	Eliminations	Total Regional Entities	System Office	Unity American Group	Professional Services Enterprises	Heritage Investment Group I	Revenue Cycle Services	Innovation Institute	St. Joseph Health System Foundation		Obligated Group	Non- Obligated Group
										Foundation			
Assets													
Current assets													
Cash and equivalents	\$ 329 513	\$ (14 956)	\$ 299 774	\$ -	\$ 11 789	\$ 2 755	\$ 1 556	\$ 507	\$ 20 469	\$ 7 619	\$ 73 780	\$ 2 557 333	
Short-term marketable securities	782 752	-	615 063	100 281	-	-	-	-	-	67 408	605 291	177 461	
Patient accounts receivable less allowance for doubtful accounts	607 548	-	607 548	-	-	-	-	-	-	-	451 452	156 096	
Other assets	294 900	-	276 169	17 987	1 117	1	61	21	(458)	2	215 354	79 546	
Total current assets	2 014 713	(14 956)	1 798 554	118 268	12 906	2 756	1 617	528	20 011	75 029	1 345 877	668 836	
Long-term marketable securities	990 317	-	795 383	130 238	64 696	-	-	-	-	-	870 179	120 138	
Assets limited as to use	1 350 270	-	1 319 971	-	-	-	-	-	-	30 299	158 330	1 191 940	
Board designated	127 810	-	44 810	83 000	-	-	-	-	-	-	118 282	9 528	
Held in trust	1 478 080	-	1 364 781	83 000	-	-	-	-	-	30 299	276 612	1 201 468	
Total assets limited as to use	3 641 852	95 935	3 376 579	144 039	-	11 608	12 362	63	1 266	-	2 677 248	964 604	
Property and equipment net	115 250	(45 143)	107 699	33 242	269	11 042	7 724	-	417	-	96 933	18 317	
Investments and other	8 926	-	-	8 926	-	-	-	-	-	-	8 926	-	
Collateral held for swap counterparty	23 152	-	2 853	20 299	-	-	-	-	-	-	22 222	930	
Notes receivable	255 935	20 188	234 678	851	-	-	-	-	-	-	19 521	3 726	
Deferred financing costs net	426 510	(24 955)	367 626	63 318	269	11 042	7 724	-	1 069	-	41 770	214 165	
Goodwill and other intangibles net	8 551 472	\$ 56 024	\$ 7 702 923	\$ 538 863	\$ 77 871	\$ 25 406	\$ 21 703	\$ 591	\$ 22 763	\$ 105 328	\$ 5 359 288	\$ 3 192 184	
Total assets													
Liabilities and net assets (deficit)													
Current liabilities													
Accounts payable	\$ 176 866	\$ (197)	\$ 145 517	\$ 28 664	\$ 608	\$ -	\$ -	\$ -	\$ 2 201	\$ 73	\$ 126 095	\$ 50 771	
Accrued compensation and related liabilities	309 424	-	247 826	56 095	-	-	-	2 919	2 584	-	225 820	85 604	
Accrued liabilities	366 648	(1 461)	243 773	99 071	21 655	-	2 253	1 357	-	-	201 732	164 916	
Payable to third-party payors	75 873	-	75 873	-	-	-	-	-	-	-	73 800	2 073	
Current maturities of long-term debt	202 453	(30 969)	192 415	41 007	-	-	-	-	-	-	41 340	161 113	
Total current liabilities	1 131 264	(32 627)	905 404	224 837	22 263	-	2 253	4 276	4 785	73	666 787	464 477	
Interest rate swaps	85 983	-	37 328	48 655	-	-	-	-	-	-	48 655	37 328	
Other liabilities	252 227	-	116 047	125 464	10 716	-	-	-	-	-	151 130	101 097	
Notes payable and interest due to (from) affiliates	-	1 350 859	98 403	(1 467 843)	113	-	12 757	6 527	(1 361)	545	(148 416)	148 416	
Long-term debt less current maturities	2 118 137	(1 343 442)	1 830 234	1 610 979	-	20 366	15 010	-	-	-	1 712 710	405 427	
Total liabilities	3 587 611	(25 210)	2 987 416	542 092	33 092	20 366	15 010	10 803	3 424	618	2 430 866	1 156 715	
Net assets (deficit)	4 887 443	77 902	4 642 421	(3 229)	44 779	5 040	6 693	(10 212)	19 339	104 710	2 928 422	1 959 021	
Controlling interest	76 418	3 332	73 086	-	-	-	-	-	-	-	-	76 418	
Noncontrolling interests in subsidiaries	4 963 861	81 234	4 715 507	(3 229)	44 779	5 040	6 693	(10 212)	19 339	104 710	2 928 422	2 035 439	
Total liabilities and net assets	\$ 8 551 472	\$ 56 024	\$ 7 702 923	\$ 538 863	\$ 77 871	\$ 25 406	\$ 21 703	\$ 591	\$ 22 763	\$ 105 328	\$ 5 359 288	\$ 3 192 184	

St. Joseph Health System and Affiliates A St. Joseph Health Ministry Corporation

Consolidating Balance Sheet of Regional Entities (In Thousands)

June 30, 2013

	Total Regional Entities	Eliminations	Southern California Region	Northern California Region	Texas Region	Heritage
Assets						
Current assets						
Cash and equivalents	\$ 299,774	\$ (23,352)	\$ 206,276	\$ 40,112	\$ 66,702	\$ 10,036
Short-term marketable securities	615,063	-	357,207	154,923	87,870	15,063
Patient accounts receivable less allowance for doubtful accounts	607,548	-	351,836	116,036	117,700	21,976
Other assets	276,169	-	169,354	54,677	39,131	13,007
Total current assets	1,798,554	(23,352)	1,084,673	365,748	311,403	60,082
Long-term marketable securities	795,383	2,365	449,284	165,623	178,111	-
Assets limited as to use						
Board designated	1,319,971	-	1,297,281	6,941	14,648	1,101
Held in trust	44,810	-	3,050	28,572	13,188	-
Total assets limited as to use	1,364,781	-	1,300,331	35,513	27,836	1,101
Property and equipment, net	3,376,579	-	2,381,933	627,486	287,035	80,125
Investments and other	107,699	-	76,530	5,144	23,793	2,232
Notes receivable	2,853	-	2,793	-	21	39
Deferred financing costs, net	22,396	-	16,099	5,111	1,186	-
Goodwill and other intangibles, net	234,678	32,277	69,497	269	-	132,635
	367,626	32,277	164,919	10,524	25,000	134,906
Total assets	\$ 7,702,933	\$ 11,290	\$ 5,381,140	\$ 1,204,894	\$ 829,385	\$ 276,214
Liabilities and net assets						
Current liabilities						
Accounts payable	\$ 145,517	\$ -	\$ 88,437	\$ 26,855	\$ 20,360	\$ 9,865
Accrued compensation and related liabilities	247,826	-	139,008	57,423	43,103	8,292
Accrued liabilities	243,773	-	118,055	32,064	68,817	24,837
Payable to third-party payors	75,873	-	42,004	22,511	9,652	1,706
Current maturities of long-term debt	192,415	-	173,903	4,631	13,582	299
Total current liabilities	905,404	-	561,407	143,484	155,514	44,999
Interest rate swaps	37,328	-	37,328	-	-	-
Other liabilities	116,047	-	74,876	1,759	31,831	7,581
Notes payable and interest due to affiliates	98,403	(23,352)	97,501	21,577	(18,603)	21,280
Long-term debt less current maturities	1,830,234	-	1,302,791	334,598	147,483	45,362
Total liabilities	2,987,416	(23,352)	2,073,903	501,418	316,225	119,222
Net assets						
Controlling interest	4,642,421	34,642	3,252,537	703,448	494,802	156,992
Noncontrolling interests in subsidiaries	73,086	-	54,700	28	18,358	-
	4,715,507	34,642	3,307,237	703,476	513,160	156,992
Total liabilities and net assets	\$ 7,702,923	\$ 11,290	\$ 5,381,140	\$ 1,204,894	\$ 829,385	\$ 276,214

St. Joseph Health System and Affiliates

A St. Joseph Health Ministry Corporation

Consolidating Balance Sheet of Southern California Region

(In Thousands)

June 30, 2013

	Southern California Region	Eliminations	St. Joseph Orange	St. Jude Medical Center	Mission Hospital	St. Mary Medical Center	Hoag Hospital	Hoag Foundation	Newport Healthcare Center	St. Joseph Home Health South	Other
Assets											
Current assets											
Cash and equivalents	\$ 206,276	\$ -	\$ -	\$ -	\$ 6,405	\$ 14,063	\$ 121,332	\$ 15,305	\$ 7,319	\$ -	\$ 41,852
Short-term marketable securities	357,207	-	45,014	127,925	81,982	31,153	68,269	2,864	-	-	-
Patient accounts receivable, less allowance for doubtful accounts	351,836	-	70,104	49,902	81,258	47,737	80,490	-	-	6,719	15,626
(Other assets)	169,354	(9,676)	45,257	21,511	29,601	18,516	31,504	9,390	14,981	324	7,946
Total current assets	1,084,673	(9,676)	160,375	199,338	199,246	111,469	301,595	27,559	22,300	7,043	65,424
Long-term marketable securities	449,284	-	181,171	246,290	-	21,823	-	-	-	-	-
Assets limited as to use	1,297,281	-	55,246	19,014	76,039	681	1,027,699	118,602	-	-	-
Board designated	3,050	-	3,050	-	-	-	-	-	-	-	-
Held in trust	1,300,331	-	58,296	19,014	76,039	681	1,027,699	118,602	-	-	-
Total assets limited as to use	2,381,933	(50,480)	502,444	548,338	329,567	135,577	742,559	-	128,943	2,930	42,055
Property and equipment, net	76,530	(285,021)	15,086	4,051	29,122	1,161	230,194	25,954	16	-	55,967
Intangibles and other	2,793	-	1,902	-	-	-	-	-	-	-	891
Notes receivable	16,099	-	4,826	4,395	2,736	416	3,726	-	-	-	-
Deferred financing costs, net	69,497	(2,050)	-	1,002	13,717	-	-	-	-	-	56,828
Goodwill and other intangibles, net	164,919	(287,071)	21,814	9,448	45,575	1,577	233,920	25,954	16	-	113,686
Total assets	\$ 5,381,140	\$ (347,227)	\$ 924,100	\$ 1,022,428	\$ 650,427	\$ 271,127	\$ 2,305,773	\$ 172,115	\$ 151,259	\$ 9,973	\$ 221,165
Liabilities and net assets (deficit)											
Current liabilities											
Accounts payable	\$ 88,437	\$ (31)	\$ 22,504	\$ 8,506	\$ 14,528	\$ 9,252	\$ 26,969	\$ 142	\$ 132	\$ 339	\$ 6,096
Accrued compensation and related liabilities	139,008	(2,566)	26,807	20,778	20,295	11,582	56,380	225	-	1,303	4,204
Accrued liabilities	118,055	(4,128)	15,028	12,918	22,993	8,266	54,160	81	457	433	7,847
Payable to third-party payors	42,004	-	508	6,503	18,001	16,626	366	-	-	-	-
Current maturities of long-term debt	173,903	(2,299)	6,145	3,975	3,070	944	157,971	-	-	-	2,097
Total current liabilities	561,407	(7,024)	70,992	52,680	78,887	46,670	295,846	448	589	2,075	20,244
Interest rate swaps	37,328	-	-	-	-	-	37,328	-	-	-	-
Other liabilities	74,876	(2,659)	6,379	4,599	3,564	5	55,487	2,137	-	39	5,325
Notes payable and interest due to (from) affiliates	97,501	-	(3,213)	(1,369)	84,679	7,696	(22,033)	1,839	-	8,854	21,048
Long-term debt, less current maturities	1,302,791	(26,720)	358,551	354,150	180,959	34,375	394,873	-	-	-	6,603
Total liabilities	2,073,903	(36,403)	432,709	410,060	348,089	88,746	761,501	4,424	589	10,968	53,220
Net assets (deficit)	3,252,537	(365,524)	491,391	612,368	302,338	182,381	1,544,272	167,691	150,670	(995)	167,945
Controlling interest	54,700	54,700	-	-	-	-	-	-	-	-	-
Noncontrolling interests in subsidiaries	3,307,237	(310,824)	491,391	612,368	302,338	182,381	1,544,272	167,691	150,670	(995)	167,945
Total liabilities and net assets	\$ 5,381,140	\$ (347,227)	\$ 924,100	\$ 1,022,428	\$ 650,427	\$ 271,127	\$ 2,305,773	\$ 172,115	\$ 151,259	\$ 9,973	\$ 221,165

St. Joseph Health System and Affiliates

A St. Joseph Health Ministry Corporation

Consolidating Balance Sheet of Northern California Region

(In Thousands)

June 30, 2013

	Northern California Region	Eliminations	Queen of the Valley	Santa Rosa Memorial	Petaluma Valley	St. Joseph Eureka	Redwood Memorial	St. Joseph Home Health North	Redwood Memorial Foundation	Advanced Surgery Institute	Queen of the Valley Foundation
Assets											
Current assets											
Cash and equivalents	\$ 40,112	\$ -	\$ 18,308	\$ 3,319	\$ 9,127	\$ -	\$ 5,875	\$ -	\$ -	\$ 144	\$ 3,274
Short-term marketable securities	154,923	-	70,619	63,604	-	150	18,020	-	2,530	-	-
Patient accounts receivable less allowance for doubtful accounts	116,036	-	30,942	45,309	9,097	23,959	5,345	970	-	414	-
Other assets	54,677	-	16,661	16,416	3,160	14,323	2,560	30	-	126	1,401
Total current assets	365,748	-	136,530	128,648	21,384	38,432	31,800	1,000	2,595	684	4,675
Long-term marketable securities	165,623	-	80,124	58,430	131	523	23,545	-	-	-	2,870
Assets limited as to use	6,941	-	-	3,950	1,795	1,196	-	-	-	-	-
Board designated	28,572	-	22,076	-	-	-	-	-	-	-	-
Held in trust	35,513	-	22,076	3,950	1,795	1,196	-	-	-	-	6,496
Total assets limited as to use	627,486	-	204,317	178,887	17,985	212,513	10,306	1,091	227	2,047	113
Property and equipment, net	5,144	(29)	817	1,081	-	2,774	-	-	478	23	-
Intangibles and other	5,111	-	1,403	2,019	1,061	605	23	-	-	-	-
Deferred financing costs, net	269	-	-	-	-	269	-	-	-	-	-
Goodwill and other intangibles, net	10,524	(29)	2,230	3,100	1,061	3,648	23	-	478	23	-
Total assets	\$ 1,204,894	\$ -	\$ 445,267	\$ 373,015	\$ 42,356	\$ 256,312	\$ 65,674	\$ 2,091	\$ 3,300	\$ 2,754	\$ 14,154
Liabilities and net assets (deficit)											
Current liabilities											
Accounts payable	\$ 26,855	\$ (1)	\$ 8,601	\$ 9,539	\$ 1,604	\$ 5,486	\$ 952	\$ 26	\$ -	\$ 634	\$ 14
Accrued compensation and related liabilities	57,423	-	16,772	21,181	5,114	11,317	2,598	411	-	-	-
Accrued liabilities	32,064	-	6,994	13,859	2,420	7,902	576	131	-	30	-
Payable to third-party payors	22,511	-	(283)	6,362	90	12,779	3,563	-	-	101	81
Current maturities of long-term debt	4,631	-	1,303	2,255	99	-	69	-	-	-	-
Total current liabilities	143,484	(1)	33,387	53,196	9,327	37,484	7,758	568	-	905	95
Other liabilities	1,759	-	-	-	-	355	-	-	-	-	1,404
Notes payable and interest due to (from) affiliates	21,577	-	(5,738)	(34,392)	22,322	34,078	322	5,900	4	-	(919)
Long-term debt less current maturities	334,598	-	152,494	118,074	342	60,823	1,838	-	-	1,027	-
Total liabilities	501,418	(1)	180,143	136,878	31,991	132,740	9,918	6,468	4	2,697	580
Net assets (deficit)	703,448	(56)	265,124	236,137	10,365	123,572	55,756	(4,377)	3,296	57	13,574
Controlling interest	28	28	-	-	-	-	-	-	-	-	-
Noncontrolling interests in subsidiaries	703,476	(28)	265,124	236,137	10,365	123,572	55,756	(4,377)	3,296	57	13,574
Total liabilities and net assets	\$ 1,204,894	\$ -	\$ 445,267	\$ 373,015	\$ 42,356	\$ 256,312	\$ 65,674	\$ 2,091	\$ 3,300	\$ 2,754	\$ 14,154

St. Joseph Health System and Affiliates A St. Joseph Health Ministry Corporation

Consolidating Balance Sheet of Texas Region (In Thousands)

June 30, 2013

Assets	Texas Region	Eliminations	Covenant Lubbock	Covenant Levelland	Covenant Plainsview	Covenant LTAC	Covenant Medical Group	Methodist Medical Group	Covenant Surgecenter	Covenant Diagnostic Imaging	Hospice of Lubbock	Covenant Health Partners	First Care	Methodist Service Provider Organization	Covenant Foundation
Current assets															
Cash and equivalents	\$ 66,702	\$ -	\$ 25,503	\$ 1,760	\$ 12,683	\$ 2,329	\$ 1,536	\$ -	\$ 705	\$ 260	\$ 3,908	\$ 2,647	\$ 10,509	\$ 391	\$ 4,291
Short-term marketable securities	87,870	-	62,813	3,716	15	-	92	-	1,092	-	-	-	20,142	-	-
Parent accounts receivable less allowance for doubtful accounts	117,700	-	80,005	1,901	4,924	2,812	7331	-	1,890	552	669	-	17,416	-	-
Other assets	39,131	-	28,634	333	279	172	2,318	-	623	146	184	280	177	2,699	1,686
Total current assets	311,403	-	197,045	7,710	17,901	5,313	11,277	-	4,310	1,158	4,761	2,927	49,934	3,090	5,977
Long-term marketable securities	178,111	-	125,539	-	-	-	-	-	-	-	-	-	42,911	-	9,661
Assets limited as to use															
Board designated	14,648	-	371	39	-	-	-	-	-	-	-	-	-	-	14,238
Held in trust	13,188	-	10,527	39	-	-	-	-	-	-	-	-	-	-	3,032
Total assets limited as to use	27,836	-	21,054	78	-	-	-	-	-	-	-	-	-	-	17,270
Property and equipment net	287,035	-	260,551	1,860	7,056	995	932	-	1,920	638	339	-	10,687	2,049	8
Investments and other	23,793	(34,693)	9,604	-	(6)	-	20,592	475	163	-	119	-	-	27,539	-
Notes receivable	21	-	-	21	-	-	-	-	-	-	-	-	-	-	-
Deferred financing costs net	1,186	-	1,186	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 829,385	\$ (34,693)	\$ 604,452	\$ 9,630	\$ 24,951	\$ 6,308	\$ 33,801	\$ 475	\$ 6,393	\$ 1,796	\$ 5,219	\$ 2,927	\$ 103,532	\$ 32,678	\$ 32,916
Liabilities and net assets (deficit)															
Current liabilities															
Accounts payable	\$ 20,360	\$ -	\$ 15,415	\$ 268	\$ 752	\$ 142	\$ 123	\$ -	\$ 206	\$ 39	\$ 284	\$ 19	\$ 414	\$ -	\$ 2,691
Accrued compensation and related liabilities	43,103	-	26,553	632	3,685	496	667	-	180	179	123	2,806	177	-	35
Accrued liabilities	68,817	-	8,535	-	-	117	1795	-	-	34	-	-	58,152	-	184
Payable to third-party payors	9,652	-	7,245	752	1,655	-	-	-	-	-	-	-	-	-	-
Current maturities of long-term debt	13,582	-	13,412	-	-	-	-	-	-	-	-	-	140	-	-
Total current liabilities	155,514	-	71,190	1,652	6,092	755	8,585	475	386	252	407	2,825	60,453	-	2,910
Other liabilities	31,831	-	10,764	-	-	-	20,592	475	-	-	-	-	-	-	-
Notes payable and interest due to (from) affiliates	(18,603)	-	(141,509)	(511)	8,898	218	78,456	-	307	-	65	(3,459)	-	38,187	745
Long-term debt less current maturities	147,483	-	145,237	-	-	-	-	-	-	-	-	-	2,246	-	-
Total liabilities	316,225	-	85,682	1,141	14,990	973	107,633	475	693	252	472	(634)	62,699	38,194	3,655
Net assets (deficit)															
Controlling interest	494,802	(53,051)	518,770	8,489	9,961	5,335	(74,832)	-	5,700	1,544	477	3,561	40,833	(5,516)	29,261
Noncontrolling interests in subsidiaries	18,358	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities and net assets	\$ 829,385	\$ (34,693)	\$ 604,452	\$ 9,630	\$ 24,951	\$ 6,308	\$ 33,801	\$ 475	\$ 6,393	\$ 1,796	\$ 5,219	\$ 2,927	\$ 103,532	\$ 32,678	\$ 32,916

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Consolidating Statements of Operations
(In Thousands)

Year Ended June 30, 2013

	Consolidated	Eliminations	Total Regional Entities	System Office	American Unity Group	Professional Services Enterprises	Heritage Investment Group I	Revenue Cycle Services	Innovation Institute	St. Joseph Health System Foundation	Obligated Group	Non- Obligated Group
Revenues												
Patient service net of contractual allowances and discounts	\$ 4,088,718	\$ -	\$ 4,088,718	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,494,088	\$ 594,630
Provision for doubtful accounts	236,897	-	236,897	-	-	-	-	-	-	-	211,144	25,753
Net patient service net of provision for doubtful accounts	3,851,821	-	3,851,821	-	-	-	-	-	-	-	3,282,944	568,877
Premium	943,634	-	943,634	-	-	-	-	-	-	-	151,241	789,393
Other	160,245	(69,956)	(177,959)	261,456	15,741	3,348	3,360	78,976	45,279	-	88,325	71,920
Total revenues	4,955,700	(69,956)	4,617,496	261,456	15,741	3,348	3,360	78,976	45,279	-	3,525,510	1,430,190
Expenses												
Compensation and benefits	2,179,898	(16,906)	1,981,489	150,415	-	-	-	48,617	16,283	-	1,694,796	485,102
Supplies and other	1,048,765	(19,216)	1,010,573	37,860	9,604	357	1,092	2,704	5,791	-	827,593	221,172
Professional fees and purchased services	1,369,459	(32,057)	1,243,504	96,687	151	-	38	33,347	27,789	-	620,547	748,912
Depreciation and amortization	235,496	1,260	224,456	8,310	-	648	340	278	204	-	193,018	42,478
Interest	72,346	(6,304)	70,546	4,598	-	2,753	753	-	-	-	65,781	6,565
Total expenses	4,905,964	(73,223)	4,530,568	297,870	9,755	3,758	2,223	81,946	50,067	-	3,401,735	1,504,229
Operating income (loss)	49,736	3,267	86,928	(36,414)	5,986	(410)	1,137	(5,970)	(4,788)	-	123,775	(74,039)
Nonoperating gains net	159,584	(20,299)	129,173	42,253	-	570	8	21	42	7,816	158,824	760
Contribution from affiliation	1,712,981	1,712,981	-	-	-	-	-	-	-	-	1,712,981	-
Excess (deficiency) of revenues over expenses	1,922,301	1,695,949	216,101	5,839	5,986	160	1,145	(5,949)	(4,746)	7,816	1,995,580	(73,279)
Less: Excess (deficiency) of revenues over expenses attributable to noncontrolling interests	41,314	43,698	(2,384)	-	-	-	-	-	-	-	43,128	(1,814)
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$ 1,880,987	\$ 1,652,251	\$ 218,485	\$ 5,839	\$ 5,986	\$ 160	\$ 1,145	\$ (5,949)	\$ (4,746)	\$ 7,816	\$ 1,952,452	\$ (71,465)

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Consolidating Statements of Operations of Regional Entities
(In Thousands)

Year Ended June 30, 2013

	Total Regional Entities	Eliminations	Southern California Region	Northern California Region	Texas Region	Heritage
Revenues						
Patient service net of contractual allowances and discounts	\$ 4,088,718	\$ -	\$ 2,138,279	\$ 995,656	\$ 763,136	\$ 191,647
Provision for doubtful accounts	236,897	-	94,935	60,569	77,421	3,972
Net patient service net of provision for doubtful accounts	3,851,821	-	2,043,344	935,087	685,715	187,675
Premium	943,634	-	176,468	8,931	482,465	275,770
Other	(177,959)	(255,874)	(574)	22,052	39,518	16,919
Total revenues	4,617,496	(255,874)	2,219,238	966,070	1,207,698	480,364
Expenses						
Compensation and benefits	1,981,489	(29,325)	996,678	472,269	426,565	115,302
Supplies and other	1,010,573	(17,219)	537,918	207,729	212,228	69,917
Professional fees and purchased services	1,243,504	(209,330)	392,946	184,815	540,629	334,444
Depreciation and amortization	224,456	-	124,933	54,312	34,619	10,592
Interest	70,546	-	45,314	12,815	8,611	3,806
Total expenses	4,530,568	(255,874)	2,097,789	931,940	1,222,652	534,061
Operating income (loss)	86,928	-	121,449	34,130	(14,954)	(53,697)
Nonoperating gains net	129,173	-	82,882	25,177	20,620	494
Excess (deficiency) of revenues over expenses	216,101	-	204,331	59,307	5,666	(53,203)
Less: Excess (deficiency) of revenues over expenses attributable to noncontrolling interests	(2,384)	-	716	(34)	(3,066)	-
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$ 218,485	\$ -	\$ 203,615	\$ 59,341	\$ 8,732	\$ (53,203)

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Consolidating Statements of Operations of Southern California Region
(In Thousands)

Year Ended June 30, 2013

	Southern California Region	Eliminations	St. Joseph Orange	St. Jude Medical Center	Mission Hospital	St. Mary's Medical Center	Hoag Hospital	Hoag Foundation	Newport Healthcare Center	St. Joseph Home Health South	Other
Revenues											
Patient service net of contractual allowances and discounts	\$ 2,138,279	\$ 15,398	\$ 601,059	\$ 422,586	\$ 484,291	\$ 288,327	\$ 238,815	\$ -	\$ -	\$ 40,952	\$ 46,851
Provision for doubtful accounts	94,935	-	21,243	18,194	12,244	32,290	9,213	-	-	1,413	338
Net patient service net of provision for doubtful accounts	2,043,344	15,398	579,816	404,392	472,047	256,037	229,602	-	-	39,539	46,513
Premium	176,468	-	60,004	64,628	3,143	17,535	31,158	-	-	-	-
(Other)	(574)	(83,684)	12,657	7,444	10,780	5,344	19,188	4,068	3,789	-	19,840
Total revenues	2,219,238	(68,286)	652,477	476,464	485,970	278,916	279,948	4,068	3,789	39,539	66,553
Expenses											
Compensation and benefits	996,678	(1,038)	280,708	208,919	196,482	134,482	125,502	-	-	26,326	25,297
Supplies and other	537,918	(1,234)	154,843	99,556	115,788	56,996	68,932	8,292	1,109	8,688	24,948
Professional fees and purchased services	392,946	(63,112)	141,939	102,577	88,947	62,061	45,161	-	644	4,721	10,008
Depreciation and amortization	124,933	(1,621)	38,181	25,718	22,507	10,401	24,882	-	916	759	3,190
Interest	45,314	(986)	15,331	13,480	9,401	1,778	6,170	-	-	12	128
Total expenses	2,097,789	(67,991)	631,002	450,250	433,125	265,718	270,647	8,292	2,669	40,506	63,571
Operating income (loss)	121,449	(295)	21,475	26,214	52,845	13,198	9,301	(4,224)	1,120	(967)	2,782
Nonoperating gains (losses) net	82,882	(7,692)	21,839	36,562	6,089	4,643	20,139	528	45	23	706
Excess (deficiency) of revenues over expenses	204,331	(7,987)	43,314	62,776	58,934	17,841	29,440	(3,696)	1,165	(944)	3,488
Less: Excess of revenues over expenses attributable to noncontrolling interests	716	716	-	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$ 203,615	\$ (8,703)	\$ 43,314	\$ 62,776	\$ 58,934	\$ 17,841	\$ 29,440	\$ (3,696)	\$ 1,165	\$ (944)	\$ 3,488

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Consolidating Statements of Operations of Northern California Region
(In Thousands)

Year Ended June 30, 2013

	Northern California Region	Eliminations	Queen of the Valley	Santa Rosa Memorial	Petaluma Valley	St. Joseph Eureka	Redwood Memorial	St. Joseph Home Health North	Redwood Memorial Foundation	Advanced Surgery Institute	Queen of the Valley Foundation
Revenues											
Patient service net of contractual allowances and discounts	\$ 995,656	\$ (558)	\$ 260,854	\$ 379,041	\$ 87,307	\$ 208,702	\$ 47,906	\$ 9,968	\$ -	\$ 2,436	\$ -
Provision for doubtful accounts	60,569	-	11,997	22,265	8,055	12,222	5,641	389	-	-	-
Net patient service net of provision for doubtful accounts	935,087	(558)	248,857	356,776	79,252	196,480	42,265	9,579	-	2,436	-
Premium	8,931	-	7,993	938	-	-	-	-	-	-	-
Other	22,052	5,047	8,218	3,181	2,443	2,205	958	-	-	-	-
Total revenues	966,070	4,489	265,068	360,895	81,695	198,685	43,223	9,579	-	2,436	-
Expenses											
Compensation and benefits	472,269	2,663	136,159	174,761	47,579	82,714	19,740	8,031	-	622	-
Supplies and other	207,729	6,433	55,304	74,379	14,550	48,268	6,007	1,531	-	1,257	-
Professional fees and purchased services	184,815	(1,459)	44,531	72,699	16,921	41,101	9,630	1,131	-	261	-
Depreciation and amortization	54,312	58	17,502	19,145	4,085	11,308	1,615	295	-	304	-
Interest	12,815	33	3,901	6,091	26	2,398	96	209	-	61	-
Total expenses	931,940	7,728	257,397	347,075	83,161	185,789	37,088	11,197	-	2,505	-
Operating income (loss)	34,130	(3,239)	7,671	13,820	(1,466)	12,896	6,135	(1,618)	-	(69)	-
Nonoperating gains (losses) net	25,177	2,949	10,712	8,904	143	(281)	2,739	-	140	-	(129)
Excess (deficiency) of revenues over expenses	59,307	(290)	18,383	22,724	(1,323)	12,615	8,874	(1,618)	140	(69)	(129)
Less: Deficiency of revenues over expenses attributable to noncontrolling interests	(34)	(34)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$ 59,341	(256)	\$ 18,383	\$ 22,724	\$ (1,323)	\$ 12,615	\$ 8,874	\$ (1,618)	\$ 140	\$ (69)	\$ (129)

Year Ended June 30, 2013

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