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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

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

OMB No 1545-0047

2014

Open to Public Inspection

A For the 2014 calendar year, or tax year beginning 01-01-2014, and ending 12-31-2014

B Check if applicable

☐ Address change

☐ Name change

☐ Initial return

☐ Final return/terminated

☐ Amended return

☐ Application pending

C Name of organization

St Joseph Hospital

Doing business as

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

360 Broadway PO Box 403

Room/suite

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

Bangor, ME 044020403

F Name and address of principal officer

Mary Prybylo

360 Broadway PO Box 403

Bangor, ME 044020403

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

☐ Yes☒ No

H(b) Are all subordinates included?

☐ Yes☐ No

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

H(c) Group exemption number

I Tax-exempt status

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

J Website:

www.stjoeshealing.org

K Form of organization

☒ Corporation☐ Trust☐ Association☐ Other

L Year of formation

1960

M State of legal domicile

ME

Part I	Summary		
Activities & Governance	1	Briefly describe the organization's mission or most significant activities Community Hospital committed to wellness promotion, holistic healing & healthcare services	
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets	
	3	Number of voting members of the governing body (Part VI, line 1a)	18
	4	Number of independent voting members of the governing body (Part VI, line 1b)	16
Revenue	5	Total number of individuals employed in calendar year 2014 (Part V, line 2a)	1,114
	6	Total number of volunteers (estimate if necessary)	114
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	41,217
	7b	Net unrelated business taxable income from Form 990-T, line 34	23,025
	8	Contributions and grants (Part VIII, line 1h)	121,194
	9	Program service revenue (Part VIII, line 2g)	111,639,312
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	694,612
Expenses	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	0
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	112,455,118
	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	48,569,315
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0
	b	Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/> 0	
Net Assets or Fund Balances	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	54,805,343
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	103,374,658
	19	Revenue less expenses Subtract line 18 from line 12	9,080,460
		Beginning of Current Year	End of Year
	20	Total assets (Part X, line 16)	76,591,969
	21	Total liabilities (Part X, line 26)	44,380,874
	22	Net assets or fund balances Subtract line 21 from line 20	32,211,095

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

Mary Prybylo President & CEO

Type or print name and title

2015-06-28

Date

Print/Type preparer's name

Nicholas E Porto

Preparer's signature

Nicholas E Porto

Date

2015-06-28

Check ☐ if self-employed

PTIN P01310283

Firm's name

Baker Newman & Noyes

Firm's EIN

01-0494526

Firm's address

PO Box 507

Portland, ME 04112

Phone no

(207) 879-2100

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 (2014)

Part III

Statement of Program Service Accomplishments

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

☐

☒

1

Briefly describe the organization's mission

"St Joseph Healthcare-committed to wellness promotion and holistic healing-provides healthcare services which embody compassion, competence and community " not just words, but a way of life - a noble statement of what we are, meticulously crafted after thoughtful consideration, study and examination of all the things we do, big and small, day and night, caring for our patients These are the words we live by, each and every one of us who comprise the caring community of St Joseph Healthcare We take our mission seriously Those we serve depend on it St Joseph Hospital provides quality medical healthcare regardless of race, creed, sex, national origin, handicap, age, sexual orientation or ability to pay Although reimbursement for services rendered is critical to operation and stability, it is recognized that not all individuals possess the ability to purchase essential medical services and further that our mission is to serve the community with respect to providing healthcare s

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

☐ Yes ☒ No

If "Yes," describe these new services on Schedule O

3

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

☐ Yes ☒ No

If "Yes," describe these changes on Schedule O

4

Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a

(Code) (Expenses \$ 91,157,216 including grants of \$ 0) (Revenue \$ 122,668,322)

St Joseph Hospital provides quality medical healthcare for all people through direct patient care at various hospital and clinical locations Although reimbursement for services rendered is critical to the operation and stability of St Joseph Hospital, it is recognized that not all individuals possess the ability to purchase essential medical services and further that our mission is to serve the community with respect to providing healthcare services and healthcare education St Joseph Hospital provides care to persons covered by governmental programs at below cost Recognizing its mission to the community, services are provided to both Medicare and Medicaid patients (continued on Schedule O) Charity care is also provided through many reduced price services and free programs offered throughout the year based upon activities and services which St Joseph Hospital believes will serve a bona fide community health need For more information regarding the services and programs provided at St Joseph Hospital and Hospital's commitment to serve all members of the community please visit our website at www.stjoesh healing org or contact the Public Affairs office at (207) 262-1720

4b

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

4c

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

4d

Other program services (Describe in Schedule O)

















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

4e

Total program service expenses ▶

91,157,216

Part IV Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II . . .</i>	21		No
22	Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III . . .</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J . . .</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a . . .</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . .	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . .	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . .	24d		No
25a	Section 501(c)(3), 501(c)(4), and 501(c)(29) 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 "Yes," complete Schedule L, Part II . . .</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III . . .</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV . . .</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV . . .</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV . . .</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M . . .</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M . . .</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I . . .</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II . . .</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I . . .</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1 . . .</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		No
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2 . . .</i>	35b		
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2 . . .</i>	36	Yes	
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.	108	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
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.	1,114	
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 FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).			
5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		5a	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	No
b If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b	
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c	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. Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?		8	
9a Did the sponsoring organization make any taxable distributions under section 4966?		9a	
b Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?		9b	
10 Section 501(c)(7) organizations. Enter			
a Initiation fees and capital contributions included on Part VIII, line 12.		10a	
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		10b	
11 Section 501(c)(12) organizations. Enter			
a Gross income from members or shareholders.		11a	
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		11b	
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		12a	
b If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		12b	
13 Section 501(c)(29) qualified nonprofit health insurance issuers.			
a Is the organization licensed to issue qualified health plans in more than one state? 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	18	
	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	16	
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	Yes
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	No
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b	

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	ME
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 checked="" 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, address, and telephone number of the person who possesses the organization's books and records	Michael Hendrix

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

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

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

- 1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year
- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid
 - List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
 - List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations
 - List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations
 - List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Robert Clark Trustee	0 10 0 40	X						0	0	0
(2) Joseph Cyr Trustee	0 10 0 40	X						0	0	0
(3) L William Demaso Trustee	0 10 0 40	X						0	0	0
(4) Glenn Goodwin Trustee	0 10 0 40	X						0	0	0
(5) Ned Jennings Trustee	0 10 0 40	X						0	0	0
(6) Bernard LaBree Trustee	0 10 0 40	X						0	0	0
(7) Sister Nancy Marie CSSF Trustee	0 10 0 40	X						0	0	0
(8) Noelle Merrill Trustee	0 10 0 40	X						0	0	0
(9) Sheila Pechinski Trustee	0 10 0 40	X						0	0	0
(10) Patricia Quirk Trustee	0 10 0 40	X						0	0	0
(11) Adrien Roy Trustee	0 10 0 40	X						0	0	0
(12) Bradley Ryder Trustee	0 10 0 40	X						0	0	0
(13) Cynthia Self MD Trustee	0 10 0 40	X						0	0	0
(14) Michael Starks MD Trustee	0 10 0 40	X						0	0	0

Part VII

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099- MISC)	(E) Reportable compensation from related organizations (W- 2/1099- MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(15) William Lucy President	0 10 0 40	X		X				0	0	0
(16) Gen Nelson Durgin Vice President	0 10 0 40	X		X				0	0	0
(17) Mary Prybylo Ex Officio President/CEO	40 00 0 40	X		X				337,013	0	28,319
(18) Michael Hendrix Treasurer/VP Finance (eff 1/14)	40 00 0 40	X		X				175,970	0	27,749
(19) Kevin Sedgwick Treasurer/VP Finance (thru 1/14)	40 00 0 40	X		X				104,152	0	8,693
(20) Joseph Borer MD ED Physician	40 00					X		264,442	0	25,452
(21) Paul Buckley MD ED Physician	40 00					X		298,690	0	1,129
(22) Joel Herrington MD ED Physician	40 00					X		278,081	0	25,394
(23) Charles Pattavina MD ED Physician	40 00					X		362,351	0	12,526
(24) William Wood MD VP Medical Affairs	40 00					X		272,414	0	28,097

1b	Sub-Total	▶			
c	Total from continuation sheets to Part VII, Section A	▶			
d	Total (add lines 1b and 1c)	▶	2,093,113	0	157,359

2

Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization▶24

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

Section B. Independent Contractors

1

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

(A) Name and business address	(B) Description of services	(C) Compensation
Sound Physicians of Anzona PO Box 742936 Los Angeles, CA 90074	Physician Services	1,727,805
Spectrum Medical Group 324 Gannett Drive Suite 200 South Portland, ME 04106	Anesthesia Services	1,704,420
Dragonfly Therapy 840 Hammond Street Suite 2 Bangor, ME 04401	Physical Therapy	1,031,386
Dahl-Chase Diagnostic Services 417 State Street Suite 441 Bangor, ME 04401	Pathology Services	788,539
Synemet Inc Transcription 110 Free Street Portland, ME 04101	Transcription & Coding	529,583
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 ▶16	

Part VIII

Statement of Revenue

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns 1a					
	b	Membership dues 1b					
	c	Fundraising events 1c					
	d	Related organizations 1d					
	e	Government grants (contributions) 1e					
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	19,457				
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f	19,457				
Program Service Revenue	2a	Net Patient Services	Business Code 621110	119,939,346	119,939,346		
	b	Medical/Laboratory	621500	1,523,808	1,482,591	41,217	
	c	Services to Affiliates	541200	1,177,801	1,177,801		
	d	Gift Shop	453220	68,584	68,584		
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f	122,709,539				
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	611,771			611,771
4		Income from investment of tax-exempt bond proceeds					
5		Royalties					
6a		Gross rents	(i) Real (ii) Personal				
		b	Less rental expenses				
		c	Rental income or (loss)				
		d	Net rental income or (loss)				
7a		Gross amount from sales of assets other than inventory	(i) Securities (ii) Other				
		b	Less cost or other basis and sales expenses				
		c	Gain or (loss)				
		d	Net gain or (loss)	1,065,457			1,065,457
8a		Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a				
b		Less direct expenses	b				
c		Net income or (loss) from fundraising events					
9a		Gross income from gaming activities See Part IV, line 19	a				
b		Less direct expenses	b				
c		Net income or (loss) from gaming activities					
10a		Gross sales of inventory, less returns and allowances	a				
b		Less cost of goods sold	b				
c		Net income or (loss) from sales of inventory					
	Miscellaneous Revenue	Business Code					
11a							
b							
c							
d	All other revenue						
e	Total. Add lines 11a-11d						
12	Total revenue. See Instructions		124,406,224	122,668,322	41,217	1,677,228	

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 domestic organizations and domestic governments See Part IV, line 21				
2	Grants and other assistance to domestic individuals See Part IV, line 22				
3	Grants and other assistance to foreign organizations, foreign governments, and foreign individuals See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	569,051	446,136	122,915	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	40,839,951	32,018,522	8,821,429	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	93,846	73,575	20,271	
9	Other employee benefits	5,051,191	3,960,134	1,091,057	
10	Payroll taxes	2,886,027	2,262,645	623,382	
11	Fees for services (non-employees)				
a	Management				
b	Legal	339,636	266,275	73,361	
c	Accounting	237,235	185,992	51,243	
d	Lobbying				
e	Professional fundraising services See Part IV, line 17				
f	Investment management fees				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	11,484,168	9,003,588	2,480,580	
12	Advertising and promotion	351,962	275,938	76,024	
13	Office expenses	21,519,752	16,871,484	4,648,268	
14	Information technology	1,933,511	1,515,873	417,638	
15	Royalties				
16	Occupancy	2,239,152	1,755,495	483,657	
17	Travel	31,392	24,611	6,781	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	194,836	152,751	42,085	
20	Interest	790,570	619,807	170,763	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	4,114,651	3,225,886	888,765	
23	Insurance	1,995,935	1,564,813	431,122	
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	Provision for Bad Debt	10,964,155	10,964,155		
b	Tax & Match	2,037,552	2,037,552		
c	Maintenance & Repairs	1,938,497	1,519,782	418,715	
d					
e	All other expenses	3,076,788	2,412,202	664,586	
25	Total functional expenses. Add lines 1 through 24e	112,689,858	91,157,216	21,532,642	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		852,723	1	1,365,636
	2	Savings and temporary cash investments		1,157,144	2	752,614
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		9,405,687	4	11,848,489
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		863,992	8	593,348
	9	Prepaid expenses and deferred charges		1,244,468	9	1,799,534
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a80,720,816			
	b	Less accumulated depreciation	10b49,119,154	23,421,448	10c	31,601,662
	11	Investments—publicly traded securities		25,296,035	11	22,391,415
	12	Investments—other securities See Part IV, line 11		339,442	12	320,550
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets		305,830	14	251,879
	15	Other assets See Part IV, line 11		13,705,200	15	3,856,000
	16	Total assets. Add lines 1 through 15 (must equal line 34)		76,591,969	16	74,781,127
Liabilities	17	Accounts payable and accrued expenses		6,646,506	17	9,304,267
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		25,008,648	20	23,540,425
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties		356,551	23	41,621
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		12,369,169	25	12,337,401
	26	Total liabilities. Add lines 17 through 25		44,380,874	26	45,223,714
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		29,782,856	27	27,174,411
	28	Temporarily restricted net assets			28	
	29	Permanently restricted net assets		2,428,239	29	2,383,002
	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		32,211,095	33	29,557,413
	34	Total liabilities and net assets/fund balances		76,591,969	34	74,781,127

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	124,406,224
2	Total expenses (must equal Part IX, column (A), line 25)	2	112,689,858
3	Revenue less expenses Subtract line 2 from line 1	3	11,716,366
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	32,211,095
5	Net unrealized gains (losses) on investments	5	-3,960,271
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-10,409,777
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	29,557,413

Part XII Financial Statements and Reporting

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

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

SCHEDULE A
(Form 990 or 990EZ)

Department of the
Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.
▶ Attach to Form 990 or Form 990-EZ.
▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2014

Open to Public Inspection

Name of the organization St Joseph Hospital	Employer identification number 01-0212435
--	--

Part I

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

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

1

☐

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

2

☐

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

3

☒

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

4

☐

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

5

☐

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

6

☐

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

7

☐

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

8

☐

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

9

☐

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

10

☐

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

11

☐

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

a

☐

Type I. A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization **You must complete Part IV, Sections A and B.**

b

☐

Type II. A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s) **You must complete Part IV, Sections A and C.**

c

☐

Type III functionally integrated. A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions) **You must complete Part IV, Sections A, D, and E.**

d

☐

Type III non-functionally integrated. A supporting organization operated in connection with its supported organization(s) that is not functionally integrated The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions) **You must complete Part IV, Sections A and D, and Part V.**

e

☐

Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization

f

Enter the number of supported organizations _____

g

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 listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
Total						

Part II

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(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) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(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 VI)						
11 Total support Add lines 7 through 10						
12 Gross receipts from related activities, etc (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						▶

Section C. Computation of Public Support Percentage						
14 Public support percentage for 2014 (line 6, column (f) divided by line 11, column (f))		14				
15 Public support percentage for 2013 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2014. 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—2013. 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—2014. 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 VI how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
b 10%-facts-and-circumstances test—2013. 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 VI 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) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(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) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(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 VI.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage		
15 Public support percentage for 2014 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2013 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2014 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2013 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2014. 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—2013. 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 Supporting Organizations

(Complete only if you checked a box on line 11 of Part I. If you checked 11a of Part I, complete Sections A and B. If you checked 11b of Part I, complete Sections A and C. If you checked 11c of Part I, complete Sections A, D, and E. If you checked 11d of Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

	Yes	No
1 Are all of the organization's supported organizations listed by name in the organization's governing documents? If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.	1	
2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).	2	
3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? If "Yes," answer (b) and (c) below.	3a	
b Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? If "Yes," describe in Part VI when and how the organization made the determination.	3b	
c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? If "Yes," explain in Part VI what controls the organization put in place to ensure such use.	3c	
4a Was any supported organization not organized in the United States ("foreign supported organization")? If "Yes" and if you checked 11a or 11b in Part I, answer (b) and (c) below.	4a	
b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations. . . .	4b	
c Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.	4c	
5a Did the organization add, substitute, or remove any supported organizations during the tax year? If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed, (ii) the reasons for each such action, (iii) the authority under the organization's organizing document authorizing such action, and (iv) how the action was accomplished (such as by amendment to the organizing document).	5a	
b Type I or Type II only. Was any added or substituted supported organization part of a class already designated in the organization's organizing document?	5b	
c Substitutions only. Was the substitution the result of an event beyond the organization's control?	5c	
6 Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (a) its supported organizations, (b) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (c) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? If "Yes," provide detail in Part VI .	6	
7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in IRC 4958(c)(3)(C)), a family member of a substantial contributor, or a 35-percent controlled entity with regard to a substantial contributor? If "Yes," complete Part I of Schedule L (Form 990) .	7	
8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? If "Yes," complete Part II of Schedule L (Form 990).	8	
9a Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? If "Yes," provide detail in Part VI .	9a	
b Did one or more disqualified persons (as defined in line 9(a)) hold a controlling interest in any entity in which the supporting organization had an interest? If "Yes," provide detail in Part VI .	9b	
c Did a disqualified person (as defined in line 9(a)) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? If "Yes," provide detail in Part VI .	9c	
10a Was the organization subject to the excess business holdings rules of IRC 4943 because of IRC 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? If "Yes," answer b below.	10a	
b Did the organization have any excess business holdings in the tax year? (Use Schedule C, Form 4720, to determine whether the organization had excess business holdings).	10b	
11 Has the organization accepted a gift or contribution from any of the following persons?		
a A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?	11a	
b A family member of a person described in (a) above?	11b	
c A 35% controlled entity of a person described in (a) or (b) above? If "Yes" to a, b, or c, provide detail in Part VI.	11c	

Part IV

Supporting Organizations (continued)

Section B. Type I Supporting Organizations

	Yes	No
1 Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.		
2 Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised or controlled the supporting organization.		

Section C. Type II Supporting Organizations

	Yes	No
1 Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).		

Section D. All Type III Supporting Organizations

	Yes	No
1 Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (1) a written notice describing the type and amount of support provided during the prior tax year, (2) a copy of the Form 990 that was most recently filed as of the date of notification, and (3) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?		
2 Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).		
3 By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.		

Section E. Type III Functionally-Integrated Supporting Organizations

1 Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions)			
a <input type="checkbox"/> The organization satisfied the Activities Test. Complete line 2 below.			
b <input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete line 3 below.			
c <input type="checkbox"/> The organization supported a governmental entity. Describe in Part VI how you supported a government entity (see instructions).			
2 <u>Activities Test</u> Answer (a) and (b) below.			
a Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.			
b Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.			
3 <u>Parent of Supported Organizations</u> Answer (a) and (b) below.			
a Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? Provide details in Part VI.			
b Did the organization exercise a substantial degree of direction over the policies, programs and activities of each of its supported organizations? If "Yes," describe in Part VI the role played by the organization in this regard.			

Part V – Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

1 ☐ Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov 20, 1970 **See instructions.** All other Type III non-functionally integrated supporting organizations must complete Sections A through E

Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1	Net short-term capital gain	1	
2	Recoveries of prior-year distributions	2	
3	Other gross income (see instructions)	3	
4	Add lines 1 through 3	4	
5	Depreciation and depletion	5	
6	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6	
7	Other expenses (see instructions)	7	
8	Adjusted Net Income (subtract lines 5, 6 and 7 from line 4)	8	

Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year)	1	
a	Average monthly value of securities	1a	
b	Average monthly cash balances	1b	
c	Fair market value of other non-exempt-use assets	1c	
d	Total (add lines 1a, 1b, and 1c)	1d	
e	Discount claimed for blockage or other factors (explain in detail in Part VI) _____		
2	Acquisition indebtedness applicable to non-exempt use assets	2	
3	Subtract line 2 from line 1d	3	
4	Cash deemed held for exempt use Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	5	
6	Multiply line 5 by .035	6	
7	Recoveries of prior-year distributions	7	
8	Minimum Asset Amount (add line 7 to line 6)	8	

Section C - Distributable Amount			Current Year
1	Adjusted net income for prior year (from Section A, line 8, Column A)	1	
2	Enter 85% of line 1	2	
3	Minimum asset amount for prior year (from Section B, line 8, Column A)	3	
4	Enter greater of line 2 or line 3	4	
5	Income tax imposed in prior year	5	
6	Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	6	
7	<input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally-integrated Type III supporting organization (see instructions)		

Section D - Distributions	Current Year
1 Amounts paid to supported organizations to accomplish exempt purposes	
2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3 Administrative expenses paid to accomplish exempt purposes of supported organizations	
4 Amounts paid to acquire exempt-use assets	
5 Qualified set-aside amounts (prior IRS approval required)	
6 Other distributions (describe in Part VI) See instructions	
7 Total annual distributions. Add lines 1 through 6	
8 Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI) See instructions	
9 Distributable amount for 2014 from Section C, line 6	
10 Line 8 amount divided by Line 9 amount	

Section E - Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2014	(iii) Distributable Amount for 2014
1 Distributable amount for 2014 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2014 (reasonable cause required--see instructions)			
3 Excess distributions carryover, if any, to 2014			
a From 2009.			
b From 2010.			
c From 2011.			
d From 2012.			
e From 2013.			
f Total of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2014 distributable amount			
i Carryover from 2009 not applied (see instructions)			
j Remainder Subtract lines 3g, 3h, and 3i from 3f			
4 Distributions for 2014 from Section D, line 7 \$			
a Applied to underdistributions of prior years			
b Applied to 2014 distributable amount			
c Remainder Subtract lines 4a and 4b from 4			
5 Remaining underdistributions for years prior to 2014, if any Subtract lines 3g and 4a from line 2 (if amount greater than zero, see instructions)			
6 Remaining underdistributions for 2014 Subtract lines 3h and 4b from line 1 (if amount greater than zero, see instructions)			
7 Excess distributions carryover to 2015. Add lines 3j and 4c			
8 Breakdown of line 7			
a From 2010.			
b From 2011.			
c From 2012.			
d From 2013.			
e From 2014.			

Part VI **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a and 3b; Part V, line 1; Part V, Section B, line 1e; Part V Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Return Reference

Explanation

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.**

▶ **Information about Schedule C (Form 990 or 990-EZ) and its instructions is at**

www.irs.gov/form990.

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2014

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) (see separate instructions) or Form 990-EZ, Part V, line 35c (Proxy Tax) (see separate instructions), then

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

Name of the organization St Joseph Hospital	Employer identification number 01-0212435
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Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

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

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

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

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

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

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

Part II-A

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

- A
- Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B
- Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing organization's totals	(b) Affiliated group totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)														
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 separate instructions for lines 2a through 2f.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2011	(b) 2012	(c) 2013	(d) 2014	(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?	Yes		
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?	Yes		15,915
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		500
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?	Yes		500
i	Other activities?		No	
j	Total. Add lines 1c through 1i.			16,915
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, lines 1 and 2 (see instructions), and Part II-B, line 1. Also, complete this part for any additional information.

Return Reference	Explanation
Part II-B, Line 1	American Hospital Association dues paid was \$29,119, of which 23.98% (\$6,983) was available for lobbying activities. Maine Hospital Association dues paid was \$52,543, of which 17.00% (\$8,932) was available for lobbying activities. During 2014, members of the Board of Directors of St. Joseph Hospital contacted various members of the State of Maine legislature to discuss the importance of Medicaid expansion under the Affordable Care Act. The Director of Community Networks made occasional trips to Augusta to meet with State legislators during legislative sessions. Incidental funds (\$500) were expended in this effort. Also during 2014, St. Joseph Hospital, along with other regional healthcare providers, hosted two breakfast meetings for area members of the State of Maine legislature to discuss the importance of Medicaid expansion under the Affordable Care Act. Direct expenditures and the value of staff compensation for this event did not exceed \$500.

[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.

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

OMB No 1545-0047

2014

Open to Public Inspection

Name of the organization St Joseph Hospital	Employer identification number 01-0212435
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Part I

Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate value of contributions to (during year)	
3	Aggregate value of grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	

Part II

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

1

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

☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

2

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

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

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

Part III

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

1a

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

b

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

(i) Revenue 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

Revenue 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, for escrow or custodial account liability?

☐ 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	2,428,239	2,277,355	2,107,925	2,288,800	2,072,249
b Contributions		5,879			
c Net investment earnings, gains, and losses	72,210	261,017	169,430	-180,875	216,551
d Grants or scholarships					
e Other expenditures for facilities and programs	86,501	86,012			
f Administrative expenses	30,946	30,000			
g End of year balance	2,383,002	2,428,239	2,277,355	2,107,925	2,288,800

- 2

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

a

Board designated or quasi-endowment

0 %

b

Permanent endowment

100 000 %

c

Temporarily restricted endowment

0 %

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		175,048		175,048
b Buildings		41,434,301	19,888,692	21,545,609
c Leasehold improvements		3,179,846	2,584,355	595,491
d Equipment		35,319,514	26,646,107	8,673,407
e Other		612,107		612,107
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				31,601,662

Part VIIInvestments—Other Securities.

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

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

Part VIIIInvestments—Program Related.

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

(a) Description of investment	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. (Column (b) must equal Form 990, Part X, col (B) line 13)		

Part IXOther Assets.

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

(a) Description	(b) Book value
(1) Beneficial Interest in Perpetual Trust	2,383,002
(2) Funds Held by Trustees	421,545
(3) Insurance Recoveries	1,051,453
Total. (Column (b) must equal Form 990, Part X, col.(B) line 15.)	3,856,000

Part XOther Liabilities.

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

1 (a) Description of liability	(b) Book value	
Federal income taxes		
Pension Obligations	5,818,086	
Estimated 3rd Party Payor Settlements	4,454,008	
Miscellaneous Reserves	2,065,307	
Total. (Column (b) must equal Form 990, Part X, col (B) line 25)	12,337,401	

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

☒

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	120,445,953
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains (losses) on investments	2a	-3,960,271
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	-3,960,271
3	Subtract line 2e from line 1	3	124,406,224
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII)	4b	
c	Add lines 4a and 4b	4c	0
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12)	5	124,406,224

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	112,689,858
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIII)	2d	
e	Add lines 2a through 2d	2e	0
3	Subtract line 2e from line 1	3	112,689,858
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII)	4b	
c	Add lines 4a and 4b	4c	0
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18)	5	112,689,858

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
Part V, Line 4	Ensure the long-term financial viability of the Organization
Part X, Line 2	Covenant and its member organizations are considered not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code, except as noted below. St. Joseph Hospital Corporate Services, Inc., a wholly-owned subsidiary of Nashua, is a for-profit organization, which is subject to federal and state income taxes. CHIL, a wholly-owned subsidiary, is subject to taxation in the Cayman Islands. No income taxes are levied in the Cayman Islands and CHIL has been granted an exemption for any taxes that might be introduced. Accordingly, no provision for income taxes has been made in the accompanying financial statements. Tax-exempt organizations could be required to record an obligation for income taxes as the result of a tax position they have historically taken on various tax exposure items including unrelated business income or tax status. Under guidance issued by the Financial Accounting Standards Board, assets and liabilities are established for uncertain tax positions taken or positions expected to be taken in income tax returns when such positions are judged to not meet the "more-likely-than-not" threshold, based upon the technical merits of the position. Estimated interest and penalties, if applicable, related to uncertain tax positions are included as a component of income tax expense. The System has evaluated the position taken on its filed tax returns. The System has concluded no uncertain income tax positions exist at December 31, 2014. Under Internal Revenue Service regulations, the System's tax years from 2011 through 2014 are open and subject to examination.

[illegible]

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2014

Open to Public Inspection

Name of the organization
St Joseph Hospital

Employer identification number
01-0212435

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 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 checked="" type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ % c If the organization used factors other than FPG in determining eligibility, describe in Part VI the criteria used 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	3a Yes	
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4 Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b 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?	5c	No
6a	Did the organization prepare a community benefit report during the tax year?	6a Yes	
b	If "Yes," did the organization make it available to the public?	6b Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H		

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)		1,295	1,583,455	0	1,583,455	1 560 %
b Medicaid (from Worksheet 3, column a)		5,298	10,107,645	6,478,715	3,628,930	3 570 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . .						
d Total Financial Assistance and Means-Tested Government Programs .		6,593	11,691,100	6,478,715	5,212,385	5 130 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)		424	45,064	0	45,064	0 040 %
f Health professions education (from Worksheet 5)		927	1,292,078	6,000	1,286,078	1 260 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)		2,244	204,791	0	204,791	0 200 %
j Total Other Benefits		3,595	1,541,933	6,000	1,535,933	1 500 %
k Total . Add lines 7d and 7j .		10,188	13,233,033	6,484,715	6,748,318	6 630 %

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			225	0	225	0 %
2Economic development						
3Community support		260	13,638	0	13,638	0 010 %
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy						
8Workforce development						
9Other						
10Total		260	13,863		13,863	0 010 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

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

1

Yes

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

4,104,133

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

0

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

27,909,070

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

6

40,909,189

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

7

-13,000,119

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

No

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

No

Part IVManagement Companies and Joint Ventures

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

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

Part V

Facility Information

Section A. Hospital Facilities

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

1
Name, address, primary website address, and state license number (and if a group return, the name and EIN of the subordinate hospital organization that operates the hospital facility)

		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)

St Joseph Hospital

Name of hospital facility or letter of facility reporting group

Line number of hospital facility, or line numbers of hospital facilities in a facility reporting group (from Part V, Section A):

1

	Yes	No
Community Health Needs Assessment		
1 Was the hospital facility first licensed, registered, or similarly recognized by a State as a hospital facility in the current tax year or the immediately preceding tax year?	1	No
2 Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C	2	No
3 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 12 If "Yes," indicate what the CHNA report describes (check all that apply)	3	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 significant 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 Section C)		
4 Indicate the tax year the hospital facility last conducted a CHNA 20 13		
5 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	5	Yes
6a Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C	6a	No
b Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C	6b	No
7 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)	7	Yes
a <input checked="" type="checkbox"/> Hospital facility's website (list url) See Part V, Section C		
b <input type="checkbox"/> Other website (list url)		
c <input checked="" type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility		
d <input type="checkbox"/> Other (describe in Section C)		
8 Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11	8	Yes
9 Indicate the tax year the hospital facility last adopted an implementation strategy 20 13		
10 Is the hospital facility's most recently adopted implementation strategy posted on a website?	10	Yes
a If "Yes" (list url) See Part V, Section C		
b If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?	10b	No
11 Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed		
12a 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)?	12a	No
b If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax?	12b	
c If "Yes" to line 12b, 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)

Name of hospital facility or letter of facility reporting group

St Joseph Hospital

		Yes	No
Financial Assistance Policy (FAP)			
13	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 included free or discounted care? If "Yes," indicate the eligibility criteria explained in the FAP	13	Yes
a	<input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>200 000000000000</u> % and FPG family income limit for eligibility for discounted care of <u>350 000000000000</u> %		
b	<input type="checkbox"/> Income level other than FPG (describe in Section C)		
c	<input checked="" type="checkbox"/> Asset level		
d	<input checked="" type="checkbox"/> Medical indigency		
e	<input type="checkbox"/> Insurance status		
f	<input type="checkbox"/> Underinsurance discount		
g	<input type="checkbox"/> Residency		
h	<input type="checkbox"/> Other (describe in Section C)		
14	Explained the basis for calculating amounts charged to patients?	14	Yes
15	Explained the method for applying for financial assistance?	15	Yes
	If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply)		
a	<input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application		
b	<input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application		
c	<input checked="" type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process		
d	<input type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications		
e	<input type="checkbox"/> Other (describe in Section C)		
16	Included measures to publicize the policy within the community served by the hospital facility?	16	Yes
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		
a	<input checked="" type="checkbox"/> The FAP was widely available on a website (list url) _____		
b	<input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url) _____		
c	<input type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url) _____		
d	<input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
e	<input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)		
f	<input type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
g	<input checked="" type="checkbox"/> Notice of availability of the FAP was conspicuously displayed throughout the hospital facility		
h	<input checked="" type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP		
i	<input type="checkbox"/> Other (describe in Section C)		
Billing and Collections			
17	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 all of the actions the hospital facility or other authorized party may take upon non-payment?	17	Yes
18	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(ies)		
b	<input type="checkbox"/> Selling an individual's debt to another party		
c	<input type="checkbox"/> Actions that require a legal or judicial process		
d	<input type="checkbox"/> Other similar actions (describe in Section C)		
e	<input type="checkbox"/> None of these actions or other similar actions were permitted		

Part V

Facility Information (continued)

St Joseph Hospital

Name of hospital facility or letter of facility reporting group

		Yes	No
19 Did the hospital facility or other authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged	19		No
a <input type="checkbox"/> Reporting to credit agency(ies)			
b <input type="checkbox"/> Selling an individual's debt to another party			
c <input type="checkbox"/> Actions that require a legal or judicial process			
d <input type="checkbox"/> Other similar actions (describe in Section C)			
20 Indicate which efforts the hospital facility or other authorized party made before initiating any of the actions listed (whether or not checked) in line 18 (check all that apply)			
a <input checked="" type="checkbox"/> Notified individuals of the financial assistance policy on admission			
b <input checked="" type="checkbox"/> Notified individuals of the financial assistance policy prior to discharge			
c <input checked="" type="checkbox"/> Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills			
d <input checked="" type="checkbox"/> Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy			
e <input type="checkbox"/> Other (describe in Section C)			
f <input type="checkbox"/> None of these efforts were made			
Policy Relating to Emergency Medical Care			
21 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that required 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? If "No," indicate why	21	Yes	
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 Section C)			
d <input type="checkbox"/> Other (describe in Section C)			
Charges to Individuals Eligible for Assistance Under the FAP (FAP-Eligible Individuals)			
22 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 Section C)			
23 During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Section C	23		No
24 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? If "Yes," explain in Section C	24		No

Part V

Facility Information *(continued)*

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

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

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

Part VI

Supplemental Information

Provide the following information

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

Form and Line Reference	Explanation
Part I, Line 6a	The community benefit report is based on the Catholic Health Association guidelines and utilizes the Association's CBISA software to record the benefits

Form and Line Reference	Explanation
Part I, Line 7	The cost-to-charge ratio was derived from Worksheet 2

Form and Line Reference	Explanation
Part I, Line 7, Column (f)	The Bad Debt expense included on Form 990, Part IX, Line 25, Column (A), but subtracted for purposes of calculating the percentage in this column is \$ 10,964,155

Form and Line Reference	Explanation
Part II, Community Building Activities	Community support consisted of maintaining a community vegetable stand, health and wellness educational programming for seniors, and staff resources to support community benefit efforts including data collection, data management and review of applicable community benefit activities

Form and Line Reference	Explanation
Part III, Line 2	Estimated cost of bad debt expense reported is derived from the accounting system using cost-to-charge ratios from the as-filed Medicare cost report

Form and Line Reference	Explanation
Part III, Line 3	The Hospital does not estimate any amount of bad debt expense is attributable to patients eligible under the Hospital's financial assistance policy

Form and Line Reference	Explanation
Part III, Line 4	Footnotes to the Organization's financial statements that describe bad debt expense are located on pages 15-17 of the attached financial statements

Form and Line Reference	Explanation
Part III, Line 8	Costs are from the accounting system using cost-to-charge ratios from the as-filed Medicare cost report, but none of these costs are being claimed as a community benefit in Part I, line 7

Form and Line Reference	Explanation
Part III, Line 9b	Our collection policy, R 019, does address patients who have benevolence. If they qualify for free care, then their balance is written off. If they qualify for cost share, then their balance follows the same billing and collection process as any other self-pay account.

Form and Line Reference	Explanation
Part VI, Line 2	The Hospital conducted a new Community Health Needs Assessment in 2013. This document will be utilized as a main source of information in directing activities to assist in improving the health of individuals with the Hospital's primary service area. The assessment conducted in 2013 provided useful information to assist in identifying and prioritizing community health needs. Data collection from a wide cross-section of individuals, including those who serve the poor and the marginalized, has resulted in a listing of five areas of priority relative to community health needs. These five areas represent a synergistic awareness of these needs with a wide-array of community health needs assessment participants. In order of importance they are: Issues relative to weight management, issues relative to the affordability of health care services, issues relative to meaningful health education, issues relative to transportation, and issues relative to substance abuse.

Form and Line Reference	Explanation
Part VI, Line 3	Each inpatient receives a packet upon admission that includes a description of the Hospital's Benevolence (Free Care and Cost Share) Policy. If an inpatient has any questions during their stay, a patient ombudsman is available to assist. Signage is placed in all outpatient registration sites and applications are available. Staff is available to answer questions. Upon billing, included with the statement is a notification that free care and cost share is available, the poverty guidelines, and a telephone number for assistance. The Policy is also posted on the Hospital's website.

Form and Line Reference	Explanation
Part VI, Line 4	The Hospital's primary service area is Penobscot County which comprises the county seat and the third most populated city in the State of Maine Bangor (population 33,039 - Maine gov 2013 estimate) The County consists of a total area of 3,556.14 square miles Within the Hospital's primary service area of Penobscot County the southern and western regions of the County account for more than 50% of the inpatient admissions The Hospital's secondary service area includes the Penobscot County border communities such as the towns of Bucksport and Ellsworth (located in Hancock County), Milo and Dover-Foxcroft (located in Piscataquis County) and Winterport (located in Waldo County) The U S Census report estimates the 2012 population for Penobscot County as 153,746, recognizes that 96.6% are white, 50.7% are female, 13.1% are 65 years of age or older, 13.7% are below the poverty level, and the median household income is \$42,206 In 2014, 57% of the hospital admissions were over 65 years of age

Form and Line Reference	Explanation
Part VI, Line 5	<p>The St Joseph Healthcare system is deeply committed to creating healthier communities and advocating on behalf of those who are disadvantaged and underserved. As a Catholic organization, it is the very core of the Catholic social teachings in which we gain inspiration and guidance for the continuation of the work that began in 1947 under the leadership of the Sisters of St. Felix of Cantalice - the Felician Sisters. The Felician Congregation foundress, Blessed Mary Angela, was focused on the spiritual renewal of society through compassionate caring for the whole person - body, mind and spirit. It is from this philosophical foundation and with the continued direction, guidance and vision set forth by Covenant Health that St. Joseph Healthcare continues Jesus's healing ministry within the greater Bangor community. Through this ministry St. Joseph Healthcare has donated \$1,549,796 in dollars, goods, and services to the greater Bangor community and the global community. The employees' commitment to these various projects is true testament to the Organization being in communion with the Catholic Church and its social teachings. St. Joseph Healthcare has recognized its role in supporting human development and the development of healthy communities. One way in which St. Joseph Healthcare strives to support these activities is through the education of the next generation of health care leaders who will be called to continue the Catholic health care ministry. St. Joseph Healthcare assisted 17 aspiring physician assistants and assisted 105 students of nursing, including Bachelor level nurse degree programs, nurse practitioner training programs and nursing partnerships. St. Joseph Healthcare also provided health professional educational opportunities for 160 individuals. These opportunities represented individuals within one of the following health profession areas of study: emergency medical services, exercise science, health information management, medical technologist, medical assistant, nutrition services, pharmacy, physical therapy, and radiography. St. Joseph Healthcare recognizes the importance of enhanced training and educational opportunities for members of Emergency Medical Services organizations, including those within rural and volunteer EMS associations. St. Joseph Healthcare presented a day-long educational program to support EMS providers. St. Joseph Healthcare has provided community health improvement services and outreach to many within the greater Bangor community. As St. Joseph Healthcare is located in a rural area with limited public transportation options, patients are often in need of taxi service but find they are lacking funds to support this need. St. Joseph Healthcare has provided taxi vouchers to ensure patients with safe travel options. Literacy within the greater Bangor community can often affect an individual's ability to enroll in social service programs. St. Joseph Healthcare has provided application assistance to 41 individuals. The initiative to ensure that individuals gain access to the Affordable Care Act health insurance marketplace through enrollment has been a priority for St. Joseph Healthcare. The Organization recognized the need for individuals to receive personal assistance throughout the enrollment process, as such, the Organization took the step to obtain training for certified enrollment counselors. The Community Health Needs Assessment identified a need to educate the public on health and wellness opportunities. St. Joseph Healthcare created an on-line presence, Lighten Ups St. Joseph. This program provides educational materials relative to weight loss, healthy living, and exercise and allows participants to set and track personal goals. Several initiatives were undertaken to support community health and wellness, these initiatives specifically focused on education of providers, health leaders, and community members. Initiatives focused around food security, human trafficking, sexual assault, and community health and wellness outreach through a public relations campaign titled Healthy Active Living in which educational materials, videos, and community sessions were provided to support community health improvement. The Spiritual Care Department actively provides spiritual support to patients and their family members. The Spiritual Care Department support extends to any member of the community who seeks assistance. In addition, the Spiritual Care Department implemented a 12-month bereavement outreach program in which family members are provided consistent bereavement support materials and opportunities for spiritual support through the grieving process. St. Joseph Healthcare supported the American Heart Association through fundraising assistance, community leadership and in-kind activities to enable increased education regarding cardiovascular health risks, and wellness opportunities within the greater Bangor community. Recognizing the threat of influenza in vulnerable population</p>

Form and Line Reference	Explanation
Part VI, Line 5	<p>ions, St Joseph Healthcare provided flu vaccinations to health care students and community board members. In celebration of Hospital Week, children were invited to attend a teddy bear clinic in which the children were provided with education and access to medical professionals in a non-threatening environment. The Organization also arranged a fundraiser for the American Heart Association. St Joseph Healthcare supported the pulmonary support group, Better Breathers' Club. This group focuses on the education and lifestyle enhancement to improve pulmonary function. St Joseph Healthcare believes that a strong community requires strong partnerships with many different organizations that share a similar focus to improve the health and well-being of the greater Bangor community, with special emphasis on assisting the underserved and those marginalized by society. The Organization supported the American Red Cross through the coordination and facilitation of community blood drives. In recognition that there are many individuals who are struggling to afford prescription medications, the Organization provided complimentary prescription medications to a number of individuals. The Organization donated outdated supplies to a program which redistributes these items for use within developing countries. Support of the Kiwanis Club occurred through employee commitment to serving within this group and supporting public relations activities. St Joseph Healthcare provided laundry services for the Greater Bangor Area Homeless Shelter. Through this arrangement the Organization provided freshly laundered sheets and clean towels for every client. St Joseph Healthcare has supported the Maine Breast Cancer Coalition - an organization dedicated to advocacy, education and support services surrounding breast cancer. In recognizing that food security continues to be a significant challenge within the community, St Joseph Healthcare commits to providing and serving an evening meal once per month at the Greater Bangor Area Homeless Shelter and a noon-time meal at the Dorothy Day Salvation Army Soup Kitchen. The Nutrition Services Department made significant contributions through the donation of excess food and meals to community individuals and to community organizations. The Organization supports a rural school in Kingman, Maine through the creation of a program called "Support a Student" in which each student at the school has been paired with a department within the Organization and members of the department provided items of need for the student. This support includes providing school supplies, slippers, birthday presents and nourishment which is packed in each student's backpack on Friday afternoon to ensure nourishment throughout the weekend. In addition, the Organization has provided several on-site educational program events which included exercise activities, creative art activities and a healthy family meal. The Organization's CEO and other members of the Senior Leadership Team provided leadership and expertise to several different community organizations including Bangor Region Health Leadership Committee, Penquis CAP, Bangor Nursing and Rehab, Legislative connectivity gatherings, Chamber of Commerce, and the Maine Hospital Association among others. The Organization supported the United Way of Eastern Maine through the coordination of an internal employee campaign which encouraged and provided an opportunity for employees to support the efforts of the United Way. The Organization provided numerous community sponsorships to organizations that were focused on improving the health and well-being of the community at-large. These included contributions to Maine Discovery Museum, Wounded Warriors Project, Garden Club Foundation of Maine, Bangor Area Food Summit, Bangor Humane Society, Maine Army National Guard, St Mary's School, St Paul the Apostle Parish, Out of the Darkness suicide prevention, Boy Scouts of America, Catholic Charities of Maine.</p>

Form and Line Reference	Explanation
Part VI, Line 6	St Joseph Healthcare is comprised of St Joseph Hospital (an acute care hospital), St Joseph Ambulatory Care, Inc , (physician group that provides primary and specialty care), and Alternative Health Services, Inc (which provides home health and hospice services) By joining Covenant Health, St Joseph Healthcare is aligned with two other acute care hospitals and multiple skilled nursing and assisted living facilities

Form and Line Reference	Explanation
Part VI, Line 7, Reports Filed With States	ME

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

OMB No 1545-0047

2014

Open to Public Inspection

Name of the organization
St Joseph Hospital

Employer identification number
01-0212435

Part I

Questions Regarding Compensation

	Yes	No
<div><div>1a</div><div>Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.</div><div><div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div></div><div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div></div></div>		
<div><div>b</div><div>If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain.</div></div>	1b	
<div><div>2</div><div>Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?</div></div>	2	
<div><div>3</div><div>Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.</div><div><div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input 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 checked="" type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div></div></div>		
<div><div>4</div><div>During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization:</div></div>		
<div><div>a</div><div>Receive a severance payment or change-of-control payment?</div></div>	4a	Yes
<div><div>b</div><div>Participate in, or receive payment from, a supplemental nonqualified retirement plan?</div></div>	4b	No
<div><div>c</div><div>Participate in, or receive payment from, an equity-based compensation arrangement?</div></div> <div>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.</div>	4c	No
<div><div></div><div>Only 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.</div></div>		
<div><div>5</div><div>For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:</div></div>		
<div><div>a</div><div>The organization?</div></div>	5a	No
<div><div>b</div><div>Any related organization?</div></div> <div>If "Yes," to line 5a or 5b, describe in Part III.</div>	5b	No
<div><div>6</div><div>For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:</div></div>		
<div><div>a</div><div>The organization?</div></div>	6a	No
<div><div>b</div><div>Any related organization?</div></div> <div>If "Yes," to line 6a or 6b, describe in Part III.</div>	6b	No
<div><div>7</div><div>For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III.</div></div>	7	Yes
<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 in column(B) reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 Mary Prybylo Ex Officio, President/CEO	(i)	314,013	0	23,000	0	28,319	365,332	0
	(ii)	0	0	0	0	0	0	0
2 Michael Hendrx, Treasurer/VP Finance (eff 1/14)	(i)	158,470	0	17,500	0	27,749	203,719	0
	(ii)	0	0	0	0	0	0	0
3 Joseph Borer MD, ED Physician	(i)	202,159	28,533	33,750	0	25,452	289,894	0
	(ii)	0	0	0	0	0	0	0
4 Paul Buckley MD, ED Physician	(i)	212,411	50,891	35,388	0	1,129	299,819	0
	(ii)	0	0	0	0	0	0	0
5 Joel Herrington MD, ED Physician	(i)	235,513	38,530	4,038	0	25,394	303,475	0
	(ii)	0	0	0	0	0	0	0
6 Charles Pattavina MD, ED Physician	(i)	283,276	38,575	40,500	0	12,526	374,877	0
	(ii)	0	0	0	0	0	0	0
7 William Wood MD, VP Medical Affairs	(i)	249,414	0	23,000	0	28,097	300,511	0
	(ii)	0	0	0	0	0	0	0

Part III **Supplemental Information**

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

Return Reference	Explanation
Part I, Line 4a	Kevin Sedgwick, served as the Treasurer and VP of Finance until early January of 2014. He was paid a severance of compensation and benefits through July of 2014. Total salary and benefits paid to Mr. Sedgwick that constitutes severance compensation is \$112,845.
Part I, Line 7	Joseph Borer, Paul Buckley, Charles Pattavina, and Joel Herrington received incentive bonuses.

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2014

Open to Public Inspection

Name of the organization
St Joseph Hospital

Employer identification number
01-0212435

Part I

Bond Issues

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A MHHEFA	01-0314384		06-24-2010	16,207,915	Refinance Series 1998B, 1999A and 2001A revenue bonds		X		X		X
B MHHEFA	01-0314384		06-28-2012	2,900,361	Refinance Series 2002A revenue bonds		X		X		X
C MHHEFA	01-0314384		10-31-2012	13,490,000	Construction Project -Renovate ED & ASU, & Const New Medical Office Building		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired								
2	Amount of bonds legally defeased								
3	Total proceeds of issue	16,207,915		2,900,361		13,490,000			
4	Gross proceeds in reserve funds	1,260,488		184,381					
5	Capitalized interest from proceeds					761,145			
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds	137,832		38,004		185,272			
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds								
11	Other spent proceeds	14,809,595		2,677,976		12,422,440			
12	Other unspent proceeds					121,143			
13	Year of substantial completion	2010		2012		2014			
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X		X			X		
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		
16	Has the final allocation of proceeds been made?	X		X			X		
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X			

Part III

Private Business Use

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

Part III

Private Business Use (Continued)

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

Part IV

Arbitrage

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

Part IV

Arbitrage (Continued)

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

Part V

Procedures To Undertake Corrective Action

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

Part VI

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

Name of the organization St Joseph Hospital	Employer identification number 01-0212435
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990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part VI, Section A, line 6	St Joseph Healthcare Foundation, a Maine nonprofit corporation, shall be the sole member of St Joseph Hospital
Form 990, Part VI, Section A, line 7a	The Member of St Joseph Hospital shall elect the trustees of the Organization and may remove them with or without cause
Form 990, Part VI, Section A, line 7b	St Joseph Healthcare Foundation, the Member of St Joseph Hospital (the Organization), shall have the following powers and rights, as outlined in its articles of incorporation and bylaws (a) To approve any change in the written statements of philosophy and mission of the Organization or any subsidiary of the Organization, and to monitor compliance with same, (b) To amend and to repeal the articles of incorporation and the bylaws of the Organization, and to approve the adoption, amendment or repeal of the governing instruments of any subsidiary of the Organization, (c) To elect the Trustees of the Organization and to remove them with or without cause, (d) To appoint and remove the President of the Organization, including a President secured by management contract, (e) To ratify the Board of Trustees' election of the Chairperson of the Board of Trustees, (f) To approve all plans of merger, consolidation, reorganization or dissolution of the Organization or any subsidiary of the Organization, or the sale, lease, assignment or transfer of substantially all of the assets of the Organization or any subsidiary of the Organization, or the purchase or acquisition by the Organization or any subsidiary of the Organization of an interest in any corporation, partnership, joint venture or other entity, whether newly created or previously existing, which interest, in the case of a for profit entity, represents 25 percent or more of the voting power thereof or equity interest therein, or, in the case of a nonprofit entity, represents 25 percent or more of the voting power thereof or membership interest therein, (g) To approve all Board-approved long-range strategic plans of the Organization before their implementation, (h) To approve the acquisition, sale or encumbrance by the Organization or any subsidiary of the Organization of any real estate valued in excess of the amount set by the Member in writing from time to time, (i) To approve all Board approved capital budgets of the Organization and non-budgeted expenses which are in excess of the amount set by the Member in writing from time to time, and to approve the Organization's operating budget in accordance with policies set by the Member in writing from time to time, (j) To approve all debt of the Organization, not part of the approved budget, in excess of limits set by the Member in writing from time to time before such debt is incurred, (k) To appoint the auditors of the Organization and any subsidiary of the Organization, (l) To approve the sale, assignment or transfer by the Organization or any subsidiary of the Organization of any equity interest or membership interest in any subsidiary of the Organization, (m) To approve any reclassification or other change of any capital stock or other equity security of any subsidiary of the Organization, or any recapitalization of any subsidiary of the Organization, and (n) To approve the issuance of, or the creation of any obligation to issue, any equity security of any subsidiary of the Organization, or any increase or decrease in the total number of shares of authorized capital stock or other equity security of any subsidiary of the Organization
Form 990, Part VI, Section B, line 11	There is a formal presentation of the 990 to the Finance Committee and copies are provided to all Board members
Form 990, Part VI, Section B, line 12c	Each Board member is required to complete a form disclosing any conflicts of interest When these conflicts are known, any Board member with a conflict of interest is asked to leave the meeting or abstain from voting or both
Form 990, Part VI, Section B, line 15	Through compensation surveys/studies and employment contracts, compensations are determined by the compensation committee and approved by the Board
Form 990, Part VI, Section C, line 19	The Organization makes its governing documents, conflict of interest policy and financial statements available to the public upon each individual request Form 990 and 990-T are also available on the website of Covenant Health, Inc, a related organization (www.covenanthealth.net)
Form 990, Part IX, line 11g	Physician Services Program service expenses 3,720,572 Management and general expenses 1,025,055 Fundraising expenses 0 Total expenses 4,745,627 Purchased Services Program service expenses 4,019,972 Management and general expenses 1,107,543 Fundraising expenses 0 Total expenses 5,127,515 Medical Testing Services Program service expenses 1,023,766 Management and general expenses 282,058 Fundraising expenses 0 Total expenses 1,305,824 Consulting Services Program service expenses 239,278 Management and general expenses 65,924 Fundraising expenses 0 Total expenses 305,202
Form 990, Part XI, line 9	Transfers to Affiliates -10,409,777
Form 990, Part XII, Line 2c	The audit process has not changed from the prior year

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

OMB No 1545-0047

2014

Open to Public Inspection

Name of the organization
St Joseph Hospital

Employer identification number
01-0212435

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

Part II Identification of Related Tax-Exempt Organizations Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.							
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) St Joseph Healthcare Foundation 360 Broadway Bangor, ME 044020403 22-2480149	Diversified holistic health care services	ME	501(c)(3)	Line 7	Covenant Health Inc		No
(2) St Joseph Ambulatory Care Inc 360 Broadway Bangor, ME 044020403 22-2480373	Ambulatory care and clinical services	ME	501(c)(3)	Line 11b, II	St Joseph Healthcare Foundation		No
(3) Alternative Health Services 360 Broadway Bangor, ME 044020403 01-0422885	Home health agency	ME	501(c)(3)	Line 3	St Joseph Healthcare Foundation		No
(4) M & J Company 360 Broadway Bangor, ME 044020403 22-2480150	Real estate holding company	ME	501(c)(2)		St Joseph Healthcare Foundation		No
(5) Covenant Health Inc 100 Ames Pond Drive Tewksbury, MA 01876 22-2484505	Sponsoring & operating a health care system	MA	501(c)(3)	Line 9	N/A		No

Part III

Identification of Related Organizations Taxable as a Partnership

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

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

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of- year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) Strauss Inc 360 Broadway Bangor, ME 044020403 01-0391369	Medical transcription	ME	N/A	C					No

Part V

Transactions With Related Organizations

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

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

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

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

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

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

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

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

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

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

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

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

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

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

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

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

Yes

No

1a

No

1b

No

1c

No

1d

No

1e

No

1f

No

1g

No

1h

No

1i

No

1j

No

1k

Yes

1l

Yes

1m

Yes

1n

No

1o

No

1p

Yes

1q

Yes

1r

No

1s

Yes

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) M & J Company	K	722,602	Actual amount transferred
(2) M & J Company	L	30,900	Actual amount transferred

Schedule R (Form 990) 2014

Part VI **Unrelated Organizations Taxable as a Partnership** Complete if the organization answered "Yes" on Form 990, Part IV, line 37.
Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

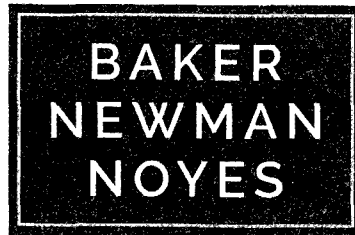
(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(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		Yes	No	

Part VII

Supplemental Information

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

Return Reference	Explanation
------------------	-------------



Covenant Health, Inc. and Subsidiaries

**Audited Consolidated Financial Statements
and Additional Information**

*Years Ended December 31, 2014 and 2013
With Independent Auditors' Report*

Baker Newman & Noyes, LLC

BOSTON T 857 233 2320 | **MANCHESTER** T 603 626 2200
PORTLAND T 207 879 2100 | **PORTSMOUTH** T 603 436 1146
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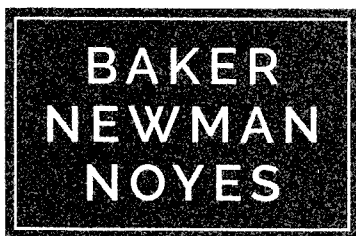
COVENANT HEALTH, INC. AND SUBSIDIARIES

Audited Consolidated Financial Statements and Additional Information

Years Ended December 31, 2014 and 2013

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Covenant Health, Inc.

We have audited the accompanying consolidated financial statements of Covenant Health, Inc. and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2014 and 2013, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of Covenant Health Systems Insurance, Ltd., Souhegan Home and Hospice Care, Inc., St. Mary's Villa Nursing Home, Inc., and Mary Immaculate Residential Community, Inc. I – III, wholly-owned subsidiaries, which statements reflect total assets constituting 10% of consolidated total assets at December 31, 2014 and 2013, and total revenues constituting 4% of consolidated total revenues for the years then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based solely on the report of other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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.

The Board of Directors
Covenant Health, Inc.

Opinion

In our opinion, based on our audit and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Covenant Health, Inc. and Subsidiaries as of December 31, 2014 and 2013, and the results of their operations, changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "Robert A. Hagan". The signature is fluid and cursive, with a large initial "R" and "H".

Boston, Massachusetts
April 24, 2015

Limited Liability Company

LIABILITIES AND NET ASSETS

	<u>2014</u>	<u>2013</u>
Current liabilities:		
Line of credit (note 6)	\$ 100	\$ 65
Accounts payable	9,280	11,409
Accrued expenses and other liabilities	54,005	50,959
Estimated third-party payor settlements (note 3)	7,341	11,754
Current portion of long-term debt and capital leases (note 6)	<u>8,876</u>	<u>9,482</u>
Total current liabilities	79,602	83,669
Long-term debt and capital leases, less current portion (note 6)	208,891	217,754
Other liabilities (note 2)	22,048	21,268
Long-term pension obligation (note 7)	15,677	7,615
Professional liability loss reserves (note 2)	<u>27,590</u>	<u>23,265</u>
Total liabilities	353,808	353,571
Net assets:		
Unrestricted	432,446	414,220
Temporarily restricted (note 8)	15,309	17,274
Permanently restricted (note 8)	<u>6,157</u>	<u>6,229</u>
Total net assets	453,912	437,723
Total liabilities and net assets	<u>\$ 807,720</u>	<u>\$ 791,294</u>

See accompanying notes.

COVENANT HEALTH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended December 31, 2014 and 2013
(In thousands)

	<u>2014</u>	<u>2013</u>
Operating revenue:		
Patient service revenue, net of contractual allowances and discounts	\$610,008	\$588,477
Less provision for bad debt	<u>(38,743)</u>	<u>(32,849)</u>
Patient service revenue, net (note 3)	571,265	555,628
Other revenue	29,040	26,163
Net assets released from restrictions for operations	<u>1,281</u>	<u>1,400</u>
Total operating revenue	601,586	583,191
Operating expenses (note 5).		
Salaries and wages	298,938	287,758
Employee benefits (notes 2 and 7)	57,067	55,886
Supplies and other (note 9)	192,352	185,172
Interest	9,383	9,075
Provider tax (note 3)	18,082	16,990
Depreciation and amortization	<u>25,664</u>	<u>25,100</u>
Total operating expenses	601,486	579,981
Income from operations	100	3,210
Nonoperating gains, net (notes 4 and 6)	<u>24,124</u>	<u>32,214</u>
Excess of revenue over expenses	<u>\$ 24,224</u>	<u>\$ 35,424</u>

See accompanying notes.

COVENANT HEALTH, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Years Ended December 31, 2014 and 2013
(In thousands)

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Permanently Restricted Net Assets</u>	<u>Total Net Assets</u>
Balances at January 1, 2013	\$372,189	\$ 15,705	\$ 5,992	\$393,886
Excess of revenue over expenses	35,424	—	—	35,424
Net change in unrealized gains on investments (note 4)	—	135	—	135
Restricted contributions and investment income	—	2,179	—	2,179
Net assets released from restrictions	117	(1,517)	—	(1,400)
Adjustment to long-term pension obligation (note 7)	7,262	—	—	7,262
Reclassification	(772)	772	—	—
Change in fair value of beneficial interest in perpetual trusts	<u>—</u>	<u>—</u>	<u>237</u>	<u>237</u>
	<u>42,031</u>	<u>1,569</u>	<u>237</u>	<u>43,837</u>
Balance at December 31, 2013	414,220	17,274	6,229	437,723
Excess of revenue over expenses	24,224	—	—	24,224
Net change in unrealized gains on investments (note 4)	—	62	—	62
Restricted contributions and investment income	—	1,855	—	1,855
Net assets released from restrictions	2,601	(3,882)	—	(1,281)
Adjustment to long-term pension obligation (note 7)	(8,599)	—	—	(8,599)
Change in fair value of beneficial interest in perpetual trusts	<u>—</u>	<u>—</u>	<u>(72)</u>	<u>(72)</u>
	<u>18,226</u>	<u>(1,965)</u>	<u>(72)</u>	<u>16,189</u>
Balance at December 31, 2014	<u>\$432,446</u>	<u>\$ 15,309</u>	<u>\$ 6,157</u>	<u>\$453,912</u>

See accompanying notes.

COVENANT HEALTH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

December 31, 2014 and 2013
(In thousands)

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Change in net assets	\$ 16,189	\$ 43,837
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Net realized and change in unrealized appreciation on investments	(5,695)	(21,676)
Net loss (gain) from joint ventures	1,787	(1,149)
Restricted contributions and investment income	(1,855)	(2,179)
Depreciation and amortization	25,764	25,371
Provision for bad debts	38,743	32,849
Loss on refinancing of debt	304	-
Adjustment to long-term pension obligation	8,599	(7,262)
Gain on sale of property, plant and equipment	(259)	(105)
Changes in operating assets and liabilities:		
Accounts receivable	(42,868)	(33,964)
Inventories, prepaid expenses and other current assets	2,156	305
Other assets	(5,708)	(704)
Accounts payable, accrued expenses and other liabilities	1,697	(630)
Estimated third-party payor settlements, net	(1,894)	23,200
Professional liability loss reserves	<u>4,325</u>	<u>2,677</u>
Net cash provided by operating activities	41,285	60,570
Cash flows from investing activities:		
Purchases of investments and assets whose use is limited or restricted	(68,363)	(120,610)
Sales of investments and assets whose use is limited or restricted	75,773	85,062
Proceeds from sale of property, plant and equipment	439	366
Purchases of property, plant and equipment	<u>(36,375)</u>	<u>(38,757)</u>
Net cash used by investing activities	(28,526)	(73,939)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	27,213	7,921
Payments on long-term debt	(9,153)	(8,536)
Advance from line of credit	35	65
Amounts paid to refinance debt	(28,185)	(2,740)
Bond premium	1,128	-
Bond issuance costs	(390)	-
Restricted contributions and investment income	<u>1,855</u>	<u>2,179</u>
Net cash used by financing activities	<u>(7,497)</u>	<u>(1,111)</u>
Increase (decrease) in cash and cash equivalents	5,262	(14,480)
Cash and cash equivalents, beginning of year	<u>38,312</u>	<u>52,792</u>
Cash and cash equivalents, end of year	\$ <u>43,574</u>	\$ <u>38,312</u>
Supplemental disclosure:		
Cash paid for interest (including capitalized interest of \$1.034 and \$1,599 in 2014 and 2013, respectively)	\$ <u>10,930</u>	\$ <u>10,706</u>

See accompanying notes.

COVENANT HEALTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2014 and 2013
(In thousands)

1. Organization

Covenant Health, Inc. (Covenant) (formerly known as Covenant Health Systems, Inc.) is organized to coordinate the corporate, administrative, clinical and service strengths and potentials of its member organizations. Covenant functions as the parent company to its member organizations which include St. Joseph Hospital of Nashua NH (Nashua), St. Mary's Health System, St. Joseph Healthcare Foundation and Subsidiaries (Bangor), Youville Lifecare, Inc., Youville House, St. Andre Health Care Facility, Mary Immaculate Health Care Services, Inc., Fanny Allen Corporation, Fanny Allen Holdings, St. Joseph Manor Health Care, Inc., CHS of Waltham, Inc. d/b/a Maristhill (Maristhill), CHS of Worcester, Inc. d/b/a St. Mary Health Care Center, St. Mary's Villa Nursing Home, Inc., Covenant Health Systems Insurance Ltd. (CHSIL), Providentia Prima Trust (Providentia Prima), and Youville Place. All member organizations are providers of health care services except CHSIL, which is licensed to write professional and general liability insurance for the other member organizations; Fanny Allen Corporation and Fanny Allen Holdings, foundations; and Providentia Prima, which is a unitized investment trust. Covenant and its member organizations, and their various related entities are collectively referred to herein as the "System." The System provides acute, long-term and other health care services to patients and residents in New England and Pennsylvania.

2. Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates are made in the areas of accounts receivable, estimated third-party payor settlements, professional liability loss reserves and self-insurance reserves (included in accrued expenses and other liabilities).

Concentration of Credit Risk

Financial instruments which subject the System to credit risk consist of cash and cash equivalents, accounts receivable, investments and estimated third-party payor settlements. At December 31, 2014 and 2013, the System had cash balances in several financial institutions that exceeded federal depository insurance limits; however, management believes the credit risk related to these financial instruments is minimal. The risk with respect to cash equivalents is minimized by the System's policy of investing in financial instruments with short-term maturities issued by highly rated financial institutions. Estimated third-party payor settlements are primarily comprised of amounts due from state and federal agencies as well as commercial insurers. The System does not expect any credit losses from net recorded amounts. Net accounts receivable represent net receivables from patients and third-party payors for services provided by the System. Patient accounts receivable from the Medicare and Medicaid programs comprise approximately 45% and 44% of receivables for the years ended December 31, 2014 and 2013, respectively. The System's investments consist of diversified investments and, while subject to market risk, are not subject to concentrations in any sectors. Revenues from the Medicare and Medicaid programs accounted for approximately 64% and 62% of the System's gross patient service revenues for the years ended December 31, 2014 and 2013, respectively, and revenues with Anthem accounted for approximately 5% of gross patient service revenues for both 2014 and 2013.

COVENANT HEALTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2014 and 2013
(In thousands)

2. Significant Accounting Policies (Continued)

Income Taxes

Covenant and its member organizations are considered not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code, except as noted below.

St. Joseph Hospital Corporate Services, Inc., a wholly-owned subsidiary of Nashua, is a for-profit organization, which is subject to federal and state income taxes.

CHSIL, a wholly-owned subsidiary, is subject to taxation in the Cayman Islands. No income taxes are levied in the Cayman Islands and CHSIL has been granted an exemption for any taxes that might be introduced. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Tax-exempt organizations could be required to record an obligation for income taxes as the result of a tax position they have historically taken on various tax exposure items including unrelated business income or tax status. Under guidance issued by the Financial Accounting Standards Board, assets and liabilities are established for uncertain tax positions taken or positions expected to be taken in income tax returns when such positions are judged to not meet the "more-likely-than-not" threshold, based upon the technical merits of the position. Estimated interest and penalties, if applicable, related to uncertain tax positions are included as a component of income tax expense

The System has evaluated the position taken on its filed tax returns. The System has concluded no uncertain income tax positions exist at December 31, 2014. Under Internal Revenue Service regulations, the System's tax years from 2011 through 2014 are open and subject to examination.

Principles of Consolidation

The consolidated financial statements of the System include the accounts of Covenant and its member organizations. Significant intercompany accounts and transactions have been eliminated in consolidation.

Temporarily and Permanently Restricted Net Assets

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 (when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as either net assets released from restrictions for operations (for noncapital-related items) or net assets released from restrictions for property, plant and equipment (for capital-related items). Permanently restricted net assets have been restricted by donors to be maintained by the System in perpetuity.

COVENANT HEALTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2014 and 2013
(In thousands)

2. Significant Accounting Policies (Continued)

Statement of Operations

Transactions deemed by management to be ongoing, major or central to the provision of the services offered by the System are reported as operating revenue and operating expenses. Other transactions, which primarily include certain types of investment income and unrestricted contributions, are reported as nonoperating gains.

Management has determined that the net result of the CHSIL insurance operations should be reported in the consolidated nonoperating portion of the income statement and the actuarially determined premium paid by the insured (member organization) should remain as an operating expense. The operating results of Providentia Prima are the net result of investment operations and are reported in the consolidated nonoperating portion of the income statement. The operations of Fanny Allen Corporation and Fanny Allen Holdings are that of a foundation and have been included in nonoperating gains on the consolidated statement of operations.

Excess of Revenue Over Expenses

The consolidated statements of operations include excess of revenue over expenses. Changes in unrestricted net assets which are excluded from excess of revenue over expenses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions which, by donor restriction, were to be used for the purpose of acquiring such assets) and pension obligation adjustments other than net periodic pension cost.

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors due to future audits, reviews and investigations. Retroactive adjustments are accrued in the period the related services are rendered and adjusted in future periods as final settlements are determined. Changes in estimated settlements from third-party payors and other changes from prior years resulted in a net increase of \$6,710 and \$6,434 to net patient service revenue for the years ended December 31, 2014 and 2013, respectively.

Charity Care

The System has a formal charity care policy under which patient care is provided to patients who meet certain criteria without charge or at amounts less than its established rates. The System does not pursue collection of amounts determined to qualify as charity care, therefore, they are not reported as revenue.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid instruments which have a maturity of three months or less when purchased.

COVENANT HEALTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2014 and 2013
(In thousands)

2. Significant Accounting Policies (Continued)

Beneficial Interest in Perpetual Trust

The System is the beneficiary of several trust funds administered by trustees or other third parties. Trusts, wherein the System has an irrevocable right to receive the income earned on the trust assets in perpetuity, are recorded as permanently restricted net assets at the fair value of the trust at the date of receipt and are included in donor-restricted funds in the consolidated balance sheet. Income distributions from the trusts are reported as investment income that increase unrestricted net assets, unless restricted by the donor. Annual changes in market value of the trusts are recorded as increases or decreases to permanently restricted net assets.

Accounts Receivable

The allowance for doubtful accounts is provided based on an analysis by management of the collectibility of outstanding balances. Management considers the age of outstanding balances and past collection efforts in determining the allowance for doubtful accounts. Accounts deemed uncollectible are charged off against the established allowance.

Inventories

Inventories of pharmaceuticals and medical supplies are carried at the lower of cost (determined primarily by the first-in, first-out method) or market.

Property, Plant and Equipment

Property, plant and equipment is stated at cost, or if donated or acquired, at fair market value at time of donation or acquisition, less accumulated depreciation. The System's policy is to capitalize expenditures for major improvements and charge maintenance and repairs currently for expenditures which do not extend the lives of the related assets. The provision for depreciation is determined by the straight-line method at rates intended to amortize the cost of related assets over their estimated useful lives.

The System reviews its long-lived assets when events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable. Upon determination that an impairment has occurred, these assets are reduced to fair value. No such impairment losses have been recognized to date. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less the cost to dispose.

Gifts of long-lived assets such as property or equipment are reported as unrestricted support and are excluded from the excess of revenue over expenses unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Depreciation expense for the years ended December 31, 2014 and 2013 was \$25,693 and \$25,186, respectively.

COVENANT HEALTH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2014 and 2013
(In thousands)

2. Significant Accounting Policies (Continued)

Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the excess of revenue over expenses unless the income or loss is restricted by donor or law. Realized gains or losses on the sale of investment securities are determined by the specific identification method.

Investment income earned on unrestricted investments is reported as nonoperating gains. Investment income on restricted investments is reported as nonoperating gains unless specifically restricted by the donor or state law, in which case it is reported as an increase in temporarily or permanently restricted net assets.

Donor-Restricted Gifts

Unconditional promises to give that are expected to be collected within one year are recorded at estimated net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value at the date the promise is received based on the present value of their estimated future cash flows. The discount on those amounts is computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue.

Conditional promises to give and indications of intentions to give are not recognized until the related conditions have been met. 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 purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of operations as net assets released from restrictions.

Professional Liability Loss Contingencies

CHSIL is a wholly-owned captive insurance company incorporated and based in the Cayman Islands for the purpose of providing professional and general liability insurance. The System insures its professional risks on a claims made basis and general liability risks on an occurrence basis through CHSIL.

Estimated liability costs, as calculated by the System's consulting actuaries, consist of specific reserves to cover the estimated liability resulting from medical or general liability incidents or potential claims which have been reported, as well as a provision for claims incurred but not reported. Estimated malpractice liabilities include estimates of future trends in loss severity and frequency and other factors that could vary as the claims are ultimately settled. Although it is not possible to measure the degree of variability inherent in such estimates, management believes the reserves for claims are adequate. These estimates are periodically reviewed, and necessary adjustments are reflected in the consolidated statement of operations in the year the need for such adjustments becomes known. Management is unaware of any claims that would cause the final expense for medical malpractice risks to vary materially from the amounts provided.

COVENANT HEALTH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2014 and 2013
(In thousands)

2. Significant Accounting Policies (Continued)

In accordance with Accounting Standards Update (ASU) No. 2010-24, *Health Care Entities (Topic 954) Presentation of Insurance Claims and Related Insurance Recoveries* (ASU 2010-24), the System recorded a liability of \$7,319 and \$2,137 related to estimated professional liability losses at December 31, 2014 and 2013, respectively. The System also recorded a receivable of \$7,319 and \$2,137 related to estimated recoveries under insurance coverage for recoveries of the potential losses at December 31, 2014 and 2013, respectively.

The System estimates that the total expected claims liabilities at December 31, 2014 and 2013 are \$27,590 and \$23,265, respectively. The System maintains malpractice insurance coverage on a claims made basis. At December 31, 2014, there were no known malpractice claims outstanding which, in the opinion of management, will be settled for amounts in excess of insurance coverage, nor were there any unasserted claims or incidents which require loss accrual. The System intends to renew coverage on a claims made basis and anticipates that such coverage will be available.

Self-Insurance Reserves

Certain members of the System are self-insured for workers' compensation and employee healthcare benefits. These costs are accounted for on an accrual basis to include estimates of future payments on claims incurred.

Retirement Plans

The System's members sponsor several defined contribution retirement plans which cover substantially all employees who have met certain eligibility requirements of the respective plans. Contributions to the defined contribution plans are discretionary and are based upon certain percentages of eligible income. Expenses related to the defined contribution plans were \$2,724 and \$2,521 for 2014 and 2013, respectively. In addition, Nashua and Bangor have frozen defined benefit pension plans. See Note 7 for further information on the defined benefit plans. The System maintains a supplemental executive retirement plan (SERP) for certain executives. Expenses related to the SERP were approximately \$100 and \$415 for the years ended December 31, 2014 and 2013, respectively.

Deferred Compensation

The System has recorded its obligations under deferred compensation agreements with certain physicians and employees of \$13,100 and \$12,097 at December 31, 2014 and 2013, respectively, at the net present value of benefits earned.

Fair Value of Financial Instruments

The carrying amounts of the System's financial instruments as reported in the accompanying consolidated balance sheets, other than long-term debt, approximate fair value.

COVENANT HEALTH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2014 and 2013
(In thousands)

2. Significant Accounting Policies (Continued)

Subsequent Events

Events occurring after the balance sheet date are evaluated by management to determine whether such events should be recognized or disclosed in the financial statements. Management has evaluated subsequent events through April 24, 2015 which is the date the financial statements were available to be issued.

3. Net Patient Service Revenue

The System maintains contracts with Medicare and several State agencies (Medicaid). The System is paid a prospectively determined fixed price for each inpatient and outpatient service depending on the type of illness and the patient's applicable diagnostic classification. The System also receives some minor level of payments from Medicare and Medicaid for services which are settled upon filing and audit of its annual cost reports.

The System has also entered into payment agreements with certain commercial insurance carriers and health maintenance organizations. The basis for payment to the System under these agreements includes discounts from established charges and per diem daily rates.

The System recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. On the basis of historical experience, a significant portion of the System's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the System records a significant provision for bad debts related to uninsured patients in the period the services are provided.

Revenues from third-party payors and the uninsured are summarized as follows at December 31:

	<u>2014</u>	<u>2013</u>
Medicare	\$255,475	\$235,726
Medicaid	96,842	96,271
Commercial	201,224	206,843
Patients (private pay/self pay)	<u>56,467</u>	<u>49,637</u>
	610,008	588,477
Provision for bad debt	<u>(38,743)</u>	<u>(32,849)</u>
	<u>\$571,265</u>	<u>\$555,628</u>

COVENANT HEALTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2014 and 2013
(In thousands)

3. Net Patient Service Revenue (Continued)

The State of Maine also assesses a provider tax similar to New Hampshire, with disproportionate share funding partially offsetting the tax.

The estimated third-party payor settlements reflected on the balance sheet represent the estimated net amounts to be received or paid under reimbursement contracts with the Centers for Medicare and Medicaid Services (CMS), Medicaid and any commercial payors with settlement provisions. Settlements have been issued through 2004 for Medicare and Medicaid for St. Mary's and Bangor. Medicare and Medicaid have settled through 2012 and 2010, respectively, for Nashua. Anthem settlements are final through 2013.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The System believes that it is substantially in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing specific to the System. While no such regulatory inquiries have been made, 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. Differences between amounts previously estimated and amounts subsequently determined to be recoverable or payable are included in net patient service revenue in the year that such amounts become known.

Community Benefits

The System does not pursue collection of amounts determined to qualify as charity care; therefore, they are not reported as revenue. The System determines the costs associated with providing charity care by calculating a ratio of cost to gross charges, and then multiplying that ratio by the gross uncompensated charges associated with providing care to patients eligible for free care. Under this methodology, the estimated costs of caring for charity care patients for the years ended December 31, 2014 and 2013 were \$9,473 and \$9,486, respectively.

As part of the System's charitable mission, its member organizations also provide services which primarily benefit the medically under-served in their communities. The System prepares an annual report utilizing the methodology contained in the Catholic Health Association's Guide to Planning and Reporting Community Benefit. The net unsponsored costs of charity care including clinics, unreimbursed Medicaid cost, outreach programs and community health education programs provided by the System for the years ended December 31, 2014 and 2013 were \$36,520 and \$38,691, respectively. Additionally, the System calculates the amount of costs not reimbursed by the Federal Medicare program. Those unreimbursed costs were \$34,627 and \$34,275 in 2014 and 2013, respectively.

COVENANT HEALTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2014 and 2013
(In thousands)

4. Investments

Investments, which are reported at fair value, consist of the following at December 31:

	<u>2014</u>	<u>2013</u>
Investments	\$ 88,644	\$ 91,585
Assets whose use is limited, restricted or board designated	<u>318,014</u>	<u>316,788</u>
Total investments	<u>\$406,658</u>	<u>\$408,373</u>

Fair Value Measurements

Financial assets carried at fair value are classified and disclosed in one of the following three categories:

Level 1 – Assets classified as Level 1 represent items that are traded in active exchange markets and for which valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities. Assets classified as Level 1 include cash and cash equivalents, marketable equity securities, mutual funds, exchange traded funds, and accrued interest and other.

Level 2 – Valuations for assets traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities. Assets classified as Level 2 include U.S. Government securities, pooled-fixed income, corporate bonds, guaranteed investment contracts and cash surrender value of life insurance policies.

Level 3 – Valuations for assets that are derived from other valuation methodologies not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions in determining the fair value assigned to such assets. Assets classified as Level 3 include alternative investments and beneficial interests in perpetual trusts.

In determining the appropriate levels, the System performs a detailed analysis of the valuation methodology of the assets. At each reporting period, all assets for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

COVENANT HEALTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2014 and 2013
(In thousands)

4. Investments (Continued)

The following presents the balances of assets measured at fair value on a recurring basis at December 31:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
2014:				
Cash and cash equivalents	\$ 33,828	\$ —	\$ —	\$ 33,828
U.S. Government securities	—	40,989	—	40,989
Corporate bonds	—	11,923	—	11,923
Marketable equity securities:				
Consumer discretionary	9,335	—	—	9,335
Consumer staples	6,940	—	—	6,940
Energy	6,719	—	—	6,719
Financial services	13,722	—	—	13,722
Healthcare	9,985	—	—	9,985
Industrial	9,015	—	—	9,015
Technology	15,650	—	—	15,650
Materials	3,172	—	—	3,172
Telecommunications	1,797	—	—	1,797
Utilities	3,153	—	—	3,153
Exchange traded funds	4,969	—	—	4,969
Alternative investments	—	—	42,404	42,404
Mutual funds:				
Equity funds	165,380	—	—	165,380
Fixed income funds	8,364	—	—	8,364
International equity funds	3,916	—	—	3,916
Accrued interest and other	1,010	—	—	1,010
Beneficial interest in perpetual and other trusts	—	—	5,002	5,002
Cash surrender value of life insurance policies	—	9,385	—	9,385
	<u>\$296,955</u>	<u>\$62,297</u>	<u>\$47,406</u>	<u>\$406,658</u>
	<u>73%</u>	<u>15%</u>	<u>12%</u>	<u>100%</u>

COVENANT HEALTH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2014 and 2013
(In thousands)

4. Investments (Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
2013:				
Cash and cash equivalents	\$ 50,773	\$ —	\$ —	\$ 50,773
U.S. Government securities	—	38,507	—	38,507
Pooled – fixed income	—	3	—	3
Corporate bonds	—	10,943	—	10,943
Guaranteed investment contracts	—	209	—	209
Marketable equity securities:				
Consumer discretionary	10,208	—	—	10,208
Consumer staples	6,273	—	—	6,273
Energy	7,023	—	—	7,023
Financial services	12,378	—	—	12,378
Healthcare	11,021	—	—	11,021
Industrial	9,614	—	—	9,614
Technology	15,012	—	—	15,012
Materials	3,746	—	—	3,746
Telecommunications	1,391	—	—	1,391
Utilities	3,109	—	—	3,109
Exchange traded funds	1,230	—	—	1,230
Alternative investments	—	—	46,854	46,854
Mutual funds:				
Equity funds	146,349	—	—	146,349
Fixed income funds	17,501	—	—	17,501
International equity funds	1,380	—	—	1,380
Accrued interest and other	917	—	—	917
Beneficial interest in perpetual and other trusts	—	—	5,142	5,142
Cash surrender value of life insurance policies	—	8,790	—	8,790
	<u>\$297,925</u>	<u>\$58,452</u>	<u>\$51,996</u>	<u>\$408,373</u>
	<u>73%</u>	<u>14%</u>	<u>13%</u>	<u>100%</u>

The change in fair value of Level 3 investments is due to the following:

	<u>Perpetual Trusts</u>	<u>Alternative Investments</u>
Balance at December 31, 2013	\$5,142	\$ 46,854
Purchases	—	9,410
Sales	—	(13,401)
Realized gains on investments	—	2,168
Unrealized losses on investments	<u>(140)</u>	<u>(2,627)</u>
Balance at December 31, 2014	<u>\$5,002</u>	<u>\$ 42,404</u>

COVENANT HEALTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2014 and 2013
(In thousands)

4. Investments (Continued)

	<u>Perpetual Trusts</u>	<u>Alternative Investments</u>
Balance at December 31, 2012	\$4,833	\$ 45,377
Purchases	—	15,264
Sales	—	(18,823)
Realized gains on investments	—	2,149
Unrealized gains on investments	<u>309</u>	<u>2,887</u>
Balance at December 31, 2013	<u>\$5,142</u>	<u>\$ 46,854</u>

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. As such, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated balance sheets and statements of operations.

The principal components of total investment return for the years ended December 31 include:

	<u>2014</u>	<u>2013</u>
Investment income:		
Interest and dividends	\$ 8,142	\$ 7,091
Net realized gains on sales of securities	5,874	6,732
Net unrealized (losses) gains on investments	<u>(179)</u>	<u>14,944</u>
Gain on fair value of investments	<u>5,695</u>	<u>21,676</u>
Investment income and gains	<u>\$13,837</u>	<u>\$28,767</u>

All unrestricted investment income and gains including unrealized gains are included as part of nonoperating gains.

5. Functional Expenses

The System provides acute and long-term health care services. Expenses related to providing these services are as follows for the years ended December 31.

	<u>2014</u>	<u>2013</u>
Health care services	\$388,779	\$372,021
General and administrative	<u>212,707</u>	<u>207,960</u>
	<u>\$601,486</u>	<u>\$579,981</u>

COVENANT HEALTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2014 and 2013
(In thousands)

6. Lines of Credit and Long-Term Debt

Four member organizations have available lines of credit totaling \$4,200, which have \$100 and \$65 outstanding at December 31, 2014 and 2013, respectively.

The System has three letters of credit totaling \$100, \$1,125 and \$1,400 with banks at December 31, 2014. The letters relate to the System's workers' compensation self-insurance programs.

Long-Term Debt

Long-term debt at December 31 consists of the following:

	<u>2014</u>	<u>2013</u>
Tax-exempt revenue bonds issued through various state and local government agencies with interest rates ranging from 2.0% to 5.5% and with varying maturity dates through 2042. The bonds may generally be redeemed in whole or in part at a premium which is not to exceed 2% of the bonds redeemed. The bonds are generally collateralized by gross receipts and mortgages on substantially all existing and future property, plant and equipment	\$195,611	\$204,462
Mortgages and other notes payable and capital leases with interest rates ranging from 3.25% to 7.5% and with varying maturity dates through 2039	<u>19,517</u> 215,128	<u>20,791</u> 225,253
Unamortized original issue premium	<u>2,639</u> 217,767	<u>1,983</u> 227,236
Less current portion	<u>(8,876)</u>	<u>(9,482)</u>
	<u>\$208,891</u>	<u>\$217,754</u>

In February 2001, the System formed an Obligated Group for the purpose of issuing tax-exempt bonds. The Obligated Group is required to maintain a minimum debt service coverage ratio of at least 1.20 and a minimum number of days cash on hand of 30. The System was in compliance with these requirements at December 31, 2014.

In 2014, the Obligated Group obtained \$16,900 of debt through tax-exempt bonds issued through New Hampshire Health and Education Facilities Authority (NHHEFA) (balance at December 31, 2014, \$16,868). Proceeds borrowed were used to refinance the NHHEFA 2004 bonds. The bonds bear interest at 2.54% and mature in varying annual amounts to 2034.

In 2014, St. Mary's Regional Medical Center (St. Mary's) and St. Mary's d'Youville Pavilion (d'Youville Pavilion) obtained \$8,763 of debt through Maine Health and Higher Educational Facilities Authority (MHHEFA) (balance at December 31, 2014, \$8,763). The proceeds were used to refinance MHHEFA 2004 bonds. The bonds are collateralized by substantially all of the property, plant, equipment and improvements and accounts receivable of St. Mary's and d'Youville Pavilion. The bonds bear interest at rates ranging from 3% to 5% and mature in varying annual amounts to 2023.

COVENANT HEALTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2014 and 2013
(In thousands)

6. Lines of Credit and Long-Term Debt (Continued)

On June 27, 2012, the Obligated Group obtained \$39,365 of debt through tax-exempt bonds issued through NHHEFA (\$12,365) (balance at December 31, 2014 and 2013, \$12,265 and \$12,340, respectively) and Massachusetts Health and Educational Facilities Authority (MHEFA) (\$27,000) (balance at December 31, 2014 and 2013, \$26,825 and \$26,935, respectively). Proceeds borrowed were used to refinance the NHHEFA and MHEFA 2002 bonds and to finance capital acquisitions and improvements. Related construction commitments at December 31, 2014 were approximately \$4.4 million. The bonds bear interest at rates ranging from 3% to 5% and mature in varying annual amounts to 2042.

In 2012, St. Mary's obtained \$19,270 of debt through tax-exempt bonds issued through MHHEFA (balance at December 31, 2014 and 2013, \$18,975 and \$19,180, respectively), the proceeds of which were used to refinance existing debt. The bonds are guaranteed by the Obligated Group. The bonds bear interest at 3.42% and mature in varying annual amounts to 2036.

In 2012, Bangor obtained \$1,975 of debt through tax-exempt bonds issued through MHHEFA (balance at December 31, 2014 and 2013, \$1,585 and \$1,685, respectively), the proceeds of which were used to refinance existing debt. The Bangor tax-exempt bonds require the establishment of a debt service reserve fund in the amount of \$184 held by a trustee.

On October 31, 2012, Bangor obtained \$13,490 of debt through tax-exempt bonds issued through MHHEFA (balance at December 31, 2014 and 2013, \$12,655 and \$13,160, respectively), the proceeds of which will be used to finance capital improvements. The bonds are guaranteed by the Obligated Group.

In October 2007, the Obligated Group issued \$78,510 in tax-exempt bonds. There were four series issued, collectively "the 2007 Series bonds." The MHEFA issued Series 2007A bonds in the amount of \$12,940 and Series 2007B bonds in the amount of \$11,890 (combined balance at December 31, 2014 and 2013, \$22,710 and \$23,120, respectively). The NHHEFA issued Series 2007A bonds in the amount of \$17,030 and Series 2007B bonds in the amount of \$36,650 (combined balance at December 31, 2014 and 2013, \$48,120 and \$49,620, respectively). The bonds bear interest at rates ranging from 4.5% to 5% and mature in varying annual amounts to 2037.

The proceeds from the issuance of the 2007 Series bonds provided for construction at Nashua of \$15,130, the acquisition of Youville Place (a Massachusetts' assisted living facility) for \$11,500, and the advanced refunding and refinance of \$42,900 of the Series 2002 bonds. The Series 2007 bonds have similar covenants to the Series 2012 bonds.

The Series 2007 bonds require the establishment of a debt service reserve fund to be held in trust. Proceeds were used to establish the fund which amounted to approximately \$7,258 at December 31, 2014 and 2013. The amount is included in the balance sheet as funds held by trustees.

In October 2007, St. Mary's issued additional Revenue Bonds (Series 2007B) through MHHEFA in the amount of \$6,241 for purposes of funding capital expenditures (balance at December 31, 2014 and 2013, \$5,566 and \$5,711, respectively).

COVENANT HEALTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2014 and 2013
(In thousands)

6. Lines of Credit and Long-Term Debt (Continued)

The 2007B bonds bear interest at rates ranging from 4.0% to 5.0% and mature in varying annual amounts to 2037. The bonds are collateralized by substantially all of the property, plant, equipment and improvements and accounts receivable of St. Mary's. Monthly deposits of principal and interest are made into a debt service fund to meet semiannual debt service payments and to retire the bonds when due.

In June 2010, St. Mary's issued additional revenue bonds (Series 2010B) through MHHEFA in the amount of \$7,222 (balance at December 31, 2014 and 2013, \$6,162 and \$6,441, respectively). The proceeds of the 2010B Bonds were used to refinance previously issued revenue bonds. The 2010B Bonds bear interest at varying rates with an average rate of 4.55% and mature in varying annual amounts to 2031. The bonds are collateralized by substantially all the assets of St. Mary's.

The Series 2004A, 2007B and 2010B Bonds also require that St. Mary's satisfy certain measures of financial performance (including a minimum debt service coverage ratio of 1.2 for each year) as long as the bonds are outstanding.

In accordance with the terms of the respective debt agreements, St. Mary's and d'Youville Pavilion are also required to maintain certain funds on deposit with a trustee. These funds are included as funds held by trustees in the accompanying balance sheets.

In 2009, St. Mary's Health System issued additional revenue bonds through the Finance Authority of Maine in the amount of \$5,300 (balance at December 31, 2014 and 2013, \$3,935 and \$4,200, respectively) for the purpose of funding capital expenditures. The bonds mature in 2020, bear interest at a variable rate and are subject to an interest rate swap agreement.

St. Mary's Residences has a mortgage payable to Maine State Housing Authority of \$2,524 and \$2,590 with an interest rate of 7.5% at December 31, 2014 and 2013, respectively. The mortgage matures in July 2023 and is collateralized by real property.

Through its acquisition of Bangor, the System acquired a note payable to MHHEFA; Series 2010B – outstanding balance of \$8,745 and \$9,510 at December 31, 2014 and 2013, respectively. The bonds bear interest at rates ranging from 2.5% to 5% and mature in varying amounts through 2026.

Mary Immaculate Residential Communities I-III have mortgages payable to the Department of Housing and Urban Development and Midland Loans Services, Inc., collateralized by their real property. Total amounts payable are \$8,398 and \$8,728 and interest rates range from 6.10% to 6.875% at December 31, 2014 and 2013, respectively.

St. Mary's Villa Nursing Home, Inc. had a mortgage payable to the Rural Housing Service, US Department of Agriculture of \$2,030 with an interest rate of 4.75% at December 31, 2012 and a mortgage payable to Penn Security Bank of \$700 with an interest rate of 4.76% at December 31, 2012. The mortgages were refinanced in 2013 through the issuance of tax-exempt revenue notes in the amount of \$2,740 (balance at December 31, 2014 and 2013, \$2,437 and \$2,630, respectively). The notes mature in 2029 and bear interest at 3.23%.

COVENANT HEALTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2014 and 2013
(In thousands)

6. Lines of Credit and Long-Term Debt (Continued)

Additional mortgages payable to various financial institutions total approximately \$11 million and \$9.5 million at December 31, 2014 and 2013, respectively, and are held primarily at St. Mary's Health System, Bangor, St. Joseph Manor Health Care, Inc. and St. Mary's Villa Nursing Home, Inc.

Maturities on long-term debt for the five years ending December 31 and thereafter are as follows:

2015	\$ 8,876
2016	9,006
2017	9,216
2018	9,745
2019	9,777
Thereafter	<u>171,147</u>
	<u>\$217,767</u>

The fair value of the System's long-term debt at December 31, 2014 and 2013 was approximately \$219,280 and \$196,307, respectively.

7. Defined Benefit Pension Plan

Nashua has a noncontributory defined benefit plan covering all of its eligible employees. The measurement date is December 31.

Effective June 2, 2007, plan participation was frozen for new participants. Benefit service and plan compensation have been frozen effective December 31, 2007. A defined contribution plan replaced the defined benefit plan for Nashua and Souhegan Home and Hospice Care, Inc. A curtailment to the retirement plan for employees of Nashua and Souhegan Home and Hospice Care, Inc. was recorded as of December 31, 2007.

Net periodic pension cost includes the following components for the years ended December 31:

	<u>2014</u>	<u>2013</u>
Interest cost on projected benefit obligation	\$ 1,483	\$ 1,389
Expected return on plan assets	(1,928)	(1,968)
Amortization of loss	<u>977</u>	<u>1,395</u>
Net periodic pension expense	\$ <u>532</u>	\$ <u>816</u>

COVENANT HEALTH, INC. AND SUBSIDIARIES

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7. Defined Benefit Pension Plan (Continued)

The following table sets forth the plan's benefit obligation, funded status and amounts recognized in the financial statements at December 31:

	<u>2014</u>	<u>2013</u>
Accumulated benefit obligation	\$ <u>34,704</u>	\$ <u>31,305</u>
Changes in projected benefit obligations.		
Projected benefit obligations, beginning of period	\$31,305	\$35,299
Interest cost	1,483	1,389
Benefits paid	(3,288)	(4,369)
Impact of assumption changes	4,343	(2,294)
Experience loss	<u>861</u>	<u>1,280</u>
Projected benefit obligations, end of period	34,704	31,305
Changes in plan assets.		
Fair value of plan assets, beginning of period	27,901	28,510
Actual return on plan assets	1,687	3,760
Benefits paid	<u>(3,288)</u>	<u>(4,369)</u>
Fair value of plan assets, end of period	<u>26,300</u>	<u>27,901</u>
Funded status	\$ <u>(8,404)</u>	\$ <u>(3,404)</u>

The weighted average assumptions used in accounting for the defined benefit pension plan are as follows as of and for the years ended December 31.

	<u>2014</u>	<u>2013</u>
Discount rate used to determine net periodic pension cost	4.95%	4.05%
Discount rate used to determine benefit obligation	3.95	4.95
Expected long-term rate of return on plan assets	7.50	7.50
Rate of increase in future compensation levels	N/A	N/A

The following is a summary of the allocation of plan assets for the years ended December 31:

	<u>2014</u>	<u>2013</u>
Cash and cash equivalents	\$ 3,621	\$ 546
Mutual funds:		
Equity funds	11,635	13,197
Fixed income funds	5,216	8,409
International equity funds	3,260	5,749
Global real estate	<u>2,568</u>	<u>—</u>
	<u>\$26,300</u>	<u>\$27,901</u>

COVENANT HEALTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2014 and 2013
(In thousands)

7. Defined Benefit Pension Plan (Continued)

All pension assets are considered to be Level 1 assets (as defined in Note 4).

In selecting the expected long-term rate of return on assets, Nashua considered the average rate of earnings expected on the funds invested or to be invested to provide for the benefits of this plan. This includes considering the trusts' asset allocation and the expected returns likely to be earned over the life of the plan. This basis is consistent with the prior year.

Nashua and affiliates expect to make no contributions to its defined benefit pension plan during the year ended December 31, 2015.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid during the period ended December 31:

2015	\$ 1,110
2016	1,746
2017	2,046
2018	2,599
2019	4,250
2020 through 2024	12,867

Bangor has a noncontributory defined benefit plan covering all of its eligible employees of St. Joseph Healthcare Foundation, other affiliates and the Hospital. The measurement date is December 31.

Effective January 1, 2004, plan participation was frozen for new participants. Current participants who qualify under the rule of 60 (combination of age plus years of service) may elect to continue to participate in the plan or to participate in a separate defined contribution plan sponsored by Bangor. Those current participants which do not qualify to continue to participate under the rule of 60, will retain their vested position in the plan but will only be eligible to participate in the defined contribution plan. No new participants will be eligible to participate in the plan. In 2011, Bangor elected to freeze the plan for purposes of benefit services and plan compensation effective June 30, 2012. A curtailment to the retirement plan was recorded as of December 31, 2011.

Net periodic pension cost includes the following components for the years ended December 31:

	<u>2014</u>	<u>2013</u>
Interest cost on projected benefit obligation	\$ 1,247	\$ 1,074
Expected return on plan assets	<u>(1,540)</u>	<u>(1,274)</u>
Net periodic pension income	\$ <u>(293)</u>	\$ <u>(200)</u>

COVENANT HEALTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2014 and 2013
(In thousands)

7. Defined Benefit Pension Plan (Continued)

The following table sets forth the plan's benefit obligation, funded status and amounts recognized in the financial statements at December 31:

	<u>2014</u>	<u>2013</u>
Accumulated benefit obligation	\$ <u>30,467</u>	\$ <u>25,621</u>
Changes in projected benefit obligations:		
Projected benefit obligations, beginning of period	\$25,621	\$26,817
Interest cost	1,247	1,074
Benefits paid	(963)	(876)
Experience loss (gain)	<u>4,562</u>	<u>(1,394)</u>
Projected benefit obligations, end of period	30,467	25,621
Changes in plan assets:		
Fair value of plan assets, beginning of period	21,410	18,570
Actual return on plan assets	1,972	2,941
Employer contributions	775	775
Benefits paid	<u>(963)</u>	<u>(876)</u>
Fair value of plan assets, end of period	<u>23,194</u>	<u>21,410</u>
Funded status	\$ <u>(7,273)</u>	\$ <u>(4,211)</u>

The weighted average assumptions used in accounting for the defined benefit pension plan are as follows as of and for the years ended December 31:

	<u>2014</u>	<u>2013</u>
Discount rate used to determine net periodic pension cost	4.95%	4.05%
Discount rate used to determine benefit obligation	3.95	4.95
Expected long-term rate of return on plan assets	7.25	7.25
Rate of increase in future compensation levels	N/A	N/A

The following is a summary of the allocation of plan assets for the years ended December 31:

	<u>2014</u>	<u>2013</u>
Money market	\$ 26	\$ 25
Mutual funds:		
Equity funds	14,215	13,386
Fixed income funds	<u>8,953</u>	<u>7,999</u>
	<u>\$23,194</u>	<u>\$21,410</u>

COVENANT HEALTH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2014 and 2013
(In thousands)

7. Defined Benefit Pension Plan (Continued)

All pension assets are considered to be Level 1 assets (as defined in Note 4).

The target allocation percentage for investments is designed to meet the expected return on plan assets. The plan trustee evaluates its target allocation periodically in relation to market performance and overall market conditions. The plan does not allow for the purchase of derivatives and the overall goal is to provide for adequate investment growth, along with contributions, to provide adequate funding to meet plan obligations on a current and projected basis.

Bangor and affiliates expect to make contributions of \$775 to its defined benefit pension plan during the year ended December 31, 2015.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid during the period ended December 31:

2015	\$ 1,185
2016	1,289
2017	1,405
2018	1,477
2019	1,543
2020 through 2024	8,638

8. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31.

	<u>2014</u>	<u>2013</u>
Health care services	\$ 2,424	\$ 2,038
Equipment and capital improvements	9,727	12,346
Education and scholarships	635	687
Designated for certain communities	<u>2,523</u>	<u>2,203</u>
	<u>\$ 15,309</u>	<u>\$ 17,274</u>

Permanently restricted net assets are restricted to the following at December 31:

	<u>2014</u>	<u>2013</u>
Investments to be held in perpetuity, the income from which is expendable to support various health care services	\$ 1,809	\$ 1,809
Investments to be held in perpetuity, the income from which is unrestricted	853	853
Beneficial interest in perpetual trust	<u>3,495</u>	<u>3,567</u>
	<u>\$ 6,157</u>	<u>\$ 6,229</u>

COVENANT HEALTH, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2014 and 2013
(In thousands)

11. Contingencies (Continued)

Regulatory

The health care industry is subject to numerous laws and regulations of federal, state and local governments. Recently, government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for patient services previously billed. Compliance with such laws and regulations are subject to government review and interpretations as well as regulatory actions unknown or unasserted at this time.

12. Subsequent Event

Acquisition

On January 23, 2015, the System acquired Mount St. Rita Health Centre (Mount St. Rita), a 97 bed skilled nursing facility located in Cumberland, Rhode Island. Mount St. Rita became a member of the System which resulted in the System becoming the sole corporate member of the skilled nursing facility.

The consolidated statements of operations for 2015 will include the operations of Mount St. Rita as of the acquisition date.

The transaction will be accounted for in accordance with FASB Accounting Standards Codification Topic 810 which requires the assets and liabilities of Mount St. Rita be accounted for at fair value as of the date of the acquisition. The net assets of the skilled nursing facility, based upon fair value at January 23, 2015, will be recognized as a contribution as part of nonoperating gains. The amounts assigned to the major assets and liabilities at the acquisition date will be as follows:

Cash and cash equivalents	\$ 454
Accounts receivable	840
Prepays and other current assets	3
Property, plant and equipment	4,575
Accounts payable and accrued expenses	(591)
Long-term debt, due to Sisters of Mercy	(700)
Permanently restricted net assets	<u>(21)</u>
Contribution received	<u>\$ 4,560</u>

In conjunction with the acquisition, the System agreed to pay \$700 to Mount St. Rita which Mount St. Rita then used to pay \$700 of long-term debt due to the Sisters of Mercy. The remaining long-term debt due to the Sisters of Mercy was forgiven.

Covenant Health, Inc.
Consolidating Balance Sheet
December 31, 2014
(In thousands)

Assets

	Covenant Health, Inc	(Marist Hill) CHS of Waltham Inc	St Joseph Hospital of Nashua, NH, Inc *	Youville Lifecare, Inc	Youville House	Mary Immac- ulate*	Fanny Allen Corporation	(St. Mary) CHS of Worcester, Inc	Youville Place	Elimi- nations	** Total Obligated Group
Current assets											
Cash and cash equivalents	\$ 3,491	\$ 1,062	\$ 10,171	\$ 132	\$ 3,584	\$ 5,675	\$ 89	\$ 276	\$ 1,124	\$ -	\$ 25,604
Accounts receivable	922	1,033	20,985	-	31	3,093	-	1,431	31	56	27,582
Allowance for doubtful accounts	-	(117)	(7,425)	-	(11)	(523)	-	(108)	(2)	-	(8 186)
Investments	2,502	-	50,512	6,603	-	-	-	-	-	-	59,617
Inventories	-	-	1,501	-	-	-	-	-	-	-	1,501
Prepaid expenses and other current assets	259	29	5,732	-	38	188	-	30	71	-	6,347
Estimated third-party payor settlements	-	-	-	-	-	-	-	-	-	-	-
Current portion of assets whose use is limited or restricted	-	18	2,474	-	456	69	-	43	419	-	3,479
Current portion of due from affiliates	71	-	-	-	56	178	-	-	-	(21)	284
Total current assets	7,245	2,025	83,950	6,735	4,154	8,680	89	1,672	1,643	35	116,228
Assets whose use is limited or restricted, less current portion											
Funds held by trustees less current portion	1,397	1,674	10,504	-	272	-	-	-	1,517	-	15,364
Deferred compensation	-	-	1,394	-	-	-	9	-	-	-	1,403
Board designated funds and other long-term investments	41,843	2,267	72,495	11,840	6,941	29,152	5,891	-	398	-	170,827
Replacement reserve	-	-	-	-	-	-	-	-	-	-	-
Donor restricted funds	407	-	1,816	-	3,432	-	2,065	-	29	-	7,749
Total assets whose use is limited or restricted, less current portion	43,647	3,941	86,209	11,840	10,645	29,152	7,965	-	1,944	-	195,343
Other assets											
Other assets	903	148	15,701	-	114	-	-	-	204	-	17,070
Due from affiliates, less current portion	6,338	-	15,135	-	527	-	-	-	-	(16,814)	5,186
Investments in joint ventures	27,073	-	4,703	-	-	-	-	-	-	-	31,776
Total other assets	34,314	148	35,539	-	641	-	-	-	204	(16,814)	54 032
Property, plant and equipment											
Land and improvements	-	485	3,589	-	-	105	-	354	750	-	5,283
Buildings and improvements	61	6,583	107,309	-	17,052	14,207	-	3,898	14,316	-	163,426
Equipment	1,203	3,489	79,923	-	815	8,084	-	1,440	1,536	-	96,490
Construction in progress	-	526	2,696	-	-	138	-	-	35	-	3,395
	1,264	11,083	193 517	-	17,867	22,534	-	5,692	16,637	-	268,594
Less accumulated depreciation	(983)	(5,310)	(125,329)	-	(6,400)	(16,281)	-	(3,212)	(4 212)	-	(161,727)
Total property, plant and equipment	281	5,773	68,188	-	11,467	6,253	-	2,480	12,425	-	106,867
Total assets	\$ 85,487	\$ 11,887	\$ 273,886	\$ 18 575	\$ 26,907	\$ 44,085	\$ 8,054	\$ 4,152	\$ 16,216	\$(16,779)	\$472,470

* Certain entities included in St Joseph Hospital of Nashua, NH, Inc and Mary Immaculate are not included in the Obligated Group

** Total of Obligated Group carried forward to next page

Covenant Health, Inc.
Consolidating Balance Sheet
December 31, 2014
(In thousands)

Assets

	St Mary's Health System	Fanny Allen Hold- ings	Covenant Health Systems Insur- ance LTD	St Joseph Manor Health Care, Inc	St Joseph Hospital Corporate Services, Inc	St Joseph Hospital DH Family Medicine	Mary Immaculate Residential Communi- ty, Inc	St Andre Health Care Facility	St Mary's Villa Nursing Home, Inc	Provi- dentia Prima Trust	St Joseph Health- care Founda- tion	St Joseph Valua- tion Co	Elimi- nations	System Consol- idated
Current assets														
Cash and cash equivalents	\$ 4,973	\$ 554	\$ 7,091	\$ 564	\$ 515	\$ —	\$ 280	\$ 374	\$ 1,873	\$ 2,571	\$ 1,746	\$ —	\$ (2,571)	\$ 43,574
Accounts receivable	30,994	—	119	1,242	3,018	—	55	680	957	—	22,735	—	(606)	86,776
Allowance for doubtful accounts	(14,603)	—	—	(173)	(1,972)	—	—	(87)	(104)	—	(9,241)	—	—	(34,366)
Investments	6,791	—	—	—	—	—	—	—	—	—	22,236	—	—	88,644
Inventories	1,394	—	—	—	—	—	—	21	—	—	593	—	—	3,509
Prepaid expenses and other current assets	3,389	—	2,309	59	340	—	—	46	337	3,691	1,944	—	(3,866)	14,596
Estimated third-party payor settlements	240	—	—	—	—	—	—	68	17	—	—	—	—	325
Current portion of assets whose use is limited or restricted	—	—	—	19	—	—	84	18	—	—	695	—	—	4,295
Current portion of due from affiliates	—	—	—	—	—	—	—	—	—	—	—	—	(284)	—
Total current assets	33,178	554	9,519	1,711	1,901	—	419	1,120	3,080	6,262	40,708	—	(7,327)	207,353
Assets whose use is limited or restricted, less current portion														
Funds held by trustees, less current portion	2,072	—	—	—	—	—	65	—	—	—	422	—	—	17,923
Deferred compensation	—	—	—	—	12,067	—	—	—	—	—	—	—	—	13,470
Board designated funds and other long-term investments	38,135	7	33,406	1,311	—	—	—	1,160	8,054	242,531	7,872	—	(242,531)	260,772
Replacement reserve	211	—	—	—	—	—	5,016	—	—	—	—	—	—	5,227
Donor restricted funds	4,712	—	—	—	—	—	—	—	357	—	3,509	—	—	16,327
Total assets whose use is limited or restricted, less current portion	45,130	7	33,406	1,311	12,067	—	5,081	1,160	8,411	242,531	11,803	—	(242,531)	313,719
Other assets														
Other assets	3,195	—	—	—	4,005	—	253	14	60	—	1,313	(102)	(14,409)	11,399
Due from affiliates, less current portion	—	—	—	—	—	—	—	—	—	—	—	—	(5,186)	—
Investments in joint ventures	3,171	—	—	—	912	—	—	—	—	—	519	(247)	(27,068)	9,063
Total other assets	6,366	—	—	—	4,917	—	253	14	60	—	1,832	(349)	(46,663)	20,462
Property, plant and equipment														
Land and improvements	5,780	716	—	260	1,656	—	106	559	553	—	4,418	2,778	—	22,109
Buildings and improvements	95,903	13,863	—	5,690	14,550	—	26,425	4,142	14,744	—	51,254	8,629	—	398,626
Equipment	47,754	393	—	2,454	6,151	—	1,133	3,077	3,227	—	37,412	149	—	198,240
Construction in progress	1,413	—	—	—	1	—	—	163	61	—	—	379	—	5,412
	150,850	14,972	—	8,404	22,358	—	27,664	7,941	18,585	—	93,084	11,935	—	624,387
Less accumulated depreciation	(82,459)	(13,440)	—	(4,098)	(11,660)	—	(18,481)	(5,138)	(7,356)	—	(55,271)	1,429	—	(358,201)
Total property, plant and equipment	68,391	1,532	—	4,306	10,698	—	9,183	2,803	11,229	—	37,813	13,364	—	266,186
Total assets	\$ 153,065	\$ 2,093	\$ 42,925	\$ 7,328	\$ 29,583	\$ —	\$ 14,936	\$ 5,097	\$ 22,780	\$ 248,793	\$ 92,156	\$ 13,015	\$ (296,521)	\$ 807,720

Covenant Health, Inc.
Consolidating Balance Sheet
December 31, 2014
(In thousands)

Liabilities and Net Assets

	Covenant Health, Inc	(Marist Hill) CHS of Waltham Inc	St Joseph Hospital of Nashua, NH, Inc *	Youville Lifecare, Inc	Youville House	Mary Immaculate*	Fanny Allen Corporation	(St Mary) CHS of Worcester, Inc	Youville Place	Eliminations	** Total Obligated Group
Current liabilities											
Line of credit	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Accounts payable	587	118	2,353	—	—	305	—	—	—	56	3,419
Accrued expenses and other liabilities	2,516	325	17,840	25	1,269	895	—	427	719	—	24,016
Estimated third-party payor settlements	—	139	1,864	—	—	50	—	176	—	—	2,229
Current portion of due to affiliates	458	191	1	—	—	(7)	—	—	53	(652)	44
Current portion of long-term debt and capital leases	71	111	2,784	—	75	—	—	—	250	(19)	3,272
Total current liabilities	3,632	884	24,842	25	1,344	1,243	—	603	1,022	(615)	32,980
Long-term debt and capital leases, less current portion	4,282	8,329	92,188	—	10,748	—	—	—	11,252	(1,155)	125,644
Due to affiliates, less current portion	14,677	—	—	—	—	—	—	—	—	(15,009)	(332)
Other liabilities	1,673	450	7,553	—	224	530	9	—	292	—	10,731
Long-term pension obligation	—	—	8,404	—	—	—	—	—	—	—	8,404
Professional liability loss reserves	—	23	1,027	—	21	65	—	31	22	—	1,189
Total liabilities	24,264	9,686	134,014	25	12,337	1,838	9	634	12,588	(16,779)	178,616
Net assets											
Share capital	—	—	—	—	—	—	—	—	—	—	—
Unrestricted	60,770	2,201	144,472	18,550	11,138	42,214	6,101	3,518	3,599	—	292,563
Temporarily restricted	453	—	1,413	—	2,843	33	1,362	—	29	—	6,133
Permanently restricted	—	—	403	—	589	—	582	—	—	—	1,574
Retained earnings (deficit)	—	—	(6,416)	—	—	—	—	—	—	—	(6,416)
Total net assets	61,223	2,201	139,872	18,550	14,570	42,247	8,045	3,518	3,628	—	293,854
Total liabilities and net assets	\$ 85,487	\$ 11,887	\$ 273,886	\$ 18,575	\$ 26,907	\$ 44,085	\$ 8,054	\$ 4,152	\$ 16,216	\$ (16,779)	\$ 472,470

* Certain entities included in St Joseph Hospital of Nashua, NH, Inc and Mary Immaculate are not included in the Obligated Group

** Total of Obligated Group carried forward to next page

Covenant Health, Inc.
Consolidating Statement of Operations
December 31, 2014
(In thousands)

	Covenant Health, Inc.	(Marist Hill) CHS of Waltham Inc.	St. Joseph Hospital of Nashua, NH, Inc *	Youville Lifecare, Inc.	Youville House	Mary Immaculate*	Fanny Allen Corporation	(St. Mary) CHS of Worcester, Inc.	Youville Place	Eliminations	** Total Obligated Group
Operating revenue											
Patient service revenue, net of contractual allowances and discounts	\$ —	\$ 10,576	\$178,387	\$ —	\$ 6,123	\$ 23,488	\$ —	\$ 9,033	\$ 6,055	\$ —	\$233,662
Less provision for bad debt	—	(95)	(10,297)	—	(1)	(126)	—	(169)	(1)	—	(10,689)
Patient service revenue, net	—	10,481	168,090	—	6,122	23,362	—	8,864	6,054	—	222,973
Other revenue	11,410	34	5,361	—	185	1,010	—	76	257	(4,490)	13,843
Net assets released from restrictions for operations	38	—	186	—	147	—	—	32	—	—	403
Total operating revenue	11,448	10,515	173,637	—	6,454	24,372	—	8,972	6,311	(4,490)	237,219
Operating expenses											
Salaries and wages	6,696	5,032	68,639	—	2,380	13,572	—	4,740	2,688	—	103,747
Employee benefits	1,542	940	15,095	—	600	2,448	—	862	630	—	22,117
Supplies and other	1,983	3,227	57,012	—	1,447	5,914	—	2,166	1,623	(4,490)	68,882
Interest	790	341	3,088	—	413	—	—	1	590	—	5,223
Provider tax	—	516	9,132	—	—	136	—	709	—	—	10,493
Depreciation and amortization	147	457	8,939	—	584	729	—	296	691	—	11,843
Total operating expenses	11,158	10,513	161,905	—	5,424	22,799	—	8,774	6,222	(4,490)	222,305
Income (loss) from operations	290	2	11,732	—	1,030	1,573	—	198	89	—	14,914
Nonoperating gains (losses), net	6,821	42	(5,826)	932	275	5,036	(29)	(4)	15	—	7,262
Excess (deficiency) of revenue over expenses	7,111	44	5,906	932	1,305	6,609	(29)	194	104	—	22,176
Other changes in unrestricted net assets											
Net assets released from restrictions for property, plant and equipment	—	—	—	—	—	—	—	—	2,418	—	2,418
Adjustment to long-term pension obligation	—	—	(4,469)	—	—	—	—	—	—	—	(4,469)
Transfer among affiliates	871	—	(870)	—	—	—	(9)	—	—	—	(8)
Increase (decrease) in unrestricted net assets	\$ 7,982	\$ 44	\$ 567	\$ 932	\$ 1,305	\$ 6,609	\$ (38)	\$ 194	\$ 2,522	\$ —	\$ 20,117

* Certain entities included in St. Joseph Hospital of Nashua, NH, Inc. and Mary Immaculate are not included in the Obligated Group

** Total of Obligated Group carried forward to next page

Covenant Health, Inc.
Consolidating Statement of Operations
December 31, 2014
(In thousands)

	St Mary's Health System	Fanny Allen Hold- ings	Covenant Health Systems Insur- ance LTD	St Joseph Manor Health Care, Inc	St Joseph Hospital Corporate Services, Inc	St Joseph Hospital DH Family Medicine	Mary Immaculate Residential Communi- ty, Inc I-III	St Andre Health Care Facility	St Mary's Villa Nursing Home, Inc	Provi- dentia Prima Trust	St Joseph Health- care Foun- dation	St Joseph Valua- tion Co	Elimi- nations	System Consol- idated
Operating revenue														
Patient service revenue, net of contractual allowances and discounts	\$181,769	\$ —	\$ —	\$11,304	\$ 27,756	\$ 3,032	\$ —	\$7,293	\$ 13,889	\$ —	\$131,986	\$ —	\$ (683)	\$610,008
Less provision for bad debt	(13,965)	—	—	(159)	(2,299)	(262)	—	(84)	(5)	—	(11,280)	—	—	(38,743)
Patient service revenue, net	167,804	—	—	11,145	25,457	2,770	—	7,209	13,884	—	120,706	—	(683)	571,265
Other revenue	9,251	—	—	445	3,459	30	3,791	153	89	—	3,972	—	(5,993)	29,040
Net assets released from restrictions	820	—	—	47	—	—	—	—	11	—	—	—	—	1,281
Total operating revenue	177,875	—	—	11,637	28,916	2,800	3,791	7,362	13,984	—	124,678	—	(6,676)	601,586
Operating expenses														
Salaries and wages	91,909	—	—	5,987	27,512	1,733	654	3,857	6,680	—	56,859	—	—	298,938
Employee benefits	14,349	—	—	1,249	5,298	496	102	732	1,575	—	11,182	—	(33)	57,067
Supplies and other	62,792	—	—	3,383	7,799	1,056	1,383	2,288	3,324	—	48,086	—	(6,641)	192,352
Interest	2,435	—	—	78	4	—	533	41	297	—	857	(85)	—	9,383
Provider tax	4,205	—	—	629	—	—	—	446	271	—	2,038	—	—	18,082
Depreciation and amortization	6,069	—	—	385	860	—	966	327	716	—	4,774	(276)	—	25,664
Total operating expenses	181,759	—	—	11,711	41,473	3,285	3,638	7,691	12,863	—	123,796	(361)	(6,674)	601,486
Income (loss) from operations	(3,884)	—	—	(74)	(12,557)	(485)	153	(329)	1,121	—	882	361	(2)	100
Nonoperating gains (losses), net	1,266	438	5,447	17	1,183	—	—	39	181	6,778	1,876	—	(363)	24,124
Excess (deficiency) of revenue over expenses	(2,618)	438	5,447	(57)	(11,374)	(485)	153	(290)	1,302	6,778	2,758	361	(365)	24,224
Other changes in unrestricted net assets														
Net assets released from restrictions for property, plant and equipment	183	—	—	—	—	—	—	—	—	—	—	—	—	2,601
Adjustment to long-term pension obligation	—	—	—	—	—	—	—	—	—	—	(4,130)	—	—	(8,599)
Transfer among affiliates	—	9	—	—	12,723	234	—	—	—	8,763	—	—	(21,721)	—
Increase (decrease) in unrestricted net assets	\$ (2,435)	\$ 447	\$ 5,447	\$ (57)	\$ 1,349	\$ (251)	\$ 153	\$ (290)	\$ 1,302	\$ 15,541	\$ (1,372)	\$ 361	\$ (22,086)	\$ 18,226

St. Joseph Hospital of Nashua, NH
Consolidating Balance Sheet
December 31, 2014
(In thousands)

Assets

Current assets

Cash and cash equivalents	\$ 10,135	\$ 36	\$ —	\$ 10,171	\$ 515	\$ —	\$ —	\$ 10,686
Accounts receivable	20,385	600	—	20,985	3,018	—	—	24,003
Allowance for doubtful accounts	(7,286)	(139)	—	(7,425)	(1,972)	—	—	(9,397)
Investments	50,082	430	—	50,512	—	—	—	50,512
Inventories	1,501	—	—	1,501	—	—	—	1,501
Prepaid expenses and other current assets	5,706	38	(12)	5,732	340	—	(129)	5,943
Estimated third-party payor settlements	—	—	—	—	—	—	—	—
Current portion of assets whose use is limited or restricted	2,474	—	—	2,474	—	—	—	2,474
Current portion of due from affiliates	—	—	—	—	—	—	—	—
Total current assets	82,997	965	(12)	83,950	1,901	—	(129)	85,722

Assets whose use is limited

or restricted, less current portion

Funds held by trustees, less current portion	10,504	—	—	10,504	—	—	—	10,504
Deferred compensation	1,394	—	—	1,394	12,067	—	—	13,461
Board designated funds and other long-term investments	72,495	—	—	72,495	—	—	—	72,495
Replacement reserve	—	—	—	—	—	—	—	—
Donor restricted funds	1,098	718	—	1,816	—	—	—	1,816
Total assets whose use is limited or restricted, less current portion	85,491	718	—	86,209	12,067	—	—	98,276

Other assets

Other assets	16,388	—	(687)	15,701	4,005	—	(11,933)	7,773
Due from affiliates, less current portion	15,135	—	—	15,135	—	—	—	15,135
Investments in joint ventures	4,703	—	—	4,703	912	—	—	5,615
Total other assets	36,226	—	(687)	35,539	4,917	—	(11,933)	28,523

Property, plant and equipment

Land and improvements	3,587	2	—	3,589	1,656	—	—	5,245
Buildings and improvements	107,100	209	—	107,309	14,550	—	—	121,859
Equipment	79,274	649	—	79,923	6,151	—	—	86,074
Construction in progress	2,696	—	—	2,696	1	—	—	2,697
	192,657	860	—	193,517	22,358	—	—	215,875
Less accumulated depreciation	(124,611)	(718)	—	(125,329)	(11,660)	—	—	(136,989)
Total property, plant and equipment	68,046	142	—	68,188	10,698	—	—	78,886

Total assets

	St. Joseph Hospital of Nashua, NH	Souhegan Home and Hospice Care, Inc.	Eliminations	Total Obligated Group	St. Joseph Hospital Corporate Services, Inc	St. Joseph Hospital DH Family Medicine	Eliminations	St. Joseph Hospital Consolidated
Total assets	\$ 272,760	\$ 1,825	\$ (699)	\$ 273,886	\$ 29,583	\$ —	\$ (12,062)	\$ 291,407

St. Joseph Hospital of Nashua, NH
Consolidating Balance Sheet
December 31, 2014
(In thousands)

Liabilities and Net Assets

Current liabilities

	St. Joseph Hospital of Nashua, NH	Souhegan Home and Hospice Care, Inc.	Elimi- nations	Total Obligated Group	St. Joseph Hospital Corporate Services, Inc.	St. Joseph Hospital DH Family Medicine	Elimi- nations	St. Joseph Hospital Consolidated
Line of credit	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Accounts payable	2,351	11	(9)	2,353	342	—	(129)	2,566
Accrued expenses and other liabilities	17,432	408	—	17,840	1,805	—	—	19,645
Estimated third-party payor settlements	1,864	—	—	1,864	—	—	—	1,864
Current portion of due to affiliates	3	1	(3)	1	—	—	(1)	—
Current portion of long-term debt and capital leases	2,784	—	—	2,784	48	—	—	2,832
Total current liabilities	24,434	420	(12)	24,842	2,195	—	(130)	26,907
Long-term debt and capital leases, less current portion	92,188	—	—	92,188	—	—	—	92,188
Due to affiliates, less current portion	—	—	—	—	—	—	—	—
Other liabilities	7,553	—	—	7,553	10,338	—	—	17,891
Long-term pension obligation	8,404	—	—	8,404	—	—	—	8,404
Professional liability loss reserves	1,027	—	—	1,027	5,118	—	—	6,145
Total liabilities	133,606	420	(12)	134,014	17,651	—	(130)	151,535
Net assets								
Share capital	—	—	—	—	341,682	—	(341,682)	—
Unrestricted	138,056	687	5,729	144,472	—	—	(6,416)	138,056
Temporarily restricted	734	679	—	1,413	—	—	—	1,413
Permanently restricted	364	39	—	403	—	—	—	403
Retained earnings (deficit)	—	—	(6,416)	(6,416)	(329,750)	—	336,166	—
Total net assets	139,154	1,405	(687)	139,872	11,932	—	(11,932)	139,872
Total liabilities and net assets	\$ 272,760	\$ 1,825	\$ (699)	\$ 273,886	\$ 29,583	\$ —	\$ (12,062)	\$ 291,407

St. Joseph Hospital of Nashua, NH
Consolidating Statement of Operations
December 31, 2014
(In thousands)

	St. Joseph Hospital of Nashua, NH	Souhegan Home and Hospice Care, Inc.	Elimi- nations	Total Obligated Group	St. Joseph Hospital Corporate Services, Inc.	St. Joseph Hospital DH Family Medicine	Elimi- nations	St. Joseph Hospital Consolidated
Operating revenue								
Patient service revenue, net of contractual allowances and discounts	\$ 174,975	\$ 3,649	\$ (237)	\$ 178,387	\$ 27,756	\$ 3,032	\$ (683)	\$ 208,492
Less provision for bad debt	(10,210)	(87)	—	(10,297)	(2,299)	(262)	—	(12,858)
Patient service revenue, net	164,765	3,562	(237)	168,090	25,457	2,770	(683)	195,634
Other revenue	5,472	—	(111)	5,361	3,459	30	(794)	8,056
Net assets released from restrictions for operations	186	—	—	186	—	—	—	186
Total operating revenue	170,423	3,562	(348)	173,637	28,916	2,800	(1,477)	203,876
Operating expenses								
Salaries and wages	65,646	2,993	—	68,639	27,512	1,733	—	97,884
Employee benefits	14,583	634	(122)	15,095	5,298	496	(33)	20,856
Supplies and other	56,650	588	(226)	57,012	7,799	1,056	(1,444)	64,423
Interest	3,088	—	—	3,088	4	—	—	3,092
Provider tax	9,132	—	—	9,132	—	—	—	9,132
Depreciation and amortization	8,901	38	—	8,939	860	—	—	9,799
Total operating expenses	158,000	4,253	(348)	161,905	41,473	3,285	(1,477)	205,186
Income (loss) from operations	12,423	(691)	—	11,732	(12,557)	(485)	—	(1,310)
Nonoperating gains (losses) net	(6,517)	42	649	(5,826)	1,183	—	11,859	7,216
Excess (deficiency) of revenue over expenses	5,906	(649)	649	5,906	(11,374)	(485)	11,859	5,906
Other changes in unrestricted net assets								
Net assets released from restrictions for property, plant and equipment	—	—	—	—	—	—	—	—
Adjustment to long-term pension obligation	(4,469)	—	—	(4,469)	—	—	—	(4,469)
Transfer among affiliates	(870)	713	(713)	(870)	12,723	234	(12,957)	(870)
Increase (decrease) in unrestricted net assets	\$ 567	\$ 64	\$ (64)	\$ 567	\$ 1,349	\$ (251)	\$ (1,098)	\$ 567

St. Joseph Hospital Corporate Services, Inc.
Consolidating Balance Sheet
December 31, 2014
(In thousands)

Assets

Current assets

Cash and cash equivalents
Accounts receivable
Allowance for doubtful accounts
Investments
Inventories
Prepaid expenses and other current assets
Estimated third-party payor settlements
Current portion of assets whose use is limited or restricted
Current portion of due from affiliates
Total current assets

Assets whose use is limited

or restricted, less current portion

Funds held by trustees, less current portion
Deferred compensation
Board designated funds and other long-term investments
Replacement reserve
Donor restricted funds
Total assets whose use is limited or restricted, less current portion

Other assets

Other assets
Due from affiliates, less current portion
Investments in joint ventures
Total other assets

Property, plant and equipment

Land and improvements
Buildings and improvements
Equipment
Construction in progress

Less accumulated depreciation

Total property, plant and equipment

Total assets

St. Joseph Hospital Corporate Services	GNM Corp.	SJ Physician Services	Elimi- nations	St. Joseph Hospital Corporate Services, Inc. Consolidated
\$ 66	\$ 1	\$ 448	\$ —	\$ 515
—	—	3,018	—	3,018
—	—	(1,972)	—	(1,972)
—	—	—	—	—
—	—	—	—	—
62	15	293	(30)	340
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
128	16	1,787	(30)	1,901
—	—	—	—	—
617	—	11,450	—	12,067
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
617	—	11,450	—	12,067
170,276	8	3,997	(170,276)	4,005
—	—	—	—	—
123	—	789	—	912
170,399	8	4,786	(170,276)	4,917
—	1,656	—	—	1,656
—	12,562	1,988	—	14,550
855	45	5,251	—	6,151
—	1	—	—	1
855	14,264	7,239	—	22,358
(845)	(4,781)	(6,034)	—	(11,660)
10	9,483	1,205	—	10,698
\$ 171,154	\$ 9,507	\$ 19,228	\$ (170,306)	\$ 29,583

St. Joseph Hospital Corporate Services, Inc.
Consolidating Balance Sheet
December 31, 2014
(In thousands)

Liabilities and Net Assets

Current liabilities

Line of credit

Accounts payable

Accrued expenses and other liabilities

Estimated third-party payor settlements

Current portion of due to affiliates

Current portion of long-term debt

and capital leases

Total current liabilities

Long-term debt and capital leases

less current portion

Due to affiliates, less current portion

Other liabilities

Long-term pension obligation

Professional liability loss reserves

Total liabilities

Net assets

Share capital

Unrestricted

Temporarily restricted

Permanently restricted

Retained earnings (deficit)

Total net assets

Total liabilities and net assets

St. Joseph Hospital Corporate Services	GNM Corp.	SJ Physician Services	Elimi- nations	St Joseph Hospital Corporate Services, Inc. Consolidated
\$ —	\$ —	\$ —	\$ —	\$ —
31	189	150	(28)	342
280	9	1,516	—	1,805
—	—	—	—	—
(103)	—	105	(2)	—
—	48	—	—	48
208	246	1,771	(30)	2,195
—	—	—	—	—
—	—	—	—	—
767	—	9,571	—	10,338
—	—	—	—	—
—	—	5,118	—	5,118
975	246	16,460	(30)	17,651
177,949	5,276	158,461	(4)	341,682
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
(7,770)	3,985	(155,693)	(170,272)	(329,750)
170,179	9,261	2,768	(170,276)	11,932
\$ 171,154	\$ 9,507	\$ 19,228	\$ (170,306)	\$ 29,583

St. Joseph Hospital Corporate Services, Inc.
Consolidating Statement of Operations
December 31, 2014
(In thousands)

Operating revenue
 Patient service revenue, net of contractual
 allowances and discounts
 Less provision for bad debt
 Patient service revenue, net
 Other revenue
 Net assets released from restrictions for operations

Total operating revenue

Operating expenses
 Salaries and wages
 Employee benefits
 Supplies and other
 Interest
 Provider tax
 Depreciation and amortization

Total operating expenses

Income (loss) from operations

Nonoperating gains (losses), net

Excess (deficiency) of revenue over expenses

Other changes in unrestricted net assets
 Net assets released from restrictions for
 property, plant and equipment
 Adjustment to long-term pension obligation
 Transfer among affiliates

Increase (decrease) in unrestricted net assets

St. Joseph Hospital Corporate Services	GNM Corp.	SJ Physician Services	Elimi- nations	St. Joseph Hospital Corporate Services, Inc. Consolidated
\$ —	\$ —	\$ 27,756	\$ —	\$ 27,756
—	—	(2,299)	—	(2,299)
—	—	25,457	—	25,457
1,238	1,265	3,140	(2,184)	3,459
—	—	—	—	—
1,238	1,265	28,597	(2,184)	28,916
1,982	—	25,530	—	27,512
404	—	4,894	—	5,298
461	616	8,907	(2,185)	7,799
—	4	—	—	4
—	—	—	—	—
16	326	518	—	860
2,863	946	39,849	(2,185)	41,473
(1,625)	319	(11,252)	1	(12,557)
296	—	887	—	1,183
(1,329)	319	(10,365)	1	(11,374)
—	—	—	—	—
—	—	—	—	—
14,531	378	11,112	(13,298)	12,723
\$ 13,202	\$ 697	\$ 747	\$ (13,297)	\$ 1,349

Mary Immaculate Health Care Services, Inc
Consolidating Balance Sheet
December 31, 2014
(In thousands)

Assets

Current assets

Cash and cash equivalents	\$ 3,668	\$ 587	\$ 693	\$ 720	\$ 7	\$ —	\$ 5,675	\$ 21	\$ 102	\$ 157	\$ 280	\$ —	\$ 5,955
Accounts receivable	2,458	589	45	1	—	—	3,093	29	2	24	55	—	3,148
Allowance for doubtful accounts	(378)	(129)	(16)	—	—	—	(523)	—	—	—	—	—	(523)
Investments	—	—	—	—	—	—	—	—	—	—	—	—	—
Inventories	—	—	—	—	—	—	—	—	—	—	—	—	—
Prepaid expenses and other current assets	182	—	6	—	—	—	188	—	—	—	—	—	188
Estimated third-party payor settlements	—	—	—	—	—	—	—	—	—	—	—	—	—
Current portion of assets whose use is limited or restricted	66	—	3	—	—	—	69	31	29	24	84	—	153
Current portion of due from affiliates	558	—	—	—	—	(380)	178	—	—	—	—	(178)	—
Total current assets	6,554	1,047	731	721	7	(380)	8,680	81	133	205	419	(178)	8,921

Assets whose use is limited

or restricted, less current portion

Funds held by trustees, less current portion	—	—	—	—	—	—	—	—	36	29	65	—	65
Deferred compensation	—	—	—	—	—	—	—	—	—	—	—	—	—
Board designated funds and other long-term investments	19,996	2,575	3,830	2,751	—	—	29,152	—	—	—	—	—	29,152
Replacement reserve	—	—	—	—	—	—	—	915	2,382	1,719	5,016	—	5,016
Donor restricted funds	—	—	—	—	—	—	—	—	—	—	—	—	—
Total assets whose use is limited or restricted, less current portion	19,996	2,575	3,830	2,751	—	—	29,152	915	2,418	1,748	5,081	—	34,233

Other assets

Other assets	—	—	—	—	—	—	—	—	175	78	253	—	253
Due from affiliates, less current portion	—	—	—	—	—	—	—	—	—	—	—	—	—
Investments in joint ventures	—	—	—	—	—	—	—	—	—	—	—	—	—
Total other assets	—	—	—	—	—	—	—	—	175	78	253	—	253

Property, plant and equipment

Land and improvements	105	—	—	—	—	—	105	101	5	—	106	—	211
Buildings and improvements	13,743	326	138	—	—	—	14,207	12,475	7,307	6,643	26,425	—	40,632
Equipment	7,258	217	107	502	—	—	8,084	442	367	324	1,133	—	9,217
Construction in progress	—	—	138	—	—	—	138	—	—	—	—	—	138
	21,106	543	383	502	—	—	22,534	13,018	7,679	6,967	27,664	—	50,198
Less accumulated depreciation	(15,488)	(370)	(61)	(362)	—	—	(16,281)	(8,168)	(5,575)	(4,738)	(18,481)	—	(34,762)
Total property, plant and equipment	5,618	173	322	140	—	—	6,253	4,850	2,104	2,229	9,183	—	15,436

Total assets	\$32,168	\$ 3,795	\$ 4,883	\$3,612	\$ 7	\$ (380)	\$ 44,085	\$ 5,846	\$ 4,830	\$ 4,260	\$14,936	\$ (178)	\$ 58,843
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Mary Immaculate Health Care Services, Inc
Consolidating Balance Sheet
December 31, 2014
(In thousands)

Liabilities and Net Assets

Current liabilities

	Mary Immac- ulate Nursing	Mary Immac- ulate Adult Care	Mary Immac- ulate Manage- ment	Mary Immac- ulate Trans- portation	Mary Immac- ulate Guild	Mary Immac- ulate Elimi- nations	Total Obligated Mary Immac- ulate	MI Residen- tial Comm	MI Residen- tial Comm II	MI Residen- tial Comm III	Total MI Residen- tial Comm	Elimi- nations	Mary Immaculate Health Care Services, Inc. Con- solidated
Line of credit	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Accounts payable	285	20	—	—	—	—	305	—	—	—	—	—	305
Accrued expenses and other liabilities	736	51	100	8	—	—	895	102	104	93	299	—	1,194
Estimated third-party payor settlements	47	—	3	—	—	—	50	—	—	—	—	—	50
Current portion of due to affiliates	—	157	193	21	2	(380)	(7)	69	65	51	185	(178)	—
Current portion of long-term debt and capital leases	—	—	—	—	—	—	—	228	66	57	351	—	351
Total current liabilities	1,068	228	296	29	2	(380)	1,243	399	235	201	835	(178)	1,900
Long-term debt and capital leases, less current portion	—	—	—	—	—	—	—	1,219	3,656	3,172	8,047	—	8,047
Due to affiliates, less current portion	—	—	—	—	—	—	—	—	—	—	—	—	—
Other liabilities	530	—	—	—	—	—	530	33	34	24	91	—	621
Long-term pension obligation	—	—	—	—	—	—	—	—	—	—	—	—	—
Professional liability loss reserves	65	—	—	—	—	—	65	—	—	—	—	—	65
Total liabilities	1,663	228	296	29	2	(380)	1,838	1,651	3,925	3,397	8,973	(178)	10,633
Net assets													
Share capital	—	—	—	—	—	—	—	—	—	—	—	—	—
Unrestricted	30,505	3,562	4,559	3,583	5	—	42,214	(1,852)	905	863	(84)	—	42,130
Temporarily restricted	—	5	28	—	—	—	33	6,047	—	—	6,047	—	6,080
Permanently restricted	—	—	—	—	—	—	—	—	—	—	—	—	—
Retained earnings	—	—	—	—	—	—	—	—	—	—	—	—	—
Total net assets	30,505	3,567	4,587	3,583	5	—	42,247	4,195	905	863	5,963	—	48,210
Total liabilities and net assets	\$ 32,168	\$ 3,795	\$ 4,883	\$3,612	\$ 7	\$ (380)	\$ 44,085	\$ 5,846	\$ 4,830	\$ 4,260	\$14,936	\$ (178)	\$ 58,843

Mary Immaculate Health Care Services, Inc
Consolidating Statement of Operations
December 31, 2014
(In thousands)

	Mary Immaculate Nursing	Mary Immaculate Adult Care	Mary Immaculate Management	Mary Immaculate Transportation	Mary Immaculate Guild	Mary Immaculate Eliminations	Total Obligated Mary Immaculate	MI Residential Comm	MI Residential Comm II	MI Residential Comm III	Total MI Residential Comm	Eliminations	Mary Immaculate Health Care Services, Inc Consolidated
Operating revenue													
Patient service revenue, net of contractual allowances and discounts	\$ 19,393	\$ 2,382	\$ 2,122	\$ —	\$ —	\$ (409)	\$ 23,488	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 23,488
Less provision for bad debt	(89)	(27)	(10)	—	—	—	(126)	—	—	—	—	—	(126)
Patient service revenue, net	19,304	2,355	2,112	—	—	(409)	23,362	—	—	—	—	—	23,362
Other revenue	139	59	921	678	—	(787)	1,010	1,306	1,242	1,243	3,791	(160)	4,641
Net assets released from restrictions for operations	—	—	—	—	—	—	—	—	—	—	—	—	—
Total operating revenue	19,443	2,414	3,033	678	—	(1,196)	24,372	1,306	1,242	1,243	3,791	(160)	28,003
Operating expenses													
Salaries and wages	10,847	1,005	1,497	223	—	—	13,572	222	220	212	654	—	14,226
Employee benefits	1,981	173	254	40	—	—	2,448	35	34	33	102	—	2,550
Supplies and other	4,938	1,010	1,008	154	—	(1,196)	5,914	468	471	444	1,383	(160)	7,137
Interest	—	—	—	—	—	—	—	106	229	198	533	—	533
Provider tax	136	—	—	—	—	—	136	—	—	—	—	—	136
Depreciation and amortization	654	25	12	38	—	—	729	514	240	212	966	—	1,695
Total operating expenses	18,556	2,213	2,771	455	—	(1,196)	22,799	1,345	1,194	1,099	3,638	(160)	26,277
Income (loss) from operations	887	201	262	223	—	—	1,573	(39)	48	144	153	—	1,726
Nonoperating gains (losses), net	4,744	86	122	84	—	—	5,036	—	—	—	—	—	5,036
Excess (deficiency) of revenue over expenses	5,631	287	384	307	—	—	6,609	(39)	48	144	153	—	6,762
Other changes in unrestricted net assets													
Net assets released from restrictions for property, plant and equipment	—	—	—	—	—	—	—	—	—	—	—	—	—
Adjustment to long-term pension obligation	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfer among affiliates	—	—	—	—	—	—	—	—	—	—	—	—	—
Increase (decrease) in unrestricted net assets	\$ 5,631	\$ 287	\$ 384	\$ 307	\$ —	\$ —	\$ 6,609	\$ (39)	\$ 48	\$ 144	\$ 153	\$ —	\$ 6,762

St. Joseph Healthcare Foundation
Consolidating Balance Sheet
December 31, 2014
(In thousands)

Assets

Current assets

Cash and cash equivalents	\$ 185	\$ 1,366	\$ 44	\$ 101	\$ 50	\$ —	\$ —	\$ 1,746
Accounts receivable	—	20,861	125	1,488	261	—	—	22,735
Allowance for doubtful accounts	—	(9,013)	(66)	(128)	(34)	—	—	(9,241)
Investments	6,963	14,576	—	697	—	—	—	22,236
Inventories	—	593	—	—	—	—	—	593
Prepaid expenses and other current assets	—	1,800	12	122	10	—	—	1,944
Estimated third-party payor settlements	—	—	—	—	—	—	—	—
Current portion of assets whose use is limited or restricted	—	695	—	—	—	—	—	695
Current portion of due from affiliates	—	—	—	—	—	—	—	—
Total current assets	7,148	30,878	115	2,280	287	—	—	40,708

Assets whose use is limited
or restricted, less current portion

Funds held by trustees, less current portion	—	422	—	—	—	—	—	422
Deferred compensation	—	—	—	—	—	—	—	—
Board designated funds and other long-term investments	—	7,872	—	—	—	—	—	7,872
Replacement reserve	—	—	—	—	—	—	—	—
Donor restricted funds	1,126	2,383	—	—	—	—	—	3,509
Total assets whose use is limited or restricted, less current portion	1,126	10,677	—	—	—	—	—	11,803

Other assets

Other assets	—	1,303	4	6	—	—	—	1,313
Due from affiliates, less current portion	—	—	—	—	—	—	—	—
Investments in joint ventures	197	321	—	—	—	—	1	519
Total other assets	197	1,624	4	6	—	—	1	1,832

Property, plant and equipment

Land and improvements	80	1,394	2,944	—	—	—	—	4,418
Buildings and improvements	—	43,395	7,697	162	—	—	—	51,254
Equipment	—	35,932	421	907	152	—	—	37,412
Construction in progress	—	—	—	—	—	—	—	—
	80	80,721	11,062	1,069	152	—	—	93,084
Less accumulated depreciation	—	(49,119)	(5,459)	(543)	(150)	—	—	(55,271)
Total property, plant and equipment	80	31,602	5,603	526	2	—	—	37,813

Total assets	\$ 8,551	\$ 74,781	\$ 5,722	\$ 2,812	\$ 289	\$ —	\$ 1	\$ 92,156
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St. Joseph Healthcare Foundation
Consolidating Balance Sheet
December 31, 2014
(In thousands)

Liabilities and Net Assets

Current liabilities

	St. Joseph Healthcare Foundation	St. Joseph Hospital (Bangor)	M&J Company	St. Joseph Ambulatory Care, Inc.	Alternative Health Services	Strauss Corporation	Elimi- nations	St. Joseph Healthcare Foundation Consolidated
Line of credit	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Accounts payable	231	3,659	60	150	22	—	—	4,122
Accrued expenses and other liabilities	1,565	5,646	(32)	983	166	1	—	8,329
Estimated third-party payor settlements	—	4,454	—	—	—	—	—	4,454
Current portion of due to affiliates	—	—	—	—	—	—	—	—
Current portion of long-term debt and capital leases	—	1,528	22	—	—	—	—	1,550
Total current liabilities	1,796	15,287	50	1,133	188	1	—	18,455
Long-term debt and capital leases, less current portion	—	22,054	361	—	—	—	—	22,415
Due to affiliates, less current portion	—	—	—	2,000	—	—	—	2,000
Other liabilities	—	—	—	—	—	—	—	—
Long-term pension obligation	1,455	5,818	—	—	—	—	—	7,273
Professional liability loss reserves	—	2,065	—	—	—	—	—	2,065
Total liabilities	3,251	45,224	411	3,133	188	1	—	52,208
Net assets								
Share capital	—	—	—	—	—	—	—	—
Unrestricted	4,174	27,174	5,311	(321)	101	(1)	1	36,439
Temporarily restricted	—	—	—	—	—	—	—	—
Permanently restricted	1,126	2,383	—	—	—	—	—	3,509
Retained earnings	—	—	—	—	—	—	—	—
Total net assets	5,300	29,557	5,311	(321)	101	(1)	1	39,948
Total liabilities and net assets	\$ 8,551	\$ 74,781	\$ 5,722	\$ 2,812	\$ 289	\$ —	\$ 1	\$ 92,156

St. Joseph Healthcare Foundation
Consolidating Statement of Operations
December 31, 2014
(In thousands)

	St Joseph Healthcare Foundation	St. Joseph Hospital (Bangor)	M&J Company	St. Joseph Ambulatory Care, Inc.	Alternative Health Services	Strauss Corporation	Elimi- nations	St. Joseph Healthcare Foundation Consolidated
Operating revenue								
Patient service revenue, net of contractual allowances and discounts	\$ —	\$ 119,939	\$ —	\$ 10,799	\$ 1,248	\$ —	\$ —	\$ 131,986
Less provision for bad debt	—	(10,964)	—	(284)	(32)	—	—	(11,280)
Patient service revenue, net	—	108,975	—	10,515	1,216	—	—	120,706
Other revenue	—	2,770	1,233	2,718	22	—	(2,771)	3,972
Net assets released from restrictions for operations	—	—	—	—	—	—	—	—
Total operating revenue	—	111,745	1,233	13,233	1,238	—	(2,771)	124,678
Operating expenses								
Salaries and wages	—	41,217	—	14,665	977	—	—	56,859
Employee benefits	—	8,087	—	2,780	315	—	—	11,182
Supplies and other	452	45,478	436	3,965	521	5	(2,771)	48,086
Interest	—	791	26	40	—	—	—	857
Provider tax	—	2,038	—	—	—	—	—	2,038
Depreciation and amortization	—	4,115	355	303	1	—	—	4,774
Total operating expenses	452	101,726	817	21,753	1,814	5	(2,771)	123,796
Income (loss) from operations	(452)	10,019	416	(8,520)	(576)	(5)	—	882
Nonoperating gains (losses), net	774	1,084	—	13	—	—	5	1,876
Excess (deficiency) of revenue over expenses	322	11,103	416	(8,507)	(576)	(5)	5	2,758
Other changes in unrestricted net assets								
Net assets released from restrictions for property, plant and equipment	—	—	—	—	—	—	—	—
Adjustment to long-term pension obligation	(826)	(3,304)	—	—	—	—	—	(4,130)
Transfer among affiliates	1,649	(10,408)	(334)	8,577	516	—	—	—
Increase (decrease) in unrestricted net assets	\$ 1,145	\$ (2,609)	\$ 82	\$ 70	\$ (60)	\$ (5)	\$ 5	\$ (1,372)

St. Mary's Health System
Consolidating Balance Sheet
December 31, 2014
(In thousands)

Liabilities and Net Assets

Current liabilities

Line of credit

Accounts payable

Accrued expenses and other liabilities

Estimated third-party payor settlements

Current portion of due to affiliates

Current portion of long-term debt
and capital leases

Total current liabilities

Long-term debt and capital leases,
less current portion

Due to affiliates, less current portion

Other liabilities

Long-term pension obligation

Professional liability loss reserves

Total liabilities

Net assets

Share capital

Unrestricted

Temporarily restricted

Permanently restricted

Retained earnings

Total net assets

Total liabilities and net assets

	St. Mary's Health System	St. Mary's Regional Medical Center	St. Mary's d'Youville Pavilion	St. Mary's Residences	Community Clinical Services, Inc.	Elimi- nations	St. Mary's Health System Consolidated
\$	—	\$	—	\$	—	\$	—
2		1,131	51	36	3	—	1 223
3,880		11,343	1,860	52	1 391	—	18 526
—		—	—	—	—	—	—
—		—	—	—	—	—	—
265		2,117	450	64	—	—	2 896
4,147		14,591	2,361	152	1,394	—	22,645
3,670		41,048	1 584	2,460	—	—	48,762
—		—	—	—	—	—	—
4,145		133	1	64	—	(3,843)	500
—		—	—	—	—	—	—
1,077		2,339	—	—	—	—	3,416
13,039		58,111	3,946	2,676	1,394	(3,843)	75,323
—		—	—	—	—	—	—
(15,125)		81,672	7,680	(782)	460	—	73,905
1,342		1,309	29	31	52	—	2,763
367		697	10	—	—	—	1,074
—		—	—	—	—	—	—
(13,416)		83,678	7,719	(751)	512	—	77,742
\$ (377)	\$	141,789	\$ 11,665	\$ 1,925	\$ 1,906	\$ (3,843)	\$ 153,065

St. Mary's Health System
Consolidating Statement of Operations
December 31, 2014
(In thousands)

	St. Mary's Health System	St. Mary's Regional Medical Center	St. Mary's d'Youville Pavilion	St. Mary's Residences	Community Clinical Services, Inc.	Elimi- nations	St. Mary's Health System Consolidated
Operating revenue							
Patient service revenue, net of contractual allowances and discounts	\$ (2)	\$ 150,867	\$ 20,091	\$ —	\$ 10,813	\$ —	\$ 181,769
Less provision for bad debt	—	(12,016)	(177)	—	(1,772)	—	(13,965)
Patient service revenue, net	(2)	138,851	19,914	—	9,041	—	167,804
Other revenue	16,183	7,581	5,666	1,700	993	(22,872)	9,251
Net assets released from restrictions for operations	64	691	6	15	44	—	820
Total operating revenue	16,245	147,123	25,586	1,715	10,078	(22,872)	177,875
Operating expenses							
Salaries and wages	1,392	72,673	9,055	—	8,789	—	91,909
Employee benefits	10,907	13,253	2,185	—	1,416	(13,412)	14,349
Supplies and other	2,633	53,794	12,127	1,216	2,482	(9,460)	62,792
Interest	158	1,964	115	198	—	—	2,435
Provider tax	—	3,039	1,166	—	—	—	4,205
Depreciation and amortization	441	4,851	561	164	52	—	6,069
Total operating expenses	15,531	149,574	25,209	1,578	12,739	(22,872)	181,759
Income (loss) from operations	714	(2,451)	377	137	(2,661)	—	(3,884)
Nonoperating gains (losses), net	(2,684)	1,136	152	1	2,661	—	1,266
Excess (deficiency) of revenue over expenses	(1,970)	(1,315)	529	138	—	—	(2,618)
Other changes in unrestricted net assets							
Net assets released from restrictions for property, plant and equipment	61	122	—	—	—	—	183
Adjustment to long-term pension obligation	—	—	—	—	—	—	—
Transfer among affiliates	2,142	(2,160)	—	—	18	—	—
Increase (decrease) in unrestricted net assets	\$ 233	\$ (3,353)	\$ 529	\$ 138	\$ 18	\$ —	\$ (2,435)