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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

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 <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization HOSPITAL DE LA CONCEPCION INC		D Employer identification number 66-0227304
	Doing business as		
	Number and street (or P O box if mail is not delivered to street address)	Room/suite	E Telephone number (787) 892-1860
	PO BOX 285		
	City or town, state or province, country, and ZIP or foreign postal code SAN GERMAN 006830285 Puerto Rico		G Gross receipts \$ 79,712,793
F Name and address of principal officer PO BOX 285 SAN GERMAN,PR 006830285			
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀(insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
J Website: ▶ N/A		H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)	
		H(c) Group exemption number ▶	

K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶	L Year of formation 1956	M State of legal domicile PR
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Part I

Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities THE ORGANIZATION HAS THE MISSION TO PROVIDE HIGH QUALITY HEALTH CARE SERVICES WHICH SATISFY THE PHYSICAL AND SPIRITUAL NEEDS OF THE PATIENTS, IN ACCORDANCE WITH THE CHRISTIAN MORAL																								
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets																								
	<table><tr><td>3 Number of voting members of the governing body (Part VI, line 1a)</td><td>3</td><td>10</td></tr><tr><td>4 Number of independent voting members of the governing body (Part VI, line 1b)</td><td>4</td><td>10</td></tr><tr><td>5 Total number of individuals employed in calendar year 2014 (Part V, line 2a)</td><td>5</td><td>676</td></tr><tr><td>6 Total number of volunteers (estimate if necessary)</td><td>6</td><td></td></tr><tr><td>7a Total unrelated business revenue from Part VIII, column (C), line 12</td><td>7a</td><td>0</td></tr><tr><td>b Net unrelated business taxable income from Form 990-T, line 34</td><td>7b</td><td></td></tr></table>	3 Number of voting members of the governing body (Part VI, line 1a)	3	10	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	10	5 Total number of individuals employed in calendar year 2014 (Part V, line 2a)	5	676	6 Total number of volunteers (estimate if necessary)	6		7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0	b Net unrelated business taxable income from Form 990-T, line 34	7b							
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Expenses	<table><tr><td>13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)</td><td></td><td>0</td></tr><tr><td>14 Benefits paid to or for members (Part IX, column (A), line 4)</td><td></td><td>0</td></tr><tr><td>15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)</td><td>28,678,955</td><td>30,392,398</td></tr><tr><td>16a Professional fundraising fees (Part IX, column (A), line 11e)</td><td></td><td>0</td></tr><tr><td>b Total fundraising expenses (Part IX, column (D), line 25) ▶⁰</td><td></td><td></td></tr><tr><td>17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)</td><td>43,226,403</td><td>45,342,090</td></tr><tr><td>18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)</td><td>71,905,358</td><td>75,734,488</td></tr><tr><td>19 Revenue less expenses Subtract line 18 from line 12</td><td>1,982,600</td><td>3,978,305</td></tr></table>	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)	28,678,955	30,392,398	16a Professional fundraising fees (Part IX, column (A), line 11e)		0	b Total fundraising expenses (Part IX, column (D), line 25) ▶ ⁰			17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	43,226,403	45,342,090	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	71,905,358	75,734,488	19 Revenue less expenses Subtract line 18 from line 12	1,982,600	3,978,305
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Net Assets or Fund Balances	<table><tr><td></td><td>Beginning of Current Year</td><td>End of Year</td></tr><tr><td>20 Total assets (Part X, line 16)</td><td>84,177,330</td><td>86,814,667</td></tr><tr><td>21 Total liabilities (Part X, line 26)</td><td>49,555,422</td><td>48,060,733</td></tr><tr><td>22 Net assets or fund balances Subtract line 21 from line 20</td><td>34,621,908</td><td>38,753,934</td></tr></table>		Beginning of Current Year	End of Year	20 Total assets (Part X, line 16)	84,177,330	86,814,667	21 Total liabilities (Part X, line 26)	49,555,422	48,060,733	22 Net assets or fund balances Subtract line 21 from line 20	34,621,908	38,753,934												
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Part II

Signature Block

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

Sign Here	***** Signature of officer		2015-07-08 Date				
	GUSTAVO A ALMODOVAR EXECUTIVE DIRECTOR Type or print name and title						
Paid Preparer Use Only	Prnt/Type preparer's name		Preparer's signature		Date 2015-07-10	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶ FPV & GALINDEZ CPAS PSC					Firm's EIN ▶ 66-0703468	
	Firm's address ▶ PO BOX 364152 SAN JUAN, PR 009364152					Phone no	

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

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

THE ORGANIZATION HAS THE MISSION TO PROVIDE HIGH QUALITY HEALTH CARE SERVICES WHICH SATISFY THE PHYSICAL AND SPIRITUAL NEEDS OF THE PATIENTS, IN ACCORDANCE WITH THE CHRISTIAN MORAL

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 \$ 45,317,975 including grants of \$) (Revenue \$ 79,633,655)

DURING THE YEAR ENDED DECEMBER 31, 2014 THE ORGANIZATION PROVIDED IN- PATIENT, OUT-PATIENT AND EMERGENCY SERVICES PRIMARILY TO RESIDENTS OF THE SOUTHWESTERN AREA OF PUERTO RICO THE ORGANIZATION SERVICES CONSISTED OF 8,217 ADMISSIONS, 48,048 PATIENT DAYS AND 47,125 EMERGENCY VISITS, AMONG OTHERS

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 ▶ 45,317,975

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	No
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	No
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d Yes	
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f	No
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	12a Yes	
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	No
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		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . .	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . .	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . .	24d		
25a	Section 501(c)(3), 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		No
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		No
b	If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2 . . .</i>	35b		
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2 . . .</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O . . .	38	Yes	

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

☐

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

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	10	
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	10	
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	No
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	No
14	Did the organization have a written document retention and destruction policy?	14	Yes
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a	The organization's CEO, Executive Director, or top management official	15a	No
b	Other officers or key employees of the organization	15b	No
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
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input 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 THE ENTITY ROAD 2 KM 173 SAN GERMÁN 00683-0000 RQ (787) 892-1860

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) GUSTAVO A ALMODOVAR CEO	40 00	X						522,013	0	0
(2) MONS ALVARADO CORRADA DEL RIO PRESIDENT	40 00	X						0	0	0
(3) MONS GONZALO DIAZ HERNANDEZ VICE-PRESIDE	40 00	X						0	0	0
(4) WANDA MARQUEZ TREASURER	40 00	X						0	0	0
(5) MONS RAFAEL MENDEZ SECRETARY	40 00	X						0	0	0
(6) FELICITA BONILLA RIVERA ADMINISTRATO	40 00			X				252,207	0	0
(7) LIZMARI CALDERON ARCE FINANCE DIRE	40 00			X				195,713	0	0
(8) ING EDGAR CRESPO PHYSICAL PLA	40 00			X				166,620	0	0
(9) ADA N BERMUDEZ VERA HUMAN RESOUR	40 00			X				113,894	0	0
(10) DANIEL FERREIRA MALDONADO INFORMATION	40 00			X				113,273	0	0

Part VII

[illegible]

1b	Sub-Total	▼			
c	Total from continuation sheets to Part VII, Section A	▼			
d	Total (add lines 1b and 1c)	▼	1,363,720		

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 ▶8

		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
SOUTHWEST EMERGENCY CORPORATION, 40 MUNOZ RIVERA ST SABANA GRANDE 00637 RQ	MED SERVICES	1,656,656
AMS RADIOLOGOS CSP, 262 RIALTO ENSANCHE RAMIREZ MAYAGUEZ 00682 RQ	MED SERVICES	1,200,000
SECURITAS SECURITY SERVICES OF PR, PO BOX 714468 SAN JUAN 00936-8568 RQ	SECURITY SERV	927,836
RESPIRATORY THERAPY MANAGEMENT, PO BOX 981 ADJUNTAS, PR 00601	PROFESSIONAL SE	458,572
PHILLIPS MEDICAL, 200 WINSTON CHURCHILL AVE SUITE 302 SAN JUAN 00926 RQ	MAINTENANCE SER	429,205

Part VIII

Statement of Revenue

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

			(A)	(B)	(C)	(D)	
			Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512-514	
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns 1a					
	b	Membership dues 1b					
	c	Fundraising events 1c					
	d	Related organizations 1d					
	e	Government grants (contributions) 1e					
	f	All other contributions, gifts, grants, and similar amounts not included above 1f					
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f					
Program Service Revenue	2a	PROGRAM SERVICE REVENUE	76,575,580	76,575,580			
	b						
	c						
	d						
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f	76,575,580				
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	79,138			79,138
		4	Income from investment of tax-exempt bond proceeds				
5		Royalties					
6a		(i) Real					
		(ii) Personal					
b		Gross rents					
b		Less rental expenses					
c		Rental income or (loss)					
d		Net rental income or (loss)					
7a		(i) Securities					
		(ii) Other					
b		Gross amount from sales of assets other than inventory					
b		Less cost or other basis and sales expenses					
c		Gain or (loss)					
d		Net gain or (loss)					
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	OTHER REVENUE		1,599,506	1,599,506			
b	COFFEESHOP		968,213	968,213			
c	PARKING		420,356	420,356			
d	All other revenue		70,000	70,000			
e	Total. Add lines 11a-11d		3,058,075				
12	Total revenue. See Instructions		79,712,793	79,633,655		79,138	

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.				
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.	25,412,228	17,196,081	8,216,147	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).				
9	Other employee benefits.	2,439,338	215,043	2,224,295	
10	Payroll taxes.	2,540,832	2,004,837	535,995	
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	156,293		156,293	
c	Accounting.	38,393		38,393	
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).	642,169	1,500	640,669	
12	Advertising and promotion.	507,644	198	507,446	
13	Office expenses.				
14	Information technology.				
15	Royalties.				
16	Occupancy.				
17	Travel.	108,692	3,847	104,845	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.				
20	Interest.	1,983,626		1,983,626	
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	3,807,779		3,807,779	
23	Insurance.	679,223		679,223	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	MEDICAL SUPPLIES	18,754,503	17,735,141	1,019,362	
b	OTHER EXPENSE	14,119,966	7,878,625	6,241,341	
c	UTILITIES	2,811,148		2,811,148	
d	REPAIRS	1,184,043	282,703	901,340	
e	All other expenses	548,611		548,611	
25	Total functional expenses. Add lines 1 through 24e.	75,734,488	45,317,975	30,416,513	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		7,458,944	1	7,975,398
	2	Savings and temporary cash investments			2	
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		10,864,424	4	11,189,255
	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		2,096,138	8	1,621,958
	9	Prepaid expenses and deferred charges		1,253,468	9	1,682,165
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a96,903,626			
	b	Less accumulated depreciation	10b40,189,535	54,723,814	10c	56,714,091
	11	Investments—publicly traded securities		1,883,515	11	2,071,518
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		5,897,027	15	5,560,282
	16	Total assets. Add lines 1 through 15 (must equal line 34)		84,177,330	16	86,814,667
Liabilities	17	Accounts payable and accrued expenses		12,357,287	17	12,103,986
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	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		37,198,135	25	35,956,747
	26	Total liabilities. Add lines 17 through 25		49,555,422	26	48,060,733
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		34,621,908	27	38,753,934
	28	Temporarily restricted net assets			28	
	29	Permanently restricted net assets			29	
	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		34,621,908	33	38,753,934
	34	Total liabilities and net assets/fund balances		84,177,330	34	86,814,667

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	79,712,793
2	Total expenses (must equal Part IX, column (A), line 25)	2	75,734,488
3	Revenue less expenses Subtract line 2 from line 1	3	3,978,305
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	34,621,908
5	Net unrealized gains (losses) on investments	5	153,721
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	38,753,934

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 checked="" type="checkbox"/> Separate basis <input 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 HOSPITAL DE LA CONCEPCION INC	Employer identification number 66-0227304
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Part I

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

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

- 1

☐

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

☐

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

☒

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

☐

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

☐

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

☐

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

☐

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

☐

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

☐

An organization that normally receives (1) more than 33 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.		Yes	No
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.	2a		
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.	2b		
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.	3a		
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.	3b		

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 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 HOSPITAL DE LA CONCEPCION INC	Employer identification number 66-0227304
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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

► \$

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

Cat No 52283D

Schedule D (Form 990) 2014

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

- 3

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

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other
- 4

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

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

☐ Yes

☐ No

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

- 1a

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

☐ Yes

☐ No
- b

If "Yes," explain the arrangement in Part XIII and complete the following table
- | | |
|----|--------|
| | Amount |
| 1c | |
| 1d | |
| 1e | |
| 1f | |

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance
- 2a

Did the organization include an amount on Form 990, Part X, line 21, 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 | | | | |
| b | Contributions | | | | |
| c | Net investment earnings, gains, and losses | | | | |
| d | Grants or scholarships | | | | |
| e | Other expenditures for facilities and programs | | | | |
| f | Administrative expenses | | | | |
| g | End of year balance | | | | |
- 2

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

Board designated or quasi-endowment
- b

Permanent endowment
- c

Temporarily restricted endowment

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

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

3a(i)

(ii) related organizations

3a(ii)
- b

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

3b
- 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		3,972,730		3,972,730
b Buildings				
c Leasehold improvements		53,096,300	13,248,634	39,847,666
d Equipment		39,834,596	26,940,901	12,893,695
e Other				
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				56,714,091

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	79,866,514
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains (losses) on investments	2a	153,721
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	153,721
3	Subtract line 2e from line 1	3	79,712,793
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII)	4b	
c	Add lines 4a and 4b	4c	
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12)	5	79,712,793

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	75,734,488
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIII)	2d	
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	75,734,488
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII)	4b	
c	Add lines 4a and 4b	4c	
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18)	5	75,734,488

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

[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
HOSPITAL DE LA CONCEPCION INC

Employer identification number
66-0227304

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		No
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 <div><input type="checkbox"/> Applied uniformly to all hospital facilities</div> <div><input type="checkbox"/> Applied uniformly to most hospital facilities</div> <div><input type="checkbox"/> Generally tailored to individual hospital facilities</div>			
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 <div><input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____ %</div>	3a		No
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 <div><input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ %</div>	3b		No
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			
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		No
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a		No
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c		
6a	Did the organization prepare a community benefit report during the tax year?	6a		No
b	If "Yes," did the organization make it available to the public?	6b		
	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)				2,249,487	-2,249,487	0 030 %
b Medicaid (from Worksheet 3, column a)			31,371,141	19,660,972	11,710,169	15 460 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			66,898,330	47,704,723	19,193,607	25 340 %
d Total Financial Assistance and Means-Tested Government Programs			98,269,471	69,615,182	28,654,289	40 840 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)			1,244,968		1,244,968	1 640 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			47,327		47,327	0 060 %
j Total. Other Benefits			1,292,295		1,292,295	1 710 %
k Total. Add lines 7d and 7j			99,561,766	69,615,182	29,946,584	42 540 %

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						
2Economic development						
3Community support						
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy						
8Workforce development						
9Other						
10Total						

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

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

1Yes

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.

21,501,825

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

3

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

Section B. Medicare

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

523,706,475

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

623,874,557

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

7-168,082

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?

9aYes

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

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)

HOSPITAL DE LA CONCEPCION INC

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	3	Yes
If "Yes," indicate what the CHNA report describes (check all that apply)		
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 type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input 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	No
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?	7	Yes
If "Yes," indicate how the CHNA report was made widely available (check all that apply)		
a <input type="checkbox"/> Hospital facility's website (list url)		
b <input type="checkbox"/> Other website (list url)		
c <input type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility		
d <input checked="" 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	No
9 Indicate the tax year the hospital facility last adopted an implementation strategy 20		
10 Is the hospital facility's most recently adopted implementation strategy posted on a website?	10	No
a If "Yes" (list url)		
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

HOSPITAL DE LA CONCEPCION INC

		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		No
a <input type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of __% and FPG family income limit for eligibility for discounted care of __%			
b <input type="checkbox"/> Income level other than FPG (describe in Section C)			
c <input type="checkbox"/> Asset level			
d <input 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		No
15 Explained the method for applying for financial assistance?	15		No
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 type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application			
b <input type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application			
c <input 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		No
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a <input type="checkbox"/> The FAP was widely available on a website (list url) _____			
b <input 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 type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)			
e <input 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 type="checkbox"/> Notice of availability of the FAP was conspicuously displayed throughout the hospital facility			
h <input 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		No
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)

HOSPITAL DE LA CONCEPCION INC

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 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 type="checkbox"/> Notified individuals of the financial assistance policy on admission b <input type="checkbox"/> Notified individuals of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills d <input 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	19		No
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 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)	21	Yes	
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 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 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	23		No
		24		No

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

[illegible]

Part V

Facility Information *(continued)*

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

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

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

Part VI

Supplemental Information

Provide the following information

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

990 Schedule H, Supplemental Information

Form and Line Reference	Explanation
ADDITIONAL INFORMATION	

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
HOSPITAL DE LA CONCEPCION INC

Employer identification number
66-0227304

Part I	Questions Regarding Compensation		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. <div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Discretionary spending account</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>			
b	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	1b		
2	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?	2		
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III. <div><div><input type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Written employment contract</div><div><input type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Compensation survey or study</div><div><input type="checkbox"/> Form 990 of other organizations</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div>			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization:			
a	Receive a severance payment or change-of-control payment?	4a		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b		No
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.			
	Only 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:			
a	The organization?	5a		No
b	Any related organization?	5b		No
	If "Yes," to line 5a or 5b, describe in Part III.			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:			
a	The organization?	6a		No
b	Any related organization?	6b		No
	If "Yes," to line 6a or 6b, describe in Part III.			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III.	7		No
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III.	8		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9		

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

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii) Do not list any individuals that are not listed on Form 990, Part VII
Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column(B) reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 GUSTAVO A ALMODOVAR, CEO	(i)	522,013					522,013	
	(ii)	.....	.....	.....	.....	.....	.....	.....
2 FELICITA BONILLA RIVERA, ADMINISTRATOR	(i)	252,207					252,207	
	(ii)	.....	.....	.....	.....	.....	.....	.....
3 LIZMARI CALDERON ARCE, FINANCE DIRECTOR	(i)	195,713					195,713	
	(ii)	.....	.....	.....	.....	.....	.....	.....
4 ING EDGAR CRESPO, PHYSICAL PLANT DIREC	(i)	166,620					166,620	
	(ii)	.....	.....	.....	.....	.....	.....	.....

Part III **Supplemental Information**

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

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

SCHEDULE O
(Form 990 or 990-EZ)**Supplemental Information to Form 990 or 990-EZ**

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

▶ Attach to Form 990 or 990-EZ.

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

2014**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

Name of the organization
HOSPITAL DE LA CONCEPCION INC

Employer identification number

66-0227304

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PAGE 6, PART VI, LINE 6	YES
FORM 990, PAGE 6, PART VI, LINE 7A	THE BISHOP OF THE DIOCESE OF MAYAGUEZ, AS PRESIDENT OF THE BOARD OF TRUSTEES SELECTS THE MEMBERS OF THE BOARD, THE MEMBERS ARE SELECTED BASED ON THEIR EXPERIENCE IN DIFFERENT BUSINESS AREAS THE POSITION'S TERM IS THREE YEARS
FORM 990, PAGE 6, PART VI, LINE 11B	THE FINANCE DIRECTOR REVIEW AND COMPARED THE FORM ACCORDING WITH AUDITED FINANCIAL STATEMENTS THEN THE RETURN IS DISCUSSED WITH THE EXECUTIVE DIRECTOR AND MEMBERS OF THE FINANCE COMMITTEE
FORM 990, PAGE 6, PART VI, LINE 12C	THE BOARD OF DIRECTORS HAS A COMMITTEE WHICH, THROUGH THE EXECUTIVE DIRECTOR AND THE ADMINISTRATOR, ENFORCES AND MONITORS COMPLIANCE WITH THE POLICY THE ORGANIZATION'S DIRECTORS ARE REQUIRED TO DOCUMENT AND DISCLOSE ANNUALLY ANY CONDITIONS THAT MAY RESULT IN A CONFLICT OF INTEREST
FORM 990, PAGE 6, PART VI, LINE 19	THE ORGANIZATION UPON REQUEST BY VENDORS AND PUBLIC IN GENERAL PROVIDES COPY OF ANY OF ITS FINANCIAL STATEMENTS, GOVERNING DOCUMENTS OR ANY OTHER POLICY

Hospital de la Concepción, Inc

Financial Statements

December 31, 2014 and 2013

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Hospital de la Concepción, Inc

Report on the Financial Statements

We have audited the accompanying financial statements of Hospital de la Concepción, Inc. which comprise the balance sheets as of December 31, 2011 and 2013, and the related statements of operations and changes in unrestricted 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 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 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 financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Board of Directors
Hospital de la Concepción, Inc.
Page 2

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hospital de la Concepción, Inc. as of December 31, 2014 and 2013, and the results of its operations and changes in unrestricted net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Handwritten signature

San Juan, Puerto Rico
April 9, 2015

Hospital de la Concepción, Inc.

Balance Sheets

December 31, 2014 and 2013

	2014	2013
Assets		
Current assets		
Cash and cash equivalents	\$ 7,975,398	\$ 7,458,944
Assets set aside under indenture agreement	235,531	235,460
Patient accounts receivable, net of allowance for doubtful accounts of \$5,503,870 in 2014 and \$5,056,926 in 2013	11,189,255	10,864,424
Inventory of supplies	1,621,958	2,096,138
Prepaid expenses	1,682,165	1,253,468
Total current assets	22,704,307	21,908,434
Investments	2,071,518	1,883,515
Due from related parties, net	4,932,685	5,244,137
Property, plant and equipment, net	56,714,091	54,723,814
Debt issuance costs	392,066	417,430
Total assets	<u>86,814,667</u>	<u>84,177,330</u>
Liabilities and Unrestricted Net Assets		
Current liabilities		
Current portion of bonds payable and long-term debts	1,624,784	1,559,784
Current portion of capital lease obligations	202,666	190,672
Accounts payable	6,797,292	8,190,273
Accrued expenses	5,306,694	4,167,014
Estimated third-party pavor settlements - Medicare	633,726	177,753
Total current liabilities	14,565,162	14,285,496
Bonds payable and long-term debts, net of current portion	28,521,846	30,637,146
Capital lease obligations, net of current portion	483,918	686,584
Reserve for claim losses	4,489,807	3,946,196
Total liabilities	48,060,733	49,555,422
Unrestricted net assets	<u>38,753,934</u>	<u>34,621,908</u>
Total liabilities and unrestricted net assets	<u>\$ 86,814,667</u>	<u>\$ 84,177,330</u>

See notes to financial statements

Hospital de la Concepcion, Inc.

Statements of Operations and Changes in Unrestricted Net Assets

Years Ended December 31, 2014 and 2013

	2014	2013
Unrestricted revenues and other support		
Patient service revenue, net of contractual adjustments	\$ 76,575,580	\$ 70,970,575
Less: provision for bad debts	<u>1,501,825</u>	<u>1,380,000</u>
Net patient service revenue	75,073,755	69,590,575
Other revenue	<u>3,058,075</u>	<u>2,752,181</u>
Total revenues and other support	<u>78,131,830</u>	<u>72,342,756</u>
Expenses		
Salaries	25,412,228	24,055,996
Fringe benefits	4,980,170	4,622,959
Contracted services	9,036,351	8,595,894
Professional services	856,855	808,158
Drugs	5,056,239	4,698,205
Supplies	13,698,264	12,759,926
Food and diets	494,474	432,720
Maintenance and repairs	1,184,043	1,250,791
Utilities	2,811,118	2,786,501
Insurance	679,223	639,775
Interests	1,983,626	2,075,560
Provision for claim losses	548,611	780,000
Depreciation and amortization	3,807,779	3,608,448
Other	<u>3,703,652</u>	<u>3,410,425</u>
Total expenses	<u>74,232,663</u>	<u>70,525,358</u>
Operating income	<u>3,899,167</u>	<u>1,817,398</u>
Non operating income		
Investment income	40,863	91,038
Interest income	<u>38,275</u>	<u>74,164</u>
Total non operating income	<u>79,138</u>	<u>165,202</u>
Excess of revenues over expenses	3,978,305	1,982,600
Change in unrealized gain (loss) on available-for-sale securities	<u>153,721</u>	<u>(315,108)</u>
Changes in unrestricted net assets	4,132,026	1,667,492
Unrestricted net assets, at beginning of year	<u>34,621,908</u>	<u>32,954,416</u>
Unrestricted net assets, at end of year	<u>\$ 38,753,934</u>	<u>\$ 34,621,908</u>

See notes to financial statements

Hospital de la Concepcion, Inc.

Statements of Cash Flows

Years Ended December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Changes in unrestricted net assets	\$ 4,132,026	\$ 1,667,492
Adjustments to reconcile changes in unrestricted net assets to net cash provided by operating activities:		
Depreciation and amortization	3,807,779	3,608,448
Provision for bad debts	1,501,825	1,380,000
Provision for claim losses	548,611	780,000
Estimated uncollectible balance from related party (disclosed as other expenses in the statements of operations)	1,200,000	1,200,000
Change in unrealized (gain) loss on available-for-sale securities	(153,721)	315,108
Interest income on investments re-invested	-	(5,564)
Realized gain on sale of investments (disclosed as investment income in the statements of operations)	34,511	-
(Increase) decrease in:		
Patient accounts receivable	(1,826,656)	(367,908)
Inventory of supplies	474,180	798,590
Prepaid expenses and other assets	(403,333)	50,376
Increase (decrease) in:		
Accounts payable and accrued expenses	(669,704)	(296,698)
Estimated third-party payor settlements - Medicare	455,973	(168,248)
Reserve for claim losses	(5,000)	(40,000)
Total adjustments	4,964,465	7,254,104
Net cash provided by operating activities	9,096,491	8,921,596
Cash flows from investing activities:		
Purchase of property and equipment	(5,381,654)	(6,900,168)
Advances to related party	(888,548)	(889,964)
Acquisition of investments	(68,793)	(85,386)
Net decrease (increase) in assets set aside under indenture agreement	(71)	33
Net cash (used in) investing activities	(6,339,066)	(7,875,485)

(Continues)

Hospital de la Concepcion, Inc

Statements of Cash Flows (Continued)

Years ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from financing activities:		
Payments on bonds payable, long-term debts and capital lease obligations	<u>(2,240,971)</u>	<u>(1,714,826)</u>
Net increase (decrease) in cash and cash equivalents	516,454	(668,715)
Cash and cash equivalents, at beginning of year	<u>7,458,944</u>	<u>8,127,659</u>
Cash and cash equivalents at end of year	<u>\$7,975,398</u>	<u>\$7,458,944</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	<u>\$1,989,310</u>	<u>\$2,080,628</u>
Supplemental disclosures of non-cash investing and financing activities:		
Acquisitions of equipment financed by suppliers	<u>\$ 416,402</u>	<u>\$ 424,539</u>
Equipment acquired through capital lease obligation	<u>\$ -</u>	<u>\$1,027,500</u>
Retirements of fully depreciated property and equipment	<u>\$7,138,613</u>	<u>\$1,650,295</u>

See notes to financial statements

Hospital de la Concepción, Inc.

Notes to Financial Statements

December 31, 2014 and 2013

Note 1 - Organization and summary of significant accounting policies

Organization

Hospital de la Concepcion, Inc. (the Hospital), located at San Germán, Puerto Rico, is a not-for-profit acute care hospital. The Hospital provides inpatient, outpatient and emergency care services for residents of the southwestern area of Puerto Rico. Admitting physicians are primarily practitioners in the local area. The Hospital was incorporated under the laws of the Commonwealth of Puerto Rico in 1956 and is affiliated to the Diocese of Mayagüez of the Catholic Church of Puerto Rico.

Use of estimates

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

Cash equivalents

For purposes of the statements of cash flows, the Hospital considers all highly liquid debt instruments with maturity of three months or less to be cash equivalents.

Patient accounts receivable

The Hospital makes judgments as to the collectability of accounts receivable based on historical trends and future expectations. Management estimates an allowance for doubtful accounts, which represents the collectability of patient service accounts receivable. This allowance adjusts gross patient service accounts receivable downward to their estimated net realizable value. To determine the allowance for doubtful accounts, management reviews specific customer risk for accounts over 365 days using the Hospital's accounts receivable aging.

Inventory of supplies

Inventory of supplies, consisting of drugs, medicines, food and other is stated at the lower of cost or market on first-in, first-out basis.

Hospital de la Concepcion, Inc.

Notes to Financial Statements (Continued)

December 31, 2014 and 2013

Note 1 - Organization and summary of significant accounting policies - (continued)

Investments and assets set aside under indenture agreement

Investments and assets set aside under indenture agreement are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Hospital follows the requirements of the *Fair Value Measurements Topic of the FASB Accounting Standards Codification*, which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy under the above mentioned standard are described as follows:

- | | |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Hospital has the ability to access. |
| Level 2 | Inputs to the valuation methodology include: <ul style="list-style-type: none">• Quoted prices for similar assets or liabilities in active markets;• Quoted prices for identical or similar assets or liabilities in inactive markets;• Inputs other than quoted prices that are observable for the asset or liability;• Inputs that are derived principally from or corroborated by observable market data by correlation or other means. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for investments and assets set aside under indenture agreement, which are the assets measured at fair value in the accompanying financial statements:

Money market account, municipal bonds and mutual funds. Valued at the closing price reported on the active market on which the individual securities are traded.

Hospital de la Concepcion, Inc.

Notes to Financial Statements (Continued)

December 31, 2014 and 2013

Note 1 - Organization and summary of significant accounting policies – (continued)

Investments and assets set aside under indenture agreement – (continued)

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Hospital believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Premiums and discounts, if any, are amortized as an adjustment to interest income over the life of the related securities using a method that approximates the interest method. When computing realized gains or losses, the cost of securities is determined by the specific identification method.

Income or loss on investments and assets set aside under indenture agreement (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law.

Unrealized gains and losses on investments and assets set aside under indenture agreement are excluded from the excess of revenues and gains over expenses (losses) unless the investments are trading securities, as discussed in note 1 to the financial statements under the subtitle, Performance Indicator.

Assets set aside under indenture agreement include assets held by trustee under indenture agreement (see Note 3). Amounts required to meet current liabilities of the Hospital are classified as current assets in the balance sheets.

Property, plant and equipment

Property, plant and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset (ranging from 3 to 40 years) and is computed using the straight-line method. Equipment under capital lease obligations is amortized under the straight-line method over the shorter period between the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the statements of operations and changes in unrestricted net assets. Also, the Hospital capitalizes property, plant and equipment which acquisition cost is \$500 or over.

The Hospital periodically reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. No evidence of impairment is evident as of December 31, 2014 and 2013 as a result of such review.

Hospital de la Concepción, Inc.

Notes to Financial Statements (Continued)

December 31, 2014 and 2013

Note 1 - Organization and summary of significant accounting policies - (continued)

Performance indicator

The performance indicator is the excess of revenues over expenses. Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, and 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)

Net patient service revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. 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. Revenue under certain third-party payor agreements is subject to audit, retroactive adjustments, and significant regulatory actions. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined

The Hospital follows the requirements of the FASB *Accounting Standards Update No. 2011-07 Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts and the Allowance for Doubtful Accounts for Certain Healthcare Entities*. The standard update requires healthcare entities that recognize a significant amount of patient service revenue at the time the services are rendered, even though they do not assess the patient's ability to pay, to present as separate line items on the face of the statement of operations, the provision for bad debts related to patient service revenue, as a deduction from patient revenue (net of contractual allowances and discounts).

The standard update also requires disclosing by major payor source of revenue; the Hospital's policy for assessing collectability in determining the timing and amount of patient service revenue to be recognized, and qualitative and quantitative information about significant changes in the allowance for doubtful accounts related to patient accounts receivable.

Hospital de la Concepción, Inc.

Notes to Financial Statements (Continued)

December 31, 2014 and 2013

Note 1 - Organization and summary of significant accounting policies - (continued)

Non-operating income

Peripheral or incidental transactions to the provision of health care services are classified in the statements of operations and changes in unrestricted net assets as non-operating.

Debt issuance costs

Debt issuance costs are deferred and amortized, using the straight-line method, over the term of the related debt.

Unrestricted net assets

Unrestricted net assets include the results of transactions that arise from Hospital's operations without a specified or restricted use.

Provision for claim losses

The provision of estimated medical malpractice costs of claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

Income taxes

The Hospital is a not-for-profit corporation and has been recognized as tax-exempt pursuant to Chapter 10 Subchapter A, Section 1101.01(a)(2)(A) of the Puerto Rico Internal Revenue Code. Also, the Hospital enjoys tax exemption under the Sec. 501 (c) 3 of the U.S. Internal Revenue Code.

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Hospital de la Concepción, Inc.

Notes to Financial Statements (Continued)

December 31, 2014 and 2013

Note 2 - Revenues

Net patient service revenue

The Hospital has an agreement with the Medicare program that provides for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangement with Medicare follows:

Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient capital costs related to Medicare beneficiaries are paid based on a fully prospective method. Medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost report by the Hospital and audits thereof by the Medicare fiscal intermediary. The cost reimbursement report for the year ended December 31, 2014 will be submitted to the Medicare fiscal intermediary no later than May 31, 2015. The cost reimbursement report for the year ended December 31, 2013 is been subject to examination by the fiscal intermediary. Laws and regulations governing the Medicare program are extremely 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, but management believes those changes will not be material.

The Hospital has also entered into payment agreements with certain commercial insurance carriers and health maintenance organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, capitation amounts, discounts from established charges and prospectively determined daily rates.

A summary of patient service revenue, net of contractual allowances and discounts, for the years ended December 31, 2014 and 2013 follows:

	<u>2014</u>	<u>2013</u>
Third-party payors	\$ 74,342,821	\$ 68,665,226
Self-pay patients	<u>2,232,759</u>	<u>2,305,349</u>
Patient service revenue (net of contractual allowances and discounts)	<u>\$ 76,575,580</u>	<u>\$ 70,970,575</u>

Hospital de la Concepción, Inc

Notes to Financial Statements (Continued)

December 31, 2014 and 2013

Note 2 - Revenues – (continued)

Net patient service revenue – (continued)

Changes in allowance for doubtful accounts on patients' accounts receivable for the years ended December 31, 2014 and 2013 were as follows

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$3,056,926	\$4,447,967
Provision charged to operations	1,501,823	1,380,000
Write-off of uncollectible accounts	<u>(1,054,881)</u>	<u>(771,041)</u>
Balance, end of year	<u>\$3,503,870</u>	<u>\$5,056,926</u>

Patient service revenue from third-party payors and uninsured patients is recorded when the health care services are provided. The Hospital records provision for bad debts for accounts with balances over 365 days, for which collection efforts have been followed in accordance with the Hospital's policies. Also, the Hospital records the provision for bad debts related to receivables from patients' services as a deduction from patient service revenue to arrive at net patient service revenue in the accompanying statements of operations and changes in unrestricted net assets. At December 31, 2014 and 2013, 41 and 48%, respectively, of the amounts reserved as uncollectible are related to third-party payors, and 59% and 52%, respectively, are related to self-pay patients, which includes deductibles and co-insurance which the Hospital accounts for as patient balance. Also, during the years 2014 and 2013, the Hospital accounted for \$1,054,881 and \$771,041, respectively, for accounts written-off, of which \$485,872 and \$301,458, respectively, correspond to third-party payors, and \$569,009 and \$469,583, respectively, correspond to self-pay patients.

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Hospital de la Concepcion, Inc.

Notes to Financial Statements (Continued)

December 31, 2014 and 2013

Note 2 - Revenues – (continued)

Other revenues

Other revenues derived from operations, other than those related to patient care for the years ended December 31, 2014 and 2013 are as follows.

	2014	2013
Pharmacy	\$ 817,367	\$ 726,165
Cafeteria	968,213	940,923
Parking	420,356	387,194
Rent income	70,000	60,000
Telephone and TV rentals	117,945	105,997
Advertising billboard	181,451	134,913
Unrestricted donations	38,244	38,244
Other miscellaneous income	444,499	358,745
	<u>\$3,058,075</u>	<u>\$2,752,181</u>

Note 3 - Investments and assets set aside under indenture agreement

Investments at December 31, 2014 and 2013 consist of:

<u>2014</u>	Fair market value	Cost	Unrealized gain (loss)
Mutual funds	\$ 1,364,667	\$1,230,815	\$ 133,852
Municipal bonds	636,048	934,434	(298,386)
Money Market Account	70,803	70,803	-
Total	<u>\$ 2,071,518</u>	<u>\$2,236,052</u>	<u>\$ (164,534)</u>
 <u>2013</u>	 Fair market value	 Cost	 Unrealized gain (loss)
Mutual funds	\$ 817,459	\$ 724,004	\$ 93,455
Municipal bonds	1,051,766	1,413,707	(361,941)
Money Market Account	14,290	14,290	-
Total	<u>\$ 1,883,515</u>	<u>\$2,152,001</u>	<u>\$ (268,486)</u>

Hospital de la Concepción, Inc.

Notes to Financial Statements (Continued)

December 31, 2014 and 2013

Note 3 - Investments and assets set aside under indenture agreement – (continued)

At December 31, 2014 and 2013, the contractual maturities for municipal bonds range from February 1, 2017 through July 1, 2038. Mutual funds and money market accounts do not have contractual maturities.

Assets set aside under indenture agreement at December 31, 2014 and 2013, consist of interest deposits amounting to \$235,531 and \$235,460, respectively.

Income on investments and assets set aside under indenture agreement

At December 31, 2014 and 2013, income on investments and assets set aside under indenture agreement were comprised of the following:

	<u>2014</u>	<u>2013</u>
Income:		
Interest and dividend income	\$ 75,374	\$ 91,038
Realized loss on sale of securities	<u>(34,511)</u>	<u>-</u>
	<u>\$ 40,863</u>	<u>\$ 91,038</u>
Other changes in unrestricted net assets:		
Change in net unrealized gain (loss) on other than trading securities	<u>\$ 153,721</u>	<u>\$ (315,108)</u>

Pursuant to *FASB Accounting Standards Codifications Topic of "Fair Value Measurements"*, the Hospital measures the fair value of the above investments and assets set aside under indenture agreement based on "Level 1" which consists of observable inputs such as quoted prices in active markets for identical assets and liabilities.

The fair value of investments and assets set aside under indenture agreement approximate their acquisition cost.

The Hospital reviews each investment in an unrealized loss position for other-than-temporary impairment, in accordance with *FASB ASC topic 320-10-35-17, Impairment of Individual Available-for-Sale and Held-to-Maturity Securities*. The review takes into consideration current market conditions, failure of the issuer to distribute monthly dividends, the Hospital's intent to sell the security or whether it is more likely than not that the Hospital will be required to sell the debt security before its anticipated recovery, as well as other qualitative factors.

Hospital de la Concepción, Inc

Notes to Financial Statements (Continued)

December 31, 2014 and 2013

Note 3 - Investments and assets set aside under indenture agreement - (continued)

Income on investments and assets set aside under indenture agreement - (continued)

The unrealized losses in the Hospital's investment in municipal bonds at December 31, 2014 and 2013 were caused by credit loss issues, which have negatively impacted the value of the underlying debt securities. Management has assessed the expectation of recoverability provided by a broker-dealer and has concluded that these investments are not other-than-temporarily impaired at December 31, 2014 and 2013. In addition, based on the Hospital's explicit ability and intent to hold these investments for a reasonable period of time sufficient for a forecasted recovery of fair value, the Hospital does not consider these investments to be other-than-temporarily impaired as of December 31, 2014 and 2013.

Note 4 - Property, plant and equipment

A summary of property, plant and equipment at December 31, 2014 and 2013 follows:

	2014	2013
Land	\$ 3,972,730	\$ 3,592,093
Building and improvements	53,096,300	49,595,786
Equipment	38,807,096	43,965,461
Equipment under capital lease obligations	<u>1,027,500</u>	<u>1,027,500</u>
	96,903,626	98,180,840
Less: accumulated depreciation and amortization	<u>40,189,535</u>	<u>43,520,371</u>
	56,714,091	54,660,469
Construction in progress	<u>-</u>	<u>63,345</u>
Property, plant and equipment, net	<u><u>\$ 56,714,091</u></u>	<u><u>\$ 54,723,814</u></u>

As of December 31, 2014, the Hospital had met its obligations for the construction of certain projects. As of December 31, 2013, the Hospital had entered into certain agreement with an independent contractor, amounting approximately \$74,000, for the construction of certain projects. The remaining commitment on such projects amounted to approximately \$15,000 at December 31, 2013.

During the years ended December 31, 2014 and 2013, the Hospital retired fully depreciated property amounting to \$7,138,615 and \$1,650,295, respectively, as approved by the Board of Trustees.

Hospital de la Concepción, Inc.

Notes to Financial Statements (Continued)

December 31, 2014 and 2013

Note 5 - Bonds payable, long-term debts and capital lease obligations

At December 31, 2014 and 2013, bonds payable, long-term debts and capital lease obligations consist of:

Bonds payable and long-term debts

	<u>2014</u>	<u>2013</u>
Term loan, payable in fifty-nine principal monthly installments of \$41,750 plus interest at an interest rate per annum equal to the 30-days LIBOR rate (approximately .16% at December 31, 2014), but in no event less than 100 basis points (1.00%) plus 3.50%, and a final installment for the then outstanding balance plus accrued interest due in August 2017 (a)	\$ 1,331,000	\$ 1,832,000
5.29% to 6.25% 2000 Series A Hospital Tax-Exempt Revenue Bonds, principal maturing in varying annual amounts due on November 15, 2030. The payment of the principal and interest on the bonds is guaranteed by Ascension Health Obligated Group. (b)	28,235,000	29,240,000
Note payable to bank in three-hundred sixty principal monthly installments of \$4,482 plus interest at prime rate (3.25% at December 31, 2014) less 0.625% through May 2035. The note is collateralized with real estate.	<u>580,630</u>	<u>1,124,930</u>
Total bonds payable and long-term debts	30,146,630	32,196,930
Less current portion	<u>1,624,784</u>	<u>1,559,784</u>
Bonds payable and long-term debts, net of current portion	<u><u>\$28,521,846</u></u>	<u><u>\$30,637,146</u></u>

Hospital de la Concepcion, Inc.

Notes to Financial Statements (Continued)

December 31, 2014 and 2013

Note 5 - Bonds payable, long-term debts and capital lease obligations – (continued)

	<u>2014</u>	<u>2013</u>
<u>Capital lease obligations</u>		
Capital lease obligations at a rate of imputed interest of approximately 6%, collateralized by leased equipment with an amortized cost of \$650,750 and \$856,250 at December 31, 2014 and 2013, respectively.	\$ 686,584	\$ 877,250
Less: current portion	<u>202,666</u>	<u>190,672</u>
Capital lease obligations, net of current portion	<u>\$ 483,918</u>	<u>\$ 686,584</u>

Scheduled principal repayments on bonds payable, long-term debts and capital lease obligations are as follows:

<u>Year Ending December 31,</u>	<u>Bonds Payable and Long-Term Debts</u>	<u>Capital Lease Obligations</u>
2015	\$ 1,624,784	\$ 239,040
2016	1,694,784	239,040
2017	1,592,784	239,040
2018	1,343,784	39,840
2019	1,428,784	-
Thereafter	<u>22,461,710</u>	<u>-</u>
	<u>\$ 30,146,630</u>	<u>\$ 756,960</u>
Less: amount representing interest under capital lease obligations		<u>70,376</u>
		<u>\$ 686,584</u>

Hospital de la Concepcion, Inc.

Notes to Financial Statements (Continued)

December 31, 2014 and 2013

Note 5 - Bonds payable, long-term debts and capital lease obligations -- (continued)

Additional information on the aforementioned capital leases follows.

	<u>2014</u>	<u>2013</u>
Amortization expense	\$205,500	\$171,250
Interest expense	\$ 48,368	\$ 49,962
Accumulated amortization	\$376,750	\$171,250

(a) Note payable

The credit agreement also provides for an additional revolving credit facility for \$3,000,000 to finance the general corporate and working capital requirements of the Hospital. At December 31, 2014 and 2013, no advances have been received from the revolving credit facility. The credit agreement requires the Hospital to comply with certain financial and operating covenants.

(b) Bonds payable

On May 15, 2000, the Puerto Rico Industrial, Medical, Higher Education and Environmental Pollution Control Facilities Financing Authority (AFICA), issued on behalf of Hospital de la Concepción, Inc., Hospital Revenue Bonds, 2000 Series A for \$37,215,000.

On the date of the issuance of the Bonds, Ascension Health Obligated Group (as Guarantor) and Hospital de la Concepción, Inc. executed a Reimbursement Agreement, in favor of AFICA and the Trustee to guarantee the payment of the principal and interest on the bonds. In consideration of the issuance of the guaranty, the Hospital pledged a security interest to the Guarantor of all now owned or hereafter acquired gross revenues, accounts receivable, inventory, contract rights, rights under Deed of Trust, equipment and general intangibles of the Hospital, together with proceeds and products thereof to secure the performance by the Hospital of its obligations under the Reimbursement Agreement.

In addition and in consideration of the guaranty issued by Ascension Health, the Hospital created a Trust, constituted on the real estate property and on new construction developed on such property as part of the construction of the new hospital facilities, for the benefit of Ascension Health in the event of default by the Hospital on the Reimbursement Agreement mentioned above.

Hospital de la Concepción, Inc.

Notes to Financial Statements (Continued)

December 31, 2014 and 2013

Note 5 - Bonds payable, long-term debts and capital lease obligations - (continued)

(b) Bonds payable - (continued)

Under the terms of the revenue bond indentures, the Hospital is required to maintain certain deposits with a trustee. Such deposits are included in assets set aside under indenture agreement in the accompanying financial statements. The revenue bond indenture also places limits on the incurrence of additional borrowings and requires that the Hospital satisfies certain measures of financial performance as long as the bonds are outstanding.

Scheduled sinking fund requirements on bonds payable as of December 31, 2014, follow:

<u>Fiscal Year</u> <u>Ending September 30,</u>	<u>Sinking Fund</u> <u>Requirements</u>
2015	\$ 1,070,000
2016	1,140,000
2017	1,210,000
2018	1,290,000
2019	1,375,000
Thereafter	<u>22,150,000</u>
	<u>\$ 28,235,000</u>

The bonds, at the time outstanding and maturing after November 15, 2011, are subject to redemption, at the option of the Hospital, in whole or in part, at the redemption price set forth in the table below, plus accrued interest at the redemption date.

<u>Period During which Redeemed</u> (Both Dates Inclusive)	<u>Redemption Price</u>
November 15, 2011 and thereafter	100%

Hospital de la Concepción, Inc.

Notes to Financial Statements (Continued)

December 31, 2014 and 2013

Note 6 - Concentration of credit risk

Cash and cash equivalents, and investments

The Hospital maintains its cash and cash equivalents in bank accounts at various financial institutions. At December 31, 2014 and 2013 accounts at each institution were insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2014 and 2013, cash balances exceeded federal insured limits for approximately \$8,455,000 and \$8,050,000, respectively. The Hospital has not experienced any losses in such accounts.

Investments at December 31, 2014 and 2013, represent financial instruments that potentially subject the Hospital to concentration of credit risk. The Hospital invests in a variety of financial instruments, which by policy, limits the amount of credit exposure with any one financial institution or commercial issuer. The Hospital has not experienced material credit losses on its investments.

Patient accounts receivable

The Hospital grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The Hospital maintains allowances for potential credit losses which, when realized, have been within the range of management expectations.

The mix of receivables from patients and third-party payors at December 31, 2014 and 2013 follows:

	<u>2014</u>	<u>2013</u>
Medical Card System	13%	8%
International Medical Card	8%	7%
Preferred Medicare Choice	9%	12%
Medicare	10%	9%
Triple S & Triple C	27%	28%
MMM Healthcare	16%	15%
American Health	5%	6%
Other third-party payors	<u>12%</u>	<u>15%</u>
	<u>100%</u>	<u>100%</u>

Hospital de la Concepción, Inc

Notes to Financial Statements (Continued)

December 31, 2014 and 2013

Note 7 - Related party transactions

Salus Infirmorum, Inc (Salus), also affiliated to the Diocese of Mayagüez of the Catholic Church of Puerto Rico, is the owner and in charge of the operation of the medical office building adjacent to the new Hospital's facilities. During 2014 and 2013, the Hospital incurred expenditures for \$888,547 and \$889,964, respectively, on behalf of Salus in the development and administration of the office building.

At December 31, 2014 and 2013 significant related party transactions are reported in the Hospital's financial statements as follows.

	<u>2014</u>	<u>2013</u>
Due from Salus Infirmorum, Inc	\$7,831,169	\$6,942,621
Less: estimated uncollectible balance	<u>2,898,484</u>	<u>1,698,484</u>
	<u>\$4,932,685</u>	<u>\$5,244,137</u>

Patronato de la Inmaculada Concepción, Inc (Patronato), a trust organized by the Diocese of Mayaguez, is the owner of certain real estate facilities which were transferred by the Hospital. Such facilities consist of land, buildings and equipment of the old hospital's facilities. Up to December 31, 2009, the Hospital incurred in expenditures on behalf of the Patronato related to Patronato's operations in the transferred facilities. During 2013, the Hospital wrote off the balance due from Patronato de la Inmaculada Concepción, Inc. amounting to \$1,520,652, as approved by the Executive Committee. During the years ended December 31, 2014 and 2013, the Hospital estimated as uncollectible \$1,200,000, in both periods, of the amounts due from related parties, as disclosed above. Such estimate was accounted for as other expense in the statements of operations and changes in unrestricted net assets for the years ended December 31, 2014 and 2013.

The above balances are unsecured, non-interest bearing and there are no specified repayment terms.

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Hospital de la Concepcion, Inc.

Notes to Financial Statements (Continued)

December 31, 2014 and 2013

Note 8 - Commitments and contingencies

Commitments

Employee Benefit Plan

The Hospital has a non-contributory defined contribution retirement plan that covers substantially all the Hospital's employees after one year of employment. The Hospital's maximum contribution for any participant is determined by the Board of Trustees at December 31 of every year on the basis of the employee's compensation and the investment results of the Retirement Trust. During 2014 and 2013, the Hospital incurred in \$450,000 and \$300,000, respectively of expenses related to the retirement plan.

Primary supplier and purchase agreement

As part of its routine operations, the Hospital has entered into various supply agreements with several companies for the purchase of medical-surgical and medical-pharmaceutical products. Under the terms of such agreements, the Hospital must use the contracted companies as its first supplier option and must purchase a minimum monthly dollar amount of supplies.

Contingencies

As part of its operations, the Hospital is defendant in several lawsuits related to malpractice cases. It is the opinion of the Hospital's legal counsel and management that the ultimate liability in excess of insurance coverage will not exceed the reserves recognized on books. Based on a review of the current facts and circumstances, management has provided for what is believed to be a reasonable estimate of the exposure to loss associated with pending or threatened litigation. The Hospital has established a reserve for malpractice claims losses in the amount of \$4,489,807 and \$3,946,196 at December 31, 2014 and 2013 respectively. The provision for claims losses for the years ended December 31, 2014 and 2013 was \$548,611 and \$780,000, respectively.

The Hospital has malpractice policy insurance with coverage of \$300,000 per case and \$1,000,000 in the aggregate.

Hospital de la Concepcion, Inc

Notes to Financial Statements (Continued)

December 31, 2014 and 2013

Note 8 - Commitments and contingencies- (continued)

Contingencies – (continued)

Regulatory issues

The healthcare industry is subject to numerous laws and regulations which include, among other things, matters such as government healthcare participation requirements, various license and accreditations, reimbursement for patient services and Medicare and Medicaid fraud and abuse. Government action has increased with respect to investigations and/or allegations concerning possible violations of fraud and abuse and false claims statutes and/or regulations by healthcare providers. Providers that are found to have violated these laws and regulations may be excluded from participating in government healthcare programs subjected to fines or penalties or required to repay amounts received from government for previously billed patient services. While management of the Hospital believes its policies, procedures and practices comply with governmental regulations, no assurance can be given that the Hospital will not be subjected to governmental inquiries or actions.

HIPAA

The Health Insurance Portability and Accountability Act (HIPAA) was enacted in August 1996 to assure health insurance portability, reduce healthcare fraud and abuse, guarantee security and privacy of health information and enforce standards for health information. Organizations are subject to significant fines and penalties if found not to be compliant with the provisions outlined in the regulations. The Hospital's management believes to be in compliance.

Also, in order to be in compliance with HIPAA provisions, the Hospital must adopt the 10th revision of the International Statistical Classification of Diseases and Related Health Problems (ICD-10), on or before October 1, 2015. ICD-10 consists of a medical classification list revised by the World Health Organization (WHO) used in diagnosis coding and procedure coding system for inpatient hospital procedure coding that will enable a significant extension of the codes allowing an improved tracking of many new diagnoses. The Hospital is currently under the implementation of ICD-10 and expects to complete such before the due date.

Hospital de la Concepcion, Inc

Notes to Financial Statements (Continued)

December 31, 2014 and 2013

Note 8 - Commitments and contingencies- (continued)

Contingencies – (continued)

Implementation requirements of an Electronic Health Record System

The Health Information Technology for Economic and Clinical Health Act set meaningful use of interoperable Electronic Health Record (EHR) adoption in the health system as a critical national goal and incentivize the EHR adoption. Its goal is not adoption alone but meaningful use of EHRs, that is, their use by providers to achieve significant improvements in care. Meaningful use compliance is required before the Federal Fiscal Year 2016 or otherwise the hospital will incur penalties for non-compliance that may reduce future Medicare payments and potentially Medicare Advantage program payments.

The Centers for Medicare and Medicaid Services (CMS) manages and has implemented an incentive program for those hospitals that implement EHR and that also, comply with certain specific requirements. CMS EHR Incentive Programs provide incentive payments to eligible hospitals as they adopt, implement, upgrade and demonstrate meaningful use, as defined by CMS, of certified EHR technology. As of December 31, 2014 and 2013, the Hospital is under the implementation of its EHR system. The incentive program terminates on the fiscal year 2016.

Cumulative rebate liability on bonds

According to Part E Section 4 of the Tax Certificate of the 2000 Series A Bonds, the Hospital is entitled to perform the calculation necessary to comply with the rebate requirement as set forth in Section 148(f) of the Internal Revenue Code and the Treasury Regulation. This rebate calculation is required for each 5 anniversary of such bonds.

The last calculation was due on June 15, 2010. The Hospital was required to pay any accumulated rebate requirements to the IRS not later than 60 days after June 15, 2010. The bond and redemption funds are not taken into account in determining cumulative rebate liability for a bond year if aggregate earnings on these funds do not exceed \$100,000 in that bond year. Since the last computation date and through June 15, 2010, aggregate earnings of these funds did not exceed \$100,000 in any of the bond years. Also, the bond and redemption funds comprised the assets set aside under indenture agreement during such period. Therefore, no calculation was required to be performed at June 15, 2010. The next rebate liability calculation, if applicable, should be made for the end of the fifteen bond year ending June 15, 2015. The noncompliance with the above mentioned requirement could affect the tax-exempt status of the bonds.

Hospital de la Concepción, Inc.

Notes to Financial Statements (Continued)

December 31, 2014 and 2013

Note 9 - Functional expenses

The Hospital provides general health care services to residents within its geographic location. Expenses related to providing these services for the years ended December 31, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Health care services	\$ 43,317,975	\$ 42,906,606
General and administrative	<u>28,914,688</u>	<u>27,618,752</u>
	<u>\$ 74,232,663</u>	<u>\$ 70,525,358</u>

Note 10 - Subsequent events

The Hospital evaluated subsequent events through April 9, 2015, which is the date the financial statements were available to be issued. No events have occurred subsequent to the balance sheet date and to the date the financial statements were available to be issued, that would require additional adjustment to, or disclosure in, the financial statements.

Note 11 - Reclassifications

Certain reclassifications were made to the 2013 financial statements to conform with the current year presentation, including the adoption of the provisions of FASB Accounting Standard No 2011-07 as were fully disclosed in notes 1 and 2.