

# Exempt Organization Declaration and Signature for Electronic Filing

For calendar year 2016, or tax year beginning 07/01, 2016, and ending 06/30, 20 17

# 2016

Department of the Treasury  
Internal Revenue Service

For use with Forms 990, 990-EZ, 990-PF, 1120-POL, and 8868

Name of exempt organization

ST. AGNES HEALTHCARE, INC.

Employer identification number

52-0591657

## Part I Type of Return and Return Information (Whole Dollars Only)

Check the box for the type of return being filed with Form 8453-EO and enter the applicable amount, if any, from the return. If you check the box on line 1a, 2a, 3a, 4a, or 5a below and the amount on that line of the return being filed with this form was blank, then leave line 1b, 2b, 3b, 4b, or 5b, whichever is applicable, blank (do not enter -0-). If you entered -0- on the return, then enter -0- on the applicable line below. **Do not** complete more than one line in Part I.

|           |                            |                                     |          |  |           |                    |
|-----------|----------------------------|-------------------------------------|----------|--|-----------|--------------------|
| <b>1a</b> | Form 990 check here ▶      | <input checked="" type="checkbox"/> | <b>b</b> | Total revenue, if any (Form 990, Part VIII, column (A), line 12) . . . . . | <b>1b</b> | <u>440,565,839</u> |
| <b>2a</b> | Form 990-EZ check here ▶   | <input type="checkbox"/>            | <b>b</b> | Total revenue, if any (Form 990-EZ, line 9) . . . . .                      | <b>2b</b> | _____              |
| <b>3a</b> | Form 1120-POL check here ▶ | <input type="checkbox"/>            | <b>b</b> | Total tax (Form 1120-POL, line 22). . . . .                                | <b>3b</b> | _____              |
| <b>4a</b> | Form 990-PF check here ▶   | <input type="checkbox"/>            | <b>b</b> | Tax based on investment income (Form 990-PF, Part VI, line 5) . . . . .    | <b>4b</b> | _____              |
| <b>5a</b> | Form 8868 check here ▶     | <input type="checkbox"/>            | <b>b</b> | Balance due (Form 8868, line 3c) . . . . .                                 | <b>5b</b> | _____              |

## Part II Declaration of Officer

- 6**  I authorize the U.S. Treasury and its designated Financial Agent to initiate an Automated Clearing House (ACH) electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment.
- If a copy of this return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I certify that I executed the electronic disclosure consent contained within this return allowing disclosure by the IRS of this Form 990/990-EZ/990-PF (as specifically identified in Part I above) to the selected state agency(ies).

Under penalties of perjury, I declare that I am an officer of the above named organization and that I have examined a copy of the organization's 2016 electronic return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund.

**Sign Here** ▶  | 5/3/2018 | TAX OFFICER  
 Signature of officer | Date | Title

## Part III Declaration of Electronic Return Originator (ERO) and Paid Preparer (see instructions)

I declare that I have reviewed the above organization's return and that the entries on Form 8453-EO are complete and correct to the best of my knowledge. If I am only a collector, I am not responsible for reviewing the return and only declare that this form accurately reflects the data on the return. The organization officer will have signed this form before I submit the return. I will give the officer a copy of all forms and information to be filed with the IRS, and have followed all other requirements in Pub. 4163, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns. If I am also the Paid Preparer, under penalties of perjury I declare that I have examined the above organization's return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. This Paid Preparer declaration is based on all information of which I have any knowledge.

|                       |  |      |  |   |                   |
|-----------------------|--|------|--|---|-------------------|
| <b>ERO's Use Only</b> | ERO's signature ▶  | Date | Check if also paid preparer <input type="checkbox"/> | Check if self-employed <input type="checkbox"/> | ERO's SSN or PTIN |
|                       | Firm's name (or yours if self-employed), address, and ZIP code ▶ |      |  |   | EIN<br>Phone no.  |

Under penalties of perjury, I declare that I have examined the above return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer is based on all information of which the preparer has any knowledge.

|                               |                            |                      |      |   |              |
|-------------------------------|----------------------------|----------------------|------|---|--------------|
| <b>Paid Preparer Use Only</b> | Print/Type preparer's name | Preparer's signature | Date | Check if self-employed <input type="checkbox"/> | PTIN         |
|                               | Firm's name ▶              |                      |      |   | Firm's EIN ▶ |
|                               | Firm's address ▶           |                      |      |   | Phone no.    |

# Return of Organization Exempt From Income Tax

**2016**

**Open to Public Inspection**

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

▶ Do not enter social security numbers on this form as it may be made public.

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

Department of the Treasury  
Internal Revenue Service

**A** For the 2016 calendar year, or tax year beginning 07/01, 2016, and ending 06/30, 2017

**B** Check if applicable:  
 Address change  
 Name change  
 Initial return  
 Final return/terminated  
 Amended return  
 Application pending

**C** Name of organization ST. AGNES HEALTHCARE, INC.  
 Doing business as \_\_\_\_\_  
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite  
900 CATON AVENUE 040  
 City or town, state or province, country, and ZIP or foreign postal code  
BALTIMORE, MD 21229

**D** Employer identification number  
52-0591657

**E** Telephone number  
(314) 733-8000

**F** Name and address of principal officer: KEITH VANDER KOLK  
SAME AS C ABOVE

**G** Gross receipts \$ 440,778,663

**H(a)** Is this a group return for subordinates?  Yes  No  
**H(b)** Are all subordinates included?  Yes  No  
 If "No," attach a list. (see instructions)

**I** Tax-exempt status:  501(c)(3)  501(c) ( ) ◀ (insert no.)  4947(a)(1) or  527

**J** Website: ▶ WWW.STAGNES.ORG

**H(c)** Group exemption number ▶ 0928

**K** Form of organization:  Corporation  Trust  Association  Other ▶

**L** Year of formation: 1862

**M** State of legal domicile: MD

**Part I Summary**

|                                    |  |  |                                  |                     |
|------------------------------------|--|--|----------------------------------|---------------------|
| <b>Activities &amp; Governance</b> | <b>1</b>   | Briefly describe the organization's mission or most significant activities: <u>TO IMPROVE THE HEALTH AND WELL-BEING OF ALL PEOPLE IN THE COMMUNITIES WE SERVE.</u> |                                  |                     |
|                                    | <b>2</b>   | Check this box <input checked="" type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.                 |                                  |                     |
|                                    | <b>3</b>   | Number of voting members of the governing body (Part VI, line 1a)  | <b>3</b>                         | <u>13</u>           |
|                                    | <b>4</b>   | Number of independent voting members of the governing body (Part VI, line 1b)  | <b>4</b>                         | <u>10</u>           |
|                                    | <b>5</b>   | Total number of individuals employed in calendar year 2016 (Part V, line 2a)   | <b>5</b>                         | <u>3,480</u>        |
|                                    | <b>6</b>   | Total number of volunteers (estimate if necessary)   | <b>6</b>                         | <u>302</u>          |
|                                    | <b>7a</b>  | Total unrelated business revenue from Part VIII, column (C), line 12   | <b>7a</b>                        | <u>3,972,539</u>    |
| <b>b</b>                           | Net unrelated business taxable income from Form 990-T, line 34 | <b>7b</b>  | <u>(23,546)</u>                  |                     |
| <b>Revenue</b>                     | <b>8</b>   | Contributions and grants (Part VIII, line 1h)  | <b>Prior Year</b>                | <b>Current Year</b> |
|                                    | <b>9</b>   | Program service revenue (Part VIII, line 2g)   | <u>1,101,515</u>                 | <u>1,476,708</u>    |
|                                    | <b>10</b>  | Investment income (Part VIII, column (A), lines 3, 4, and 7d)  | <u>438,752,391</u>               | <u>433,684,456</u>  |
|                                    | <b>11</b>  | Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)   | <u>1,080,666</u>                 | <u>89,136</u>       |
|                                    | <b>12</b>  | Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)   | <u>4,352,044</u>                 | <u>5,315,539</u>    |
| <b>Expenses</b>                    | <b>13</b>  | Grants and similar amounts paid (Part IX, column (A), lines 1–3)   | <u>445,286,616</u>               | <u>440,565,839</u>  |
|                                    | <b>14</b>  | Benefits paid to or for members (Part IX, column (A), line 4)  | <u>90,715</u>                    | <u>1,034,740</u>    |
|                                    | <b>15</b>  | Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)  | <u>213,694,874</u>               | <u>221,077,540</u>  |
|                                    | <b>16a</b>   | Professional fundraising fees (Part IX, column (A), line 11e)  | <u>0</u>                         | <u>0</u>            |
|                                    | <b>b</b>   | Total fundraising expenses (Part IX, column (D), line 25) ▶ <u>0</u>   |                                  |                     |
|                                    | <b>17</b>  | Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)   | <u>219,102,184</u>               | <u>191,144,336</u>  |
|                                    | <b>18</b>  | Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)  | <u>432,887,773</u>               | <u>413,256,616</u>  |
| <b>19</b>                          | Revenue less expenses. Subtract line 18 from line 12           | <u>12,398,843</u>  | <u>27,309,223</u>                |                     |
| <b>Net Assets or Fund Balances</b> | <b>20</b>  | Total assets (Part X, line 16)   | <b>Beginning of Current Year</b> | <b>End of Year</b>  |
|                                    | <b>21</b>  | Total liabilities (Part X, line 26)  | <u>540,122,410</u>               | <u>347,832,846</u>  |
|                                    | <b>22</b>  | Net assets or fund balances. Subtract line 21 from line 20   | <u>162,076,064</u>               | <u>201,430,379</u>  |
|                                    |  |  | <u>378,046,346</u>               | <u>146,402,467</u>  |

**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:  Date: 5/3/2018

TONYA MERSHON, TAX OFFICER  
Type or print name and title

**Paid Preparer Use Only**

Print/Type preparer's name: \_\_\_\_\_ Preparer's signature: \_\_\_\_\_ Date: \_\_\_\_\_ Check  if self-employed PTIN: \_\_\_\_\_

Firm's name ▶: \_\_\_\_\_ Firm's EIN ▶: \_\_\_\_\_

Firm's address ▶: \_\_\_\_\_ Phone no.: \_\_\_\_\_

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

For Paperwork Reduction Act Notice, see the separate instructions.

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission: ST. AGNES HEALTHCARE IS A SPIRITUALLY CENTERED HOSPITAL WHICH IS ROOTED IN THE HEALING MINISTRY OF JESUS. IN THE SPIRIT OF ST. ELIZABETH ANN SETON, AND IN COLLABORATION WITH OTHERS, WE CONTINUALLY REACH OUT TO ALL PERSONS IN OUR COMMUNITY WITH A SPECIAL CONCERN FOR THOSE WHO ARE POOR AND (CONTINUED ON SCHEDULE O)

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 [X] 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 [X] 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 \$ 178,970,695 including grants of \$ 888,256 ) (Revenue \$ 303,476,509 ) ST. AGNES HOSPITAL PROVIDES A SUBSTANTIAL PORTION OF ITS SERVICES TO THE ELDERLY AND POOR. OF THE OVERALL SERVICES RENDERED DURING THE FISCAL YEAR ENDED JUNE 30, 2017, 43% OF THE VALUE OF SERVICES WAS TO ELDERLY PATIENTS UNDER THE MEDICARE PROGRAM, AND 21% WAS TO PATIENTS WHO WERE DEEMED INDIGENT UNDER STATE, COUNTY, OR HOSPITAL GUIDELINES. THIS VALUE OF THESE SERVICES TO THE ELDERLY AND POOR TOTALED \$303,322,904 FOR THE YEAR. IN THE SPIRIT OF PRINCIPLES ADOPTED BY ASCENSION HEALTH, ST. AGNES HOSPITAL HAS TAKEN PROACTIVE STEPS TO ADDRESS THOSE ISSUES THAT WILL AFFECT ACCESSIBILITY, THE FINANCING, AND THE DELIVERY OF HEALTHCARE TO ALL PERSONS, ESPECIALLY THE UNINSURED, UNDER INSURED, AND THE UNDER SERVED. DURING THE FISCAL YEAR ENDING JUNE 30, 2017, THE ESTIMATED UNREIMBURSED COST OF SERVICES PROVIDED TO THE ELDERLY, UNINSURED, AND UNDER INSURED TOTALED \$21,425,111, INCLUDING \$14,212,189 FOR CHARITY CARE, AND \$7,212,922 OF UNREIMBURSED MEDICAID.

4b (Code: ) (Expenses \$ 91,619,890 including grants of \$ ) (Revenue \$ 118,470,293 ) ST. AGNES HOSPITAL PROVIDES THE FOLLOWING INPATIENT AND OUTPATIENT MEDICAL SERVICES TO THE COMMUNITY: AMBULATORY CARE CENTER SERVICES, CARDIOVASCULAR SERVICES, CANCER TREATMENT SERVICES, EMERGENCY CARE CENTER SERVICES, LABORATORY SERVICES, ORTHOPEDIC SERVICES, PAIN MANAGEMENT, PRIMARY CARE PHYSICIANS, RADIOLOGY SERVICES, REHABILITATION SERVICES, SLEEP STUDIES, STROKE SERVICES, OBSTETRICS, PHYSICAL THERAPY, OCCUPATIONAL THERAPY, SPEECH THERAPY, WOUND CARE, RESPIRATORY THERAPY, SURGERY, PEDIATRICS, IMAGING CLINIC, BARIATRIC SERVICES, RESPIRATORY THERAPY, WOMEN'S HEALTH SERVICES, DIABETES WELLNESS PROGRAMS, PALLIATIVE CARE SERVICES, AND AN ANTICOAGULATION CLINIC. SOME OF THE SERVICES LISTED OPERATE AT A LOSS IN ORDER TO ENSURE THAT ALL SERVICES ARE AVAILABLE TO MEET COMMUNITY HEALTH CARE NEEDS. DURING THE FISCAL YEAR ENDING JUNE 30, 2017, OUR HOSPITAL TREATED 15,802 INPATIENT ADULTS AND CHILDREN IN THE COMMUNITY FOR A TOTAL OF 69,648 PATIENT DAYS OF SERVICE. THE HOSPITAL ALSO PROVIDED SERVICES TO 512,610 OUTPATIENTS, INCLUDING 4,942 OUTPATIENT SURGERY PATIENTS, 80,841 EMERGENCY ROOM VISITS, AND 58,215 CLINIC VISITS.

4c (Code: ) (Expenses \$ 37,957,357 including grants of \$ 146,484 ) (Revenue \$ 12,883,579 ) COMMUNITY BENEFITS ARE PROGRAMS OR ACTIVITIES THAT PROVIDE TREATMENT AND/OR PROMOTE HEALTH AND HEALING AS A RESPONSE TO IDENTIFIED COMMUNITY NEEDS. IN AN EFFORT TO PROMOTE HEALTHY LIVING, ST. AGNES HAS MADE AVAILABLE WELLNESS PROGRAMS TO THE COMMUNITY. THESE PROGRAMS INCLUDE, BUT ARE NOT LIMITED TO: ADULT, INFANT AND CHILD CPR CLASSES; ASTHMA CURRICULA; BARIATRIC SEMINARS; BASIC LIFE SUPPORT CLASSES; BREAST HEALTH CLINICS AND SEMINARS; FIRST AID CLASSES; JOINT AND PAIN SEMINARS; RUNNING CLINICS; BABYSITTING CLASSES; BLOOD PRESSURE, CHOLESTEROL, AND BLOOD SUGAR SCREENINGS; DIABETES AND HEART DISEASE PREVENTION EDUCATION; INTERNATIONAL EARLY LUNG CARE ACTION PROJECT STUDIES; HEART HEALTH AWARENESS PROGRAMS FOR AFRICAN AMERICAN WOMEN; GASTRO ESOPHAGEAL REFLUX DISEASE SEMINARS; ACTIVITIES IN THE PEDIATRICS WAITING ROOM OF THE COMMUNITY CARE CLINIC PROMOTING EARLY DEVELOPMENT OF READING SKILLS; ACTIVITIES RELATED TO THE SUCCESSFUL DISCHARGE OF PATIENTS SUCH AS PROVIDING TRANSPORTATION, PRESCRIPTIONS, OXYGEN, DURABLE MEDICAL EQUIPMENT, AND SHORT-TERM STAYS (CONTINUED ON SCHEDULE O)

4d Other program services (Describe in Schedule O.) (Expenses \$ including grants of \$ ) (Revenue \$ )

4e Total program service expenses 308,547,942

**Part IV Checklist of Required Schedules**

|  | Yes                                 | No                                  |
|--|-------------------------------------|-------------------------------------|
| <b>1</b> Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A . . . . .</i>  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <b>2</b> Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)? . . . . .  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <b>3</b> Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I . . . . .</i>   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>4</b> <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II . . . . .</i>  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <b>5</b> 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? <i>If "Yes," complete Schedule C, Part III . . . . .</i>  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>6</b> 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? <i>If "Yes," complete Schedule D, Part I . . . . .</i>   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>7</b> Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II . . . . .</i>   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>8</b> Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III . . . . .</i>  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>9</b> 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? <i>If "Yes," complete Schedule D, Part IV . . . . .</i>           | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>10</b> Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V . . . . .</i>  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <b>11</b> 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.  |                                     |                                     |
| <b>a</b> Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI . . . . .</i>  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <b>b</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? <i>If "Yes," complete Schedule D, Part VII . . . . .</i>  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>c</b> 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? <i>If "Yes," complete Schedule D, Part VIII . . . . .</i>  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <b>d</b> 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? <i>If "Yes," complete Schedule D, Part IX . . . . .</i>   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <b>e</b> Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X . . . . .</i>  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <b>f</b> 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)? <i>If "Yes," complete Schedule D, Part X . . . . .</i>   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <b>12 a</b> Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII . . . . .</i>  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>b</b> Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional . . . . .</i>  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <b>13</b> Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E . . . . .</i>   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>14 a</b> Did the organization maintain an office, employees, or agents outside of the United States? . . . . .  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>b</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? <i>If "Yes," complete Schedule F, Parts I and IV. . . . .</i> | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>15</b> 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? <i>If "Yes," complete Schedule F, Parts II and IV . . . . .</i>  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>16</b> 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? <i>If "Yes," complete Schedule F, Parts III and IV. . . . .</i>   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>17</b> 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? <i>If "Yes," complete Schedule G, Part I (see instructions) . . . . .</i>   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>18</b> Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II . . . . .</i>  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>19</b> Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III . . . . .</i>  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |

**Part IV Checklist of Required Schedules** *(continued)*

|  | Yes                                 | No                                  |
|--|-------------------------------------|-------------------------------------|
| <b>20 a</b> Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H . . . . .</i>   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <b>b</b> If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? . . . . .  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <b>21</b> 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>   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <b>22</b> 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>   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>23</b> 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>  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <b>24a</b> 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>                           | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . . .   | <input type="checkbox"/>            | <input type="checkbox"/>            |
| <b>c</b> Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .  | <input type="checkbox"/>            | <input type="checkbox"/>            |
| <b>d</b> Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . . .   | <input type="checkbox"/>            | <input type="checkbox"/>            |
| <b>25a</b> <b>Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I . . . . .</i>  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>b</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>  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>26</b> 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>                                 | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>27</b> 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> | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>28</b> 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):  |                                     |                                     |
| <b>a</b> A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV . . . . .</i>  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>b</b> A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV . . . . .</i>   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>c</b> 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>   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>29</b> Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M . . . . .</i>  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>30</b> Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M . . . . .</i>  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I . . . . .</i>  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>32</b> 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>  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <b>33</b> 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>  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <b>34</b> 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>  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <b>35a</b> Did the organization have a controlled entity within the meaning of section 512(b)(13)? . . . . .   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <b>b</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>  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <b>36</b> <b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2 . . . . .</i>   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>37</b> 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>   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>38</b> Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O.   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |

**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    |   |  |
|------------|--|------------|-------|---|--|
| <b>1a</b>  | Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable . . . . .   | <b>1a</b>  | 283   |   |  |
| <b>b</b>   | Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable . . . . .  | <b>1b</b>  | 0     |   |  |
| <b>c</b>   | Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . .   | <b>1c</b>  | ✓     |   |  |
| <b>2a</b>  | 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  | <b>2a</b>  | 3,480 |   |  |
| <b>b</b>   | If at least one is reported on line 2a, did the organization file all required federal employment tax returns? . . . . .<br><b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions) . . . . . | <b>2b</b>  | ✓     |   |  |
| <b>3a</b>  | Did the organization have unrelated business gross income of \$1,000 or more during the year? . . . . .  | <b>3a</b>  | ✓     |   |  |
| <b>b</b>   | If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O . . . . .  | <b>3b</b>  | ✓     |   |  |
| <b>4a</b>  | 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)? . . . . .   | <b>4a</b>  |       | ✓ |  |
| <b>b</b>   | If "Yes," enter the name of the foreign country: ▶ _____<br>See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).  |            |       |   |  |
| <b>5a</b>  | Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . . . .  | <b>5a</b>  |       | ✓ |  |
| <b>b</b>   | Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?   | <b>5b</b>  |       | ✓ |  |
| <b>c</b>   | If "Yes" to line 5a or 5b, did the organization file Form 8886-T? . . . . .  | <b>5c</b>  |       |   |  |
| <b>6a</b>  | 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? . . . . .                                      | <b>6a</b>  |       | ✓ |  |
| <b>b</b>   | If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . .  | <b>6b</b>  |       |   |  |
| <b>7</b>   | <b>Organizations that may receive deductible contributions under section 170(c).</b>   |            |       |   |  |
| <b>a</b>   | 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? . . . . .  | <b>7a</b>  |       | ✓ |  |
| <b>b</b>   | If "Yes," did the organization notify the donor of the value of the goods or services provided? . . . . .  | <b>7b</b>  |       |   |  |
| <b>c</b>   | Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? . . . . .   | <b>7c</b>  |       | ✓ |  |
| <b>d</b>   | If "Yes," indicate the number of Forms 8282 filed during the year . . . . .  | <b>7d</b>  |       |   |  |
| <b>e</b>   | Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?  | <b>7e</b>  |       | ✓ |  |
| <b>f</b>   | Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . . . .   | <b>7f</b>  |       | ✓ |  |
| <b>g</b>   | If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?   | <b>7g</b>  |       |   |  |
| <b>h</b>   | If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?   | <b>7h</b>  |       |   |  |
| <b>8</b>   | <b>Sponsoring organizations maintaining donor advised funds.</b> Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year? . . . . .   | <b>8</b>   |       |   |  |
| <b>9</b>   | <b>Sponsoring organizations maintaining donor advised funds.</b>   |            |       |   |  |
| <b>a</b>   | Did the sponsoring organization make any taxable distributions under section 4966? . . . . .   | <b>9a</b>  |       |   |  |
| <b>b</b>   | Did the sponsoring organization make a distribution to a donor, donor advisor, or related person? . . . . .  | <b>9b</b>  |       |   |  |
| <b>10</b>  | <b>Section 501(c)(7) organizations.</b> Enter:   |            |       |   |  |
| <b>a</b>   | Initiation fees and capital contributions included on Part VIII, line 12 . . . . .   | <b>10a</b> |       |   |  |
| <b>b</b>   | Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities . . . . .  | <b>10b</b> |       |   |  |
| <b>11</b>  | <b>Section 501(c)(12) organizations.</b> Enter:  |            |       |   |  |
| <b>a</b>   | Gross income from members or shareholders . . . . .  | <b>11a</b> |       |   |  |
| <b>b</b>   | Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.) . . . . .   | <b>11b</b> |       |   |  |
| <b>12a</b> | <b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?  | <b>12a</b> |       |   |  |
| <b>b</b>   | If "Yes," enter the amount of tax-exempt interest received or accrued during the year . . . . .  | <b>12b</b> |       |   |  |
| <b>13</b>  | <b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>  |            |       |   |  |
| <b>a</b>   | Is the organization licensed to issue qualified health plans in more than one state? . . . . .<br><b>Note.</b> See the instructions for additional information the organization must report on Schedule O.   | <b>13a</b> |       |   |  |
| <b>b</b>   | Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans . . . . .  | <b>13b</b> |       |   |  |
| <b>c</b>   | Enter the amount of reserves on hand . . . . .   | <b>13c</b> |       |   |  |
| <b>14a</b> | Did the organization receive any payments for indoor tanning services during the tax year? . . . . .   | <b>14a</b> |       | ✓ |  |
| <b>b</b>   | If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O . . . . .  | <b>14b</b> |       |   |  |

**Part VI Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 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                                  |
|-----------|--|-------------------------------------|-------------------------------------|
| <b>1a</b> | Enter the number of voting members of the governing body at the end of the tax year . . . . .<br>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>1a</b> 13   |                                     |                                     |
| <b>b</b>  | Enter the number of voting members included in line 1a, above, who are independent . . . . .   |                                     |                                     |
|           | <b>1b</b> 10   |                                     |                                     |
| <b>2</b>  | 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? . . . . .  |                                     | <input checked="" type="checkbox"/> |
| <b>3</b>  | 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? . . . . .   |                                     | <input checked="" type="checkbox"/> |
| <b>4</b>  | Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?   |                                     | <input checked="" type="checkbox"/> |
| <b>5</b>  | Did the organization become aware during the year of a significant diversion of the organization's assets? . . . . .   |                                     | <input checked="" type="checkbox"/> |
| <b>6</b>  | Did the organization have members or stockholders? . . . . .   | <input checked="" type="checkbox"/> |                                     |
| <b>7a</b> | 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? . . . . .   | <input checked="" type="checkbox"/> |                                     |
| <b>b</b>  | Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . . . .  | <input checked="" type="checkbox"/> |                                     |
| <b>8</b>  | Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:  |                                     |                                     |
| <b>a</b>  | The governing body? . . . . .  | <input checked="" type="checkbox"/> |                                     |
| <b>b</b>  | Each committee with authority to act on behalf of the governing body? . . . . .  | <input checked="" type="checkbox"/> |                                     |
| <b>9</b>  | 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 . . . . .   |                                     | <input checked="" type="checkbox"/> |

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

|            |  | Yes                                 | No                                  |
|------------|--|-------------------------------------|-------------------------------------|
| <b>10a</b> | Did the organization have local chapters, branches, or affiliates? . . . . .   |                                     | <input checked="" type="checkbox"/> |
| <b>b</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?   |                                     |                                     |
| <b>10b</b> |  |                                     |                                     |
| <b>11a</b> | Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?  |                                     | <input checked="" type="checkbox"/> |
| <b>b</b>   | Describe in Schedule O the process, if any, used by the organization to review this Form 990.  |                                     |                                     |
| <b>12a</b> | Did the organization have a written conflict of interest policy? If "No," go to line 13 . . . . .  | <input checked="" type="checkbox"/> |                                     |
| <b>b</b>   | Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?  | <input checked="" type="checkbox"/> |                                     |
| <b>c</b>   | Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done . . . . .   | <input checked="" type="checkbox"/> |                                     |
| <b>12c</b> |  | <input checked="" type="checkbox"/> |                                     |
| <b>13</b>  | Did the organization have a written whistleblower policy? . . . . .  | <input checked="" type="checkbox"/> |                                     |
| <b>14</b>  | Did the organization have a written document retention and destruction policy? . . . . .   | <input checked="" type="checkbox"/> |                                     |
| <b>15</b>  | 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?   |                                     |                                     |
| <b>a</b>   | The organization's CEO, Executive Director, or top management official . . . . .   |                                     | <input checked="" type="checkbox"/> |
| <b>b</b>   | Other officers or key employees of the organization . . . . .  | <input checked="" type="checkbox"/> |                                     |
|            | If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).  |                                     |                                     |
| <b>16a</b> | Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? . . . . .  | <input checked="" type="checkbox"/> |                                     |
| <b>b</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? . . . . . | <input checked="" type="checkbox"/> |                                     |
| <b>16b</b> |  | <input checked="" type="checkbox"/> |                                     |

**Section C. Disclosure**

- 17** List the states with which a copy of this Form 990 is required to be filed ► MD
- 18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.  
 Own website     Another's website     Upon request     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: ►  
 SCOTT FURNISS, 900 CATON AVENUE, BALTIMORE, MD 21229, (410) 368-3130, FAX: (410) 368-3594

**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, and 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)<br>Name and Title                                 | (B)<br>Average hours per week (list any hours for related organizations below dotted line) | (C)<br>Position<br>(do not check more than one box, unless person is both an officer and a director/trustee) |                       |         |              |                              |        | (D)<br>Reportable compensation from the organization (W-2/1099-MISC) | (E)<br>Reportable compensation from related organizations (W-2/1099-MISC) | (F)<br>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) CARLOS S INCE JR, MD<br>SECRETARY/PHYSICIAN       | 50.0<br>0.0  | ✓  |                       | ✓       |              |                              |        | 443,995  | 0   | 43,097  |
| (2) KEITH VANDER KOLK<br>PRESIDENT & CEO              | 47.7<br>2.3  | ✓  |                       | ✓       |              |                              |        | 541,031  | 0   | 30,106  |
| (3) JOHN E WHEELER, JR<br>BOARD CHAIR (START 7/2016)  | 2.7<br>0.0   | ✓  |                       | ✓       |              |                              |        | 0  | 0   | 0   |
| (4) BRUCE R GRINDROD, JR<br>BOARD DIRECTOR            | 2.0<br>0.0   | ✓  |                       |         |              |                              |        | 0  | 0   | 0   |
| (5) MARGARET HAYES<br>BOARD DIRECTOR                  | 1.5<br>0.0   | ✓  |                       |         |              |                              |        | 0  | 0   | 0   |
| (6) MOHANNAD F JISHI<br>BOARD DIRECTOR                | 2.0<br>0.0   | ✓  |                       |         |              |                              |        | 0  | 0   | 0   |
| (7) A GREGORY KELLY, JR<br>BOARD DIRECTOR             | 2.4<br>0.0   | ✓  |                       |         |              |                              |        | 0  | 0   | 0   |
| (8) IRENE D KNOTT<br>BOARD DIRECTOR                   | 1.4<br>0.0   | ✓  |                       |         |              |                              |        | 0  | 0   | 0   |
| (9) CAROLE B MILLER, MD<br>BOARD DIRECTOR/PHYSICIAN   | 50.0<br>0.0  | ✓  |                       |         |              |                              |        | 449,817  | 0   | 47,230  |
| (10) JAMES B SELLINGER<br>BOARD DIRECTOR              | 1.3<br>0.0   | ✓  |                       |         |              |                              |        | 0  | 0   | 0   |
| (11) JOHN B STANSBURY<br>BOARD DIRECTOR               | 1.7<br>0.0   | ✓  |                       |         |              |                              |        | 0  | 0   | 0   |
| (12) SISTER MARY LOU STUBBS<br>BOARD DIRECTOR         | 2.0<br>0.0   | ✓  |                       |         |              |                              |        | 0  | 0   | 0   |
| (13) SAM V SYDNEY, MD<br>BOARD DIRECTOR               | 1.4<br>0.0   | ✓  |                       |         |              |                              |        | 0  | 0   | 0   |
| (14) SCOTT M FURNISS<br>CFO-MINISTRY MKT DC/BALTIMORE | 27.1<br>22.9   |  |                       | ✓       |              |                              |        | 437,628  | 0   | 32,131  |

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

| (A)<br>Name and title   | (B)<br>Average hours per week (list any hours for related organizations below dotted line) | (C)<br>Position<br>(do not check more than one box, unless person is both an officer and a director/trustee) |                       |         |              |                              |           | (D)<br>Reportable compensation from the organization (W-2/1099-MISC) | (E)<br>Reportable compensation from related organizations (W-2/1099-MISC) | (F)<br>Estimated amount of other compensation from the organization and related organizations |
|---|--|--|-----------------------|---------|--------------|------------------------------|-----------|--|---|---|
|   |  | Individual trustee or director   | Institutional trustee | Officer | Key employee | Highest compensated employee | Former    |  |   |   |
| (15) NANCY M HAMMOND, MD<br>EXECUTIVE VP/CMO  | 48.6<br>1.4  |  |                       |         | ✓            |                              | 354,224   | 0  | 42,150  |   |
| (16) PATRICK F MUTCH<br>EXEC VP PHYSICIAN AND POPULATION HEALTH SERVICES (END 7/2016) | 48.6<br>1.4  |  |                       |         | ✓            |                              | 390,849   | 0  | 26,926  |   |
| (17) ANDREW M AVERBACH, MD<br>GENERAL SURGEON   | 50.0<br>0.0  |  |                       |         |              | ✓                            | 637,853   | 0  | 37,712  |   |
| (18) GEORGE T GRACE, MD<br>MEDICAL DIRECTOR - PLASTIC HAND RECONSTRUCTIVE SURGEON     | 50.0<br>0.0  |  |                       |         |              | ✓                            | 806,938   | 0  | 45,071  |   |
| (19) HOWARD S HESSAN, MD<br>MEDICAL DIRECTOR - OTOLARYNGOLOGY                         | 50.0<br>0.0  |  |                       |         |              | ✓                            | 853,566   | 0  | 39,435  |   |
| (20) AJAY V KUMAR, MD<br>PLASTIC SURGEON  | 50.0<br>0.0  |  |                       |         |              | ✓                            | 691,142   | 0  | 42,547  |   |
| (21) MICHAEL A ZATINA, MD<br>SURGERY DIRECTOR - CARDIOVASCULAR INST                   | 50.0<br>0.0  |  |                       |         |              | ✓                            | 642,035   | 0  | 43,242  |   |
| (22) BONNIE L PHIPPS<br>FORMER OFFICER  | 0.0<br>50.0  |  |                       |         |              |                              | 0         | 1,905,534  | 34,144  |   |
| (23)  |  |  |                       |         |              |                              |           |  |   |   |
| (24)  |  |  |                       |         |              |                              |           |  |   |   |
| (25)  |  |  |                       |         |              |                              |           |  |   |   |
| <b>1b Sub-total</b>   |  |  |                       |         |              |                              | 6,249,078 | 1,905,534  | 463,791   |   |
| <b>c Total from continuation sheets to Part VII, Section A</b>                        |  |  |                       |         |              |                              | 0         | 0  | 0   |   |
| <b>d Total (add lines 1b and 1c)</b>  |  |  |                       |         |              |                              | 6,249,078 | 1,905,534  | 463,791   |   |

**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 **▶** 312

|  | Yes | No |
|--|-----|----|
| <b>3</b> Did the organization list any <b>former</b> officer, director, or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>                                       | ✓   |    |
| <b>4</b> 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> | ✓   |    |
| <b>5</b> 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>                       |     | ✓  |

**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)<br>Name and business address  | (B)<br>Description of services | (C)<br>Compensation |
|---|--------------------------------|---------------------|
| CEP AMERICA, LLC, 2100 POWELL STREET, SUITE 900, EMERYVILLE, CA 94608-1844                    | MEDICAL STAFFING SERVICES      | 1,532,745           |
| CONTEMPORARY NURSING SOLUTIONS INC, 1000 JEFFERSON STREET, SUITE 1A, LYNCHBURG, VA 24504-1724 | NURSING SERVICES               | 1,288,141           |
| EAGLE EYE RADIOLOGY INC, 12100 SUNRISE VALLEY DRIVE, SUITE 290 B, RESTON, VA 20191            | RADIOLOGY SERVICES             | 949,056             |
| DVA RENAL HEALTHCARE, INC, P O BOX 40308, ATLANTA, GA 31192                                   | MEDICAL SERVICES               | 931,739             |
| DRS HICKEN CRANLEY & TAYLOR PA, 900 S CATON AVE, BALTIMORE, MD 21229                          | MEDICAL SERVICES               | 832,392             |

**2** Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization **▶** 39

**Part VIII Statement of Revenue**

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

|   |   |  | (A)<br>Total revenue | (B)<br>Related or<br>exempt<br>function<br>revenue | (C)<br>Unrelated<br>business<br>revenue | (D)<br>Revenue<br>excluded from tax<br>under sections<br>512-514 |  |
|---|---|--|----------------------|--|---|--|--|
| <b>Contributions, Gifts, Grants<br/>and Other Similar Amounts</b> | <b>1a</b> Federated campaigns . . . . .   | <b>1a</b>  |                      |  |   |  |  |
|   | <b>b</b> Membership dues . . . . .  | <b>1b</b>  |                      |  |   |  |  |
|   | <b>c</b> Fundraising events . . . . .   | <b>1c</b>  |                      |  |   |  |  |
|   | <b>d</b> Related organizations . . . . .  | <b>1d</b>  | 208,697              |  |   |  |  |
|   | <b>e</b> Government grants (contributions)  | <b>1e</b>  | 1,268,011            |  |   |  |  |
|   | <b>f</b> All other contributions, gifts, grants,<br>and similar amounts not included above  | <b>1f</b>  |                      |  |   |  |  |
|   | <b>g</b> Noncash contributions included in lines 1a-1f: \$  |  |                      |  |   |  |  |
|   | <b>h Total.</b> Add lines 1a-1f . . . . .   |  | 1,476,708            |  |   |  |  |
| <b>Program Service Revenue</b>                                    |   |  | <b>Business Code</b> |  |   |  |  |
|   | <b>2a</b> NET PATIENT REVENUE   |  | 621990               | 423,447,478  | 420,795,832                             | 2,651,646  |  |
|   | <b>b</b> JOINT VENTURE REVENUE  |  | 900099               | 6,911,137  | 6,911,137                               |  |  |
|   | <b>c</b> LAB REVENUE  |  | 621500               | 1,320,893  |   | 1,320,893  |  |
|   | <b>d</b> REVENUE FROM AFFILIATES  |  | 561000               | 855,737  | 855,737                                 |  |  |
|   | <b>e</b> PHYSICIAN ADMIN AND CALL SERVICES  |  | 621990               | 935,442  | 935,442                                 |  |  |
|   | <b>f</b> All other program service revenue .  |  | 900099               | 213,769  | 213,769                                 | 0  |  |
|   | <b>g Total.</b> Add lines 2a-2f . . . . .   |  |                      | 433,684,456  |   |  |  |
| <b>Other Revenue</b>  | <b>3</b> Investment income (including dividends, interest,<br>and other similar amounts) . . . . .  |  |                      | 143,208  |   | 143,208  |  |
|   | <b>4</b> Income from investment of tax-exempt bond proceeds   |  |                      |  |   |  |  |
|   | <b>5</b> Royalties . . . . .  |  |                      |  |   |  |  |
|   | <b>6a</b> Gross rents . . . . .   | (i) Real   | 889,323              |  |   |  |  |
|   |   | (ii) Personal  |                      |  |   |  |  |
|   |   | <b>b</b> Less: rental expenses                                     |                      |  |   |  |  |
|   |   | <b>c</b> Rental income or (loss)                                   | 889,323              | 0  |   |  |  |
|   | <b>d</b> Net rental income or (loss) . . . . .  |  |                      | 889,323  |   | 889,323  |  |
|   | <b>7a</b> Gross amount from sales of<br>assets other than inventory   | (i) Securities   |                      |  |   |  |  |
|   |   | (ii) Other   |                      | 20   |   |  |  |
|   |   | <b>b</b> Less: cost or other basis<br>and sales expenses . . . . . |                      |  | 54,092                                  |  |  |
|   |   | <b>c</b> Gain or (loss) . . . . .                                  | 0                    | (54,072)   |   |  |  |
|   | <b>d</b> Net gain or (loss) . . . . .   |  |                      | (54,072)   |   | (54,072)   |  |
|   | <b>8a</b> Gross income from fundraising<br>events (not including \$<br>of contributions reported on line 1c).<br>See Part IV, line 18 . . . . . | <b>a</b>   |                      |  |   |  |  |
|   |   | <b>b</b> Less: direct expenses . . . . .                           | <b>b</b>             |  |   |  |  |
|   |   | <b>c</b> Net income or (loss) from fundraising events . . . . .    |                      |  |   |  |  |
|   | <b>9a</b> Gross income from gaming activities.<br>See Part IV, line 19 . . . . .  | <b>a</b>   |                      |  |   |  |  |
|   |   | <b>b</b> Less: direct expenses . . . . .                           | <b>b</b>             |  |   |  |  |
|   |   | <b>c</b> Net income or (loss) from gaming activities . . . . .     |                      |  |   |  |  |
|   | <b>10a</b> Gross sales of inventory, less<br>returns and allowances . . . . .   | <b>a</b>   | 256,560              |  |   |  |  |
| <b>b</b> Less: cost of goods sold . . . . .                       |   | <b>b</b>   | 158,732              |  |   |  |  |
| <b>c</b> Net income or (loss) from sales of inventory . . . . .   |   |  |                      | 97,828   |   | 97,828   |  |
| Miscellaneous Revenue   |   | <b>Business Code</b>   |                      |  |   |  |  |
| <b>11a</b> CAFETERIA REVENUE                                      |   | 722514   | 1,552,731            |  | 1,552,731                               |  |  |
| <b>b</b> EDUCATION REVENUE  |   | 611430   | 1,262,740            | 1,262,740  |   |  |  |
| <b>c</b> ESCHEAT REVENUE  |   | 900099   | 450,646              |  | 450,646                                 |  |  |
| <b>d</b> All other revenue . . . . .                              |   | 900099   | 1,062,271            | 153,185  | 0                                       |  |  |
| <b>e Total.</b> Add lines 11a-11d . . . . .                       |   |  | 4,328,388            |  |   |  |  |
| <b>12 Total revenue.</b> See instructions. . . . .                |   |  | 440,565,839          | 431,127,842  | 3,972,539                               | 3,988,750  |  |

**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)<br>Total expenses | (B)<br>Program service expenses | (C)<br>Management and general expenses | (D)<br>Fundraising expenses |
|---|-----------------------|---------------------------------|--|-----------------------------|
| <b>1</b> Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21 . . . . .   | 1,034,740             | 1,034,740                       |  |                             |
| <b>2</b> Grants and other assistance to domestic individuals. See Part IV, line 22 . . . . .  |                       |                                 |  |                             |
| <b>3</b> Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16 . . . . .   |                       |                                 |  |                             |
| <b>4</b> Benefits paid to or for members . . . . .  |                       |                                 |  |                             |
| <b>5</b> Compensation of current officers, directors, trustees, and key employees . . . . .   | 2,839,184             |                                 | 2,839,184                              |                             |
| <b>6</b> Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . .  |                       |                                 |  |                             |
| <b>7</b> Other salaries and wages . . . . .   | 186,298,910           | 169,594,130                     | 16,704,780                             |                             |
| <b>8</b> Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) . . . . .   | (26,283)              | 54,952                          | (81,235)                               |                             |
| <b>9</b> Other employee benefits . . . . .  | 19,367,853            | 17,507,338                      | 1,860,515                              |                             |
| <b>10</b> Payroll taxes . . . . .   | 12,597,876            | 11,309,369                      | 1,288,507                              |                             |
| <b>11</b> Fees for services (non-employees):  |                       |                                 |  |                             |
| <b>a</b> Management . . . . .   | 3,651                 | 14,569                          | (10,918)                               |                             |
| <b>b</b> Legal . . . . .  | 93,095                | 10,370                          | 82,725                                 |                             |
| <b>c</b> Accounting . . . . .   | 325,618               | 18,515                          | 307,103                                |                             |
| <b>d</b> Lobbying . . . . .   | 24,844                |                                 | 24,844                                 |                             |
| <b>e</b> Professional fundraising services. See Part IV, line 17 . . . . .  |                       |                                 |  |                             |
| <b>f</b> Investment management fees . . . . .   |                       |                                 |  |                             |
| <b>g</b> Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.) . . . . .   | 15,259,855            | 11,643,016                      | 3,616,839                              | 0                           |
| <b>12</b> Advertising and promotion . . . . .   | 730,854               | 68,921                          | 661,933                                |                             |
| <b>13</b> Office expenses . . . . .   | 1,731,193             | 648,022                         | 1,083,171                              |                             |
| <b>14</b> Information technology . . . . .  | 1,603,756             | 1,209,151                       | 394,605                                |                             |
| <b>15</b> Royalties . . . . .   |                       |                                 |  |                             |
| <b>16</b> Occupancy . . . . .   | 9,969,568             | 4,056,737                       | 5,912,831                              |                             |
| <b>17</b> Travel . . . . .  | 246,820               | 181,467                         | 65,353                                 |                             |
| <b>18</b> Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .  |                       |                                 |  |                             |
| <b>19</b> Conferences, conventions, and meetings . . . . .  | 317,640               | 258,194                         | 59,446                                 |                             |
| <b>20</b> Interest . . . . .  | 2,640,094             |                                 | 2,640,094                              |                             |
| <b>21</b> Payments to affiliates . . . . .  |                       |                                 |  |                             |
| <b>22</b> Depreciation, depletion, and amortization . . . . .   | 18,699,393            | 12,059,725                      | 6,639,668                              |                             |
| <b>23</b> Insurance . . . . .   | 6,829,951             | 2,692,032                       | 4,137,919                              |                             |
| <b>24</b> 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.)   |                       |                                 |  |                             |
| <b>a</b> <u>PURCHASED SERVICES</u> . . . . .  | 52,104,541            | 10,567,507                      | 41,537,034                             |                             |
| <b>b</b> <u>MEDICAL SUPPLIES</u> . . . . .  | 52,076,508            | 52,076,508                      |  |                             |
| <b>c</b> <u>CORPORATE ALLOCATIONS</u> . . . . .   | 8,795,994             |                                 | 8,795,994                              |                             |
| <b>d</b> <u>CONTRACT LABOR</u> . . . . .  | 7,489,409             | 6,420,393                       | 1,069,016                              |                             |
| <b>e</b> All other expenses . . . . .   | 12,201,552            | 7,122,286                       | 5,079,266                              | 0                           |
| <b>25</b> <b>Total functional expenses.</b> Add lines 1 through 24e   | 413,256,616           | 308,547,942                     | 104,708,674                            | 0                           |
| <b>26</b> <b>Joint costs.</b> 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 |             |
| <b>Assets</b>   | <b>1</b> Cash—non-interest-bearing . . . . .   | 4,712,028         | <b>1</b>    | 5,030,130   |             |
|   | <b>2</b> Savings and temporary cash investments . . . . .  |                   | <b>2</b>    | 3,330,101   |             |
|   | <b>3</b> Pledges and grants receivable, net . . . . .  |                   | <b>3</b>    |             |             |
|   | <b>4</b> Accounts receivable, net . . . . .  | 50,061,659        | <b>4</b>    | 56,916,621  |             |
|   | <b>5</b> Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L . . . . .   | 0                 | <b>5</b>    | 0           |             |
|   | <b>6</b> 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 . . . . . |                   | <b>6</b>    | 0           |             |
|   | <b>7</b> Notes and loans receivable, net . . . . .   |                   | <b>7</b>    |             |             |
|   | <b>8</b> Inventories for sale or use . . . . .   | 7,829,072         | <b>8</b>    | 7,914,894   |             |
|   | <b>9</b> Prepaid expenses and deferred charges . . . . .   | 1,185,716         | <b>9</b>    | 892,278     |             |
|   | <b>10a</b> Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D   | 407,531,805       |             |             |             |
|   | <b>b</b> Less: accumulated depreciation . . . . .  | 186,002,688       | 229,023,146 | <b>10c</b>  | 221,529,117 |
|   | <b>11</b> Investments—publicly traded securities . . . . .   | 766,503           | <b>11</b>   |             |             |
|   | <b>12</b> Investments—other securities. See Part IV, line 11 . . . . .   | 0                 | <b>12</b>   | 0           |             |
|   | <b>13</b> Investments—program-related. See Part IV, line 11 . . . . .  | 20,093,436        | <b>13</b>   | 27,004,573  |             |
|   | <b>14</b> Intangible assets . . . . .  | 5,997,231         | <b>14</b>   | 5,187,107   |             |
|   | <b>15</b> Other assets. See Part IV, line 11 . . . . .   | 220,453,619       | <b>15</b>   | 20,028,025  |             |
| <b>16 Total assets.</b> Add lines 1 through 15 (must equal line 34) . . . . . | 540,122,410  | <b>16</b>         | 347,832,846 |             |             |
| <b>Liabilities</b>  | <b>17</b> Accounts payable and accrued expenses . . . . .  | 37,814,256        | <b>17</b>   | 45,845,634  |             |
|   | <b>18</b> Grants payable . . . . .   |                   | <b>18</b>   |             |             |
|   | <b>19</b> Deferred revenue . . . . .   | 601,318           | <b>19</b>   | 601,318     |             |
|   | <b>20</b> Tax-exempt bond liabilities . . . . .  |                   | <b>20</b>   |             |             |
|   | <b>21</b> Escrow or custodial account liability. Complete Part IV of Schedule D . . . . .  |                   | <b>21</b>   |             |             |
|   | <b>22</b> 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 . . . . .   |                   | <b>22</b>   | 0           |             |
|   | <b>23</b> Secured mortgages and notes payable to unrelated third parties . . . . .   |                   | <b>23</b>   |             |             |
|   | <b>24</b> Unsecured notes and loans payable to unrelated third parties . . . . .   |                   | <b>24</b>   |             |             |
|   | <b>25</b> 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 . . . . .  | 123,660,490       | <b>25</b>   | 154,983,427 |             |
|   | <b>26 Total liabilities.</b> Add lines 17 through 25 . . . . .   | 162,076,064       | <b>26</b>   | 201,430,379 |             |
| <b>Net Assets or Fund Balances</b>  | <b>Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.</b>   |                   |             |             |             |
|   | <b>27</b> Unrestricted net assets . . . . .  | 373,501,973       | <b>27</b>   | 142,219,446 |             |
|   | <b>28</b> Temporarily restricted net assets . . . . .  | 4,417,841         | <b>28</b>   | 4,053,684   |             |
|   | <b>29</b> Permanently restricted net assets . . . . .  | 126,532           | <b>29</b>   | 129,337     |             |
|   | <b>Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.</b>  |                   |             |             |             |
|   | <b>30</b> Capital stock or trust principal, or current funds . . . . .   |                   | <b>30</b>   |             |             |
|   | <b>31</b> Paid-in or capital surplus, or land, building, or equipment fund . . . . .   |                   | <b>31</b>   |             |             |
|   | <b>32</b> Retained earnings, endowment, accumulated income, or other funds . . . . .   |                   | <b>32</b>   |             |             |
|   | <b>33</b> Total net assets or fund balances . . . . .  | 378,046,346       | <b>33</b>   | 146,402,467 |             |
| <b>34</b> Total liabilities and net assets/fund balances . . . . .            | 540,122,410  | <b>34</b>         | 347,832,846 |             |             |

**Part XI Reconciliation of Net Assets**

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

|           |  |           |               |
|-----------|--|-----------|---------------|
| <b>1</b>  | Total revenue (must equal Part VIII, column (A), line 12)  | <b>1</b>  | 440,565,839   |
| <b>2</b>  | Total expenses (must equal Part IX, column (A), line 25)   | <b>2</b>  | 413,256,616   |
| <b>3</b>  | Revenue less expenses. Subtract line 2 from line 1   | <b>3</b>  | 27,309,223    |
| <b>4</b>  | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))                      | <b>4</b>  | 378,046,346   |
| <b>5</b>  | Net unrealized gains (losses) on investments   | <b>5</b>  | 90,849        |
| <b>6</b>  | Donated services and use of facilities   | <b>6</b>  |               |
| <b>7</b>  | Investment expenses  | <b>7</b>  |               |
| <b>8</b>  | Prior period adjustments   | <b>8</b>  |               |
| <b>9</b>  | Other changes in net assets or fund balances (explain in Schedule O)   | <b>9</b>  | (259,043,951) |
| <b>10</b> | Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B)) | <b>10</b> | 146,402,467   |

**Part XII Financial Statements and Reporting**

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

|   | Yes | No |
|---|-----|----|
| <b>1</b> Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____<br>If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.  |     |    |
| <b>2a</b> Were the organization's financial statements compiled or reviewed by an independent accountant?<br>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:<br><input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis |     | ✓  |
| <b>b</b> Were the organization's financial statements audited by an independent accountant?<br>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:<br><input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis                 | ✓   |    |
| <b>c</b> 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?<br>If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.  |     | ✓  |
| <b>3a</b> 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?  |     | ✓  |
| <b>b</b> 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 990-EZ)**

**Public Charity Status and Public Support**

OMB No. 1545-0047

**2016**

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

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

Name of the organization

ST. AGNES HEALTHCARE, INC.

Employer identification number

52-0591657

**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 12, 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 (Form 990 or 990-EZ).)
- 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 agricultural research organization described in **section 170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions). Enter the name, city, and state of the college or university: \_\_\_\_\_
- 10  An organization that normally receives: (1) more than 33<sup>1</sup>/<sub>3</sub>% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33<sup>1</sup>/<sub>3</sub>% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 11  An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 12  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 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.
  - 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 1–10 above (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 |   |   |
| (A)                                |          |   |   |    |   |   |
| (B)                                |          |   |   |    |   |   |
| (C)                                |          |   |   |    |   |   |
| (D)                                |          |   |   |    |   |   |
| (E)                                |          |   |   |    |   |   |
| <b>Total</b>                       |          |   |   |    |   |   |

**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) 2012 | (b) 2013 | (c) 2014 | (d) 2015 | (e) 2016 | (f) Total |
|--|----------|----------|----------|----------|----------|-----------|
| <b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") . . . . .  |          |          |          |          |          |           |
| <b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf . . . . .   |          |          |          |          |          |           |
| <b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge . . . . .   |          |          |          |          |          |           |
| <b>4 Total.</b> Add lines 1 through 3 . . . . .  |          |          |          |          |          |           |
| <b>5</b> 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) . . . . . |          |          |          |          |          |           |
| <b>6 Public support.</b> Subtract line 5 from line 4   |          |          |          |          |          |           |

**Section B. Total Support**

| Calendar year (or fiscal year beginning in) ►  | (a) 2012 | (b) 2013 | (c) 2014 | (d) 2015 | (e) 2016  | (f) Total                |
|--|----------|----------|----------|----------|-----------|--------------------------|
| <b>7</b> Amounts from line 4 . . . . .   |          |          |          |          |           |                          |
| <b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources . . . . .  |          |          |          |          |           |                          |
| <b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on . . . . .  |          |          |          |          |           |                          |
| <b>10</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) . . . . .  |          |          |          |          |           |                          |
| <b>11 Total support.</b> Add lines 7 through 10  |          |          |          |          |           |                          |
| <b>12</b> Gross receipts from related activities, etc. (see instructions) . . . . .  |          |          |          |          | <b>12</b> |                          |
| <b>13 First five years.</b> 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 <b>stop here</b> . . . . . |          |          |          |          |           | <input type="checkbox"/> |

**Section C. Computation of Public Support Percentage**

|  |           |                          |
|--|-----------|--------------------------|
| <b>14</b> Public support percentage for 2016 (line 6, column (f) divided by line 11, column (f)) . . . . .   | <b>14</b> | %                        |
| <b>15</b> Public support percentage from 2015 Schedule A, Part II, line 14 . . . . .   | <b>15</b> | %                        |
| <b>16a 33 1/3% support test—2016.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization . . . . .   |           | <input type="checkbox"/> |
| <b>b 33 1/3% support test—2015.</b> 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 <b>stop here.</b> The organization qualifies as a publicly supported organization . . . . .  |           | <input type="checkbox"/> |
| <b>17a 10%-facts-and-circumstances test—2016.</b> 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 <b>stop here.</b> Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization . . . . .    |           | <input type="checkbox"/> |
| <b>b 10%-facts-and-circumstances test—2015.</b> 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 <b>stop here.</b> Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization . . . . . |           | <input type="checkbox"/> |
| <b>18 Private foundation.</b> If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions . . . . .   |           | <input type="checkbox"/> |

**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 10 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) 2012 | (b) 2013 | (c) 2014 | (d) 2015 | (e) 2016 | (f) Total |
|---|----------|----------|----------|----------|----------|-----------|
| <b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")   |          |          |          |          |          |           |
| <b>2</b> 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 . . . . |          |          |          |          |          |           |
| <b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513   |          |          |          |          |          |           |
| <b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf . . . .  |          |          |          |          |          |           |
| <b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge . . . . .  |          |          |          |          |          |           |
| <b>6 Total.</b> Add lines 1 through 5 . . . . .   |          |          |          |          |          |           |
| <b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons . . . .  |          |          |          |          |          |           |
| <b>b</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                   |          |          |          |          |          |           |
| <b>c</b> Add lines 7a and 7b . . . . .  |          |          |          |          |          |           |
| <b>8 Public support.</b> (Subtract line 7c from line 6.) . . . . .  |          |          |          |          |          |           |

**Section B. Total Support**

| Calendar year (or fiscal year beginning in) ►   | (a) 2012 | (b) 2013 | (c) 2014 | (d) 2015 | (e) 2016 | (f) Total |
|---|----------|----------|----------|----------|----------|-----------|
| <b>9</b> Amounts from line 6 . . . . .  |          |          |          |          |          |           |
| <b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources . . . . .   |          |          |          |          |          |           |
| <b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 . . . . .  |          |          |          |          |          |           |
| <b>c</b> Add lines 10a and 10b . . . . .  |          |          |          |          |          |           |
| <b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on   |          |          |          |          |          |           |
| <b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) . . . . .   |          |          |          |          |          |           |
| <b>13 Total support.</b> (Add lines 9, 10c, 11, and 12.) . . . . .  |          |          |          |          |          |           |
| <b>14 First five years.</b> 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 <b>stop here</b> . . . . . <input type="checkbox"/> |          |          |          |          |          |           |

**Section C. Computation of Public Support Percentage**

|  |           |   |
|--|-----------|---|
| <b>15</b> Public support percentage for 2016 (line 8, column (f) divided by line 13, column (f)) . . . . . | <b>15</b> | % |
| <b>16</b> Public support percentage from 2015 Schedule A, Part III, line 15 . . . . .                      | <b>16</b> | % |

**Section D. Computation of Investment Income Percentage**

|  |           |   |
|--|-----------|---|
| <b>17</b> Investment income percentage for <b>2016</b> (line 10c, column (f) divided by line 13, column (f)) . . . . .   | <b>17</b> | % |
| <b>18</b> Investment income percentage from <b>2015</b> Schedule A, Part III, line 17 . . . . .  | <b>18</b> | % |
| <b>19a 33 1/3% support tests—2016.</b> 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 <b>stop here.</b> The organization qualifies as a publicly supported organization . . . . . <input type="checkbox"/>         |           |   |
| <b>b 33 1/3% support tests—2015.</b> 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 <b>stop here.</b> The organization qualifies as a publicly supported organization . . . . . <input type="checkbox"/> |           |   |
| <b>20 Private foundation.</b> If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions . . . . . <input type="checkbox"/>  |           |   |

**Part IV Supporting Organizations**

(Complete only if you checked a box in line 12 on Part I. If you checked 12a of Part I, complete Sections A and B. If you checked 12b of Part I, complete Sections A and C. If you checked 12c of Part I, complete Sections A, D, and E. If you checked 12d 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? <i>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.</i>   |     |    |
| 2   | Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? <i>If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).</i>  |     |    |
| 3a  | Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? <i>If "Yes," answer (b) and (c) below.</i>   |     |    |
| 3b  | 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)? <i>If "Yes," describe in Part VI when and how the organization made the determination.</i>  |     |    |
| 3c  | Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? <i>If "Yes," explain in Part VI what controls the organization put in place to ensure such use.</i>   |     |    |
| 4a  | Was any supported organization not organized in the United States ("foreign supported organization")? <i>If "Yes," and if you checked 12a or 12b in Part I, answer (b) and (c) below.</i>  |     |    |
| 4b  | Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? <i>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.</i>   |     |    |
| 4c  | 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)? <i>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.</i>  |     |    |
| 5a  | Did the organization add, substitute, or remove any supported organizations during the tax year? <i>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).</i> |     |    |
| 5b  | <b>Type I or Type II only.</b> Was any added or substituted supported organization part of a class already designated in the organization's organizing document?   |     |    |
| 5c  | <b>Substitutions only.</b> Was the substitution the result of an event beyond the organization's control?  |     |    |
| 6   | Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? <i>If "Yes," provide detail in Part VI.</i>   |     |    |
| 7   | Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>  |     |    |
| 8   | Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>   |     |    |
| 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))? <i>If "Yes," provide detail in Part VI.</i>  |     |    |
| 9b  | Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? <i>If "Yes," provide detail in Part VI.</i>   |     |    |
| 9c  | Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? <i>If "Yes," provide detail in Part VI.</i>  |     |    |
| 10a | Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? <i>If "Yes," answer 10b below.</i>  |     |    |
| 10b | Did the organization have any excess business holdings in the tax year? <i>(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)</i>  |     |    |

**Part IV Supporting Organizations** (continued)

|  | Yes | No |
|--|-----|----|
| <b>11</b> Has the organization accepted a gift or contribution from any of the following persons?  |     |    |
| <b>a</b> 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? |     |    |
| <b>b</b> A family member of a person described in (a) above?   |     |    |
| <b>c</b> A 35% controlled entity of a person described in (a) or (b) above? <i>If "Yes" to a, b, or c, provide detail in Part VI.</i>  |     |    |

**Section B. Type I Supporting Organizations**

|   | Yes | No |
|---|-----|----|
| <b>1</b> 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? <i>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.</i> |     |    |
| <b>2</b> 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? <i>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.</i>   |     |    |

**Section C. Type II Supporting Organizations**

|  | Yes | No |
|--|-----|----|
| <b>1</b> 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)? <i>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).</i> |     |    |

**Section D. All Type III Supporting Organizations**

|   | Yes | No |
|---|-----|----|
| <b>1</b> Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided? |     |    |
| <b>2</b> 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? <i>If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).</i>   |     |    |
| <b>3</b> 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? <i>If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.</i>  |     |    |

**Section E. Type III Functionally Integrated Supporting Organizations**

|   |  |  |
|---|--|--|
| <b>1</b> Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions).  |  |  |
| <b>a</b> <input type="checkbox"/> The organization satisfied the Activities Test. Complete <b>line 2</b> below.   |  |  |
| <b>b</b> <input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete <b>line 3</b> below.  |  |  |
| <b>c</b> <input type="checkbox"/> The organization supported a governmental entity. Describe in <b>Part VI</b> how you supported a government entity (see instructions).  |  |  |
| <b>2</b> Activities Test. <b>Answer (a) and (b) below.</b>  |  |  |
| <b>a</b> 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? <i>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.</i> |  |  |
| <b>b</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? <i>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.</i>  |  |  |
| <b>3</b> Parent of Supported Organizations. <b>Answer (a) and (b) below.</b>  |  |  |
| <b>a</b> 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? <i>Provide details in Part VI.</i>  |  |  |
| <b>b</b> Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? <i>If "Yes," describe in Part VI the role played by the organization in this regard.</i>   |  |  |

**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 (explain in Part VI). **See instructions.** All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

| <b>Section A - Adjusted Net Income</b>  |           | (A) Prior Year | (B) Current Year (optional) |
|---|-----------|----------------|-----------------------------|
| <b>1</b> Net short-term capital gain  | <b>1</b>  |                |                             |
| <b>2</b> Recoveries of prior-year distributions   | <b>2</b>  |                |                             |
| <b>3</b> Other gross income (see instructions)  | <b>3</b>  |                |                             |
| <b>4</b> Add lines 1 through 3.   | <b>4</b>  |                |                             |
| <b>5</b> Depreciation and depletion   | <b>5</b>  |                |                             |
| <b>6</b> 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) | <b>6</b>  |                |                             |
| <b>7</b> Other expenses (see instructions)  | <b>7</b>  |                |                             |
| <b>8 Adjusted Net Income</b> (subtract lines 5, 6, and 7 from line 4).  | <b>8</b>  |                |                             |
| <b>Section B - Minimum Asset Amount</b>   |           | (A) Prior Year | (B) Current Year (optional) |
| <b>1</b> Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):  |           |                |                             |
| <b>a</b> Average monthly value of securities  | <b>1a</b> |                |                             |
| <b>b</b> Average monthly cash balances  | <b>1b</b> |                |                             |
| <b>c</b> Fair market value of other non-exempt-use assets   | <b>1c</b> |                |                             |
| <b>d Total</b> (add lines 1a, 1b, and 1c)   | <b>1d</b> |                |                             |
| <b>e Discount</b> claimed for blockage or other factors (explain in detail in <b>Part VI</b> ):   |           |                |                             |
| <b>2</b> Acquisition indebtedness applicable to non-exempt-use assets   | <b>2</b>  |                |                             |
| <b>3</b> Subtract line 2 from line 1d.  | <b>3</b>  |                |                             |
| <b>4</b> Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions).  | <b>4</b>  |                |                             |
| <b>5</b> Net value of non-exempt-use assets (subtract line 4 from line 3)   | <b>5</b>  |                |                             |
| <b>6</b> Multiply line 5 by .035.   | <b>6</b>  |                |                             |
| <b>7</b> Recoveries of prior-year distributions   | <b>7</b>  |                |                             |
| <b>8 Minimum Asset Amount</b> (add line 7 to line 6)  | <b>8</b>  |                |                             |
| <b>Section C - Distributable Amount</b>   |           |                | Current Year                |
| <b>1</b> Adjusted net income for prior year (from Section A, line 8, Column A)  | <b>1</b>  |                |                             |
| <b>2</b> Enter 85% of line 1.   | <b>2</b>  |                |                             |
| <b>3</b> Minimum asset amount for prior year (from Section B, line 8, Column A)   | <b>3</b>  |                |                             |
| <b>4</b> Enter greater of line 2 or line 3.   | <b>4</b>  |                |                             |
| <b>5</b> Income tax imposed in prior year   | <b>5</b>  |                |                             |
| <b>6 Distributable Amount.</b> Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions).   | <b>6</b>  |                |                             |
| <b>7</b> <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).                                |           |                |                             |

Schedule A (Form 990 or 990-EZ) 2016



**SCHEDULE C**  
**(Form 990 or 990-EZ)**

**Political Campaign and Lobbying Activities**

OMB No. 1545-0047

**2016**

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

**For Organizations Exempt From Income Tax Under section 501(c) and section 527**

▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**  
▶ **Information about Schedule C (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).**

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

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

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

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

**If the organization answered "Yes," on Form 990, Part IV, line 5 (Proxy Tax) (see separate instructions) or Form 990-EZ, Part V, line 35c (Proxy Tax) (see separate instructions), then**

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

|   |   |
|---|---|
| Name of organization<br><b>ST. AGNES HEALTHCARE, INC.</b> | Employer identification number<br><b>52-0591657</b> |
|---|---|

**Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.**

- 1 Provide a description of the organization's direct and indirect political campaign activities in Part IV. (see instructions for definition of "political campaign activities")
- 2 Political campaign activity expenditures (see instructions) . . . . . ▶ \$
- 3 Volunteer hours for political campaign activities (see instructions) . . . . .

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

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

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

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

| (a) Name | (b) Address | (c) EIN | (d) Amount paid from filing organization's funds. If none, enter -0-. | (e) Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter -0-. |
|----------|-------------|---------|---|--|
| (1)      |             |         |   |  |
| (2)      |             |         |   |  |
| (3)      |             |         |   |  |
| (4)      |             |         |   |  |
| (5)      |             |         |   |  |
| (6)      |             |         |   |  |

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

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

| <b>Limits on Lobbying Expenditures</b><br>(The term "expenditures" means amounts paid or incurred.)  |   | (a) Filing organization's totals                | (b) Affiliated group totals                              |                    |                               |   |  |   |  |  |   |                   |              |  |  |
|--|---|---|--|--------------------|-------------------------------|---|--|---|--|--|---|-------------------|--------------|--|--|
| <b>1a</b>  | Total lobbying expenditures to influence public opinion (grass roots lobbying) . . . . .  |   |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| <b>b</b>   | Total lobbying expenditures to influence a legislative body (direct lobbying) . . . . .   |   |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| <b>c</b>   | Total lobbying expenditures (add lines 1a and 1b) . . . . .   |   |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| <b>d</b>   | Other exempt purpose expenditures . . . . .   |   |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| <b>e</b>   | Total exempt purpose expenditures (add lines 1c and 1d) . . . . .   |   |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| <b>f</b>   | Lobbying nontaxable amount. Enter the amount from the following table in both columns.  |   |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| <table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">If the amount on line 1e, column (a) or (b) is:</th> <th style="text-align: left;">The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e.</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000.</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000.</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000.</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000.</td> </tr> </tbody> </table> |   | If the amount on line 1e, column (a) or (b) is: | The lobbying nontaxable amount is:                       | Not over \$500,000 | 20% of the amount on line 1e. | Over \$500,000 but not over \$1,000,000 | \$100,000 plus 15% of the excess over \$500,000. | Over \$1,000,000 but not over \$1,500,000 | \$175,000 plus 10% of the excess over \$1,000,000. | Over \$1,500,000 but not over \$17,000,000 | \$225,000 plus 5% of the excess over \$1,500,000. | Over \$17,000,000 | \$1,000,000. |  |  |
| If the amount on line 1e, column (a) or (b) is:  | The lobbying nontaxable amount is:  |   |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| Not over \$500,000   | 20% of the amount on line 1e.   |   |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| Over \$500,000 but not over \$1,000,000  | \$100,000 plus 15% of the excess over \$500,000.  |   |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| Over \$1,000,000 but not over \$1,500,000  | \$175,000 plus 10% of the excess over \$1,000,000.  |   |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| Over \$1,500,000 but not over \$17,000,000   | \$225,000 plus 5% of the excess over \$1,500,000.   |   |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| Over \$17,000,000  | \$1,000,000.  |   |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| <b>g</b>   | Grassroots nontaxable amount (enter 25% of line 1f) . . . . .   |   |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| <b>h</b>   | Subtract line 1g from line 1a. If zero or less, enter -0- . . . . .   |   |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| <b>i</b>   | Subtract line 1f from line 1c. If zero or less, enter -0- . . . . .   |   |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| <b>j</b>   | If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? . . . . . |   | <input type="checkbox"/> Yes <input type="checkbox"/> No |                    |                               |   |  |   |  |  |   |                   |              |  |  |

**4-Year Averaging Period Under section 501(h)**  
 (Some organizations that made a section 501(h) election do not have to complete all of the five columns below.  
 See the separate instructions for lines 2a through 2f.)

| <b>Lobbying Expenditures During 4-Year Averaging Period</b>      |          |          |          |          |           |
|--|----------|----------|----------|----------|-----------|
| Calendar year (or fiscal year beginning in)                      | (a) 2013 | (b) 2014 | (c) 2015 | (d) 2016 | (e) Total |
| <b>2a</b> Lobbying nontaxable amount                             |          |          |          |          |           |
| <b>b</b> Lobbying ceiling amount (150% of line 2a, column (e))   |          |          |          |          |           |
| <b>c</b> Total lobbying expenditures                             |          |          |          |          |           |
| <b>d</b> Grassroots nontaxable amount                            |          |          |          |          |           |
| <b>e</b> Grassroots ceiling amount (150% of line 2d, column (e)) |          |          |          |          |           |
| <b>f</b> Grassroots lobbying expenditures                        |          |          |          |          |           |

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

For each "Yes," response on lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.

|  | (a) |    | (b)    |
|--|-----|----|--------|
|  | Yes | No | Amount |
| <b>1</b> During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of: |     |    |        |
| <b>a</b> Volunteers?   |     | ✓  |        |
| <b>b</b> Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?  |     | ✓  |        |
| <b>c</b> Media advertisements?   |     | ✓  |        |
| <b>d</b> Mailings to members, legislators, or the public?  |     | ✓  |        |
| <b>e</b> Publications, or published or broadcast statements?   |     | ✓  |        |
| <b>f</b> Grants to other organizations for lobbying purposes?  |     | ✓  |        |
| <b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body?   |     | ✓  |        |
| <b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?   |     | ✓  |        |
| <b>i</b> Other activities?   | ✓   |    | 24,844 |
| <b>j</b> Total. Add lines 1c through 1i  |     |    | 24,844 |
| <b>2a</b> Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?  |     | ✓  |        |
| <b>b</b> If "Yes," enter the amount of any tax incurred under section 4912   |     |    |        |
| <b>c</b> If "Yes," enter the amount of any tax incurred by organization managers under section 4912  |     |    |        |
| <b>d</b> If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?  |     |    |        |

**Part III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).**

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

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

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

**Part IV Supplemental Information**

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

SEE NEXT PAGE

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Part IV

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

| Return Reference - Identifier  | Explanation  |
|--|--|
| <p>SCHEDULE C, PART II-B, LINE 1 - DETAILED DESCRIPTION OF THE LOBBYING ACTIVITY</p> | <p>LOBBYING EXPENSES REPRESENT THE DUES PAID TO NATIONAL AND STATE HOSPITAL ASSOCIATIONS, A PORTION OF WHICH IS SPECIFICALLY ALLOCABLE TO LOBBYING.</p> <p>ST. AGNES, INC. DOES NOT PARTICIPATE IN OR INTERVENE IN (INCLUDING THE PUBLISHING OR DISTRIBUTING OF STATEMENTS) ANY POLITICAL CAMPAIGN ON BEHALF OF (OR IN OPPOSITION TO) ANY CANDIDATE FOR PUBLIC OFFICE.</p> |

Supplemental Financial Statements

Complete if the organization answered "Yes" on 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.

Name of the organization: ST. AGNES HEALTHCARE, INC. Employer identification number: 52-0591657

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

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows include: 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... Yes No, 6 Did the organization inform all grantees... Yes No

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

Table with 2 columns: Question, Held at the End of the Tax Year. Rows include: 1 Purpose(s) of conservation easements, 2 Complete lines 2a through 2d if the organization held a qualified conservation contribution..., 3 Number of conservation easements modified..., 4 Number of states where property subject to conservation easement is located, 5 Does the organization have a written policy..., 6 Staff and volunteer hours..., 7 Amount of expenses..., 8 Does each conservation easement..., 9 In Part XIII, describe how the organization reports...

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

Table with 2 columns: Question, Amount. Rows include: 1a If the organization elected, as permitted under SFAS 116..., 1b If the organization elected, as permitted under SFAS 116..., 2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain...

**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" on 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 |
|---|--------|
| <b>1c</b> Beginning balance             |        |
| <b>1d</b> Additions during the year     |        |
| <b>1e</b> Distributions during the year |        |
| <b>1f</b> 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 on Part XIII

**Part V Endowment Funds.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

|   | (a) Current year | (b) Prior year | (c) Two years back | (d) Three years back | (e) Four years back |
|---|------------------|----------------|--------------------|----------------------|---------------------|
| <b>1a</b> Beginning of year balance                     | 624,222          | 625,190        | 614,329            | 570,832              | 2,944,473           |
| <b>b</b> Contributions                                  |                  |                | 0                  | 0                    | 0                   |
| <b>c</b> Net investment earnings, gains, and losses     | 34,141           | (968)          | 10,861             | 43,497               | (4,774,700)         |
| <b>d</b> Grants or scholarships                         |                  |                | 0                  | 0                    | 0                   |
| <b>e</b> Other expenditures for facilities and programs |                  |                | 0                  | 0                    | (2,401,059)         |
| <b>f</b> Administrative expenses                        |                  |                | 0                  | 0                    | 0                   |
| <b>g</b> End of year balance                            | 658,363          | 624,222        | 625,190            | 614,329              | 570,832             |

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

- a** Board designated or quasi-endowment ▶ 0.00 %
- b** Permanent endowment ▶ 20.00 %
- c** Temporarily restricted endowment ▶ 80.00 %

The percentages on 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
- (ii)** related organizations

|               | Yes | No |
|---------------|-----|----|
| <b>3a(i)</b>  | ✓   |    |
| <b>3a(ii)</b> |     | ✓  |
| <b>3b</b>     |     |    |

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

**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" on 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 |
|--|--------------------------------------|---------------------------------|------------------------------|----------------|
| <b>1a</b> Land   |                                      | 10,252,790                      |                              | 10,252,790     |
| <b>b</b> Buildings   |                                      | 261,686,954                     | 101,395,671                  | 160,291,283    |
| <b>c</b> Leasehold improvements  |                                      | 9,388,056                       | 3,876,298                    | 5,511,758      |
| <b>d</b> Equipment   |                                      | 99,911,202                      | 75,603,485                   | 24,307,717     |
| <b>e</b> Other   |                                      | 26,292,803                      | 5,127,234                    | 21,165,569     |
| <b>Total.</b> Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.) |                                      |                                 |                              | 221,529,117    |

**Part VII Investments—Other Securities.**

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

| (a) Description of security or category<br>(including name of security)     | (b) Book value | (c) Method of valuation:<br>Cost or end-of-year market value |
|---|----------------|--|
| (1) Financial derivatives . . . . .   |                |  |
| (2) Closely-held equity interests . . . . .                                 |                |  |
| (3) Other _____   |                |  |
| (A) _____   |                |  |
| (B) _____   |                |  |
| (C) _____   |                |  |
| (D) _____   |                |  |
| (E) _____   |                |  |
| (F) _____   |                |  |
| (G) _____   |                |  |
| (H) _____   |                |  |
| <b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 12.) ► |                |  |

**Part VIII Investments—Program Related.**

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

| (a) Description of investment   | (b) Book value | (c) Method of valuation:<br>Cost or end-of-year market value |
|---|----------------|--|
| (1) EQUITY INVESTMENT IN MARYLAND PHYSICIANS CARE                           | 27,004,573     | COST   |
| (2)   |                |  |
| (3)   |                |  |
| (4)   |                |  |
| (5)   |                |  |
| (6)   |                |  |
| (7)   |                |  |
| (8)   |                |  |
| (9)   |                |  |
| <b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 13.) ► | 27,004,573     |  |

**Part IX Other Assets.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

| (a) Description   | (b) Book value |
|---|----------------|
| (1) INTEREST IN FOUNDATION NET ASSETS   | 1,787,655      |
| (2) DEFERRED COMPENSATION ASSET   | 12,979,392     |
| (3) DUE FROM AFFILIATES   | 3,753,461      |
| (4) OTHER RECEIVABLES   | 921,111        |
| (5) OTHER ASSETS  | 277,648        |
| (6) SECURITY DEPOSITS   | 308,758        |
| (7)   |                |
| (8)   |                |
| (9)   |                |
| <b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 15.) . . . . . ► | 20,028,025     |

**Part X Other Liabilities.**

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

| 1. (a) Description of liability   | (b) Book value |
|---|----------------|
| (1) Federal income taxes  |                |
| (2) DEBT WITH ASCENSION HEALTH ALLIANCE                                     | 75,167,980     |
| (3) ESTIMATED SETTLEMENT TO THIRD-PARTY PAYOR                               | 31,355         |
| (4) PENSION PLAN LIABILITY  | 17,128,587     |
| (5) AH SAVINGS PLAN LIABILITY   | 2,350,000      |
| (6) DEFERRED COMPENSATION LIABILITY   | 12,979,392     |
| (7) DUE TO AFFILIATES   | 42,607,515     |
| (8) AT-RISK LIABILITY   | 1,475,000      |
| (9) (SEE STATEMENT)   |                |
| <b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 25.) ► | 154,983,427    |

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



**Schedule D**

Other Liabilities - Complete if the organization answered "Yes" to

**Part X**

Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

| (a) Description of liability | (b) Book value |
|------------------------------|----------------|
| Other Liabilities            | 26,338         |
| Recovery Tail Liability      | 307,099        |
| Valuation Allowance          | 2,910,161      |

**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 - Identifier                                 | Explanation  |
|---|--|
| SCHEDULE D, PART V, LINE 4 - INTENDED USES OF ENDOWMENT FUNDS | <p>WHITEFORD ENDOWMENT - 50% TO BE UTILIZED TO ERECT A WING OR ADDITIONAL BUILDING, ADDITIONAL 50% MAY BE USED TO SUPPORT HOSPITAL OPERATIONS.</p> <p>BROWNE ENDOWMENT - ESTABLISHED FOR USE BY CARDIAC UNIT TO AID THE INDIGENT.</p> <p>GITTINGS ENDOWMENT - CREATED TO PROVIDE A BED IN THE CHILDREN'S WARD.</p>   |
| SCHEDULE D, PART X, LINE 2 - FIN 48 (ASC 740) FOOTNOTE        | <p>THE SYSTEM ACCOUNTS FOR UNCERTAINTY IN INCOME TAX POSITIONS BY APPLYING A RECOGNITION THRESHOLD AND MEASUREMENT ATTRIBUTE FOR FINANCIAL STATEMENT RECOGNITION AND MEASUREMENT OF A TAX POSITION TAKEN OR EXPECTED TO BE TAKEN IN A TAX RETURN. THE SYSTEM HAS DETERMINED THAT NO MATERIAL UNRECOGNIZED TAX BENEFITS OR LIABILITIES EXIST AS OF JUNE 30, 2017.</p> |

**SCHEDULE H  
(Form 990)**

**Hospitals**

OMB No. 1545-0047

**2016**

**Open to Public Inspection**

▶ **Complete if the organization answered "Yes" on 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](http://www.irs.gov/form990).**

Department of the Treasury  
Internal Revenue Service

|   |   |
|---|---|
| <b>Name of the organization</b><br>ST. AGNES HEALTHCARE, INC. | <b>Employer identification number</b><br>52 0591657 |
|---|---|

**Part I Financial Assistance and Certain Other Community Benefits at Cost**

|  | Yes | No |
|--|-----|----|
| <b>1a</b> Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a . . . . .  | ✓   |    |
| <b>1b</b> If "Yes," was it a written policy? . . . . .   | ✓   |    |
| <b>2</b> 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.<br><input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities<br><input type="checkbox"/> Generally tailored to individual hospital facilities |     |    |
| <b>3</b> 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.  |     |    |
| <b>a</b> Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free care</i> ? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care:<br><input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>250</u> %  | ✓   |    |
| <b>b</b> Did the organization use FPG as a factor in determining eligibility for providing <i>discounted care</i> ? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: . . . . .<br><input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input checked="" type="checkbox"/> 400% <input type="checkbox"/> Other _____ %              | ✓   |    |
| <b>c</b> 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.   |     |    |
| <b>4</b> 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"? . . . . .  | ✓   |    |
| <b>5a</b> Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?  | ✓   |    |
| <b>b</b> If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? . . . . .  | ✓   |    |
| <b>c</b> 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? . . . . .  |     | ✓  |
| <b>6a</b> Did the organization prepare a community benefit report during the tax year? . . . . .   | ✓   |    |
| <b>b</b> If "Yes," did the organization make it available to the public? . . . . .   | ✓   |    |

**7 Financial Assistance and Certain Other Community Benefits at Cost**

| <b>Financial Assistance and Means-Tested Government Programs</b>   | <b>(a) Number of activities or programs (optional)</b> | <b>(b) Persons served (optional)</b> | <b>(c) Total community benefit expense</b> | <b>(d) Direct offsetting revenue</b> | <b>(e) Net community benefit expense</b> | <b>(f) Percent of total expense</b> |
|--|--|--------------------------------------|--|--------------------------------------|--|-------------------------------------|
| <b>a</b> Financial Assistance at cost (from Worksheet 1) . . . . .   |  |                                      | 14,212,189                                 |                                      | 14,212,189                               | 3.44                                |
| <b>b</b> Medicaid (from Worksheet 3, column a)   |  |                                      | 17,372,673                                 | 10,159,751                           | 7,212,922                                | 1.75                                |
| <b>c</b> Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .              |  |                                      |  |                                      | 0  | 0.00                                |
| <b>d Total</b> Financial Assistance and Means-Tested Government Programs                                     | 0  | 0                                    | 31,584,862                                 | 10,159,751                           | 21,425,111                               | 5.18                                |
| <b>Other Benefits</b>  |  |                                      |  |                                      |  |                                     |
| <b>e</b> Community health improvement services and community benefit operations (from Worksheet 4) . . . . . |  |                                      | 1,972,194                                  | 39,270                               | 1,932,924                                | 0.47                                |
| <b>f</b> Health professions education (from Worksheet 5) . . . . .   |  |                                      | 7,546,994                                  |                                      | 7,546,994                                | 1.83                                |
| <b>g</b> Subsidized health services (from Worksheet 6) . . . . .   |  |                                      | 27,389,970                                 | 12,559,417                           | 14,830,553                               | 3.59                                |
| <b>h</b> Research (from Worksheet 7) . . . . .   |  |                                      | 476,509                                    | 284,892                              | 191,617                                  | 0.05                                |
| <b>i</b> Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .                   |  |                                      | 571,690                                    |                                      | 571,690                                  | 0.14                                |
| <b>j Total.</b> Other Benefits . . . . .   | 0  | 0                                    | 37,957,357                                 | 12,883,579                           | 25,073,778                               | 6.07                                |
| <b>k Total.</b> Add lines 7d and 7j . . . . .  | 0  | 0                                    | 69,542,219                                 | 23,043,330                           | 46,498,889                               | 11.25                               |

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

Cat. No. 50192T

Schedule H (Form 990) 2016

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

|   | (a) Number of activities or programs (optional) | (b) Persons served (optional) | (c) Total community building expense | (d) Direct offsetting revenue | (e) Net community building expense | (f) Percent of total expense |
|---|---|-------------------------------|--------------------------------------|-------------------------------|------------------------------------|------------------------------|
| 1 Physical improvements and housing                         |   |                               | 514,018                              | 24,000                        | 490,018                            | 0.12                         |
| 2 Economic development                                      |   |                               |                                      |                               | 0                                  | 0.00                         |
| 3 Community support   |   |                               | 5,866                                | 30,000                        | (24,134)                           | 0.00                         |
| 4 Environmental improvements                                |   |                               |                                      |                               | 0                                  | 0.00                         |
| 5 Leadership development and training for community members |   |                               |                                      |                               | 0                                  | 0.00                         |
| 6 Coalition building  |   |                               |                                      |                               | 0                                  | 0.00                         |
| 7 Community health improvement advocacy                     |   |                               |                                      |                               | 0                                  | 0.00                         |
| 8 Workforce development                                     |   |                               |                                      |                               | 0                                  | 0.00                         |
| 9 Other   |   |                               |                                      |                               | 0                                  | 0.00                         |
| <b>10 Total</b>   | <b>0</b>  | <b>0</b>                      | <b>519,884</b>                       | <b>54,000</b>                 | <b>465,884</b>                     | <b>0.11</b>                  |

**Part III Bad Debt, Medicare, & Collection Practices**

**Section A. Bad Debt Expense**

|   |   | Yes | No       |
|---|---|-----|----------|
| 1 | Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?   | 1   | ✓        |
| 2 | Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount . . . . .  | 2   | 517,616  |
| 3 | Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit. . . . . | 3   | (82,608) |
| 4 | Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.   |     |          |

**Section B. Medicare**

|   |   |   |             |
|---|---|---|-------------|
| 5 | Enter total revenue received from Medicare (including DSH and IME) . . . . .  | 5 | 161,179,746 |
| 6 | Enter Medicare allowable costs of care relating to payments on line 5 . . . . .   | 6 | 146,052,614 |
| 7 | Subtract line 6 from line 5. This is the surplus (or shortfall) . . . . .   | 7 | 15,127,132  |
| 8 | Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used:<br><input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other |   |             |

**Section C. Collection Practices**

|    |   |    |   |
|----|---|----|---|
| 9a | Did the organization have a written debt collection policy during the tax year? . . . . .   | 9a | ✓ |
| 9b | If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI . . . . . | 9b | ✓ |

**Part IV Management 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<br>(list in order of size, from largest to smallest—see instructions)<br>How many hospital facilities did the organization operate during the tax year? <u>1</u>   | Licensed hospital | General medical & | Children's hospital | Teaching hospital | Critical access ho | Research facility | ER-24 hours | ER—other | Other (describe) | Facility reporting group |
|---|-------------------|-------------------|---------------------|-------------------|--------------------|-------------------|-------------|----------|------------------|--------------------------|
| 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)<br><u>1 ST. AGNES HEALTHCARE, INC.</u><br><u>900 CATON AVENUE, BALTIMORE, MD 21229</u><br><u>HTTP://WWW.STAGNES.ORG/ STATE LICENSE NO. : 30-059</u> | ✓                 | ✓                 |                     | ✓                 |                    | ✓                 | ✓           |          |                  |                          |
| <b>2</b>  |                   |                   |                     |                   |                    |                   |             |          |                  |                          |
| <b>3</b>  |                   |                   |                     |                   |                    |                   |             |          |                  |                          |
| <b>4</b>  |                   |                   |                     |                   |                    |                   |             |          |                  |                          |
| <b>5</b>  |                   |                   |                     |                   |                    |                   |             |          |                  |                          |
| <b>6</b>  |                   |                   |                     |                   |                    |                   |             |          |                  |                          |
| <b>7</b>  |                   |                   |                     |                   |                    |                   |             |          |                  |                          |
| <b>8</b>  |                   |                   |                     |                   |                    |                   |             |          |                  |                          |
| <b>9</b>  |                   |                   |                     |                   |                    |                   |             |          |                  |                          |
| <b>10</b>   |                   |                   |                     |                   |                    |                   |             |          |                  |                          |

**Part 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)

Name of hospital facility or letter of facility reporting group ST. AGNES HEALTHCARE, INC.

Line number of hospital facility, or line numbers of hospital facilities in a facility reporting group (from Part V, Section A): 1

**Community Health Needs Assessment**

|   | Yes | No |
|---|-----|----|
| <b>1</b> 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? . . . . .   |     | ✓  |
| <b>2</b> 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 . . . . .  |     | ✓  |
| <b>3</b> During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 12 . . . . .   | ✓   |    |
| If "Yes," indicate what the CHNA report describes (check all that apply):   |     |    |
| <b>a</b> <input checked="" type="checkbox"/> A definition of the community served by the hospital facility  |     |    |
| <b>b</b> <input checked="" type="checkbox"/> Demographics of the community  |     |    |
| <b>c</b> <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  |     |    |
| <b>d</b> <input checked="" type="checkbox"/> How data was obtained  |     |    |
| <b>e</b> <input checked="" type="checkbox"/> The significant health needs of the community  |     |    |
| <b>f</b> <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups  |     |    |
| <b>g</b> <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs  |     |    |
| <b>h</b> <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests   |     |    |
| <b>i</b> <input type="checkbox"/> The impact of any actions taken to address the significant health needs identified in the hospital facility's prior CHNA(s)   |     |    |
| <b>j</b> <input type="checkbox"/> Other (describe in Section C)   |     |    |
| <b>4</b> Indicate the tax year the hospital facility last conducted a CHNA: <u>20 15</u>  |     |    |
| <b>5</b> 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 . . . . . | ✓   |    |
| <b>6a</b> Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C . . . . .  |     | ✓  |
| <b>6b</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 . . . . .   |     | ✓  |
| <b>7</b> Did the hospital facility make its CHNA report widely available to the public? . . . . .   | ✓   |    |
| If "Yes," indicate how the CHNA report was made widely available (check all that apply):  |     |    |
| <b>a</b> <input checked="" type="checkbox"/> Hospital facility's website (list url): <u>HTTP://WWW.STAGNES.ORG/ABOUT-US/COMMUNITY/</u>  |     |    |
| <b>b</b> <input type="checkbox"/> Other website (list url): _____   |     |    |
| <b>c</b> <input checked="" type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility  |     |    |
| <b>d</b> <input checked="" type="checkbox"/> Other (describe in Section C)  |     |    |
| <b>8</b> 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 . . . . .  | ✓   |    |
| <b>9</b> Indicate the tax year the hospital facility last adopted an implementation strategy: <u>20 15</u>  |     |    |
| <b>10</b> Is the hospital facility's most recently adopted implementation strategy posted on a website? . . . . .   | ✓   |    |
| <b>a</b> If "Yes," (list url): <u>HTTP://WWW.STAGNES.ORG/ABOUT-US/COMMUNITY/</u>  |     |    |
| <b>b</b> If "No," is the hospital facility's most recently adopted implementation strategy attached to this return? . . . . .   |     |    |
| <b>11</b> 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.  |     |    |
| <b>12a</b> 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)? . . . . .  |     | ✓  |
| <b>b</b> If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax? . . . . .   |     |    |
| <b>c</b> 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)

**Financial Assistance Policy (FAP)**

Name of hospital facility or letter of facility reporting group ST. AGNES HEALTHCARE, INC.

|   |   | Yes | No |
|---|---|-----|----|
| Did the hospital facility have in place during the tax year a written financial assistance policy that: |   |     |    |
| <b>13</b>   | Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care?<br>If "Yes," indicate the eligibility criteria explained in the FAP:   | ✓   |    |
| <b>a</b>  | <input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>2 5 0</u> % and FPG family income limit for eligibility for discounted care of <u>4 0 0</u> %  |     |    |
| <b>b</b>  | <input type="checkbox"/> Income level other than FPG (describe in Section C)  |     |    |
| <b>c</b>  | <input checked="" type="checkbox"/> Asset level   |     |    |
| <b>d</b>  | <input checked="" type="checkbox"/> Medical indigency   |     |    |
| <b>e</b>  | <input type="checkbox"/> Insurance status   |     |    |
| <b>f</b>  | <input type="checkbox"/> Underinsurance status  |     |    |
| <b>g</b>  | <input type="checkbox"/> Residency  |     |    |
| <b>h</b>  | <input type="checkbox"/> Other (describe in Section C)  |     |    |
| <b>14</b>   | Explained the basis for calculating amounts charged to patients?  | ✓   |    |
| <b>15</b>   | Explained the method for applying for financial assistance?<br>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):  | ✓   |    |
| <b>a</b>  | <input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application  |     |    |
| <b>b</b>  | <input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application  |     |    |
| <b>c</b>  | <input checked="" type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process  |     |    |
| <b>d</b>  | <input checked="" type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications  |     |    |
| <b>e</b>  | <input type="checkbox"/> Other (describe in Section C)  |     |    |
| <b>16</b>   | Was widely publicized within the community served by the hospital facility?<br>If "Yes," indicate how the hospital facility publicized the policy (check all that apply):   | ✓   |    |
| <b>a</b>  | <input checked="" type="checkbox"/> The FAP was widely available on a website (list url): <u>(SEE STATEMENT)</u>  |     |    |
| <b>b</b>  | <input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>(SEE STATEMENT)</u>   |     |    |
| <b>c</b>  | <input checked="" type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url): <u>(SEE STATEMENT)</u>  |     |    |
| <b>d</b>  | <input type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)   |     |    |
| <b>e</b>  | <input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)   |     |    |
| <b>f</b>  | <input checked="" 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)  |     |    |
| <b>g</b>  | <input checked="" type="checkbox"/> Individuals were notified about the FAP by being offered a paper copy of the plain language summary of the FAP, by receiving a conspicuous written notice about the FAP on their billing statements, and via conspicuous public displays or other measures reasonably calculated to attract patients' attention |     |    |
| <b>h</b>  | <input type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP  |     |    |
| <b>i</b>  | <input checked="" type="checkbox"/> The FAP, FAP application form, and plain language summary of the FAP were translated into the primary language(s) spoken by LEP populations   |     |    |
| <b>j</b>  | <input checked="" type="checkbox"/> Other (describe in Section C)   |     |    |

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

**Billing and Collections**

Name of hospital facility or letter of facility reporting group ST. AGNES HEALTHCARE, INC.

|  |   | Yes | No |
|--|---|-----|----|
| <b>17</b>  | Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained all of the actions the hospital facility or other authorized party may take upon nonpayment? . . . . . | ✓   |    |
| <b>18</b>  | Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP:                                |     |    |
| <b>a</b>   | <input type="checkbox"/> Reporting to credit agency(ies)  |     |    |
| <b>b</b>   | <input type="checkbox"/> Selling an individual's debt to another party  |     |    |
| <b>c</b>   | <input type="checkbox"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP   |     |    |
| <b>d</b>   | <input type="checkbox"/> Actions that require a legal or judicial process   |     |    |
| <b>e</b>   | <input type="checkbox"/> Other similar actions (describe in Section C)  |     |    |
| <b>f</b>   | <input checked="" type="checkbox"/> None of these actions or other similar actions were permitted   |     |    |
| <b>19</b>  | Did the hospital facility or other authorized 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: |   |     |    |
| <b>a</b>   | <input type="checkbox"/> Reporting to credit agency(ies)  |     |    |
| <b>b</b>   | <input type="checkbox"/> Selling an individual's debt to another party  |     |    |
| <b>c</b>   | <input type="checkbox"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP   |     |    |
| <b>d</b>   | <input type="checkbox"/> Actions that require a legal or judicial process   |     |    |
| <b>e</b>   | <input type="checkbox"/> Other similar actions (describe in Section C)  |     |    |
| <b>20</b>  | Indicate which efforts the hospital facility or other authorized party made before initiating any of the actions listed (whether or not checked) in line 19 (check all that apply):   |     |    |
| <b>a</b>   | <input checked="" type="checkbox"/> Provided a written notice about upcoming ECAs (Extraordinary Collection Action) and a plain language summary of the FAP at least 30 days before initiating those ECAs   |     |    |
| <b>b</b>   | <input type="checkbox"/> Made a reasonable effort to orally notify individuals about the FAP and FAP application process  |     |    |
| <b>c</b>   | <input checked="" type="checkbox"/> Processed incomplete and complete FAP applications  |     |    |
| <b>d</b>   | <input checked="" type="checkbox"/> Made presumptive eligibility determinations   |     |    |
| <b>e</b>   | <input type="checkbox"/> Other (describe in Section C)  |     |    |
| <b>f</b>   | <input type="checkbox"/> None of these efforts were made  |     |    |

**Policy Relating to Emergency Medical Care**

|                        |   |   |  |
|------------------------|---|---|--|
| <b>21</b>              | 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: |   |   |  |
| <b>a</b>               | <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions  |   |  |
| <b>b</b>               | <input type="checkbox"/> The hospital facility's policy was not in writing  |   |  |
| <b>c</b>               | <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)  |   |  |
| <b>d</b>               | <input type="checkbox"/> Other (describe in Section C)  |   |  |

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

**Charges to Individuals Eligible for Assistance Under the FAP (FAP-Eligible Individuals)**

Name of hospital facility or letter of facility reporting group ST. AGNES HEALTHCARE, INC.

|           |  | Yes       | No |
|-----------|--|-----------|----|
| <b>22</b> | 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.   |           |    |
| <b>a</b>  | <input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service during a prior 12-month period  |           |    |
| <b>b</b>  | <input checked="" type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period                                    |           |    |
| <b>c</b>  | <input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicaid, either alone or in combination with Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period |           |    |
| <b>d</b>  | <input type="checkbox"/> The hospital facility used a prospective Medicare or Medicaid method  |           |    |
| <b>23</b> | 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? . . . . .   | <b>23</b> | ✓  |
|           | If "Yes," explain in Section C.  |           |    |
| <b>24</b> | 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? . . . . .   | <b>24</b> | ✓  |
|           | If "Yes," explain in Section C.  |           |    |

Schedule H (Form 990) 2016

**Supplemental Information.** 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.

| Return Reference - Identifier   | Explanation   |
|---|---|
| <p>SCHEDULE H, PART V, SECTION B, LINE 5 - INPUT FROM PERSONS WHO REPRESENT BROAD INTERESTS OF COMMUNITY SERVED</p> | <p>FACILITY NAME:<br/>ST. AGNES HEALTHCARE, INC.</p> <p>DESCRIPTION:<br/>THE ASSESSMENT PROCESS INVOLVED QUANTITATIVE AND QUALITATIVE COMPONENTS. ST. AGNES ENGAGED THE PARTICIPATION OF THE GENERAL PUBLIC AS WELL AS KEY INTERNAL AND EXTERNAL STAKEHOLDERS WHO REPRESENT THE BROAD INTEREST OF THE COMMUNITIES SERVED BY ST. AGNES TO REVIEW THE QUANTITATIVE ANALYSIS. THE PUBLIC PROVIDED INPUT THROUGH A STRUCTURED ONLINE SURVEY AND VIA FOCUS GROUPS ACROSS THE ASSESSMENT PROCESS DURING FISCAL YEAR 2016. THE INTERNAL AND EXTERNAL STAKEHOLDERS WERE INDIVIDUALS WITH EXPERTISE IN PROVISION OF HEALTH CARE SERVICES AND PUBLIC HEALTH AND INCLUDED COMMUNITY LEADERS, PHYSICIANS, NURSING, SOCIAL WORK, PASTORAL CARE, EMERGENCY OUTPATIENT AND MANAGEMENT REPRESENTATIVES AND A BROAD RANGE OF COMMUNITY ORGANIZATIONS.</p> <p>A FULL LIST OF INTERNAL AND EXTERNAL STAKEHOLDERS CAN BE FOUND IN APPENDIX 6 OF THE COMMUNITY HEALTH NEEDS ASSESSMENT WHICH IS LOCATED ON THE SAINT AGNES HEALTHCARE WEBSITE USING THE FOLLOWING LINK: <a href="http://www.stagnes.org/about-us/community/">HTTP://WWW.STAGNES.ORG/ABOUT-US/COMMUNITY/</a></p> <p>KEY EXTERNAL STAKEHOLDERS INCLUDE REPRESENTATIVES FROM THE AMERICAN DIABETES ASSOCIATION, BALTIMORE CITY HEALTH DEPARTMENT, BALTIMORE MEDICAL SYSTEMS, CATHOLIC CHARITIES, EQUITY MATTERS, GREEN AND HEALTHY HOMES, HEALTHCARE ACCESS MARYLAND, THE CAROLINE CENTER, UNIVERSITY OF MARYLAND SCHOOL OF NURSING, UNIVERSITY OF MARYLAND SCHOOL OF SOCIAL WORK, AND WEST BALTIMORE MAHA SAMPATH.</p> <p>A QUANTITATIVE ASSESSMENT WAS CONDUCTED USING A SURVEY ADMINISTERED ELECTRONICALLY AND ON PAPER TO GAIN BROAD PUBLIC INPUT. A COPY OF THE SURVEY IS INCLUDED AS APPENDIX 2 OF THE COMMUNITY HEALTH NEEDS ASSESSMENT WHICH IS AVAILABLE ON THE HOSPITAL'S WEBSITE.</p> <p>A QUALITATIVE ASSESSMENT WAS CONDUCTED USING FOCUS GROUPS FACILITATED BY OBSERVATION BALTIMORE; A DIVISION OF THE RESEARCH GROUP/FAMILY RESEARCH CENTER. SIX FOCUS GROUPS WERE CONDUCTED FOR SAINT AGNES HOSPITAL TO BETTER UNDERSTAND THE HEALTHCARE NEEDS OF THE MEDICALLY UNDERSERVED, LOW-INCOME, AND MINORITY POPULATIONS IN THE MOST VULNERABLE COMMUNITIES IDENTIFIED IN THE FY13 ASSESSMENT. THE COMPOSITION OF THE FOCUS GROUPS WAS RECRUITED TO MATCH THE DEMOGRAPHIC COMPOSITION OF THE COMMUNITY'S SURVEY. PARTICIPANTS WERE ALSO INCLUDED BY EITHER A PERSONAL HISTORY OR FAMILY HISTORY OF CHRONIC DISEASE WITH A CONSIDERATION OF ENVIRONMENTAL RISKS (SPECIFICALLY SMOKING TOBACCO, DRINKING ALCOHOL DAILY OR OCCASIONALLY, AND USE OF NON-PRESCRIPTION DRUGS). THE HISPANIC POPULATION WAS ALSO TARGETED TO ENSURE INPUT FROM ALL ETHNICITIES.</p> |
| <p>SCHEDULE H, PART V, SECTION B, LINE 7D - OTHER METHODS CHNA REPORT MADE WIDELY AVAILABLE</p>                     | <p>FACILITY NAME:<br/>ST. AGNES HEALTHCARE, INC.</p> <p>DESCRIPTION:<br/>MANAGEMENT GAVE MULTIPLE PRESENTATIONS OF THE CHNA TO VARIOUS COMMUNITY GROUPS AND THE BALTIMORE CITY HEALTH DEPARTMENT.</p>   |

| Return Reference - Identifier  | Explanation  |
|--|--|
| <p>SCHEDULE H, PART V,<br/>SECTION B, LINE 11 - HOW<br/>HOSPITAL FACILITY IS<br/>ADDRESSING NEEDS<br/>IDENTIFIED IN CHNA</p> | <p>FACILITY NAME:<br/>ST. AGNES HEALTHCARE, INC.</p> <p>DESCRIPTION:<br/>AFTER USING BOTH PRIMARY AND SECONDARY RESEARCH METHODS TO ASSESS THE HEALTH NEEDS OF THE COMMUNITY AND TAKING INTO ACCOUNT THE INPUT RECEIVED FROM PERSONS WHO REPRESENT THE BROAD INTERESTS OF THE COMMUNITY, INCLUDING THOSE WITH SPECIAL KNOWLEDGE OF OR EXPERTISE IN PUBLIC HEALTH, THE COMMUNITY HEALTH ADVISORY COUNCIL PRIORITIZED THE TOP THREE HEALTH NEEDS AS A RESULT OF THE ASSESSMENT.</p> <p>ADDRESS OBESITY AND DIABETES PREVALANCE - THE GOAL OF ADDRESSING OBESITY AND DIABETES PREVALENCE IS TO INCREASE AWARENESS OF AND ACCESS TO MEDICAL AND SURGICAL OPTIONS FOR REDUCING OBESITY AND DIABETES, PARTICULARLY FOR THE VULNERABLE POPULATION. THE STRATEGY TO ACHIEVE THIS GOAL IS TO PROVIDE INCREASED OUTREACH, EDUCATION AND MEDICAL INTERVENTION WHEN APPROPRIATE TO PATIENTS SUFFERING FROM THE PHYSICAL AND MENTAL EFFECTS OF MORBID OBESITY AND SEEKING A CHANGE IN THEIR HEALTH STATUS. THERE ARE TWO OBJECTIVES. FIRST, DECREASE THE PROPORTION OF ADULTS WITH COMORBIDITIES ASSOCIATED WITH OBESITY THROUGH EFFECTIVE EDUCATION, OUTREACH, AND MEDICAL INTERVENTION. THE SECOND OBJECTIVE IS WITHIN ONE YEAR OF INTERVENTION DECREASE BODY MASS INDEX BY 20% FOR PATIENTS ENGAGING IN MEDICAL WEIGHT LOSS TECHNIQUES AND OR BARIATRIC SURGERY.</p> <p>THE FOLLOWING ACTIVITIES WERE CONDUCTED DURING FISCAL YEAR 2017:</p> <p>1,424 INDIVIDUALS ATTENDED BARIATRIC EDUCATIONAL SEMINARS<br/>28.6% OF BARIATRIC EDUCATIONAL SEMINAR ATTENDEES FOLLOWED UP WITH AN APPOINTMENT WITH A BARIATRIC SURGEON<br/>213 INDIVIDUALS ATTENDED NATIONAL DIABETES PREVENTION PROGRAM CLASSES<br/>47.4% OF INDIVIDUALS ATTENDING COMPLETED THE NATIONAL DIABETES PREVENTION PROGRAM CLASSES<br/>11.9% OF NATIONAL DIABETES PREVENTION PROGRAM GRADUATES DECREASED THEIR WEIGHT BY AT LEAST 5%<br/>527 BARIATRIC SURGERY PROCEDURES WERE PERFORMED<br/>53.4% OF BARIATRIC SURGERY PATIENTS LOWERED THEIR BMI BY AT LEAST 20% WITHIN ONE YEAR FROM THE SURGERY</p> <p>THE SECOND GOAL IS TO REDUCE THE INCIDENCE AND BURDEN OF CARDIOVASCULAR DISEASE IN THE COMMUNITY. THE STRATEGY TO ACHIEVE THIS GOAL IS TO CONTINUE TO OFFER AND PROMOTE A SERIES OF COMMUNITY BASED PROGRAMS PROVIDING EDUCATION, SCREENING AND CASE MANAGEMENT TO REDUCE THE INCIDENCE AND BURDEN OF CARDIOVASCULAR DISEASE. THERE ARE TWO OBJECTIVES. FIRST, INCREASE BY A PERCENTAGE THE IMPLEMENTATION OF EFFECTIVE COMMUNITY BASED EDUCATION PROGRAMS, SCREENING, AND CASE MANAGEMENT FOR CARDIOVASCULAR DISEASE FOR THE TARGET POPULATION. THE SECOND OBJECTIVE IS TO DECREASE THE RATE OF INPATIENT AND REDUCE CARDIOVASCULAR DISEASE BURDEN - EMERGENCY DEPARTMENT USE BY CARDIOVASCULAR PATIENTS AS MEASURED BY A DECREASE IN PREVENTION QUALITY INDICATOR DISCHARGES.</p> <p>THE FOLLOWING ACTIVITIES WERE CONDUCTED DURING FISCAL YEAR 2017:</p> <p>3,202 ADULTS PARTICIPATED IN A HYPERTENSION SCREENING PROGRAM<br/>29.7% OF THOSE SCREENED FOR HYPERTENSION WERE AT RISK AND REFERRED TO A PRIMARY CARE PHYSICIAN<br/>12 ADULTS PARTICIPATED IN A WOMEN'S HEART SCREENING PROGRAM<br/>443 ADULTS PARTICIPATED IN A LUNG SCREENING PROGRAM<br/>218 ADULTS WITH DIAGNOSED HEART FAILURE PARTICIPATED IN AN EDUCATIONAL INITIATIVE TO UNDERSTAND ADVANCE DIRECTIVES AND GOALS OF CARE<br/>27 ADULTS RECEIVED EDUCATION AND CARE FOR HEART FAILURE THROUGH A COLLABORATION WITH EMERGENCY DEPARTMENT PHYSICIANS AND THE SAINT AGNES HEART FAILURE CENTER<br/>THE PREVENTIVE QUALITY INDICATOR FOR THE HYPERTENSION ADMISSION RATE DECREASED FROM A BASELINE OF .66% TO .23%</p> <p>THE THIRD PRIORITY IS TO CREATE PERSON-CENTERED HEALTHY NEIGHBORHOODS. THERE ARE TWO GOALS RELATED TO THIS PRIORITY. FIRST, COLLABORATE WITH COMMUNITY AGENCIES TO PROVIDE HEALTH EDUCATION AND CARE MANAGEMENT FOR POPULATIONS THAT HAVE THE GREATEST NEEDS AND LEAST RESOURCES. THERE ARE TWO PRIMARY OBJECTIVES RELATED TO THIS GOAL. FIRST, BY 2020, INCREASE THE PROPORTION OF ADULTS WHO HAVE A PRIMARY HEALTH CARE PROVIDER. THE SECOND OBJECTIVE IS TO DECREASE ACUTE CARE UTILIZATION (INPATIENT, INPATIENT OBSERVATION, EMERGENCY DEPARTMENT), PARTICULARLY POTENTIALLY AVOIDABLE UTILIZATION BY HIGH NEEDS PATIENTS THROUGH COMMUNITY BASED CARE MANAGEMENT INITIATIVES. THE SECOND GOAL IS TO BECOME A COMMUNITY PARTNER TO CREATE HEALTHY, THRIVING NEIGHBORHOODS WITH A VISIBLE PRESENCE WHERE THE COMMUNITY NEEDS US THE MOST. THE STRATEGY TO ACHIEVE THIS GOAL IS TO TRANSFORM THE 32 ACRE FORMER CARDINAL GIBBONS HIGH SCHOOL AND CREATE GIBBONS COMMONS, A HEALTHY NEIGHBORHOOD WITH HOUSING, RETAIL, RECREATION, AND SUPPORT SERVICES IN SOUTHWEST BALTIMORE. THERE ARE THREE OBJECTIVES WITH THIS STRATEGY. THE FIRST OBJECTIVE IS TO HAVE AT LEAST 100% OF THE APARTMENTS UNDER RENTAL CONTRACTS BY 2017. THE CREASTE PERSON CENTERED HEALTHY NEIGHBORHOODS - SECOND OBJECTIVE IS TO PROVIDE INDOOR AND OUTDOOR SPACE FOR PHYSICAL ACTIVITY THAT IS SAFE AND AFFORDABLE BY 2018. THE FINAL OBJECTIVE IS TO PROVIDE EDUCATION AND JOB TRAINING TO COMMUNITY RESIDENTS BY 2016 IN CONJUNCTION WITH THE CAROLINE CENTER.</p> <p>THE FOLLOWING ACTIVITIES WERE CONDUCTED DURING FISCAL YEAR 2017:</p> <p>IN PARTNERSHIP WITH BALTIMORE MEDICAL SYSTEMS, A FEDERALLY QUALIFIED HEALTH CENTER LOCATED ON THE ST. AGNES CAMPUS, 48,455 PATIENT VISITS OCCURRED DURING FISCAL YEAR 2017<br/>BALTIMORE MEDICAL SYSTEMS SAW 3,950 NEW PATIENT VISITS<br/>ST. AGNES MEDICAL GROUP - MEDICAID ENROLLED PATIENT VISITS: 9.6% OF PATIENT VISITS</p> <p>THE FISCAL YEAR 2016 COMMUNITY HEALTH NEEDS ASSESSMENT IDENTIFIED A WIDE VARIETY OF COMMUNITY HEALTH NEEDS INCLUDING BEHAVIORAL HEALTH, CANCER, ARTHRITIS, HIV AND OR AIDS, LUNG DISEASES, ALZHEIMER'S OR DEMENTIA, SOCIO-ECONOMIC CONDITIONS, COMMUNITY VIOLENCE, AND</p> |

| Return Reference - Identifier  | Explanation  |
|--|--|
|  | <p>ACCESS TO HEALTH INSURANCE AND PHYSICIAN PROVIDERS. HOWEVER, THROUGH PRIORITIZATION EXERCISES WITH COMMUNITY MEMBERS, HEALTH EXPERTISE AND OTHER COMMUNITY STAKEHOLDERS, OBESITY AND DIABETES, CARDIOVASCULAR DISEASE, AND HEALTHY NEIGHBORHOODS WERE DETERMINED TO BE THE GREATEST UNMET NEEDS. WHILE SAINT AGNES HOSPITAL WILL FOCUS THE MAJORITY OF OUR EFFORTS ON THE IDENTIFIED STRATEGIC PROGRAMS OUTLINED ABOVE, WE WILL REVIEW THE COMPLETE SET OF NEEDS IDENTIFIED IN THE COMMUNITY HEALTH NEEDS ASSESSMENT FOR FUTURE COLLABORATION. THESE NEEDS, WHILE IMPORTANT TO THE HEALTH OF THE COMMUNITY, WILL BE MET THROUGH EXISTING SAINT AGNES OR OTHER AREA HOSPITAL CLINICAL PROGRAMS OR THROUGH COLLABORATIONS WITH OTHER HEALTH CARE ORGANIZATIONS AS NEEDED.</p> <p>THE UNMET NEEDS NOT ADDRESSED SPECIFICALLY BY SAINT AGNES HOSPITAL IN ITS COMMUNITY HEALTH INITIATIVES, SUCH AS COMMUNITY VIOLENCE, SOCIO ECONOMIC CONDITIONS, AND ACCESS TO INSURANCE WILL CONTINUE TO BE ADDRESSED BY KEY GOVERNMENTAL AGENCIES AND OTHER EXISTING COMMUNITY BASED ORGANIZATIONS. THE SAINT AGNES IDENTIFIED CORE COMMUNITY HEALTH PRIORITIES TARGET THE INTERSECTION OF THE IDENTIFIED COMMUNITY NEEDS AND THE SAINT AGNES'S KEY STRENGTHS AND MISSION.</p> |
| SCHEDULE H, PART V, SECTION B, LINE 16A - FAP AVAILABLE WEBSITE                                      | <a href="http://www.stagnes.org/patients-visitors/financial-assistance/">HTTP://WWW.STAGNES.ORG/PATIENTS-VISITORS/FINANCIAL-ASSISTANCE/</a>  |
| SCHEDULE H, PART V, SECTION B, LINE 16B - FAP APPLICATION FORM WEBSITE                               | <a href="http://www.stagnes.org/patients-visitors/financial-assistance/">HTTP://WWW.STAGNES.ORG/PATIENTS-VISITORS/FINANCIAL-ASSISTANCE/</a>  |
| SCHEDULE H, PART V, SECTION B, LINE 16C - PLAIN LANGUAGE FAP SUMMARY WEBSITE                         | <a href="http://www.stagnes.org/patients-visitors/financial-assistance/">HTTP://WWW.STAGNES.ORG/PATIENTS-VISITORS/FINANCIAL-ASSISTANCE/</a>  |
| SCHEDULE H, PART V, SECTION B, LINE 16J - OTHER WAYS HOSPITAL PUBLICIZED FINANCIAL ASSISTANCE POLICY | <p>FACILITY NAME:<br/>ST. AGNES HEALTHCARE, INC.</p> <p>DESCRIPTION:<br/>THE FOLLOWING PARAGRAPH APPEARS ON THE HOSPITAL WEBSITE (<a href="http://www.stagnes.org/about-us/mission-and-values/">HTTP://WWW.STAGNES.ORG/ABOUT-US/MISSION-AND-VALUES/</a>):</p> <p>"IN ACCORDANCE WITH OUR MISSION AND VALUES, SAINT AGNES HOSPITAL IS COMMITTED TO CARING FOR ALL PEOPLE REGARDLESS OF THEIR ABILITY TO PAY, WITH SPECIAL ATTENTION TO THOSE WHO ARE POOR AND VULNERABLE. SAINT AGNES OFFERS FINANCIAL COUNSELING AND ASSISTANCE TO HELP ADDRESS ANY FINANCIAL CONCERNS PATIENTS OR FAMILIES MAY HAVE REGARDING THEIR CARE. OUR FINANCIAL AID POLICIES REFLECT THE HOSPITAL'S DEDICATION TO WORKING TOGETHER WITH OUR PATIENTS IN A COMPASSIONATE AND CARING MANNER TO IDENTIFY OPTIONS FOR RESOLVING THEIR FINANCIAL OBLIGATIONS. COPIES OF OUR FINANCIAL AID POLICES AND REQUESTS FOR ASSISTANCE ARE AVAILABLE BY CONTACTING OUR PATIENT ADVOCACY DEPARTMENT AT 667-234-2140, BY E-MAIL AT <a href="mailto:kthomps@stagnes.org">KTHOMPS@STAGNES.ORG</a>, OR IN PERSON AT THE PATIENT ADVOCACY DEPARTMENT IN THE HOSPITAL'S MAIN LEVEL."</p>   |

**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? 7

| Name and address   |  |
|--|--|
| <b>1</b> MARYLAND SURGEONS SURGERY CENTER OF COLUMBIA<br>11055 LITTLE PATUXENT PARKWAY, SUITE L6<br>COLUMBIA, MD 21044 | OUTPATIENT SURGICAL CENTER                   |
| <b>2</b> PLASTIC AND RECONSTRUCTIVE SURGERY<br>300 FREDERICK ROAD, SUITE 200<br>CATONSVILLE, MD 21228                  | PLASTIC SURGERY                              |
| <b>3</b> ANGELOS MEDICAL PAVILION<br>3407 WILKENS AVENUE, SUITE 420<br>BALTIMORE, MD 21229                             | BLOOD DRAWING STATION                        |
| <b>4</b> ST. AGNES MEDICAL CENTER<br>6501-D BALTIMORE NATIONAL PIKE<br>BALTIMORE, MD 21228                             | BLOOD DRAWING STATION AND DIAGNOSTIC IMAGING |
| <b>5</b> WOMEN'S CENTER IN COLUMBIA<br>8945 GUILFORD ROAD, SUITE 100<br>COLUMBIA, MD 21046                             | BLOOD DRAWING STATION                        |
| <b>6</b> PINE HEIGHTS PROFESSIONAL BUILDING<br>1001 PINE HEIGHTS AVENUE, SUITE 202<br>BALTIMORE, MD 21229              | BLOOD DRAWING STATION                        |
| <b>7</b> SETON IMAGING CENTER<br>3449 WILKINS AVENUE<br>BALTIMORE, MD 21229  | DIAGNOSTIC IMAGING                           |
| <b>8</b>   |  |
| <b>9</b>   |  |
| <b>10</b>  |  |

Provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; 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 needs assessments 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.

| Return Reference - Identifier  | Explanation  |
|--|--|
| SCHEDULE H, PART I, LINE 3C - OTHER CRITERIA FOR DETERMINING FREE OR DISCOUNTED CARE                   | <p>GENERALLY, DISCOUNTED CARE TO LOW INCOME INDIVIDUALS IS PROVIDED ON A SLIDING SCALE FOR THOSE NOT EXCEEDING 300% OF THE FEDERAL POVERTY LEVEL. FOR EMERGENCY DEPARTMENT PATIENTS AND OTHER OUTPATIENTS (ACCOUNT BALANCES UNDER \$500.00) MAY BE GRANTED CHARITY EXCLUSIVELY BASED UPON THE USE OF THE AUTOMATED ELIGIBILITY SOFTWARE ONLY. IN THOSE INSTANCES, A SIGNED/COMPLETED APPLICATION WILL NOT BE REQUIRED.</p> <p>ADDITIONALLY, PATIENTS MAY ALSO BE ELIGIBLE FOR CHARITY CARE IF THEY MEET CRITERIA THAT WOULD DETERMINE THAT THEY ARE EXPERIENCING A FINANCIAL HARDSHIP. FINANCIAL HARDSHIP IS DEFINED AS MEDICAL DEBT FOR MEDICALLY NECESSARY SERVICES INCURRED BY A FAMILY WITH INCOME BELOW 500% OF THE FEDERAL POVERTY LEVEL THAT EXCEEDS 25% OF THE FAMILY INCOME OVER A 12 MONTH PERIOD. MEDICAL DEBT IS OUT OF POCKET EXPENSES, EXCLUDING COPAYMENTS, COINSURANCE AND DEDUCTIBLES FOR MEDICAL COSTS BILLED BY SAINT AGNES HEALTHCARE. THE PATIENT AND ANY IMMEDIATE FAMILY MEMBER OF THE PATIENT LIVING IN THE SAME HOUSEHOLD ARE ELIGIBLE.</p> |
| SCHEDULE H, PART I, LINE 6A - COMMUNITY BENEFIT REPORT DISCLOSURE                                      | SUMMARY COMMUNITY BENEFIT INFORMATION IS INCLUDED IN THE SAINT AGNES HOSPITAL ANNUAL REPORT WHICH IS POSTED ON THE HOSPITAL WEBSITE.   |
| SCHEDULE H, PART I, LINE 7 - DESCRIBE SUBSIDIZED HEALTH SERVICE COSTS FROM PHYSICIAN CLINIC ON LINE 7G | SCHEDULE H, LINE 7G INCLUDES \$352,031 ATTRIBUTABLE TO A SUBSIDIZED PRIMARY CARE CLINIC ON CAMPUS IN WEST BALTIMORE.   |
| SCHEDULE H, PART I, LINE 7 - EXPLANATION OF COSTING METHODOLOGY USED FOR CALCULATING LINE 7 TABLE      | THE COST OF PROVIDING CHARITY CARE, MEANS-TESTED GOVERNMENT PROGRAMS, AND OTHER COMMUNITY BENEFIT PROGRAMS IS ESTIMATED USING INTERNAL COST DATA, AND IS CALCULATED IN COMPLIANCE WITH CATHOLIC HEALTH ASSOCIATION ("CHA") GUIDELINES. THE ORGANIZATION USES A COST ACCOUNTING SYSTEM THAT ADDRESSES ALL PATIENT SEGMENTS (FOR EXAMPLE, INPATIENT, OUTPATIENT, EMERGENCY ROOM, PRIVATE INSURANCE, MEDICAID, MEDICARE, UNINSURED, OR SELF PAY). THE BEST AVAILABLE DATA WAS USED TO CALCULATE THE AMOUNTS REPORTED IN THE TABLE. FOR THE INFORMATION IN THE TABLE, A COST-TO-CHARGE RATIO WAS CALCULATED AND APPLIED.   |
| SCHEDULE H, PART I, LINE 7A - CHARITY CARE AT COST   | MARYLAND'S REGULATORY SYSTEM CREATES A UNIQUE PROCESS FOR HOSPITAL PAYMENT THAT DIFFERS FROM THE REST OF THE NATION. THE HEALTH SERVICES COST REVIEW COMMISSION, (HSCRC) DETERMINES PAYMENT THROUGH A RATE SETTING PROCESS AND ALL PAYORS, INCLUDING GOVERNMENTAL PAYORS, PAY THE SAME AMOUNT FOR THE SAME SERVICES DELIVERED AT THE SAME HOSPITAL. MARYLAND'S UNIQUE ALL PAYOR SYSTEM INCLUDES A METHOD FOR REFERENCING UNCOMPENSATED CARE IN EACH PAYORS' RATES, WHICH DOES NOT ENABLE MARYLAND HOSPITALS TO BREAK OUT OFFSETTING REVENUE RELATED TO UNCOMPENSATED CARE.   |
| SCHEDULE H, PART I, LINE 7A - PRESUMPTIVE CHARITY CARE   | DURING FISCAL YEAR 2016 ST. AGNES HEALTHCARE IMPLEMENTED A PRESUMPTIVE CHARITY POLICY WHICH ALLOWED CHARITY TO BE GRANTED TO QUALIFIED PATIENTS WHO FOR VARIOUS REASONS FAIL TO COMPLETE THE FULL CHARITY APPLICATION PROCESS, BUT WHO NEVERTHELESS HAVE VERY LIMITED MEANS TO PAY. THE DECISION TO GRANT FULL OR PARTIAL CHARITY WAS BASED ON THE USE OF A PROPRIETARY THIRD-PARTY SCREENING TOOL WHICH TAKES INTO ACCOUNT THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY INCOME GUIDELINES FOR GRANTING CHARITY, THE PATIENT'S CREDIT SCORE, AND THE PATIENT'S TRACK RECORD OF PAYING MEDICAL DEBT. DURING FISCAL YEAR 2016, MANAGEMENT RETROACTIVELY APPLIED THE NEW PROCESS USING AN 18 MONTH LOOKBACK, RESULTING IN SIGNIFICANT RECLASSIFICATIONS FROM BAD DEBT EXPENSE TO CHARITY THAT MANAGEMENT BELIEVES ARE FAR MORE REFLECTIVE OF THE PATIENT'S ABILITY TO PAY.  |

| Return Reference - Identifier   | Explanation   |
|---|---|
| <p>SCHEDULE H, PART I, LINE 7B - STATE WIDE DISCLOSURE FOR MARYLAND HOSPITALS</p>                         | <p>MARYLAND'S REGULATORY SYSTEM CREATES A UNIQUE PROCESS FOR HOSPITAL PAYMENT THAT DIFFERS FROM THE REST OF THE NATION. THE HEALTH SERVICES COST REVIEW COMMISSION (HSCRC) DETERMINES PAYMENT THROUGH A RATE-SETTING PROCESS AND ALL PAYORS, INCLUDING GOVERNMENTAL PAYORS, PAY THE SAME AMOUNT FOR THE SAME SERVICES DELIVERED AT THE SAME HOSPITAL. MARYLAND'S UNIQUE ALL-PAYOR SYSTEM INCLUDES A METHOD FOR REFERENCING UNCOMPENSATED CARE IN EACH PAYOR'S RATES, WHICH DOES NOT ENABLE MARYLAND HOSPITALS TO BREAK OUT ANY DIRECTED OFFSETTING REVENUE RELATED TO UNCOMPENSATED CARE. COMMUNITY BENEFIT EXPENSES ARE EQUAL TO MEDICAID REVENUES IN MARYLAND, AS SUCH, THE NET EFFECT IS ZERO; MEDICAID RECOGNIZES FULL REIMBURSEMENT. THE EXCEPTION TO THIS IS THE IMPACT ON THE HOSPITAL OF ITS SHARE OF THE MEDICAID ASSESSMENT. IN RECENT YEARS, THE STATE OF MARYLAND HAS CLOSED FISCAL GAPS IN THE STATE MEDICAID BUDGET BY ASSESSING HOSPITALS THROUGH THE RATE-SETTING SYSTEM.</p> <p>THE AMOUNTS REPORTED IN PART I, LINE 7B REPRESENT UNREIMBURSED MEDICAID COSTS FOR UNREGULATED HEALTH CARE ACTIVITIES AND THE MEDICAID ASSESSMENT.</p>  |
| <p>SCHEDULE H, PART I, LINE 7F - CHARITY PERCENTAGE CALCULATION</p>                                       | <p>BAD DEBT EXPENSE FROM PART IX, STATEMENT OF FUNCTIONAL EXPENSES, EXCLUDED FROM THE DENOMINATOR USED TO CALCULATE TOTAL CHARITY CARE EXPENSE WAS \$217,576.</p>   |
| <p>SCHEDULE H, PART I, LINE 7F - HEALTH PROFESSIONS EDUCATION</p>   | <p>MARYLAND'S REGULATORY SYSTEM CREATES A UNIQUE PROCESS FOR HOSPITAL PAYMENT THAT DIFFERS FROM THE REST OF THE NATION. THE HEALTH SERVICES COST REVIEW COMMISSION, (HSCRC) DETERMINES PAYMENT THROUGH A RATE SETTING PROCESS AND ALL PAYORS, INCLUDING GOVERNMENTAL PAYORS, PAY THE SAME AMOUNT FOR THE SAME SERVICES DELIVERED AT THE SAME HOSPITAL. MARYLAND'S UNIQUE ALL PAYOR SYSTEM INCLUDES A METHOD FOR REFERENCING UNCOMPENSATED CARE IN EACH PAYORS' RATES, WHICH DOES NOT ENABLE MARYLAND HOSPITALS TO BREAKOUT ANY OFFSETTING REVENUE RELATED TO UNCOMPENSATED CARE.</p>  |
| <p>SCHEDULE H, PART II - DESCRIBE HOW BUILDING ACTIVITIES PROMOTE THE HEALTH OF THE COMMUNITY</p>         | <p>GIBBONS COMMONS IS A VIBRANT, 32-ACRE, MIXED-USE COMMUNITY, BEING DEVELOPED AND DESIGNED BY SAINT AGNES HEALTHCARE- IN COLLABORATION WITH MAJOR COMMUNITY PARTNERS -IN ORDER TO PROVIDE SOUTHWEST BALTIMORE RESIDENTS WITH A SAFE AND HEALTHY PLACE TO LIVE, WORK, PLAY AND LEARN. SINCE PURCHASING THE PROPERTY, SAINT AGNES HAS WORKED CLOSELY WITH COMMUNITY PARTNERS, NEIGHBORS, THE CITY AND DEVELOPERS TO ENSURE WE ARE CREATING A COMMUNITY ASSET THAT WILL IMPROVE THE QUALITY OF LIFE OF THOSE WE HAVE SERVED FOR OVER 150 YEARS. OUR VISION IS TO PROVIDE GREEN SPACE, COMMUNITY SERVICES, RECREATIONAL FACILITIES AND COMMUNITY HOUSING.</p> <p>SAINT AGNES HAS BEEN FORTUNATE IN PARTNERING AND COLLABORATING WITH LIKE-MINDED ORGANIZATIONS, BRINGING TO THE COMMUNITY:</p> <p>*HOUSING- BON SECOURS GIBBONS APARTMENTS, BUILT AND MANAGED BY BON SECOURS BALTIMORE HEALTH SYSTEM AND ENTERPRISE HOMES, OFFERS COMMUNITY HOUSING ON THE PROPERTY. THIS FOUR-STORY FACILITY OFFERS 80 ONE-, TWO- AND THREE-BEDROOM APARTMENTS; COMMUNITY AND RECREATIONAL SPACE; AND UNDERGROUND PARKING FOR ALL RESIDENTS.</p> <p>*BABE RUTH FIELD-PROVIDING MUCH NEEDED GREEN AND RECREATION SPACE FOR THE COMMUNITY WHILE HONORING THE PROPERTIES RICH HISTORY, MOST NOTABLY BABE RUTH. BUILT BY THE CAL RIPKEN, SR. FOUNDATION AND MANAGED BY THE Y OF CENTRAL MARYLAND, THIS NEW TURF FIELD IS POSITIONED ON THE EXACT SITE WHERE RUTH PLAYED IN THE EARLY 1900S AND PROVIDES SPACE FOR COMMUNITY RESIDENTS TO PLAY BASEBALL, FOOTBALL AND LACROSSE.</p> <p>*SAINT AGNES CONTINUES TO HAVE CONVERSATIONS WITH THE Y OF CENTRAL MARYLAND WHO ARE CONSIDERING THE OPPORTUNITY TO EXPAND THEIR OFFERINGS AT GIBBONS COMMONS TO INCLUDE A FULL SERVICE FAMILY CENTER, INCLUDING A WARM WATER POOL, A GYMNASIUM AND FULL CARDIO AND STRENGTH FITNESS FLOOR, GROUP EXERCISE ROOMS, MULTI-PURPOSE FAMILY/YOUTH SPACE, LOCKER ROOMS AND COMMUNITY GATHERING SPACE.</p> <p>THE AMOUNTS REPORTED FOR COMMUNITY SUPPORT RELATE TO THE FEDERAL HOSPITAL PREPAREDNESS PROGRAM AND THE PUBLIC HEALTH EMERGENCY PREPAREDNESS ALIGNED COOPERATIVE AGREEMENTS.</p> |
| <p>SCHEDULE H, PART III, LINE 2 - METHODOLOGY USED TO ESTIMATE BAD DEBT</p>                               | <p>AFTER SATISFACTION OF AMOUNTS DUE FROM INSURANCE AND REASONABLE EFFORTS TO COLLECT FROM THE PATIENT HAVE BEEN EXHAUSTED, THE CORPORATION FOLLOWS ESTABLISHED GUIDELINES FOR PLACING CERTAIN PAST-DUE PATIENT BALANCES WITHIN COLLECTION AGENCIES, SUBJECT TO THE TERMS OF CERTAIN RESTRICTIONS ON COLLECTION EFFORTS AS DETERMINED BY ASCENSION HEALTH. ACCOUNTS RECEIVABLE ARE WRITTEN OFF AFTER COLLECTION EFFORTS HAVE BEEN FOLLOWED IN ACCORDANCE WITH THE CORPORATION'S POLICIES. AFTER APPLYING THE COST-TO-CHARGE RATIO, THE SHARE OF THE BAD DEBT EXPENSE IN FISCAL YEAR 2017 WAS \$786,710 AT CHARGES, (\$517,616 AT COST).</p>   |
| <p>SCHEDULE H, PART III, LINE 3 - FAP ELIGIBLE PATIENT BAD DEBT CALCULATION METHODOLOGY</p>               | <p>THE PROVISION FOR DOUBTFUL ACCOUNTS IS BASED UPON MANAGEMENT'S ASSESSMENT OF EXPECTED NET COLLECTIONS CONSIDERING HISTORICAL EXPERIENCE, ECONOMIC CONDITIONS, TRENDS IN HEALTHCARE COVERAGE, AND OTHER COLLECTION INDICATORS. PERIODICALLY THROUGHOUT THE YEAR, MANAGEMENT ASSESSES THE ADEQUACY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS BASED UPON HISTORICAL WRITE-OFF EXPERIENCE BY PAYOR CATEGORY, INCLUDING THOSE AMOUNTS NOT COVERED BY INSURANCE. THE RESULTS OF THIS REVIEW ARE THEN USED TO MAKE ANY MODIFICATIONS TO THE PROVISION FOR DOUBTFUL ACCOUNTS TO ESTABLISH AN APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS.</p>   |
| <p>SCHEDULE H, PART III, LINE 4 - FOOTNOTE IN ORGANIZATION'S FINANCIAL STATEMENTS DESCRIBING BAD DEBT</p> | <p>THE ORGANIZATION IS PART OF THE ASCENSION HEALTH ALLIANCE'S CONSOLIDATED AUDIT IN WHICH THE FOOTNOTE THAT DISCUSSES THE BAD DEBT EXPENSE IS LOCATED ON PAGE 19.</p>  |

| Return Reference - Identifier  | Explanation   |
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| <p>SCHEDULE H, PART III, LINE 9B - DID COLLECTION POLICY CONTAIN PROVISIONS ON COLLECTION PRACTICES FOR PATIENTS WHO ARE KNOWN TO QUALIFY FOR ASSISTANCE</p> | <p>ST. AGNES HEALTHCARE'S POLICY IS TO PLACE ACCOUNTS THAT HAVE BEEN WRITTEN OFF TO BAD DEBT WITH A COLLECTION AGENCY FOR ADDITIONAL COLLECTION EFFORT. PATIENTS MAY APPLY FOR FINANCIAL ASSISTANCE AT ANY TIME DURING THE REVENUE CYCLE. PATIENTS WHO WORK TO APPLY FOR CHARITY CARE WHOSE ACCOUNT RESIDES AT THE AGENCY WILL BE REFERRED TO THE HOSPITAL BY THE AGENCY. THE AGENCY WILL DELETE THE ACCOUNT AND THE HOSPITAL WILL WORK WITH THE PATIENT TO COMPLETE THE CHARITY CARE APPLICATION PROCESS. EMERGENCY DEPARTMENT PATIENTS AND OTHER OUTPATIENTS (ACCOUNT BALANCES UNDER \$500.00) MAY BE GRANTED CHARITY EXCLUSIVELY BASED UPON THE USE OF AN AUTOMATED ELIGIBILITY SOFTWARE. A SIGNED/COMPLETED APPLICATION WILL NOT BE REQUIRED IN THOSE INSTANCES.</p>  |
| <p>SCHEDULE H, PART V, SECTION B, LINE 17 - BILLING AND COLLECTION POLICY</p>  | <p>DURING TAX YEAR 2017, THE ORGANIZATION LEARNED VIA VERBAL COMMENTS OF IRS AGENTS AT PUBLIC EVENTS THAT THE IRS INTENDS THAT THE "READILY OBTAINABLE" STANDARD IN THE 501(R) REGULATIONS FOR THE AGB CALCULATION AND BILLING AND COLLECTION POLICY IS ONLY MET IF THOSE ITEMS ARE POSTED TO THE ORGANIZATION'S WEB SITE. THE ORGANIZATION HAD INTERPRETED THAT WEB POSTING STANDARD TO BE A SAFE HARBOR AFTER CONSULTING WITH EXTERNAL COUNSEL AND TAX ADVISORS, AND TIMELY TOOK OTHER STEPS TO MAKE THE INFORMATION READILY OBTAINABLE. CONSEQUENTLY, THE ORGANIZATION DOES NOT BELIEVE ITS DECISION TO NOT POST THESE DOCUMENTS TO ITS WEB SITE RISES TO THE LEVEL OF A FAILURE, NOR DOES IT BELIEVE THE CIRCUMSTANCES WERE EITHER WILLFUL OR EGREGIOUS, HAVING OTHERWISE TIMELY TAKEN THE STEPS NECESSARY TO ATTAIN AND CONTINUE TO MAINTAIN COMPLIANCE WITH THE OTHER REQUIREMENTS RELATED TO THE BILLING AND COLLECTION POLICY AND THE AGB, AS PART OF ITS POLICIES AND PROCEDURES FOR ENSURING COMPLIANCE WITH ALL ASPECTS OF 501(R). HOWEVER, THE ORGANIZATION IS MAKING THIS VOLUNTARY DISCLOSURE IN ORDER TO COMMUNICATE TO THE IRS THE CHANGES IT IS UNDERTAKING IN RESPONSE TO THE RECENT IRS INFORMAL GUIDANCE ON THIS SPECIFIC POINT CONCERNING THE "READILY OBTAINABLE" STANDARD, AND THE FACT THAT THE ORGANIZATION HAS STARTED THE WORK NECESSARY TO POST ITS AGB INFORMATION AND BILLING AND COLLECTION POLICY TO ITS WEB SITE AND WILL COMPLETE THOSE ADDITIONAL POSTINGS AS SOON AS REASONABLY POSSIBLE. THE OTHER WEB POSTINGS REQUIRED UNDER 501(R) (I.E., THOSE RELATED TO THE COMMUNITY HEALTH NEEDS ASSESSMENT AND THE FINANCIAL ASSISTANCE POLICY) WERE TIMELY COMPLETED AND CONTINUE TO REMAIN IN PLACE AS REQUIRED. THE ORGANIZATION BELIEVES ITS SAFEGUARDS WORKED AS INTENDED IN THIS CASE (I.E., THE ORGANIZATION HAS REGULAR COMMUNICATIONS WITH A NUMBER OF EXTERNAL LAW FIRMS AND TAX CONSULTANTS AND THE TIMELY ATTENTION TO THE RECENT GUIDANCE WAS SUPPORTED BY THE FRAMEWORK OF REGULAR ACCESS TO SUBJECT MATTER EXPERTS). THESE CHANGES ARE IN THE PROCESS OF BEING INCORPORATED INTO CORPORATE POLICIES AND PROCEDURES THAT APPLY TO THE ORGANIZATION.</p> |
| <p>SCHEDULE H, PART VI, LINE 2 - NEEDS ASSESSMENT</p>  | <p>THE ASSESSMENT PROCESS INVOLVED QUANTITATIVE AND QUALITATIVE COMPONENTS. ST. AGNES ENGAGED THE PARTICIPATION OF THE GENERAL PUBLIC AS WELL AS KEY INTERNAL AND EXTERNAL STAKEHOLDERS WHO REPRESENT THE BROAD INTEREST OF THE COMMUNITIES SERVED BY ST. AGNES TO REVIEW THE QUANTITATIVE ANALYSIS. THE PUBLIC PROVIDED INPUT THROUGH A STRUCTURED ONLINE SURVEY AND VIA FOCUS GROUPS ACROSS THE ASSESSMENT PROCESS DURING FISCAL YEAR 2016. THE INTERNAL AND EXTERNAL STAKEHOLDERS WERE INDIVIDUALS WITH EXPERTISE IN PROVISION OF HEALTH CARE SERVICES AND PUBLIC HEALTH AND INCLUDED COMMUNITY LEADERS, PHYSICIANS, NURSING, SOCIAL WORK, PASTORAL CARE, EMERGENCY OUTPATIENT AND MANAGEMENT REPRESENTATIVES AND A BROAD RANGE OF COMMUNITY ORGANIZATIONS. A QUANTITATIVE ASSESSMENT WAS CONDUCTED USING A SURVEY ADMINISTERED ELECTRONICALLY AND ON PAPER TO GAIN BROAD PUBLIC INPUT. A COPY OF THE SURVEY IS INCLUDED AS APPENDIX 2 OF THE COMMUNITY HEALTH NEEDS ASSESSMENT WHICH IS AVAILABLE ON THE HOSPITAL'S WEBSITE. A QUALITATIVE ASSESSMENT WAS CONDUCTED USING FOCUS GROUPS FACILITATED BY OBSERVATION BALTIMORE; A DIVISION OF THE RESEARCH GROUP/FAMILY RESEARCH CENTER. SIX FOCUS GROUPS WERE CONDUCTED FOR SAINT AGNES HOSPITAL TO BETTER UNDERSTAND THE HEALTHCARE NEEDS OF THE MEDICALLY UNDERSERVED, LOW-INCOME, AND MINORITY POPULATIONS IN THE MOST VULNERABLE COMMUNITIES IDENTIFIED IN THE FY13 ASSESSMENT. THE COMPOSITION OF THE FOCUS GROUPS WAS RECRUITED TO MATCH THE DEMOGRAPHIC COMPOSITION OF THE COMMUNITY'S SURVEY. PARTICIPANTS WERE ALSO INCLUDED BY EITHER A PERSONAL HISTORY OR FAMILY HISTORY OF CHRONIC DISEASE WITH A CONSIDERATION OF ENVIRONMENTAL RISKS (SPECIFICALLY SMOKING TOBACCO, DRINKING ALCOHOL DAILY OR OCCASIONALLY, AND USE OF NON-PRESCRIPTION DRUGS). THE HISPANIC POPULATION WAS ALSO TARGETED TO ENSURE INPUT FROM ALL ETHNICITIES.</p>  |
| <p>SCHEDULE H, PART VI, LINE 3 - PATIENT EDUCATION</p>   | <p>ST. AGNES HEALTHCARE DISPLAYS SIGNAGE, IN BOTH ENGLISH AND SPANISH IN ALL REGISTRATION AREAS THAT INFORM PATIENTS OF THE AVAILABILITY OF FINANCIAL ASSISTANCE PROGRAMS AND CONTACT INFORMATION. THE SIGNAGE IS ACCOMPANIED BY BROCHURES THAT EXPLAIN THE VARIOUS FINANCIAL ASSISTANCE PROGRAMS THAT ARE AVAILABLE. THE MARYLAND STATE FINANCIAL ASSISTANCE APPLICATION IS ALSO AVAILABLE. REGISTRATION AREAS ARE ROUTINELY CHECKED TO INSURE THESE MATERIALS ARE PROMINENTLY DISPLAYED. ST. AGNES HEALTHCARE HAS EMPLOYEES WHO ARE RESPONSIBLE FOR SCREENING ADMISSIONS TO IDENTIFY PATIENTS WHO MAY BE ELIGIBLE FOR CHARITY, MEDICAID, OR OTHER STATE PROGRAMS. ONCE THESE PATIENTS ARE IDENTIFIED, ST. AGNES HEALTHCARE EMPLOYEES ASSIST THEM WITH COMPLETING THE ELIGIBILITY PROCESS.</p> <p>ALL INPATIENTS ARE PROVIDED THE PATIENT BILLING AND FINANCIAL ASSISTANCE INFORMATION SHEET AT THE TIME OF ADMISSION. IT IS ALSO MAILED TO THE PATIENT WITH THE SUMMARY BILL THAT IS SENT AFTER DISCHARGE. THE INFORMATION SHEET IS PROVIDED IN BOTH ENGLISH AND SPANISH AND PROVIDES THE PATIENT WITH INFORMATION REGARDING ST. AGNES HEALTHCARE'S FINANCIAL ASSISTANCE POLICY, HOW TO APPLY FOR FINANCIAL ASSISTANCE AND MEDICAL ASSISTANCE AND THE PATIENT'S RIGHTS AND OBLIGATIONS. A PUBLIC NOTICE IS ALSO PUBLISHED ANNUALLY IN THE BALTIMORE SUN NEWSPAPER NOTIFYING THE PUBLIC OF THE AVAILABILITY OF UNCOMPENSATED CARE AT ST. AGNES HEALTHCARE.</p>   |

| Return Reference - Identifier                                      | Explanation   |
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| <p>SCHEDULE H, PART VI,<br/>LINE 4 - COMMUNITY<br/>INFORMATION</p> | <p>DUE TO ITS LOCATION IN THE SOUTHWEST SEGMENT OF THE BALTIMORE METROPOLITAN AREA, SAINT AGNES' SERVES A DIVERSE PATIENT POPULATION. SAINT AGNES COMMUNITY BENEFIT SERVICE AREA (SOUTHWEST BALTIMORE CITY AND BALTIMORE COUNTY, NORTHERN ANNE ARUNDEL COUNTY, EASTERN HOWARD COUNTY, AND SOUTHERN CARROLL COUNTY) HAS A POPULATION OF APPROXIMATELY 766,900 AND REPRESENTS THE ZIP CODES THAT COMPRISE EIGHTY PERCENT OF SAINT AGNES HOSPITAL PATIENT POPULATION. A MAP OF THE COMMUNITIES SAINT AGNES SERVES CAN BE FOUND IN THE COMMUNITY HEALTH NEEDS ASSESSMENT WHICH IS AVAILABLE FOR DOWNLOAD ON THE HOSPITAL'S WEBSITE.</p> <p>WITHIN THE COMMUNITY BENEFIT SERVICE AREA (CBSA), SAINT AGNES HAS DEFINED ELEVEN COMMUNITIES BASED ON GROUPING ZIP CODES THAT HAVE SIMILAR DEMOGRAPHIC CHARACTERISTICS AND CONSIDERING VARIOUS GEOGRAPHIC BOUNDARIES. A BRIEF OVERVIEW DESCRIPTION OF EACH OF THE INDIVIDUAL COMMUNITY'S IS PROVIDED BELOW.</p> <p>ARBUTUS (ZIP CODE 21227):</p> <p>ARBUTUS IS AN OLDER SUBURBAN COMMUNITY, LOCATED SOUTH OF CATON AND WILKENS AVENUES, AND HAS A POPULATION OF 34,245. THE TRADITIONALLY BLUE COLLAR COMMUNITY IS PART OF THE BALTIMORE COUNTY HEALTH JURISDICTION. SAINT AGNES HOSPITAL IS THE PRIMARY HOSPITAL PROVIDER BEST POSITIONED TO ADDRESS THE SPECIFIC HEALTH NEEDS OF THIS COMMUNITY.</p> <p>BROOKLYN LINTHICUM (ZIP CODES 21090, 21225):</p> <p>BROOKLYN LINTHICUM IS AN OLDER URBAN SUBURBAN COMMUNITY, LOCATED SOUTHEAST OF CATON AND WILKENS AVENUES, AND HAS A POPULATION OF 43,816. THE INDUSTRIAL AND BLUE COLLAR COMMUNITY HAS SEEN AN INCREASE IN THE UNINSURED POPULATION AND IS PART OF BOTH THE BALTIMORE CITY AND BALTIMORE COUNTY HEALTH JURISDICTIONS. HARBOR HOSPITAL IS THE PRIMARY HOSPITAL PROVIDER BEST POSITIONED TO ADDRESS THE SPECIFIC HEALTH NEEDS OF THIS COMMUNITY.</p> <p>CATONSVILLE (ZIP CODE 21228):</p> <p>CATONSVILLE IS AN OLDER SUBURBAN COMMUNITY, LOCATED WEST OF CATON AND WILKENS AVENUES, AND HAS A POPULATION OF 49,586, WITH A GROWING PROPORTION OF SENIORS. THE TRADITIONALLY WHITE COLLAR COMMUNITY IS PART OF THE BALTIMORE COUNTY HEALTH JURISDICTION. SAINT AGNES HOSPITAL IS THE PRIMARY HOSPITAL PROVIDER BEST POSITIONED TO ADDRESS THE SPECIFIC HEALTH NEEDS OF THIS COMMUNITY.</p> <p>ELLICOTT CITY (ZIP CODES 21042, 21043, 21075):</p> <p>ELLICOTT CITY IS A GROWING SUBURBAN COMMUNITY, LOCATED WEST/SOUTHWEST OF CATON AND WILKENS AVENUES, AND HAS A POPULATION OF 119,615. THE PREDOMINANTLY WHITE COLLAR COMMUNITY IS PART OF THE HOWARD COUNTY HEALTH JURISDICTION. HOWARD COUNTY GENERAL HOSPITAL IS THE PRIMARY HOSPITAL PROVIDER BEST POSITIONED TO ADDRESS THE SPECIFIC HEALTH NEEDS OF THIS COMMUNITY.</p> <p>GLEN BURNIE (ZIP CODES 21060, 21061):</p> <p>GLEN BURNIE IS AN OLDER SUBURBAN COMMUNITY, LOCATED WEST SOUTHWEST OF CATON AND WILKENS AVENUES, AND HAS A POPULATION OF 87,752, WITH A GROWING PROPORTION OF SENIORS. THE TRADITIONALLY BLUE COLLAR COMMUNITY IS PART OF THE ANNE ARUNDEL COUNTY HEALTH JURISDICTION. BALTIMORE WASHINGTON MEDICAL CENTER IS THE PRIMARY HOSPITAL PROVIDER BEST POSITIONED TO ADDRESS THE SPECIFIC HEALTH NEEDS OF THIS COMMUNITY.</p> <p>PASADENA (ZIP CODE 21122):</p> <p>PASADENA IS A SUBURBAN COMMUNITY, LOCATED SOUTHEAST OF CATON AND WILKENS AVENUES, AND HAS A POPULATION OF 62,625, WITH A GROWING PROPORTION OF SENIORS. THE GROWING COMMUNITY IS PRIMARILY SERVED BY BALTIMORE WASHINGTON MEDICAL CENTER AND IS PART OF THE ANNE ARUNDEL COUNTY HEALTH JURISDICTION. BALTIMORE WASHINGTON MEDICAL CENTER AND ANNE ARUNDEL MEDICAL CENTER ARE THE PRIMARY HOSPITAL PROVIDERS BEST POSITIONED TO ADDRESS THE SPECIFIC HEALTH NEEDS OF THIS COMMUNITY.</p> <p>SOUTH BALTIMORE CITY (ZIP CODE 21223, 21230):</p> <p>SOUTH BALTIMORE CITY IS AN OLDER URBAN COMMUNITY, LOCATED EAST OR SOUTHEAST OF CATON AND WILKENS AVENUES, AND HAS A POPULATION OF 60,356. THE URBAN COMMUNITY IS PROJECTED TO EXPERIENCE POPULATION DECLINES. SOUTH BALTIMORE CITY IS PART OF THE BALTIMORE CITY HEALTH JURISDICTION. BALTIMORE WASHINGTON MEDICAL CENTER IS THE PRIMARY HOSPITAL PROVIDER BEST POSITIONED TO ADDRESS THE SPECIFIC HEALTH NEEDS OF THIS COMMUNITY.</p> <p>SOUTH CARROLL (ZIP CODES 21104, 21163, 21784):</p> <p>SOUTH CARROLL IS A SUBURBAN COMMUNITY, LOCATED NORTHWEST OF CATON AND WILKENS AVENUES, AND HAS A POPULATION OF 52,609, WITH A GROWING PROPORTION OF SENIORS. THE TRADITIONALLY RURAL COMMUNITY HAS TRANSITIONED TO A GROWING SUBURB OF THE METRO BALTIMORE REGION. SOUTH CARROLL IS PART OF CARROLL COUNTY HEALTH JURISDICTION. CARROLL COUNTY GENERAL HOSPITAL AND NORTHWEST HOSPITAL ARE THE PRIMARY HOSPITAL PROVIDERS BEST POSITIONED TO ADDRESS THE SPECIFIC HEALTH NEEDS OF THIS COMMUNITY.</p> <p>SOUTHWEST BALTIMORE CITY (ZIP CODE 21229):</p> <p>SOUTHWEST BALTIMORE CITY IS AN OLDER URBAN COMMUNITY, LOCATED AT CATON AND WILKENS AVENUES, AND HAS A POPULATION OF 44,997. SIMILAR TO OTHER URBAN AREAS, SOUTHWEST BALTIMORE IS PROJECTED TO EXPERIENCE POPULATION DECLINES. SOUTHWEST BALTIMORE CITY IS PART OF THE BALTIMORE CITY HEALTH JURISDICTION. SAINT AGNES HOSPITAL IS THE PRIMARY HOSPITAL PROVIDER BEST POSITIONED TO ADDRESS THE SPECIFIC HEALTH NEEDS OF THIS COMMUNITY.</p> <p>WEST BALTIMORE CITY (ZIP CODE 21215, 21216, 21217):</p> |

| Return Reference - Identifier   | Explanation  |
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|   | <p>WEST BALTIMORE CITY IS AN OLDER URBAN COMMUNITY, LOCATED NORTH OF CATON AND WILKENS AVENUES, AND HAS A POPULATION OF 126,744. SIMILAR TO OTHER URBAN AREAS, WEST BALTIMORE IS PROJECTED TO EXPERIENCE POPULATION DECLINES. WEST BALTIMORE CITY IS PART OF THE BALTIMORE CITY HEALTH JURISDICTION. SINAI HOSPITAL, UNIVERSITY OF MARYLAND AND BON SECOURS HOSPITAL ARE THE PRIMARY HOSPITAL PROVIDERS BEST POSITIONED TO ADDRESS THE SPECIFIC HEALTH NEEDS OF THIS COMMUNITY.</p> <p>WOODLAWN (ZIP CODE 21207, 21244):</p> <p>WOODLAWN IS A SUBURBAN COMMUNITY, LOCATED NORTHWEST OF CATON AND WILKENS AVENUES, AND HAS A POPULATION OF 84,545, WITH A GROWING PROPORTION OF SENIORS. WOODLAWN IS PART OF THE BALTIMORE COUNTY HEALTH JURISDICTION. NORTHWEST HOSPITAL IS THE PRIMARY HOSPITAL PROVIDER BEST POSITIONED TO ADDRESS THE SPECIFIC HEALTH NEEDS OF THIS COMMUNITY.</p>  |
| <p>SCHEDULE H, PART VI, LINE 5 - PROMOTION OF COMMUNITY HEALTH</p>            | <p>THE INFORMATION PROVIDED AS COMMUNITY SUPPORT, IN PART II, COMMUNITY BUILDING ACTIVITIES, REPRESENTS FUNDS SPENT FOR DISASTER READINESS AND PUBLIC HEALTH EMERGENCY ACTIVITIES. THESE COSTS, WHICH ARE PARTIALLY FUNDED BY THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE, SUPPORT ACTIVITIES SUCH AS EDUCATION AND PREPAREDNESS TRAINING, DECONTAMINATION EQUIPMENT AND SUPPLIES NEEDED FOR VICTIM'S EASE, COMFORT AND TRACKING DURING DECONTAMINATION.</p> <p>ST. AGNES HEALTHCARE FURTHERS ITS EXEMPT PURPOSE BY PROMOTING THE HEALTH OF THE COMMUNITY IN VARIOUS WAYS. A MAJORITY OF THE ORGANIZATION'S GOVERNING BODY RESIDES IN ST. AGNES HEALTHCARE'S SERVICE AREA AND IS NEITHER COMPOSED OF EMPLOYEES NOR CONTRACTORS OF THE ORGANIZATION. THE GOVERNING BODY HAD SIXTEEN VOTING MEMBERS, THIRTEEN OF WHICH WERE INDEPENDENT COMMUNITY MEMBERS. ADDITIONALLY, ST. AGNES HEALTHCARE HAS AN OPEN MEDICAL STAFF AND CREDENTIALS ALL QUALIFIED MEDICAL STAFF, INCLUDING COMMUNITY BASED PROVIDERS. ST. AGNES HEALTHCARE APPLIES SURPLUS FUNDS TO IMPROVE PATIENT CARE IN VARIOUS WAYS. FOR INSTANCE, SURPLUS FUNDS ARE USED TO REINVEST IN THE LATEST EQUIPMENT AND TECHNOLOGIES TO IMPROVE PATIENT SAFETY, COMFORT, AND OUTCOMES. SURPLUS FUNDS ARE ALSO USED TO RENOVATE EXISTING FACILITIES AND CONSTRUCT NEW FACILITIES IN ORDER TO IMPROVE THE HEALTHCARE ENVIRONMENT. AS A MEMBER OF A NATIONAL HEALTH SYSTEM, ASCENSION HEALTH, SURPLUS FUNDS GENERATED BY ST. AGNES HEALTHCARE MAY ALSO BE DIRECTED TO ASCENSION HEALTH TO APPLY TOWARDS STRATEGIC INITIATIVES OR TO BE RE-DISTRIBUTED TO OTHER MEMBER HEALTHCARE PROVIDERS WITHIN ASCENSION HEALTH. THIS ALLOWS ST. AGNES TO NOT ONLY SERVICE THE SURROUNDING COMMUNITY, BUT ALSO HELP FUND THE CARE FOR THE UNDERPRIVILEGED THROUGHOUT MANY PARTS OF THE UNITED STATES.</p> |
| <p>SCHEDULE H, PART VI, LINE 6 - DESCRIPTION OF AFFILIATED GROUP</p>          | <p>ST. AGNES HEALTHCARE IS A MEMBER OF ASCENSION HEALTH, A NATIONAL HEALTH CARE SYSTEM. ASCENSION HEALTH IS THE SOLE CORPORATE MEMBER OF SAINT AGNES HEALTHCARE. SAINT AGNES HEALTHCARE IS THE SOLE CORPORATE MEMBER OF SETON MEDICAL GROUP INC., WHICH PROVIDES PRIMARY CARE, GYNECOLOGY AND OBSTETRICS CARE FOR PATIENTS IN THE SAINT AGNES HEALTHCARE'S SERVICE AREA. SAINT AGNES HEALTHCARE IS ALSO THE SOLE CORPORATE MEMBER OF SAINT AGNES FOUNDATION, THE PHILANTHROPIC ARM OF SAINT AGNES HEALTHCARE.</p>  |
| <p>SCHEDULE H, PART VI, LINE 7 - STATE FILING OF COMMUNITY BENEFIT REPORT</p> | <p>SAINT AGNES HEALTHCARE FILES A COMMUNITY BENEFITS REPORT WITH THE HEALTH SERVICES COST REVIEW COMMISSION (HSCRC), THE REGULATORY AGENCY IN THE STATE OF MARYLAND. THE REPORT IS THEN MADE PUBLIC BY THE HSCRC. ADDITIONALLY, COMMUNITY BENEFIT INFORMATION IS AVAILABLE IN THE SAINT AGNES HEALTHCARE ANNUAL REPORT AND THE SAINT AGNES HEALTHCARE FACT SHEET. BOTH DOCUMENTS ARE AVAILABLE ON THE HOSPITAL WEBSITE.</p>  |

**SCHEDULE I  
(Form 990)**

**Grants and Other Assistance to Organizations,  
Governments, and Individuals in the United States**  
Complete if the organization answered "Yes" on Form 990, Part IV, line 21 or 22.

OMB No. 1545-0047  
**2016**

**Open to Public  
Inspection**

Department of the Treasury  
Internal Revenue Service

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

▶ Attach to Form 990.

Name of the organization  
**ST. AGNES HEALTHCARE, INC.**

Employer identification number  
52-0591657

**Part I General Information on Grants and Assistance**

- Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?
- Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

Yes  No

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

| 1 (a) Name and address of organization or government                      | (b) EIN    | (c) IRC section (if applicable) | (d) Amount of cash grant | (e) Amount of non-cash assistance | (f) Method of valuation (book, FMV, appraisal, other) | (g) Description of non-cash assistance | (h) Purpose of grant or assistance |
|---|------------|---------------------------------|--------------------------|-----------------------------------|---|--|------------------------------------|
| (1) ST. AGNES FOUNDATION, INC.<br>900 CATON AVENUE, BALTIMORE, MD 21229   | 52-1415083 | 501 (C)(3)                      | 6,000                    |                                   |   |  | OPERATING SUPPORT                  |
| (2) BALTIMORE MEDICAL SYSTEM, INC.<br>P.O. BOX 1593, MERRIFIELD, VA 22116 | 52-1358241 | 501(C)(3)                       | 888,255                  |                                   |   |  | OPERATING SUPPORT                  |
| (3) .....   |            |                                 |                          |                                   |   |  |                                    |
| (4) .....   |            |                                 |                          |                                   |   |  |                                    |
| (5) .....   |            |                                 |                          |                                   |   |  |                                    |
| (6) .....   |            |                                 |                          |                                   |   |  |                                    |
| (7) .....   |            |                                 |                          |                                   |   |  |                                    |
| (8) .....   |            |                                 |                          |                                   |   |  |                                    |
| (9) .....   |            |                                 |                          |                                   |   |  |                                    |
| (10) .....  |            |                                 |                          |                                   |   |  |                                    |
| (11) .....  |            |                                 |                          |                                   |   |  |                                    |
| (12) .....  |            |                                 |                          |                                   |   |  |                                    |

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table ..... 2

3 Enter total number of other organizations listed in the line 1 table ..... 0



Part IV

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

| Return Reference - Identifier  | Explanation  |
|--|--|
| SCHEDULE I, PART I, LINE 2 - PROCEDURES FOR MONITORING USE OF GRANT FUNDS. | DISCRETIONARY GRANTS OR ASSISTANCE TO OTHER ORGANIZATIONS ARE APPROVED BY EITHER THE CHIEF EXECUTIVE OFFICER OR THE CHIEF FINANCIAL OFFICER. |

**SCHEDULE J  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

Name of the organization

ST. AGNES HEALTHCARE, INC.

**Compensation Information**

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

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

OMB No. 1545-0047

**2016**

**Open to Public Inspection**

Employer identification number

52-0591657

**Part I Questions Regarding Compensation**

|   | Yes       | No |
|---|-----------|----|
| <b>1a</b> Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.<br><input type="checkbox"/> First-class or charter travel<br><input type="checkbox"/> Travel for companions<br><input type="checkbox"/> Tax indemnification and gross-up payments<br><input type="checkbox"/> Discretionary spending account<br><input type="checkbox"/> Housing allowance or residence for personal use<br><input type="checkbox"/> Payments for business use of personal residence<br><input type="checkbox"/> Health or social club dues or initiation fees<br><input type="checkbox"/> Personal services (such as, maid, chauffeur, chef) |           |    |
| <b>b</b> If any of the boxes on 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 . . . . .   | <b>1b</b> |    |
| <b>2</b> Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked on line 1a? . . . . .   | <b>2</b>  |    |
| <b>3</b> 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.<br><input type="checkbox"/> Compensation committee<br><input type="checkbox"/> Independent compensation consultant<br><input type="checkbox"/> Form 990 of other organizations<br><input type="checkbox"/> Written employment contract<br><input type="checkbox"/> Compensation survey or study<br><input type="checkbox"/> Approval by the board or compensation committee  |           |    |
| <b>4</b> During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:   |           |    |
| <b>a</b> Receive a severance payment or change-of-control payment? . . . . .  | <b>4a</b> | ✓  |
| <b>b</b> Participate in, or receive payment from, a supplemental nonqualified retirement plan? . . . . .  | <b>4b</b> | ✓  |
| <b>c</b> Participate in, or receive payment from, an equity-based compensation arrangement? . . . . .   | <b>4c</b> | ✓  |
| If "Yes" to any of lines 4a–c, list the persons and provide the applicable amounts for each item in Part III.   |           |    |
| <b>Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5–9.</b>   |           |    |
| <b>5</b> For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:   |           |    |
| <b>a</b> The organization? . . . . .  | <b>5a</b> | ✓  |
| <b>b</b> Any related organization? . . . . .  | <b>5b</b> | ✓  |
| If "Yes" on line 5a or 5b, describe in Part III.  |           |    |
| <b>6</b> For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:   |           |    |
| <b>a</b> The organization? . . . . .  | <b>6a</b> | ✓  |
| <b>b</b> Any related organization? . . . . .  | <b>6b</b> | ✓  |
| If "Yes" on line 6a or 6b, describe in Part III.  |           |    |
| <b>7</b> For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described on lines 5 and 6? If "Yes," describe in Part III . . . . .  | <b>7</b>  | ✓  |
| <b>8</b> Were any amounts reported on 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 . . . . .  | <b>8</b>  | ✓  |
| <b>9</b> If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)? . . . . .   | <b>9</b>  |    |

**Part I 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 on 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 aren't 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 on prior Form 990 |
|----|--|--|-------------------------------------|-------------------------------------|--|-------------------------|---------------------------------|---|
|    |  | (i) Base compensation                              | (ii) Bonus & incentive compensation | (iii) Other reportable compensation |  |                         |                                 |   |
| 1  | CARLOS S INCE JR, MD<br>SECRETARY/PHYSICIAN                                      | (i) 400,954<br>(ii) 0                              | 40,938<br>0                         | 2,103<br>0                          | 14,575<br>0                                    | 28,522<br>0             | 487,092<br>0                    | 0<br>0  |
| 2  | KEITH VANDER KOLK<br>PRESIDENT & CEO   | (i) 420,555<br>(ii) 0                              | 73,950<br>0                         | 46,526<br>0                         | 12,656<br>0                                    | 17,450<br>0             | 571,137<br>0                    | 0<br>0  |
| 3  | CAROLE B MILLER, MD<br>BOARD DIRECTOR/PHYSICIAN                                  | (i) 403,942<br>(ii) 0                              | 41,861<br>0                         | 4,014<br>0                          | 17,225<br>0                                    | 30,005<br>0             | 497,047<br>0                    | 0<br>0  |
| 4  | BONNIE L PHIPPS<br>FORMER OFFICER  | (i) 0<br>(ii) 422,604                              | 0<br>977,694                        | 0<br>505,236                        | 0<br>15,334                                    | 0<br>18,810             | 0<br>1,939,678                  | 0<br>0  |
| 5  | SCOTT M FURNISS<br>CFO-MINISTRY MKT DC/BALTIMORE                                 | (i) 320,367<br>(ii) 0                              | 86,365<br>0                         | 30,896<br>0                         | 16,347<br>0                                    | 15,784<br>0             | 469,759<br>0                    | 0<br>0  |
| 6  | NANCY M HAMMOND, MD<br>EXECUTIVE VP/CMO  | (i) 350,433<br>(ii) 0                              | 0<br>0                              | 3,791<br>0                          | 17,034<br>0                                    | 25,116<br>0             | 396,374<br>0                    | 0<br>0  |
| 7  | PATRICK F MUTCH<br>EXEC VP PHYSICIAN AND POPULATION HEALTH SERVICES (END 7/2016) | (i) 165,367<br>(ii) 0                              | 64,408<br>0                         | 161,074<br>0                        | 9,659<br>0                                     | 17,267<br>0             | 417,775<br>0                    | 0<br>0  |
| 8  | ANDREW M AVERBACH, MD<br>GENERAL SURGEON   | (i) 578,465<br>(ii) 0                              | 51,864<br>0                         | 7,524<br>0                          | 14,575<br>0                                    | 23,137<br>0             | 675,565<br>0                    | 0<br>0  |
| 9  | GEORGE T GRACE, MD<br>MEDICAL DIRECTOR - PLASTIC HAND RECONSTRUCTIVE SURGEON     | (i) 799,414<br>(ii) 0                              | 0<br>0                              | 7,524<br>0                          | 14,575<br>0                                    | 30,496<br>0             | 852,009<br>0                    | 0<br>0  |
| 10 | HOWARD S HESSAN, MD<br>MEDICAL DIRECTOR - OTOLARYNGOLOGY                         | (i) 848,664<br>(ii) 0                              | 0<br>0                              | 4,902<br>0                          | 14,575<br>0                                    | 24,860<br>0             | 893,001<br>0                    | 0<br>0  |
| 11 | AJAY V KUMAR, MD<br>PLASTIC SURGEON  | (i) 345,108<br>(ii) 0                              | 345,096<br>0                        | 938<br>0                            | 14,575<br>0                                    | 27,972<br>0             | 733,689<br>0                    | 0<br>0  |
| 12 | MICHAEL A ZATINA, MD<br>SURGERY DIRECTOR - CARDIOVASCULAR INST                   | (i) 566,633<br>(ii) 0                              | 67,878<br>0                         | 7,524<br>0                          | 17,225<br>0                                    | 26,017<br>0             | 685,277<br>0                    | 0<br>0  |
| 13 |  |  |                                     |                                     |  |                         |                                 |   |
| 14 |  |  |                                     |                                     |  |                         |                                 |   |
| 15 |  |  |                                     |                                     |  |                         |                                 |   |
| 16 |  |  |                                     |                                     |  |                         |                                 |   |

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 - Identifier   | Explanation  |
|---|--|
| SCHEDULE J, PART I, LINE 3 - ARRANGEMENT USED TO ESTABLISH THE TOP MANAGEMENT OFFICIAL'S COMPENSATION | <p>ASCENSION HEALTH, A RELATED ORGANIZATION OF ST. AGNES HEALTHCARE, INC., USES THE FOLLOWING TO ESTABLISH THE COMPENSATION OF THE ORGANIZATION'S PRESIDENT:</p> <ul style="list-style-type: none"> <li>- COMPENSATION COMMITTEE,</li> <li>- INDEPENDENT COMPENSATION CONSULTANT,</li> <li>- COMPENSATION SURVEY OR STUDY, AND</li> <li>- APPROVAL BY THE BOARD OR COMPENSATION COMMITTEE.</li> </ul>  |
| SCHEDULE J, PART I, LINE 4A - SEVERANCE OR CHANGE-OF-CONTROL PAYMENT                                  | <p>THE FOLLOWING INDIVIDUAL(S) RECEIVED SEVERANCE PAYMENTS FROM THE ORGANIZATION OR A RELATED ORGANIZATION:</p> <p>BONNIE L PHIPPS - \$269,231<br/>           PATRICK F MUTCH - \$128,333</p>  |
| SCHEDULE J, PART I, LINE 4B - SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN                               | <p>ELIGIBLE EXECUTIVES PARTICIPATE IN A PROGRAM THAT PROVIDES FOR SUPPLEMENTAL RETIREMENT BENEFITS. THE PAYMENT OF BENEFITS UNDER THE PROGRAM, IF ANY, IS ENTIRELY DEPENDENT UPON THE FACTS AND CIRCUMSTANCES UNDER WHICH THE EXECUTIVE TERMINATES EMPLOYMENT WITH THE ORGANIZATION. BENEFITS UNDER THE PROGRAM ARE UNFUNDED AND NON-VESTED. DUE TO THE SUBSTANTIAL RISK OF FORFEITURE PROVISION, THERE IS NO GUARANTEE THAT THESE EXECUTIVES WILL EVER RECEIVE ANY BENEFIT UNDER THE PROGRAM. ANY AMOUNT ULTIMATELY PAID UNDER THE PROGRAM TO THE EXECUTIVE IS REPORTED AS COMPENSATION ON FORM 990, SCHEDULE J, PART II, COLUMN B IN THE YEAR PAID.</p> <p>NO INDIVIDUALS RECEIVED CURRENT YEAR DISTRIBUTIONS.</p> |





Part III

**Supplemental Information.** Provide the information required by Part I, lines 2e and 6c, and Part II, line 2e. Also complete this part to provide any additional information.

| Return Reference - Identifier          | Explanation  |
|--|--|
| SCHEDULE N, PART II - CASH TRANSFERRED | ST. AGNES HEALTHCARE, INC. TRANSFERRED ITS BEGINNING HSD CASH BALANCES TO ASCENSION HEALTH ALLIANCE (45-3358926) AS OF JULY 1, 2016. |

Name of the Organization  
**ST. AGNES HEALTHCARE, INC.**

Employer Identification Number  
**52-0591657**

| Return Reference - Identifier   | Explanation  |
|---|--|
| FORM 990, PART III, LINE 1 - ORGANIZATION'S MISSION                                     | <p>VULNERABLE. AS A CATHOLIC HEALTHCARE MINISTRY, WE ARE DEDICATED TO THE ART OF HEALING TO IMPROVE THE LIVES OF THOSE THAT WE SERVE; WE ADVOCATE FOR A JUST SOCIETY. THROUGH OUR WORDS AND DEEDS, WE MINISTER IN AN ATMOSPHERE OF DEEP RESPECT, LOVE AND COMPASSION. PATIENTS ARE OUR PASSION. OUR PHYSICIANS, NURSES AND ASSOCIATES ARE OUR PRIDE. HEALING IS OUR JOY. WE ARE WIDELY KNOWN FOR THE WAY OUR PHYSICIAN, NURSES AND ASSOCIATES COMBINE SOPHISTICATED MEDICAL TECHNOLOGY WITH SPIRITUALITY AND COMPASSION. SHOULDER TO SHOULDER, WE STAND UNITED IN OUR COMMITMENT TO CARE FOR THOSE IN NEED. WE WILL BE A LEADER IN SERVICE EXCELLENCE.</p>   |
| FORM 990, PART III, LINE 4C - PROGRAM SERVICE DESCRIPTION                               | <p>IN NURSING OR REHABILITATION CENTERS; PROVIDING GYNECOLOGICAL SERVICES TO UNINSURED, LARGELY SPANISH SPEAKING PERSONS AT THE ESPERANZA CLINIC; AND THE WELL4LIFE PROGRAM, WHICH USES A MULTIDISCIPLINARY APPROACH TO WEIGHT LOSS, EXERCISE, LIFESTYLE AND MINDSET CHANGES, FOCUSED ON BATTLING OBESITY CHALLENGES.</p> <p>ST. AGNES HEALTHCARE HAS A LONG STANDING TRADITION OF PROVIDING MEDICAL EDUCATION AND TRAINING. ST. AGNES ADMINISTERS A FIVE YEAR, FULLY ACCREDITED, GENERAL SURGERY RESIDENCY PROGRAM CONSISTING OF TWENTY SURGICAL RESIDENTS. THIS ACADEMICALLY ORIENTED, COMMUNITY BASED, UNIVERSITY AFFILIATED RESIDENCY PROGRAM IS THE SECOND OLDEST SURGICAL RESIDENCY PROGRAM IN THE UNITED STATES. THE PROGRAM IS ACTIVE IN BOTH BASIC AND ADVANCED LAPAROSCOPIC SURGERY. RESIDENTS ARE OFFERED A BROAD-BASED SURGICAL EXPERIENCE WITH EXPOSURE NOT ONLY TO THE FIELD OF GREATER GENERAL SURGERY, BUT ALSO TO ALL THE SURGICAL SPECIALTIES. THERE IS EXTENSIVE EXPERIENCE AND TRAINING IN MANAGING THE CRITICALLY ILL SURGICAL PATIENT. ADDITIONALLY, THE PROGRAM ALSO CONTAINS ROTATIONS IN BURN MANAGEMENT, TRAUMA, TRANSPLANT AND GASTROINTESTINAL ENDOSCOPY. THE DEPARTMENT OF SURGERY INCLUDES MORE THAN 152 SURGEONS IN 10 SURGICAL SPECIALTIES. THERE ARE THIRTY FULL-TIME SURGEONS IN THE DEPARTMENT COMPLEMENTED BY ATTENDING SURGEONS WHO ARE DEDICATED TO THE RESIDENCY- TRAINING PROGRAM AND ARE ACTIVELY INVOLVED IN THE TEACHING PROGRAM. MEDICAL STUDENTS HAVE ALSO BEEN A PART OF ST. AGNES' TRAINING PROGRAM FOR MORE THAN SIX DECADES. THE OPPORTUNITY FOR THE RESIDENTS TO TEACH THE STUDENTS CONTRIBUTES SIGNIFICANTLY TO THE PROFESSIONAL DEVELOPMENT OF THE RESIDENT AND PROVIDES A VITAL SERVICE TO THE STUDENT.</p> <p>ST. AGNES ALSO HAS A MEDICAL RESIDENCY PROGRAM CONSISTING OF FORTY-FIVE RESIDENTS. THE DYNAMIC INTERACTION BETWEEN THE FACULTY AND THE HOUSE STAFF CREATES A STIMULATING INTELLECTUAL ENVIRONMENT CENTERED ON THE KEY PRINCIPLES OF PATIENT CARE, EDUCATION AND CLINICAL RESEARCH. SIMILAR TO THE SURGICAL RESIDENTS, THE MEDICAL RESIDENTS ARE INVOLVED IN THE TEACHING OF MEDICAL STUDENTS. DUE TO ST. AGNES' AFFILIATION WITH THE UNIVERSITY OF MARYLAND MEDICAL SCHOOL AND JOHNS HOPKINS SCHOOL OF MEDICINE, THE RESIDENTS ARE PRESENTED AN OPPORTUNITY TO ROTATE THROUGH THOSE HOSPITALS, FURTHER ENRICHING THE PATIENT CARE EXPERIENCE. THE RESIDENCY PROGRAM ALLOWS THE RESIDENTS TO BECOME PROFICIENT IN OBTAINING CLINICAL DATA BY PATIENT INTERVIEW, PHYSICAL EXAMINATION, AND INTERPRETATION OF LABORATORY DATA. THE RESIDENTS ALSO BECOME PROFICIENT IN UTILIZING CLINICAL DATA TO PRIORITIZE PROBLEMS AND FORMULATE DIFFERENTIAL DIAGNOSES. THE TRAINING PROGRAM HELPS THE RESIDENTS LEARN TO FORMULATE DIAGNOSTIC AND THERAPEUTIC PLANS DEMONSTRATING AWARENESS OF RISKS, BENEFITS, COSTS, PATIENT PREFERENCES, AND ETHICAL AND PSYCHOSOCIAL ISSUES.</p> <p>TO FURTHER THE OBJECTIVE OF IMPROVING COMMUNITY HEALTH SAINT AGNES HEALTHCARE IS DEVELOPING GIBBONS COMMONS. GIBBONS COMMONS IS A VIBRANT, 32-ACRE, MIXED-USE COMMUNITY, BEING DEVELOPED AND DESIGNED BY SAINT AGNES HEALTHCARE- IN COLLABORATION WITH MAJOR COMMUNITY PARTNERS -IN ORDER TO PROVIDE SOUTHWEST BALTIMORE RESIDENTS WITH A SAFE AND HEALTHY PLACE TO LIVE, WORK, PLAY AND LEARN. SINCE PURCHASING THE PROPERTY, SAINT AGNES HAS WORKED CLOSELY WITH COMMUNITY PARTNERS, NEIGHBORS, THE CITY AND DEVELOPERS TO ENSURE WE ARE CREATING A COMMUNITY ASSET THAT WILL IMPROVE THE QUALITY OF LIFE OF THOSE WE HAVE SERVED FOR OVER 150 YEARS. OUR VISION IS TO PROVIDE GREEN SPACE, COMMUNITY SERVICES, RECREATIONAL FACILITIES AND COMMUNITY HOUSING.</p> |
| FORM 990, PART VI, LINE 6 - CLASSES OF MEMBERS OR STOCKHOLDERS                          | ST. AGNES HEALTHCARE HAS A SOLE CORPORATE MEMBER, ASCENSION HEALTH.  |
| FORM 990, PART VI, LINE 7A - MEMBERS OR STOCKHOLDERS ELECTING MEMBERS OF GOVERNING BODY | ST. AGNES HEALTHCARE HAS A SOLE CORPORATE MEMBER, ASCENSION HEALTH, WHO HAS THE ABILITY TO ELECT MEMBERS TO THE GOVERNING BODY OF ST. AGNES HEALTHCARE.  |
| FORM 990, PART VI, LINE 7B - DECISIONS REQUIRING APPROVAL BY MEMBERS OR STOCKHOLDERS    | ASCENSION HEALTH HAS DESIGNED A SYSTEM AUTHORITY MATRIX WHICH ASSIGNS AUTHORITY FOR KEY DECISIONS THAT ARE NECESSARY IN THE OPERATION OF THE SYSTEM. SPECIFIC AREAS THAT ARE IDENTIFIED IN THE AUTHORITY MATRIX ARE: NEW ORGANIZATIONS & MAJOR TRANSACTIONS; GOVERNING DOCUMENTS; APPOINTMENTS/REMOVALS; EVALUATION; DEBT LIMITS; STRATEGIC & FINANCIAL PLANS; ASSETS; SYSTEM POLICIES & PROCEDURES. THESE AREAS ARE SUBJECT TO CERTAIN LEVELS OF APPROVAL BY ASCENSION PER THE SYSTEM AUTHORITY MATRIX.   |

| Return Reference - Identifier  | Explanation  |                 |            |                        |             |                               |              |  |               |
|--|--|-----------------|------------|------------------------|-------------|-------------------------------|--------------|--|---------------|
| FORM 990, PART VI, LINE 11B - REVIEW OF FORM 990 BY GOVERNING BODY                         | DURING THE RETURN PREPARATION PROCESS, THE TAX DEPARTMENT WORKS WITH OTHER FUNCTIONAL AREAS INCLUDING FINANCE, ACCOUNTING, TREASURY, LEGAL, HUMAN RESOURCES, AND CORPORATE COMPLIANCE FOR ADVICE, INFORMATION AND ASSISTANCE IN ORDER TO PREPARE A COMPLETE AND ACCURATE RETURN. UPON COMPLETION, THE FORM 990 IS REVIEWED BY THE ORGANIZATION'S INTERNAL TAX DEPARTMENT WHICH CONSISTS OF ATTORNEYS AND CPAS. A COMPLETE FINAL COPY OF THE RETURN IS PROVIDED TO THE ORGANIZATION'S PRESIDENT, FINANCIAL OFFICER, AND/OR OTHER KEY OFFICERS IN LIEU OF THE FULL BOARD.  |                 |            |                        |             |                               |              |  |               |
| FORM 990, PART VI, LINE 12C - CONFLICT OF INTEREST POLICY                                  | THE ORGANIZATION REGULARLY AND CONSISTENTLY MONITORS AND ENFORCES COMPLIANCE WITH THE CONFLICT OF INTEREST POLICY IN THAT ANY DIRECTOR, PRINCIPAL OFFICER, OR MEMBER OF A COMMITTEE WITH GOVERNING BOARD DELEGATED POWERS, WHO HAS A DIRECT OR INDIRECT FINANCIAL INTEREST, MUST DISCLOSE THE EXISTENCE OF THE FINANCIAL INTEREST AND BE GIVEN THE OPPORTUNITY TO DISCLOSE ALL MATERIAL FACTS TO THE DIRECTORS AND MEMBERS OF THE COMMITTEES WITH GOVERNING BOARD DELEGATED POWERS CONSIDERING THE PROPOSED TRANSACTION OR ARRANGEMENT. THE REMAINING INDIVIDUALS ON THE GOVERNING BOARD OR COMMITTEE WILL DECIDE IF CONFLICTS OF INTEREST EXIST. EACH DIRECTOR, PRINCIPAL OFFICER AND MEMBER OF A COMMITTEE WITH GOVERNING BOARD DELEGATED POWERS ANNUALLY SIGNS A STATEMENT WHICH AFFIRMS SUCH PERSON HAS RECEIVED A COPY OF THE CONFLICTS OF INTEREST POLICY, HAS READ AND UNDERSTANDS THE POLICY, HAS AGREED TO COMPLY WITH THE POLICY, AND UNDERSTANDS THAT THE ORGANIZATION IS CHARITABLE AND IN ORDER TO MAINTAIN ITS FEDERAL TAX EXEMPTION IT MUST ENGAGE PRIMARILY IN ACTIVITIES WHICH ACCOMPLISH ITS TAX-EXEMPT PURPOSE. |                 |            |                        |             |                               |              |  |               |
| FORM 990, PART VI, LINE 15A - PROCESS TO ESTABLISH COMPENSATION OF TOP MANAGEMENT OFFICIAL | IN DETERMINING THE COMPENSATION OF THE ORGANIZATION'S CEO, THE PROCESS PERFORMED BY ASCENSION HEALTH, A RELATED ORGANIZATION OF ST. AGNES HEALTHCARE, INCLUDED A REVIEW AND APPROVAL BY INDEPENDENT PERSONS, COMPARABILITY DATA, AND CONTEMPORANEOUS SUBSTANTIATION OF THE DELIBERATION AND DECISION. THE COMPENSATION COMMITTEE REVIEWED AND APPROVED THE COMPENSATION. IN THE REVIEW OF THE COMPENSATION, THE CEO WAS COMPARED TO INDIVIDUALS AT OTHER ORGANIZATIONS IN THE AREA WHO HOLD THE SAME TITLE. DURING THE REVIEW AND APPROVAL OF THE COMPENSATION, DOCUMENTATION OF THE DECISION WAS RECORDED IN THE COMMITTEE MINUTES. THE INDIVIDUAL WAS NOT PRESENT WHEN HIS COMPENSATION WAS DECIDED.   |                 |            |                        |             |                               |              |  |               |
| FORM 990, PART VI, LINE 15B - PROCESS TO ESTABLISH COMPENSATION OF OTHER EMPLOYEES         | IN DETERMINING COMPENSATION OF THE ORGANIZATION'S OFFICERS OR KEY EMPLOYEES, THE PROCESS, PERFORMED BY ST. AGNES HEALTHCARE, INC. INCLUDED A REVIEW AND APPROVAL BY INDEPENDENT PERSONS, COMPARABILITY DATA, AND CONTEMPORANEOUS SUBSTANTIATION OF THE DELIBERATION AND DECISION. THE AUDIT COMMITTEE REVIEWED AND APPROVED THE COMPENSATION. IN THE REVIEW OF THE COMPENSATION, THE OTHER OFFICERS OR KEY EMPLOYEES OF THE ORGANIZATION WERE COMPARED TO INDIVIDUALS AT OTHER ORGANIZATIONS IN THE AREA WHO HOLD THE SAME TITLE. DURING THE REVIEW AND APPROVAL OF THE COMPENSATION DOCUMENTATION OF THE DECISION WAS RECORDED IN THE COMMITTEE MINUTES. INDIVIDUALS WERE NOT PRESENT WHEN THEIR COMPENSATION WAS DECIDED.  |                 |            |                        |             |                               |              |  |               |
| FORM 990, PART VI, LINE 19 - REQUIRED DOCUMENTS AVAILABLE TO THE PUBLIC                    | THE ORGANIZATION WILL PROVIDE ANY DOCUMENTS OPEN TO PUBLIC INSPECTION UPON WRITTEN REQUEST.  |                 |            |                        |             |                               |              |  |               |
| FORM 990, PART XI, LINE 9 - OTHER CHANGES IN NET ASSETS OR FUND BALANCES                   | <table border="1" data-bbox="467 1167 1513 1304"> <thead> <tr> <th data-bbox="467 1167 1304 1194">(a) Description</th> <th data-bbox="1312 1167 1513 1194">(b) Amount</th> </tr> </thead> <tbody> <tr> <td data-bbox="467 1205 1304 1232">DEFERRED PENSION COSTS</td> <td data-bbox="1312 1205 1513 1232">- 9,172,509</td> </tr> <tr> <td data-bbox="467 1243 1304 1270">NET TRANSFERS WITH ALPHA FUND</td> <td data-bbox="1312 1243 1513 1270">- 45,251,051</td> </tr> <tr> <td data-bbox="467 1281 1304 1308">TRANSFER INTEREST IN INVESTMENTS HELD BY ASCENSION HEALTH ALLIANCE BACK TO AHA</td> <td data-bbox="1312 1281 1513 1308">- 204,620,391</td> </tr> </tbody> </table>   | (a) Description | (b) Amount | DEFERRED PENSION COSTS | - 9,172,509 | NET TRANSFERS WITH ALPHA FUND | - 45,251,051 | TRANSFER INTEREST IN INVESTMENTS HELD BY ASCENSION HEALTH ALLIANCE BACK TO AHA | - 204,620,391 |
| (a) Description  | (b) Amount   |                 |            |                        |             |                               |              |  |               |
| DEFERRED PENSION COSTS   | - 9,172,509  |                 |            |                        |             |                               |              |  |               |
| NET TRANSFERS WITH ALPHA FUND  | - 45,251,051   |                 |            |                        |             |                               |              |  |               |
| TRANSFER INTEREST IN INVESTMENTS HELD BY ASCENSION HEALTH ALLIANCE BACK TO AHA             | - 204,620,391  |                 |            |                        |             |                               |              |  |               |
| FORM 990, PART XII, LINE 2B - AUDITED FINANCIAL STATEMENTS                                 | THE ACTIVITY OF ST. AGNES HEALTHCARE IS REPORTED IN THE CONSOLIDATED FINANCIAL STATEMENTS OF ASCENSION HEALTH ALLIANCE. NO INDIVIDUAL AUDIT OF ST. AGNES HEALTHCARE IS COMPLETED. THEREFORE, THE ATTACHED AUDITED FINANCIAL STATEMENTS ARE OF ASCENSION HEALTH ALLIANCE AND AFFILIATES, WHICH INCLUDE THE ACTIVITY OF ST. AGNES HEALTHCARE.  |                 |            |                        |             |                               |              |  |               |
| FORM 990, PART XII, LINE 2C - AUDIT COMMITTEE  | ST. AGNES HEALTHCARE, INC. IS INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS OF ASCENSION HEALTH ALLIANCE. THE FINANCE AND AUDIT COMMITTEE OF ASCENSION HEALTH ALLIANCE'S BOARD ASSUMES RESPONSIBILITY FOR THE CONSOLIDATED ORGANIZATION AS A WHOLE.  |                 |            |                        |             |                               |              |  |               |

**SCHEDULE R  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

Name of the organization

ST. AGNES HEALTHCARE, INC.

**Related Organizations and Unrelated Partnerships**

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

▶ Attach to Form 990.

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

OMB No. 1545-0047

**2016**

**Open to Public  
Inspection**

Employer identification number

52-0591657

**Part I Identification of Disregarded Entities.** Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

| (a)<br>Name, address, and EIN (if applicable) of disregarded entity            | (b)<br>Primary activity                          | (c)<br>Legal domicile (state or foreign country) | (d)<br>Total income | (e)<br>End-of-year assets | (f)<br>Direct controlling entity |
|--|--|--|---------------------|---------------------------|----------------------------------|
| (1) GIBBONS COMMONS, LLC (52-0591657)<br>900 CATON AVENUE, BALTIMORE, MD 21229 | REAL PROPERTY TO SUPPORT<br>COMMUNITY ACTIVITIES | MD   | 24,000              | 16,812,798                | ST. AGNES<br>HEALTHCARE, INC.    |
| (2) .....  |  |  |                     |                           |                                  |
| (3) .....  |  |  |                     |                           |                                  |
| (4) .....  |  |  |                     |                           |                                  |
| (5) .....  |  |  |                     |                           |                                  |
| (6) .....  |  |  |                     |                           |                                  |

**Part II Identification of Related Tax-Exempt Organizations.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.

| (a)<br>Name, address, and EIN of related organization                             | (b)<br>Primary activity                               | (c)<br>Legal domicile (state or foreign country) | (d)<br>Exempt Code section | (e)<br>Public charity status (if section 501(c)(3)) | (f)<br>Direct controlling entity | (g)<br>Section 512(b)(13) controlled entity? |    |
|---|---|--|----------------------------|---|----------------------------------|--|----|
|   |   |  |                            |   |                                  | Yes  | No |
| (1) ASCENSION HEALTH ALLIANCE (45-3358926)<br>P.O. BOX 45998, ST. LOUIS, MO 63145 | NATIONAL HEALTH SYSTEM                                | MO   | 501(C)3                    | 12 TYPE I   | N/A                              |  | ✓  |
| (2) ASCENSION HEALTH (31-1662309)<br>P.O. BOX 45998, ST. LOUIS, MO 63145          | NATIONAL HEALTH SYSTEM                                | MO   | 501(C)3                    | 12 TYPE I   | ASCENSION HEALTH ALLIANCE        |  | ✓  |
| (3) ST. AGNES AUXILIARY (52-0643673)<br>900 CATON AVENUE, BALTIMORE, MD 21229     | FUNDRAISING   | MD   | 501(C)3                    | 10  | ST. AGNES HOSPITAL               | ✓  |    |
| (4) SETON MEDICAL GROUP (39-2064992)<br>900 CATON AVENUE, BALTIMORE, MD 21229     | PROVIDE HEALTH CARE SERVICES TO THE COMMUNITY         | MD   | 501(C)3                    | 3   | ST. AGNES HOSPITAL               | ✓  |    |
| (5) SAINT AGNES FOUNDATION (52-1415083)<br>900 CATON AVENUE, BALTIMORE, MD 21229  | PROVIDES FUNDING TO THE HOSPITAL AND TO THE COMMUNITY | MD   | 501(C)3                    | 12 TYPE I   | ST. AGNES HOSPITAL               | ✓  |    |
| (6) .....   |   |  |                            |   |                                  |  |    |
| (7) .....   |   |  |                            |   |                                  |  |    |

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

Cat. No. 50135Y

Schedule R (Form 990) 2016

**Part III** Identification of Related Organizations Taxable as a Partnership. Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

| (a)<br>Name, address, and EIN of related organization | (b)<br>Primary activity | (c)<br>Legal domicile (state or foreign country) | (d)<br>Direct controlling entity | (e)<br>Predominant income (related, unrelated, excluded from tax under sections 512-514) | (f)<br>Share of total income | (g)<br>Share of end-of-year assets | (h)<br>Disproportionate allocations? |    | (i)<br>Code V—UBI amount in box 20 of Schedule K-1 (Form 1065) | (j)<br>General or managing partner? |    | (k)<br>Percentage ownership |
|---|-------------------------|--|----------------------------------|--|------------------------------|------------------------------------|--------------------------------------|----|--|-------------------------------------|----|-----------------------------|
|   |                         |  |                                  |  |                              |                                    | Yes                                  | No |  | Yes                                 | No |                             |
| (1) .....   |                         |  |                                  |  |                              |                                    |                                      |    |  |                                     |    |                             |
| (2) .....   |                         |  |                                  |  |                              |                                    |                                      |    |  |                                     |    |                             |
| (3) .....   |                         |  |                                  |  |                              |                                    |                                      |    |  |                                     |    |                             |
| (4) .....   |                         |  |                                  |  |                              |                                    |                                      |    |  |                                     |    |                             |
| (5) .....   |                         |  |                                  |  |                              |                                    |                                      |    |  |                                     |    |                             |
| (6) .....   |                         |  |                                  |  |                              |                                    |                                      |    |  |                                     |    |                             |
| (7) .....   |                         |  |                                  |  |                              |                                    |                                      |    |  |                                     |    |                             |

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

| (a)<br>Name, address, and EIN of related organization | (b)<br>Primary activity | (c)<br>Legal domicile (state or foreign country) | (d)<br>Direct controlling entity | (e)<br>Type of entity (C corp, S corp, or trust) | (f)<br>Share of total income | (g)<br>Share of end-of-year assets | (h)<br>Percentage ownership | (i)<br>Section 512(b)(13) controlled entity? |    |
|---|-------------------------|--|----------------------------------|--|------------------------------|------------------------------------|-----------------------------|--|----|
|   |                         |  |                                  |  |                              |                                    |                             | Yes  | No |
| (1) (SEE STATEMENT) .....                             |                         |  |                                  |  |                              |                                    |                             |  |    |
| (2) .....   |                         |  |                                  |  |                              |                                    |                             |  |    |
| (3) .....   |                         |  |                                  |  |                              |                                    |                             |  |    |
| (4) .....   |                         |  |                                  |  |                              |                                    |                             |  |    |
| (5) .....   |                         |  |                                  |  |                              |                                    |                             |  |    |
| (6) .....   |                         |  |                                  |  |                              |                                    |                             |  |    |
| (7) .....   |                         |  |                                  |  |                              |                                    |                             |  |    |

**Part V Transactions With Related Organizations.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

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

|          |   | Yes | No                                  |
|----------|---|-----|-------------------------------------|
| <b>1</b> | During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?<br><b>a</b> Receipt of (i) interest, (ii) annuities, (iii) royalties, or (iv) rent from a controlled entity . . . . . |     | <input checked="" type="checkbox"/> |
|          | <b>b</b> Gift, grant, or capital contribution to related organization(s) . . . . .  |     | <input checked="" type="checkbox"/> |
|          | <b>c</b> Gift, grant, or capital contribution from related organization(s) . . . . .  |     | <input checked="" type="checkbox"/> |
|          | <b>d</b> Loans or loan guarantees to or for related organization(s) . . . . .   |     | <input checked="" type="checkbox"/> |
|          | <b>e</b> Loans or loan guarantees by related organization(s) . . . . .  |     | <input checked="" type="checkbox"/> |
|          | <b>f</b> Dividends from related organization(s) . . . . .   |     | <input checked="" type="checkbox"/> |
|          | <b>g</b> Sale of assets to related organization(s) . . . . .  |     | <input checked="" type="checkbox"/> |
|          | <b>h</b> Purchase of assets from related organization(s) . . . . .  |     | <input checked="" type="checkbox"/> |
|          | <b>i</b> Exchange of assets with related organization(s) . . . . .  |     | <input checked="" type="checkbox"/> |
|          | <b>j</b> Lease of facilities, equipment, or other assets to related organization(s) . . . . .   |     | <input checked="" type="checkbox"/> |
|          | <b>k</b> Lease of facilities, equipment, or other assets from related organization(s) . . . . .   |     | <input checked="" type="checkbox"/> |
|          | <b>l</b> Performance of services or membership or fundraising solicitations for related organization(s) . . . . .   |     | <input checked="" type="checkbox"/> |
|          | <b>m</b> Performance of services or membership or fundraising solicitations by related organization(s) . . . . .  |     | <input checked="" type="checkbox"/> |
|          | <b>n</b> Sharing of facilities, equipment, mailing lists, or other assets with related organization(s) . . . . .  |     | <input checked="" type="checkbox"/> |
|          | <b>o</b> Sharing of paid employees with related organization(s) . . . . .   |     | <input checked="" type="checkbox"/> |
|          | <b>p</b> Reimbursement paid to related organization(s) for expenses . . . . .   |     | <input checked="" type="checkbox"/> |
|          | <b>q</b> Reimbursement paid by related organization(s) for expenses . . . . .   |     | <input checked="" type="checkbox"/> |
|          | <b>r</b> Other transfer of cash or property to related organization(s) . . . . .  |     | <input checked="" type="checkbox"/> |
|          | <b>s</b> Other transfer of cash or property from related organization(s) . . . . .  |     | <input checked="" type="checkbox"/> |
| <b>2</b> | If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.  |     |                                     |

|     | (a)<br>Name of related organization | (b)<br>Transaction type (a-s) | (c)<br>Amount involved | (d)<br>Method of determining amount involved |
|-----|-------------------------------------|-------------------------------|------------------------|--|
| (1) | ST. AGNES FOUNDATION, INC.          | L                             | 115,489                | FAIR MARKET VALUE                            |
| (2) | ST. AGNES FOUNDATION, INC.          | P                             | 65,673                 | FAIR MARKET VALUE                            |
| (3) | SETON MEDICAL GROUP, INC.           | L                             | 1,262,609              | FAIR MARKET VALUE                            |
| (4) | SETON MEDICAL GROUP, INC.           | P                             | 1,052,859              | FAIR MARKET VALUE                            |
| (5) | SETON MEDICAL GROUP, INC.           | R                             | 5,574,767              | FAIR MARKET VALUE                            |
| (6) | (SEE STATEMENT)                     |                               |                        |  |

**Part VI** **Unrelated Organizations Taxable as a Partnership.** Complete if the organization answered "Yes" on Form 990, Part IV, line 37.

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

| (a)<br>Name, address, and EIN of entity | (b)<br>Primary activity | (c)<br>Legal domicile (state or foreign country) | (d)<br>Predominant income (related, unrelated, excluded from tax under sections 512-514) | (e)<br>Are all partners section 501(c)(3) organizations? |    | (f)<br>Share of total income | (g)<br>Share of end-of-year assets | (h)<br>Disproportionate allocations? |    | (i)<br>Code V—UBI amount in box 20 of Schedule K-1 (Form 1065) | (j)<br>General or managing partner? |    | (k)<br>Percentage ownership |
|---|-------------------------|--|--|--|----|------------------------------|------------------------------------|--------------------------------------|----|--|-------------------------------------|----|-----------------------------|
|   |                         |  |  | Yes  | No |                              |                                    | Yes                                  | No |  | Yes                                 | No |                             |
| (1).....                                |                         |  |  |  |    |                              |                                    |                                      |    |  |                                     |    |                             |
| (2).....                                |                         |  |  |  |    |                              |                                    |                                      |    |  |                                     |    |                             |
| (3).....                                |                         |  |  |  |    |                              |                                    |                                      |    |  |                                     |    |                             |
| (4).....                                |                         |  |  |  |    |                              |                                    |                                      |    |  |                                     |    |                             |
| (5).....                                |                         |  |  |  |    |                              |                                    |                                      |    |  |                                     |    |                             |
| (6).....                                |                         |  |  |  |    |                              |                                    |                                      |    |  |                                     |    |                             |
| (7).....                                |                         |  |  |  |    |                              |                                    |                                      |    |  |                                     |    |                             |
| (8).....                                |                         |  |  |  |    |                              |                                    |                                      |    |  |                                     |    |                             |
| (9).....                                |                         |  |  |  |    |                              |                                    |                                      |    |  |                                     |    |                             |
| (10).....                               |                         |  |  |  |    |                              |                                    |                                      |    |  |                                     |    |                             |
| (11).....                               |                         |  |  |  |    |                              |                                    |                                      |    |  |                                     |    |                             |
| (12).....                               |                         |  |  |  |    |                              |                                    |                                      |    |  |                                     |    |                             |
| (13).....                               |                         |  |  |  |    |                              |                                    |                                      |    |  |                                     |    |                             |
| (14).....                               |                         |  |  |  |    |                              |                                    |                                      |    |  |                                     |    |                             |
| (15).....                               |                         |  |  |  |    |                              |                                    |                                      |    |  |                                     |    |                             |
| (16).....                               |                         |  |  |  |    |                              |                                    |                                      |    |  |                                     |    |                             |

**Part IV** Identification of Related Organizations Taxable as a Corporation or Trust (continued)

| (a) Name, address and EIN of related organization   | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Type of entity (C-corp, S-corp or trust) | (f) Share of total income | (g) Share of end-of-year assets | (h) Percentage ownership | (i) Section 512(b)(13) controlled entity? |  |
|---|----------------------|---|-------------------------------|--|---------------------------|---------------------------------|--------------------------|---|--|
|   |                      |   |                               |  |                           |                                 |                          | Yes                                       | No                                     |
| (1) ST. AGNES HEALTH VENTURES, INC. (52-1733632)<br>900 CATON AVENUE, BALTIMORE, MD 21229 | HOLDING COMPANY      | MD  | N/A                           | C CORPORATION                                | 2,468                     | 1,235,681                       | 100.00                   | Yes                                       | No <input checked="" type="checkbox"/> |

**Part V** Transactions with Related Organizations (continued)

| (a) Name of other organization | (b) Transaction type (a-r) | (c) Amount Involved | (f) Method of determining amount involved |
|--------------------------------|----------------------------|---------------------|---|
| (6) ST. AGNES FOUNDATION       | C                          | 158.697             | FAIR MARKET VALUE                         |
| (7) ST. AGNES FOUNDATION       | M                          | 638.897             | FAIR MARKET VALUE                         |

Part VII

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

| Return Reference - Identifier             | Explanation  |
|---|--|
| SCHEDULE R, PART II - SETON MEDICAL GROUP | DUE TO A CORPORATE REORGANIZATION DURING FY 2017, THE SOLE CORPORATE MEMBER OF SETON MEDICAL GROUP CHANGED FROM ST. AGNES HEALTHCARE, INC. TO ASCENSION MEDICAL GROUP, A DISREGARDED ENTITY OF ASCENSION HEALTH, EIN 31-1662309. AT THAT TIME, SETON MEDICAL GROUP CEASED TO BE A MEMBER OF THE ASCENSION BALTIMORE GROUP. |

# Application for Automatic Extension of Time To File an Exempt Organization Return

(Rev. January 2017)

OMB No. 1545-1709

Department of the Treasury  
Internal Revenue Service

► **File a separate application for each return.**  
► **Information about Form 8868 and its instructions is at [www.irs.gov/form8868](http://www.irs.gov/form8868).**

**Electronic filing (e-file).** You can electronically file Form 8868 to request a 6-month automatic extension of time to file any of the forms listed below with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, for which an extension request must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit [www.irs.gov/efile](http://www.irs.gov/efile), click on Charities & Non-Profits, and click on e-file for Charities and Non-Profits.

**Automatic 6-Month Extension of Time.** Only submit original (no copies needed).

All corporations required to file an income tax return other than Form 990-T (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

|  |  |   |
|--|--|---|
| <b>Type or print</b><br><br>File by the due date for filing your return. See instructions. | Name of exempt organization or other filer, see instructions.<br><b>ST. AGNES HEALTHCARE, INC.</b>                     | <b>Enter filer's identifying number, see instructions</b><br>Employer identification number (EIN) or<br><b>52-0591657</b> |
|  | Number, street, and room or suite no. If a P.O. box, see instructions.<br><b>900 CATON AVENUE, 040</b>                 | Social security number (SSN)  |
|  | City, town or post office, state, and ZIP code. For a foreign address, see instructions.<br><b>BALTIMORE, MD 21229</b> |   |

Enter the Return Code for the return that this application is for (file a separate application for each return) . . . . . **0 1**

| Application Is For                       | Return Code | Application Is For                | Return Code |
|--|-------------|-----------------------------------|-------------|
| Form 990 or Form 990-EZ                  | 01          | Form 990-T (corporation)          | 07          |
| Form 990-BL                              | 02          | Form 1041-A                       | 08          |
| Form 4720 (individual)                   | 03          | Form 4720 (other than individual) | 09          |
| Form 990-PF                              | 04          | Form 5227                         | 10          |
| Form 990-T (sec. 401(a) or 408(a) trust) | 05          | Form 6069                         | 11          |
| Form 990-T (trust other than above)      | 06          | Form 8870                         | 12          |

• The books are in the care of ► **SCOTT FURNISS**

Telephone No. ► **(410) 368-3130** Fax No. ► **(410) 368-3594**

- If the organization does not have an office or place of business in the United States, check this box . . . . .
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) \_\_\_\_\_ . If this is for the whole group, check this box . . . . .  . If it is for part of the group, check this box . . . . .  and attach a list with the names and EINs of all members the extension is for.

**1** I request an automatic 6-month extension of time until 05/15, 20 18, to file the exempt organization return for the organization named above. The extension is for the organization's return for:

►  calendar year 20 \_\_\_\_ or

►  tax year beginning 07/01, 20 16, and ending 06/30, 20 17.

**2** If the tax year entered in line 1 is for less than 12 months, check reason:  Initial return  Final return  Change in accounting period

|   |           |    |
|---|-----------|----|
| <b>3a</b> If this application is for Forms 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.                                   | <b>3a</b> | \$ |
| <b>b</b> If this application is for Forms 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit. | <b>3b</b> | \$ |
| <b>c Balance due.</b> Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.              | <b>3c</b> | \$ |

**Caution:** If you are going to make an electronic funds withdrawal (direct debit) with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

CONSOLIDATED FINANCIAL  
STATEMENTS AND SUPPLEMENTARY  
INFORMATION

Ascension Health Alliance  
d/b/a Ascension  
Years Ended June 30, 2017 and 2016  
With Reports of Independent Auditors



Ascension  
 Consolidated Financial Statements  
 and Supplementary Information  
 Years Ended June 30, 2017 and 2016

**Contents**

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Ernst & Young LLP  
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## Report of Independent Auditors

Board of Directors  
Ascension Health Alliance d/b/a Ascension

We have audited the accompanying consolidated financial statements of Ascension Health Alliance d/b/a Ascension, which comprise the consolidated balance sheets as of June 30, 2017 and 2016, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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



Building a better  
working world

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ascension Health Alliance d/b/a Ascension at June 30, 2017 and 2016, and the consolidated results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

*Ernst & Young LLP*

September 22, 2017

## Ascension

### Consolidated Balance Sheets (Dollars in Thousands)

|  | June 30,      |               |
|--|---------------|---------------|
|  | 2017          | 2016          |
| <b>Assets</b>  |               |               |
| Current assets:  |               |               |
| Cash and cash equivalents  | \$ 857,605    | \$ 696,237    |
| Short-term investments   | 103,857       | 122,545       |
| Accounts receivable, less allowance for doubtful accounts<br>(\$1,316,163 and \$1,362,060 at June 30, 2017 and June 30, 2016,<br>respectively) | 2,758,554     | 2,746,506     |
| Inventories  | 354,041       | 349,077       |
| Due from brokers (see Notes 4 and 5)   | 197,195       | 313,717       |
| Estimated third-party payor settlements  | 133,715       | 186,354       |
| Other (see Notes 4 and 5)  | 762,900       | 978,744       |
| Total current assets   | 5,167,867     | 5,393,180     |
| Long-term investments (see Notes 4 and 5)  | 16,999,371    | 15,069,123    |
| Property and equipment, net  | 9,182,978     | 9,020,005     |
| Other assets:  |               |               |
| Investment in unconsolidated entities  | 1,196,651     | 1,115,871     |
| Capitalized software costs, net  | 880,819       | 926,710       |
| Other (see Notes 4 and 5)  | 892,739       | 908,580       |
| Total other assets   | 2,970,209     | 2,951,161     |
| Total assets   | \$ 34,320,425 | \$ 32,433,469 |

|  | June 30,      |               |
|--|---------------|---------------|
|  | 2017          | 2016          |
| <b>Liabilities and net assets</b>                              |               |               |
| Current liabilities:   |               |               |
| Current portion of long-term debt                              | \$ 298,270    | \$ 96,193     |
| Long-term debt subject to short-term remarketing arrangements* | 999,785       | 1,666,245     |
| Accounts payable and accrued liabilities (see Notes 4 and 5)   | 2,742,377     | 2,500,748     |
| Estimated third-party payor settlements                        | 480,694       | 513,677       |
| Due to brokers (see Notes 4 and 5)                             | 115,783       | 105,660       |
| Current portion of self-insurance liabilities                  | 206,787       | 219,638       |
| Other  | 340,756       | 292,044       |
| Total current liabilities                                      | 5,184,452     | 5,394,205     |
| Noncurrent liabilities:  |               |               |
| Long-term debt (senior and subordinated)                       | 5,699,440     | 5,391,908     |
| Self-insurance liabilities                                     | 513,010       | 513,985       |
| Pension and other postretirement liabilities                   | 1,318,331     | 1,298,653     |
| Other (see Notes 4 and 5)                                      | 1,191,068     | 1,241,678     |
| Total noncurrent liabilities                                   | 8,721,849     | 8,446,224     |
| Total liabilities  | 13,906,301    | 13,840,429    |
| Net assets:  |               |               |
| Unrestricted   |               |               |
| Controlling interest   | 17,933,923    | 16,498,086    |
| Noncontrolling interests                                       | 1,798,361     | 1,429,444     |
| Unrestricted net assets  | 19,732,284    | 17,927,530    |
| Temporarily restricted   |               |               |
| Temporarily restricted   | 468,938       | 467,994       |
| Permanently restricted   | 212,902       | 197,516       |
| Total net assets   | 20,414,124    | 18,593,040    |
| Total liabilities and net assets                               | \$ 34,320,425 | \$ 32,433,469 |

\*Consists of variable rate demand bonds with put options that may be exercised at the option of the bondholders, with stated repayment installments through 2047, as well as certain serial mode bonds with scheduled remarketing/mandatory tender dates occurring prior to June 30, 2018. In the event that bonds are not remarketed upon the exercise of put options or the scheduled mandatory tenders, management would utilize other sources to access the necessary liquidity. Potential sources include liquidating investments, a draw on the line of credit totaling \$1 billion, and issuing commercial paper. The commercial paper program is supported by \$500 million of the \$1 billion line of credit.

*The accompanying notes are an integral part of the consolidated financial statements.*

Ascension

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

|  | Year Ended June 30, |               |
|--|---------------------|---------------|
|  | 2017                | 2016          |
| Operating revenue:   |                     |               |
| Net patient service revenue  | \$ 22,023,848       | \$ 21,301,133 |
| Less provision for doubtful accounts   | 1,083,661           | 1,142,289     |
| Net patient service revenue, less provision<br>for doubtful accounts   | 20,940,187          | 20,158,844    |
| Other revenue  | 1,693,038           | 1,739,490     |
| Total operating revenue  | 22,633,225          | 21,898,334    |
| Operating expenses:  |                     |               |
| Salaries and wages   | 9,301,057           | 9,043,625     |
| Employee benefits  | 1,829,642           | 1,748,110     |
| Purchased services   | 1,931,021           | 1,500,887     |
| Professional fees  | 1,299,517           | 1,369,103     |
| Supplies   | 3,267,278           | 3,114,261     |
| Insurance  | 177,352             | 160,232       |
| Interest   | 223,356             | 194,962       |
| Depreciation and amortization  | 1,083,684           | 1,032,541     |
| Other  | 2,780,838           | 2,737,244     |
| Total operating expenses before impairment,<br>restructuring and nonrecurring losses, net  | 21,893,745          | 20,900,965    |
| Income from operations before self-insurance<br>trust fund investment return and impairment,<br>restructuring and nonrecurring losses, net | 739,480             | 997,369       |
| Self-insurance trust fund investment return  | 43,621              | (16,334)      |
| Impairment, restructuring and nonrecurring losses, net   | (230,407)           | (227,832)     |
| Income from operations   | 552,694             | 753,203       |
| Nonoperating gains (losses):   |                     |               |
| Investment return  | 1,420,160           | (358,297)     |
| Gain (loss) on extinguishment of debt  | 10,907              | (13,594)      |
| Gains (losses) on interest rate swaps  | 45,015              | (86,536)      |
| Income (loss) from unconsolidated entities   | 2,601               | (40,649)      |
| Contributions from business combinations   | -                   | 304,961       |
| Other  | (170,194)           | (81,339)      |
| Total nonoperating gains (losses), net   | 1,308,489           | (275,454)     |
| Excess of revenues and gains over expenses<br>and losses   | 1,861,183           | 477,749       |
| Less noncontrolling interests  | 222,266             | 16,365        |
| Excess of revenues and gains over expenses<br>and losses attributable to controlling interest  | 1,638,917           | 461,384       |

Continued on next page.

## Ascension

### Consolidated Statements of Operations and Changes in Net Assets (continued) (Dollars in Thousands)

|  | Year Ended June 30, |               |
|--|---------------------|---------------|
|  | 2017                | 2016          |
| Unrestricted net assets, controlling interest:   |                     |               |
| Excess of revenues and gains over expenses and losses  | \$ 1,638,917        | \$ 461,384    |
| Transfers to sponsors and other affiliates, net  | (5,062)             | (8,654)       |
| Net assets released from restrictions for property acquisitions  | 92,104              | 45,058        |
| Pension and other postretirement liability adjustments   | (301,182)           | (729,197)     |
| Change in unconsolidated entities' net assets  | 8,039               | (6,976)       |
| Other  | 2,795               | 3,344         |
| Increase (decrease) in unrestricted net assets, controlling interest,<br>before gain (loss) from discontinued operations | 1,435,611           | (235,041)     |
| Gain (loss) from discontinued operations   | 226                 | (16,230)      |
| Increase (decrease) in unrestricted net assets, controlling interest   | 1,435,837           | (251,271)     |
| Unrestricted net assets, noncontrolling interests:   |                     |               |
| Excess of revenues and gains over expenses and losses  | 222,266             | 16,365        |
| Distributions of capital   | (139,477)           | (254,788)     |
| Contributions of capital   | 285,894             | 96,150        |
| Membership interest changes, net   | 210                 | -             |
| Other  | 24                  | (891)         |
| Increase (decrease) in unrestricted net assets, noncontrolling<br>interests  | 368,917             | (143,164)     |
| Temporarily restricted net assets, controlling interest:   |                     |               |
| Contributions and grants   | 123,594             | 140,210       |
| Investment return  | 29,410              | (4,643)       |
| Net assets released from restrictions  | (153,648)           | (97,392)      |
| Contributions from business combinations   | -                   | 16,091        |
| Other  | 1,588               | (4,181)       |
| Increase in temporarily restricted net assets, controlling<br>interest   | 944                 | 50,085        |
| Permanently restricted net assets, controlling interest:   |                     |               |
| Contributions  | 8,046               | 5,298         |
| Investment return  | 7,263               | (1,706)       |
| Contributions from business combinations   | -                   | 2,363         |
| Other  | 77                  | (1,227)       |
| Increase in permanently restricted net assets, controlling<br>interest   | 15,386              | 4,728         |
| Increase (decrease) in net assets  | 1,821,084           | (339,622)     |
| Net assets, beginning of year  | 18,593,040          | 18,932,662    |
| Net assets, end of year  | \$20,414,124        | \$ 18,593,040 |

*The accompanying notes are an integral part of the consolidated financial statements.*

Ascension

Consolidated Statements of Cash Flows  
(Dollars in Thousands)

|  | Year Ended June 30, |              |
|--|---------------------|--------------|
|  | 2017                | 2016         |
| <b>Operating activities</b>  |                     |              |
| Increase (decrease) in net assets  | \$ 1,821,084        | \$ (339,622) |
| Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities: |                     |              |
| Depreciation and amortization  | 1,083,684           | 1,032,541    |
| Amortization of bond premiums and debt issuance costs  | (19,241)            | (20,714)     |
| (Gain) loss on extinguishment of debt  | (10,907)            | 13,594       |
| Provision for doubtful accounts  | 1,086,621           | 1,148,342    |
| Pension and other postretirement liability adjustments   | 301,182             | 729,197      |
| Contributions from business combinations   | -                   | (323,415)    |
| Unrealized (gains) losses on investments, net  | (624,047)           | 493,528      |
| Change in fair value of interest rate swaps  | (70,119)            | 84,433       |
| Gain on sale of assets, net  | (250,594)           | (192,042)    |
| Impairment and nonrecurring expenses   | 40,482              | 21,271       |
| Transfers to sponsor and other affiliates, net   | 5,062               | 8,654        |
| Restricted contributions, investment return, and other   | (144,085)           | (165,212)    |
| Other restricted activity  | 18,976              | (57,923)     |
| (Contributions) distributions of noncontrolling interest, net  | (146,417)           | 158,638      |
| Other  | (234)               | (222)        |
| Decrease (increase) in:  |                     |              |
| Short-term investments   | 11,268              | 71,832       |
| Accounts receivable  | (1,114,753)         | (1,190,839)  |
| Inventories and other current assets   | (57,727)            | (65,000)     |
| Due from brokers   | 116,522             | (164,852)    |
| Investments classified as trading  | (1,282,576)         | (523,002)    |
| Other assets   | (79,142)            | 126,227      |
| Increase (decrease) in:  |                     |              |
| Accounts payable and accrued liabilities   | 206,615             | 29,531       |
| Estimated third-party payor settlements, net   | 19,880              | 128,440      |
| Due to brokers   | 10,123              | (25,401)     |
| Other current liabilities  | 55,323              | (119,736)    |
| Self-insurance liabilities   | (13,751)            | (53,004)     |
| Other noncurrent liabilities   | (180,709)           | (201,315)    |
| Net cash provided by continuing operating activities   | 782,520             | 603,929      |
| Net cash provided (used) by discontinued operations  | 7,513               | (4,833)      |
| Net cash provided by operating activities  | 790,033             | 599,096      |

Continued on next page.

Ascension

Consolidated Statements of Cash Flows (continued)  
(Dollars in Thousands)

|   | Year Ended June 30, |                |
|---|---------------------|----------------|
|   | 2017                | 2016           |
| <b>Investing activities</b>                                   |                     |                |
| Property, equipment, and capitalized software additions, net  | \$ (1,272,212)      | \$ (1,139,060) |
| Proceeds from sale of property and equipment                  | 3,830               | 13,643         |
| Issuance of note receivable for business combination          | -                   | (637,109)      |
| Net proceeds from sale/acquisition of other assets            | 354,933             | 296,071        |
| Net cash used by continuing investing activities              | (913,449)           | (1,466,455)    |
| Net cash provided by discontinued operations - investing      | 112,238             | 151,344        |
| Net cash used by investing activities                         | (801,211)           | (1,315,111)    |
| <b>Financing activities</b>                                   |                     |                |
| Issuance of debt  | 1,308,307           | 5,154,869      |
| Repayment of debt   | (1,407,063)         | (4,403,407)    |
| Debt issuance costs paid                                      | (5,989)             | (16,462)       |
| Decrease in assets under bond indenture agreements            | 498                 | 18,303         |
| Transfers to sponsors and other affiliates, net               | (10,062)            | (13,654)       |
| Restricted contributions, investment return, and other        | 140,438             | 143,013        |
| Contributions (distributions) of noncontrolling interest, net | 146,417             | (158,638)      |
| Net cash provided by financing activities                     | 172,546             | 724,024        |
| Net increase in cash and cash equivalents                     | 161,368             | 8,009          |
| Cash and cash equivalents at beginning of year                | 696,237             | 688,228        |
| Cash and cash equivalents at end of year                      | \$ 857,605          | \$ 696,237     |

The accompanying notes are an integral part of the consolidated financial statements.

## Ascension

### Notes to Consolidated Financial Statements (Dollars in Thousands)

June 30, 2017

#### 1. Organization and Mission

##### Organizational Structure

Ascension Health Alliance, d/b/a Ascension (Ascension), is a Missouri nonprofit corporation formed on September 13, 2011. Ascension is the sole corporate member and parent organization of Ascension Health (d/b/a Ascension Healthcare), a Catholic national health system consisting primarily of nonprofit corporations that own and operate local healthcare facilities, or Ministry Markets, located in 23 states and the District of Columbia.

Ascension serves as the member or shareholder of various subsidiaries as listed below:

- Ascension Care Management
- Ascension Global Mission
- Ascension Healthcare
- Ascension Holdings
- Ascension Information Services
- Ascension Investment Management (AIM)
- Ascension Leadership Institute
- Ascension Ministry and Mission Fund
- Ascension Ministry Service Center
- Ascension Ventures (AV)
- AV Holding Company
- Consulting Network
- The Resource Group
- Smart Health Solutions

Ascension is also the majority investor in the Alpha Fund, LLC (Alpha Fund) as discussed in the Pooled Investment Fund note. Ascension and its member organizations are hereafter referred to collectively as the System.

## Ascension

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### 1. Organization and Mission (continued)

##### Sponsorship

Ascension is sponsored by Ascension Sponsor, a Public Juridic Person. The Participating Entities of Ascension Sponsor are the Daughters of Charity of St. Vincent de Paul, St. Louise Province; the Congregation of St. Joseph; the Congregation of the Sisters of St. Joseph of Carondelet; the Congregation of Alexian Brothers of the Immaculate Conception Province, Inc. – American Province; and the Sisters of the Sorrowful Mother of the Third Order of St. Francis of Assisi – US/Caribbean Province.

##### Mission

The System directs its governance and management activities toward strong, vibrant, Catholic Ministries united in service and healing, and dedicates its resources to spiritually centered care which sustains and improves the health of the individuals and communities it serves. In accordance with the System's mission of service to those persons living in poverty and other vulnerable persons, each Ministry Market accepts patients regardless of their ability to pay. The System uses four categories to identify the resources utilized for the care of persons living in poverty and community benefit programs:

- Traditional charity care includes the cost of services provided to persons who cannot afford healthcare because of inadequate resources and/or who are uninsured or underinsured.
- Unpaid cost of public programs, excluding Medicare, represents the unpaid cost of services provided to persons covered by public programs for persons living in poverty and other vulnerable persons.
- Cost of other programs for persons living in poverty and other vulnerable persons includes unreimbursed costs of programs intentionally designed to serve the persons living in poverty and other vulnerable persons of the community, including substance abusers, the homeless, victims of child abuse, and persons with acquired immune deficiency syndrome.
- Community benefit consists of the unreimbursed costs of community benefit programs and services for the general community, not solely for the persons living in poverty, including health promotion and education, health clinics and screenings, and medical research.

# Ascension

## Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

### 1. Organization and Mission (continued)

Discounts are provided to all uninsured and underinsured patients, including those with the means to pay. Discounts provided to those patients who did not qualify for financial assistance are not included in the cost of providing care of persons living in poverty and other community benefit programs. The cost of providing care to persons living in poverty and other community benefit programs is estimated by reducing charges forgone by a factor derived from the ratio of each entity's total operating expenses to the entity's billed charges for patient care. Certain costs such as graduate medical education and certain other activities are excluded from total operating expenses for purposes of this computation.

The amount of traditional charity care provided, determined on the basis of cost, was \$537,672 and \$452,246 for the years ended June 30, 2017 and 2016, respectively. The amount of unpaid cost of public programs, cost of other programs for persons living in poverty and other vulnerable persons, and community benefit cost is reported in the accompanying supplementary information.

### 2. Significant Accounting Policies

#### Principles of Consolidation

All corporations and other entities for which operating control is exercised by the System or one of its member corporations are consolidated, and all significant inter-entity transactions have been eliminated in consolidation. Investments in entities where the System does not have operating control are recorded under the equity or cost method of accounting. Income (loss) from unconsolidated entities is included in consolidated excess of revenues and gains over expenses and losses in the accompanying Consolidated Statements of Operations and Changes in Net Assets as follows:

|                             | Year Ended June 30, |            |
|-----------------------------|---------------------|------------|
|                             | 2017                | 2016       |
| Other revenue               | \$ 105,473          | \$ 114,085 |
| Nonoperating gains (losses) | 2,601               | (40,649)   |

## Ascension

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### **2. Significant Accounting Policies (continued)**

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

Management has made estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

##### **Fair Value of Financial Instruments**

Carrying values of financial instruments classified as current assets and current liabilities approximate fair value. The fair values of financial instruments measured at fair value are disclosed in the Fair Value Measurements note.

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

Cash and cash equivalents consist of cash and interest-bearing deposits with original maturities of three months or less.

##### **Short-Term Investments**

Short-term investments consist of investments with original maturities exceeding three months and up to one year.

##### **Inventories**

Inventories, consisting primarily of medical supplies and pharmaceuticals, are stated at the lower of cost or market value using first-in, first-out (FIFO) or a methodology that closely approximates FIFO.

## Ascension

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 2. Significant Accounting Policies (continued)

##### Long-Term Investments and Investment Return

Investments, excluding investments in unconsolidated entities, are measured at fair value, are classified as trading securities, and include pooled short-term investment funds; U.S. government, state, municipal and agency obligations; corporate and foreign fixed income securities; asset-backed securities; and equity securities. Investments also include alternative investments and other investments which are valued based on the net asset value of the investments, as further discussed in the Fair Value Measurements note. Investments also include derivatives held by the Alpha Fund, also measured at fair value, as discussed in the Pooled Investment Fund note.

Long-term investments include assets limited as to use of approximately \$1,342,000 and \$1,284,000, at June 30, 2017 and 2016, respectively, comprised primarily of investments placed in trust and held by captive insurance companies for the payment of self-insured claims and investments which are limited as to use, as designated by donors.

Purchases and sales of investments are accounted for on a trade-date basis. Investment returns consist of dividends, interest, and gains and losses. The cost of substantially all securities sold is based on the FIFO method. Investment returns, excluding returns of self-insurance trust funds, are reported as nonoperating gains (losses) in the Consolidated Statements of Operations and Changes in Net Assets, unless the return is restricted by donor or law. Investment returns of self-insurance trust funds are reported as a separate component of income from operations in the Consolidated Statements of Operations and Changes in Net Assets.

##### Property and Equipment

Property and equipment are stated at cost or, if donated, at fair market value at the date of the gift. Depreciation is determined on a straight-line basis over the estimated useful lives of the related assets. The range of estimated useful lives used in computing depreciation is as follows: buildings and leasehold improvements, 2 to 40 years; and equipment, 2 to 20 years. Depreciation expense in 2017 and 2016 was \$851,540 and \$825,681, respectively.

## Ascension

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 2. Significant Accounting Policies (continued)

A summary of property and equipment at June 30, 2017 and 2016 is as follows:

|                                   | June 30,     |              |
|-----------------------------------|--------------|--------------|
|                                   | 2017         | 2016         |
| Land and improvements             | \$ 950,074   | \$ 935,542   |
| Buildings and equipment           | 17,069,585   | 16,505,068   |
|                                   | 18,019,659   | 17,440,610   |
| Less accumulated depreciation     | 9,447,994    | 8,981,575    |
|                                   | 8,571,665    | 8,459,035    |
| Construction in progress          | 611,313      | 560,970      |
| Total property and equipment, net | \$ 9,182,978 | \$ 9,020,005 |

Several capital projects have remaining construction and related equipment purchase commitments of approximately \$545,000 as of June 30, 2017.

#### Intangible Assets

Intangible assets primarily consist of goodwill and capitalized computer software costs, including internally developed software. Costs incurred in the development and installation of internal use software are expensed or capitalized depending on whether they are incurred in the preliminary project stage, application development stage, or post-implementation stage, and the nature of the costs. Intangible assets are included in the Consolidated Balance Sheets as presented in the table that follows. Capitalized software costs in the table below include software in progress of \$228,499 and \$244,552 at June 30, 2017 and 2016, respectively:

Ascension

Notes to Consolidated Financial Statements (continued)  
*(Dollars in Thousands)*

2. Significant Accounting Policies (continued)

|  | June 30,            |                     |
|--|---------------------|---------------------|
|  | 2017                | 2016                |
| Capitalized software costs                 | \$ 2,213,989        | \$ 2,050,184        |
| Less accumulated amortization              | <u>1,333,170</u>    | <u>1,123,474</u>    |
| Capitalized software costs, net            | 880,819             | 926,710             |
| Goodwill                                   | 211,278             | 210,320             |
| Other, net                                 | <u>27,781</u>       | <u>31,731</u>       |
| Intangible assets included in other assets | <u>239,059</u>      | <u>242,051</u>      |
| Total intangible assets, net               | <u>\$ 1,119,878</u> | <u>\$ 1,168,761</u> |

Intangible assets whose lives are indefinite, primarily goodwill, are not amortized and are evaluated for impairment at least annually or when circumstances indicate a possible impairment may exist, while intangible assets with definite lives, primarily capitalized computer software costs, are amortized over their expected useful lives. Amortization expense for these intangible assets in 2017 and 2016 was \$232,144 and \$206,860, respectively.

Estimated future amortization of intangible assets with definite lives, excluding software in progress, as of June 30, 2017 is as follows:

| Year ending June 30: |                   |
|----------------------|-------------------|
| 2018                 | \$ 190,154        |
| 2019                 | 151,630           |
| 2020                 | 124,447           |
| 2021                 | 98,228            |
| 2022                 | 72,052            |
| Thereafter           | <u>34,437</u>     |
| Total                | <u>\$ 670,948</u> |

## Ascension

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 2. Significant Accounting Policies (continued)

The System is in the final phases of a significant multi-year, System-wide enterprise resource planning project, including information technology and process standardization (Symphony), which is expected to continue through fiscal year 2018. The project is facilitating a transition to a common software product for various finance, information technology, procurement, and human resources management processes, including standardization of those processes throughout the System. Capitalized costs of Symphony, net of amortization, were approximately \$351,000 and \$329,000 at June 30, 2017 and 2016, respectively, and are being amortized on a straight-line basis over the expected useful life of the software. Certain costs of this project were also expensed. Accumulated amortization of Symphony was approximately \$160,000 and \$120,000 at June 30, 2017 and 2016, respectively. See the Impairment, Restructuring, and Nonrecurring Losses discussion below for additional information about costs associated with Symphony.

#### Noncontrolling Interests

The consolidated financial statements include all assets, liabilities, revenues, and expenses of entities that are controlled by the System and therefore consolidated. Noncontrolling interests in the Consolidated Balance Sheets represent the portion of net assets owned by entities outside the System, for those entities in which the System's ownership interest is less than 100%.

#### Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those assets whose use by the System has been limited by donors to a specific time period or purpose. Permanently restricted net assets consist of gifts with corpus values that have been restricted by donors to be maintained in perpetuity, which include endowment funds. Temporarily restricted net assets and earnings on permanently restricted net assets, including earnings on endowment funds, are used in accordance with the donors' wishes, primarily to purchase equipment and to provide charity care and other health and educational services. Contributions with donor-imposed restrictions that are met in the same reporting period are reported as unrestricted.

Temporarily and permanently restricted net assets consist solely of controlling interests of the System.

## Ascension

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 2. Significant Accounting Policies (continued)

##### Performance Indicator

The performance indicator is the excess of revenues and gains over expenses and losses. Changes in unrestricted net assets that are excluded from the performance indicator primarily include pension and other postretirement liability adjustments, transfers to or from sponsors and other affiliates, net assets released from restrictions for property acquisitions, and change in unconsolidated entities' net assets.

##### Operating and Nonoperating Activities

The System's primary mission is to meet the healthcare needs in its market areas through a broad range of general and specialized healthcare services, including inpatient acute care, outpatient services, long-term care, and other healthcare services. Activities directly associated with the furtherance of this purpose are considered to be operating activities. Other activities that result in gains or losses peripheral to the System's primary mission are considered to be nonoperating.

##### Net Patient Service Revenue, Accounts Receivable, and Allowance for Doubtful Accounts

Net patient service revenue is reported at the estimated realizable amounts from patients, third-party payors, and others for services provided and includes estimated retroactive adjustments under reimbursement agreements with third-party payors. The System recognizes patient service revenue at the time services are rendered, even though the patient's ability to pay may not be completely assessed at that time. Revenue under certain third-party payor agreements is subject to audit, retroactive adjustments, and significant regulatory actions. Provisions for third-party payor settlements and adjustments are estimated in the period the related services are provided and adjusted in future periods as additional information becomes available and as final settlements are determined.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a possibility that recorded estimates will change by a material amount in the near term. Adjustments to revenue related to prior periods increased net patient service revenue by \$128,100 and \$102,217 for the years ended June 30, 2017 and 2016, respectively.

Ascension

Notes to Consolidated Financial Statements (continued)  
*(Dollars in Thousands)*

**2. Significant Accounting Policies (continued)**

The percentage of net patient service revenue, less provision for doubtful accounts earned by payor for the years ended June 30, 2017 and 2016, is as follows:

|                                    | Year Ended June 30, |              |
|------------------------------------|---------------------|--------------|
|                                    | 2017                | 2016         |
| Medicare - traditional and managed | 36 %                | 35 %         |
| Medicaid - traditional and managed | 13                  | 12           |
| Commercial and other managed care  | 46                  | 47           |
| Self-Pay and other                 | 5                   | 6            |
|                                    | <u>100 %</u>        | <u>100 %</u> |

The System grants credit without collateral to its patients, who are primarily local residents and are insured under third-party payor arrangements. Significant concentrations of accounts receivable, less allowance for doubtful accounts, at June 30, 2017 and 2016, are as follows:

|                                    | June 30,     |              |
|------------------------------------|--------------|--------------|
|                                    | 2017         | 2016         |
| Medicare - traditional and managed | 27 %         | 27 %         |
| Medicaid - traditional and managed | 11           | 9            |
| Commercial and other managed care  | 42           | 42           |
| Self-Pay and other                 | 20           | 22           |
|                                    | <u>100 %</u> | <u>100 %</u> |

## Ascension

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 2. Significant Accounting Policies (continued)

The provision for doubtful accounts is based upon management's assessment of expected net collections considering historical experience, economic conditions, trends in healthcare coverage, and other collection indicators. Periodically throughout the year, management assesses the adequacy of the allowance for doubtful accounts based upon historical write-off experience by payor category, including those amounts not covered by insurance. The results of this review are then used to make any modifications to the provision for doubtful accounts to establish an appropriate allowance for doubtful accounts. After satisfaction of amounts due from insurance and reasonable efforts to collect from the patient have been exhausted, the System follows established guidelines for placing certain past-due patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by the System. Accounts receivable are written off after collection efforts have been followed in accordance with the System's policies. The methodology for determining the allowance for doubtful accounts and related write-offs on uninsured patient accounts has remained consistent with the prior year.

#### Other Operating Revenue

Other operating revenue includes net gains on sales of assets, clinical engineering services, retail pharmacy revenue, income from unconsolidated entities, premium revenue, net assets released from restrictions for operating purposes, and other nonpatient service revenue. Net gains on sales of assets were \$258,631 and \$201,330 for the years ended June 30, 2017 and 2016, respectively. Assets sold during the years ended June 30, 2017 and 2016 include certain hospital and nonhospital operating entities and patient care equipment.

#### Impairment, Restructuring, and Nonrecurring Losses

Long-lived assets are reviewed for impairment whenever events or business conditions indicate the carrying amount of such assets may not be fully recoverable. Initial assessments of recoverability are based on estimates of undiscounted future net cash flows associated with an asset or group of assets. Where impairment is indicated, the carrying amount of these long-lived assets is reduced to fair value based on future discounted net cash flows or other estimates of fair value.

## Ascension

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 2. Significant Accounting Policies (continued)

Nonrecurring expenses associated with Symphony primarily include deployment costs to implement Symphony in certain Health Ministries. Costs associated with product deployment are recorded as nonrecurring losses, and costs associated with product support are recorded as recurring operating expenses.

During the year ended June 30, 2017, the System recorded total impairment, restructuring, and nonrecurring losses, net of \$230,407. This amount was comprised primarily of \$110,390 of nonrecurring expenses associated with Symphony, one-time termination benefits and other restructuring expenses of \$86,669, impairment expenses of \$34,689, and other nonrecurring expenses of \$38,659 partially offset by a pension curtailment gain of \$40,000.

During the year ended June 30, 2016, the System recorded total impairment, restructuring, and nonrecurring losses, net of \$227,832. This amount was comprised primarily of \$129,494 of nonrecurring expenses associated with Symphony, one-time termination benefits and other restructuring expenses of \$72,097, impairment expenses of \$14,064, and other nonrecurring expenses of \$12,177.

#### Amortization

Bond issuance costs, discounts, and premiums are amortized over the term of the bonds using a method approximating the effective interest method.

Capitalized software, including internally developed software, is amortized on a straight-line basis over the expected useful life of the software.

#### Income Taxes

The member healthcare entities of the System are primarily tax-exempt organizations under Internal Revenue Code Section 501(c)(3) or Section 501(c)(2), and their related income is exempt from federal income tax under Section 501(a). The System accounts for uncertainty in income tax positions by applying a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The System has determined that no material unrecognized tax benefits or liabilities exist as of June 30, 2017.

## Ascension

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 2. Significant Accounting Policies (continued)

The System had deferred tax assets of approximately \$461,000 and \$378,000 for federal and state income tax purposes primarily related to net operating loss carryforwards for the years ended June 30, 2017 and 2016, respectively, with expiration dates through 2037. A valuation allowance of approximately \$459,000 and \$377,000 was recorded due to the uncertainty regarding use of the deferred tax assets for the years ended June 30, 2017 and 2016, respectively.

#### Regulatory Compliance

Various federal and state agencies have initiated investigations regarding reimbursement claimed by certain members of the System. The investigations are in various stages of discovery, and the ultimate resolution of these matters, including the liabilities, if any, cannot be readily determined; however, in the opinion of management, the results of the investigations will not have a material adverse impact on the consolidated financial statements of the System.

#### Reclassifications

Certain reclassifications were made to the accompanying 2016 consolidated financial statements to conform to the 2017 presentation.

#### Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* (ASU 2014-09). In August 2015, the FASB amended the guidance to defer the effective date by one year. ASU 2014-09 affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. The guidance in ASU 2014-09 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance, and requires significantly expanded disclosures about revenue recognition. The core principle of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

## Ascension

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 2. Significant Accounting Policies (continued)

The requirements of ASU 2014-09 will result in changes to the presentation and disclosure of revenue from services to patients. Currently, a significant portion of the System's provision for doubtful accounts relates to uninsured patients as well as deductibles and co-pays due from patients with insurance. Under ASU 2014-09, the uncollectible amounts due from patients will generally be reported as a direct reduction to net patient service revenue and will result in a significant reduction in the amounts presented separately as provision for doubtful accounts. Although the adoption of ASU 2014-09 will have a significant impact on the amounts presented in certain categories of the System's Consolidated Statements of Operations and Changes in Net Assets, it is not expected to materially impact the System's financial position, results of operations or cash flows. The System is currently evaluating the requirements of the new standard to ensure that the processes and systems are in place to implement the new standard and to collect the related information required. The new guidance will be effective for Ascension beginning July 1, 2018, and interim periods within that year. Early adoption is permitted, but the System does not plan to early adopt the new standard.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842) (ASU 2016-02)*, which affects any entity that enters into a lease (as that term is defined in ASU 2016-02), with some specified scope exceptions. The main difference between the guidance in ASU 2016-02 and current guidance is the recognition of lease assets and liabilities by lessees for those leases classified as operating leases under current guidance. Recognition of these assets and liabilities will have a significant impact on the System's Consolidated Balance Sheet upon adoption. This guidance will be effective for Ascension on July 1, 2019. Ascension is in the process of evaluating the potential impact on its consolidated financial statements.

#### Subsequent Events

The System evaluates the impact of subsequent events, which are events that occur after the Consolidated Balance Sheet date but before the consolidated financial statements are issued, for potential recognition or disclosure in the consolidated financial statements as of the Consolidated Balance Sheet date. For the year ended June 30, 2017, the System evaluated subsequent events through September 22, 2017, representing the date on which the accompanying audited consolidated financial statements were issued.

## Ascension

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 2. Significant Accounting Policies (continued)

Subsequent to June 30, 2017, certain debt obligations which had a total outstanding balance of \$188,705 as of June 30, 2017 were defeased or redeemed. Specifically, the Series 2012 Oklahoma Development Finance Authority St. John Health System Revenue & Refunding Bonds were legally defeased, and a commercial bank loan was repaid in full.

#### 3. Organizational Changes

##### Business Combinations

###### *Crittenton Hospital Medical Center – Michigan*

Effective October 1, 2015, Ascension Michigan became the sole corporate member of Crittenton Hospital Medical Center (Crittenton) under the terms of an agreement among Ascension Michigan, Crittenton and Ascension Health. The fair value of the unrestricted net assets totaling \$137,912 was recognized in the Consolidated Statements of Operations and Changes in Net Assets for the year ended June 30, 2016 as a nonoperating contribution from business combination.

###### *Wheaton Franciscan Healthcare – Southeast Wisconsin, Inc.*

Effective March 1, 2016, Ascension Health became the sole corporate member of Wheaton Franciscan Healthcare – Southeast Wisconsin, Inc. (Wheaton) under the terms of an agreement between Ascension Health and Wheaton Franciscan Services, Inc. The fair value of the unrestricted net assets totaling \$167,049 was recognized in the Consolidated Statements of Operations and Changes in Net Assets for the year ended June 30, 2016 as a nonoperating contribution from business combination.

The fair values of Crittenton and Wheaton's net assets, by major type, that were recognized by the System during the year ended June 30, 2016 were as follows. The valuations of these net assets were substantially complete as of June 30, 2016.

## Ascension

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 3. Organizational Changes (continued)

|   | Crittenton        | Wheaton           | Total             |
|---|-------------------|-------------------|-------------------|
| Net working capital                                     | \$ 80,335         | \$ 312,129        | \$ 392,464        |
| Long-term investments                                   | 102,890           | 27,511            | 130,401           |
| Property and equipment                                  | 193,174           | 645,299           | 838,473           |
| Investments in unconsolidated entities                  | 4,491             | 58,174            | 62,665            |
| Intangible assets, including capitalized software costs | -                 | 48,820            | 48,820            |
| Other long-term assets                                  | 795               | 2,567             | 3,362             |
| Long-term debt  | (161,205)         | (641,936)         | (803,141)         |
| Other long-term liabilities assumed                     | (79,177)          | (270,452)         | (349,629)         |
| Fair value of total net assets                          | <u>\$ 141,303</u> | <u>\$ 182,112</u> | <u>\$ 323,415</u> |

The fair value of net assets of \$323,415 in the preceding table was recognized in the Consolidated Statement of Operations and Changes in Net Assets for the year ended June 30, 2016, as a nonoperating contribution from business combinations of \$304,961, and contributions of temporarily and permanently restricted net assets of \$16,091 and \$2,363, respectively.

During the year ended June 30, 2016, Ascension recognized revenues of Crittenton and Wheaton combined totaling \$611,100, and an excess of revenues and gains over expenses and losses totaling \$15,560, of which all was attributable to controlling interest. Ascension recognized a decrease in unrestricted net assets – controlling interests, excluding the excess of revenues and gains over expenses and losses of \$15,560 above, of \$10,003 and a decrease in temporarily restricted net assets of Crittenton and Wheaton of \$618 for the year ended June 30, 2016.

The following unaudited pro forma financial information presents the combined results of operations of Ascension, Crittenton and Wheaton for the year ended June 30, 2016 as though the business combination transactions had occurred on July 1, 2015. This pro forma financial information is not necessarily indicative of the results of operations that would occur if these entities were consolidated into the System during that period, nor is it necessarily indicative of future operating results.

Ascension

Notes to Consolidated Financial Statements (continued)  
*(Dollars in Thousands)*

**3. Organizational Changes (continued)**

|   | Year Ended<br>June 30,<br>2016 |
|---|--------------------------------|
| Total operating revenue   | \$ 22,838,814                  |
| Deficit of revenues and gains over expenses and losses attributable to controlling interest | 118,977                        |
| Decrease in unrestricted net assets   |                                |
| - controlling interest  | (532,879)                      |
| Decrease in unrestricted net assets   |                                |
| - noncontrolling interests  | (143,164)                      |
| Decrease in temporarily restricted net assets   | 36,226                         |
| Decrease in permanently restricted net assets   | 2,636                          |

**Divestitures**

*Discontinued Operations*

During the years ended June 30, 2017 and 2016, Ascension, including certain of its wholly owned subsidiaries, closed on the sale of, or undertook actions to sell or transfer ownership of, certain assets and liabilities, as follows:

- On July 1, 2015, Catholic Health, Inc. (Catholic Health) became the sole corporate member of Mount St. Mary's Hospital in Lewiston, New York under the terms of an affiliation agreement between Ascension Health and Catholic Health.
- On September 1, 2015, Carondelet Health Network, a subsidiary of Ascension Health, sold certain assets, liabilities and related operations, excluding certain non-acute entities, in Tucson, Arizona to CHN Holdings, LLC, a joint venture in which Ascension holds a noncontrolling interest.

## Ascension

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 3. Organizational Changes (continued)

- On September 28, 2016, St. Joseph Regional Medical Center, Inc. in Lewiston, Idaho (St. Joseph Regional), a wholly owned subsidiary of Ascension Healthcare, and RCCH entered into an asset purchase agreement, whereby RCCH purchased substantially all assets and assumed certain liabilities associated with the operations of St. Joseph Regional. Assets and liabilities of St. Joseph Regional's foundation remain with Ascension Healthcare. The sale was completed on May 1, 2017.
- On September 28, 2016, Our Lady of Lourdes Hospital at Pasco in Pasco, Washington, d/b/a Lourdes Health Network (Lourdes Health), a wholly owned subsidiary of Ascension Healthcare, and Capella Healthcare, Inc. (a predecessor corporation of RCCH HealthCare Partners) (RCCII) entered into an asset purchase agreement, whereby RCCH will purchase substantially all assets and assume certain liabilities associated with the operations of Lourdes Health. Assets and liabilities of Lourdes Health's foundation will remain with Ascension Healthcare. The sale is expected to close in fiscal year 2018, after obtaining all necessary regulatory approvals.

Assets and liabilities associated with the aforementioned transactions were held for sale and qualified for discontinued operations as of June 30, 2017 and 2016, and are included in other current assets and other current liabilities, respectively, in the System's Consolidated Balance Sheets. Assets held for sale were \$44,935 and \$144,490 at June 30, 2017 and 2016, respectively, while liabilities held for sale were \$22,531 and \$30,552 at June 30, 2017 and 2016, respectively. Net losses of the entities, which include excess of revenues over expenses of St. Joseph Regional through the May 1, 2017 sale date and a deficit of revenues over expenses of Carondelet Health Network through the September 1, 2015 sale date and a \$14,520 loss on sale, are included in the loss from discontinued operations in the Consolidated Statements of Operations and Changes in Net Assets and were \$1,292 and \$15,790 for the years ended June 30, 2017 and 2016, respectively. Total operating revenues of the entities were \$260,219 and \$355,516 for the years ended June 30, 2017 and 2016, respectively, which includes total operating revenues of St. Joseph Regional and Carondelet Health through the sale dates.

## Ascension

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 3. Organizational Changes (continued)

##### *Assets Held for Sale*

On March 31, 2017, St. Joseph's Hospital of Marshfield, Inc. in Marshfield, Wisconsin (SJHM), a subsidiary of Ministry Health Care (Ministry), entered into an asset sale agreement with MCHS Hospitals Inc. (Marshfield Clinic) whereby Marshfield Clinic purchased substantially all the assets and assumed certain liabilities associated with SJHM. Ministry is a subsidiary of Ascension Healthcare. The sale was completed on June 30, 2017.

Assets and liabilities associated with the aforementioned transaction were designated as assets and liabilities held for sale, and included in other current assets and other current liabilities, respectively, in the System's Consolidated Balance Sheets at June 30, 2016. Assets and liabilities held for sale were \$161,058 and \$11,760 at June 30, 2016, respectively. Net income of SJHM is included in the excess of revenues and gains over expenses and losses in the Consolidated Statements of Operations and Changes in Net Assets and is \$32,766 and \$35,499 for the years ended June 30, 2017 and 2016, respectively. Revenues of SJHM total \$300,364 and \$319,959 for the years ended June 30, 2017 and 2016, respectively.

##### **Other**

In May 2016, Ascension sold primarily all of the assets, liabilities and operations of its Medxcel, Inc. business to TMX Holdings, LLLP (TMX), a partnership in which Ascension maintains a 50% interest. As a result of the transaction, Ascension recognized a gain, which is included in other operating revenue in the Consolidated Statements of Operations and Changes in Net Assets for the year ended June 30, 2016, and the interest in TMX was recorded at its initial fair value. Subsequent to the transaction, Ascension is accounting for its interest in TMX under the equity method of accounting.

## Ascension

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### 4. Pooled Investment Fund

At June 30, 2017 and 2016, a significant portion of the System's investments consists of the System's interest in the Alpha Fund, a limited liability company organized in the state of Delaware. Certain System investments, including some held by the Health Ministries and their consolidated foundations, are managed outside of the Alpha Fund.

The Alpha Fund includes the investment interests of the System and other Alpha Fund members. AIM, a wholly owned subsidiary of the System, serves as the manager and primary investment advisor of the Alpha Fund, overseeing the investment strategies offered to the Alpha Fund's members. AIM provides expertise in the areas of asset allocation, selection and monitoring of outside investment managers, and risk management. The Alpha Fund is consolidated in the System's financial statements. The portion of the Alpha Fund's net assets representing interests held by entities other than the System are reflected in noncontrolling interests in the Consolidated Balance Sheets, which amount to \$1,598,399 and \$1,256,666 at June 30, 2017 and 2016, respectively.

The Alpha Fund invests in a diversified portfolio of investments including alternative investments, such as real asset funds, hedge funds, private equity funds, commodity funds, and private credit funds. Collectively, these funds have liquidity terms ranging from daily to annual with notice periods ranging from 1 to 120 days. Due to redemption restrictions, investments in certain of these funds, whose fair value was approximately \$2,528,129 at June 30, 2017, cannot currently be redeemed for periods ranging from one to twelve years. However, the potential for the Alpha Fund to sell its interest in these funds in a secondary market prior to the end of the fund term does exist.

The Alpha Fund's investments in certain alternative investment funds also include contractual commitments to provide capital contributions during the investment period, which is typically five years and can extend to the end of the fund term. During these contractual periods, investment managers may require the Alpha Fund to invest in accordance with the terms of the agreement. Commitments not funded during the investment period will expire and remain unfunded. As of June 30, 2017, contractual agreements of the Alpha Fund expire between August 2017 and February 2023. The remaining unfunded capital commitments of the Alpha Fund total approximately \$1,863,000 for 169 individual funds as of June 30, 2017. Due to the uncertainty surrounding whether the contractual commitments will require funding during the contractual period, future minimum payments to meet these commitments cannot be reasonably estimated. These committed amounts are expected to be primarily satisfied by the liquidation of existing investments in the Alpha Fund.

## Ascension

### Notes to Consolidated Financial Statements (continued) *(Dollars in Thousands)*

#### **4. Pooled Investment Fund (continued)**

In the normal course of operations and within established Alpha Fund guidelines, the Alpha Fund may enter into various exchange-traded and over-the-counter derivative contracts for trading purposes, including futures, options, and forward contracts as well as warrants and swaps. These instruments are used primarily to adjust the portfolio duration, restructure term structure exposure, change sector exposure, and arbitrage market inefficiencies. See the Fair Value Measurements note for a discussion of how fair value for the Alpha Fund's derivatives is determined.

At June 30, 2017 and 2016, the notional value of Alpha Fund derivatives outstanding was approximately \$5,533,000 and \$4,540,000, respectively. The fair value of Alpha Fund derivatives in an asset position was \$30,032 and \$34,713 at June 30, 2017 and 2016, respectively, while the fair value of Alpha Fund derivatives in a liability position was \$28,809 and \$31,677 at June 30, 2017 and 2016, respectively. These derivatives are included in long-term investments in the Consolidated Balance Sheets at June 30, 2017 and 2016.

Due from brokers and due to brokers on the Consolidated Balance Sheets at June 30, 2017 and 2016, represent the Alpha Fund's positions and amounts due from or to various brokers, primarily for security transactions not yet settled, and cash held by brokers for securities sold, not yet purchased.

Ascension

Notes to Consolidated Financial Statements (continued)  
(Dollars in Thousands)

**5. Cash and Investments**

The System's cash and investments are reported in the Consolidated Balance Sheets as presented in the table that follows. Total cash and investments, net, includes both the System's membership interest in the Alpha Fund and the noncontrolling interests held by other Alpha Fund members. System unrestricted cash and investments, net, represent the System's cash and investments excluding the noncontrolling interests held by other Alpha Fund members and assets limited as to use.

|   | June 30,             |                      |
|---|----------------------|----------------------|
|   | 2017                 | 2016                 |
| Cash and cash equivalents                                       | \$ 857,605           | \$ 696,237           |
| Short-term investments  | 103,857              | 122,545              |
| Long-term investments   | 16,999,371           | 15,069,123           |
| Subtotal  | <u>17,960,833</u>    | <u>15,887,905</u>    |
| Other Alpha Fund assets and liabilities:                        |                      |                      |
| In other current assets   | 34,314               | 27,768               |
| In other long-term assets                                       | 2,174                | 2,335                |
| In accounts payable and other accrued liabilities               | (14,698)             | (9,312)              |
| In other current liabilities                                    | (330)                | -                    |
| In other noncurrent liabilities                                 | (2,342)              | (4,569)              |
| Due from brokers, net   | 81,412               | 208,057              |
| Total cash and investments, net                                 | <u>18,061,363</u>    | <u>16,112,184</u>    |
| Less noncontrolling interests of Alpha Fund                     | 1,598,399            | 1,256,666            |
| System cash and investments, including assets limited as to use | <u>16,462,964</u>    | <u>14,855,518</u>    |
| Less assets limited as to use:                                  |                      |                      |
| Under bond indenture agreement                                  | 19,504               | 20,002               |
| Self-insurance trust funds                                      | 689,197              | 676,375              |
| Temporarily or permanently restricted                           | 649,891              | 595,761              |
| Total assets limited as to use                                  | <u>1,358,592</u>     | <u>1,292,138</u>     |
| System unrestricted cash and investments, net                   | <u>\$ 15,104,372</u> | <u>\$ 13,563,380</u> |

Ascension

Notes to Consolidated Financial Statements (continued)  
(Dollars in Thousands)

5. Cash and Investments (continued)

At June 30, 2017 and 2016, the composition of cash and cash equivalents, short-term investments and long-term investments, which include certain assets limited as to use, is summarized as follows.

|   | June 30,             |                      |
|---|----------------------|----------------------|
|   | 2017                 | 2016                 |
| Cash and cash equivalents and short-term investments                                  | \$ 1,200,191         | \$ 935,026           |
| Pooled short-term investment funds  | 515,516              | 471,099              |
| U.S. government, state, municipal and agency obligations                              | 2,534,968            | 3,064,411            |
| Corporate and foreign fixed income securities   | 2,501,060            | 1,728,149            |
| Asset-backed securities   | 1,190,364            | 771,971              |
| Equity securities   | 4,282,517            | 2,996,662            |
| Alternative investments and other investments:  |                      |                      |
| Private equity and real estate funds  | 2,002,292            | 1,648,545            |
| Hedge funds   | 2,068,742            | 2,677,275            |
| Commodities funds and other investments   | 1,665,183            | 1,594,767            |
| Total alternative investments and other investments                                   | 5,736,217            | 5,920,587            |
| Total cash and cash equivalents, short-term investments,<br>and long-term investments | <u>\$ 17,960,833</u> | <u>\$ 15,887,905</u> |

As of June 30, 2017 and 2016, the System's membership interest in the Alpha Fund totaled \$13,634,600 and \$11,861,266, respectively. As of June 30, 2017 and 2016, the noncontrolling interest (see Note 4) in the Alpha Fund, representing interests held by entities other than the System, totaled \$1,598,399 and \$1,256,666, respectively.

Investment return recognized by the System for the years ended June 30, 2017 and 2016, is summarized in the following table. Total investment return includes the System's return on certain investments held and managed outside the Alpha Fund and the investment return of the Alpha Fund. System investment return represents the System's total investment return, net of the investment return earned by the noncontrolling interests of other Alpha Fund members.

## Ascension

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 5. Cash and Investments (continued)

|   | Year Ended June 30, |              |
|---|---------------------|--------------|
|   | 2017                | 2016         |
| Interest and dividends  | \$ 256,949          | \$ 234,677   |
| Net gains (losses) on investments reported at fair value        | 1,206,832           | (609,308)    |
| Restricted investment return and unrealized gains (losses), net | 36,673              | (6,349)      |
| Total investment return   | 1,500,454           | (380,980)    |
| Less return earned by noncontrolling interests of Alpha Fund    | 140,511             | (42,756)     |
| System investment return  | \$ 1,359,943        | \$ (338,224) |

#### 6. Fair Value Measurements

The System measures the fair value of assets and liabilities in accordance with FASB ASC 820, *Fair Value Measurement*. Under ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability at the measurement date. Assets and liabilities reported at fair value are classified and disclosed in one of the following four categories:

Level 1 – Quoted prices (unadjusted) that are readily available in active markets/exchanges for identical assets or liabilities.

Level 2 – Pricing inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 pricing inputs include prices quoted for similar assets and liabilities in active markets/exchanges or prices quoted for identical or similar assets and liabilities in markets that are not active. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Significant pricing inputs that are unobservable for the asset or liability, including assets or liabilities for which there is little, if any, market activity for such asset or liability. Inputs to determine the fair value of Level 3 assets and liabilities require management judgment and estimation.

## Ascension

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 6. Fair Value Measurements (continued)

Net Asset Value – Values are based on the calculated net asset value. The calculated net asset values for underlying investments are fair value estimates determined by an external fund manager based on quoted market prices, operating results, balance sheet stability, growth, and other business and market sector factors.

The System categorizes, for disclosure purposes, assets and liabilities measured at fair value in the consolidated financial statements based upon whether the inputs used to determine their fair values are observable or unobservable. Observable inputs are inputs that are based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about pricing the asset or liability based on the best information available in the circumstances.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement of the asset or liability. The System's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

There were no significant transfers between Levels 1 and 2 during the years ended June 30, 2017 and 2016.

As of June 30, 2017 and 2016, the assets and liabilities listed in the fair value hierarchy tables below use the following valuation techniques and inputs:

#### *Cash and Cash Equivalents and Short-Term Investments*

Cash and cash equivalents and certain short-term investments include certificates of deposit, whose fair value is based on cost plus accrued interest. Significant observable inputs include security cost, maturity, and relevant short-term interest rates. Other short-term investments designated as Level 2 investments primarily consist of commercial paper, whose fair value is based on the income approach. Significant observable inputs include security cost, maturity, credit rating, interest rate, and par value.

## Ascension

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 6. Fair Value Measurements (continued)

##### *Pooled Short-term Investment Fund*

The pooled short-term investment fund is a short term exchange traded money market fund primarily invested in treasury securities.

##### *U.S. Government, State, Municipal, and Agency Obligations*

The fair value of investments in U.S. government, state, municipal, and agency obligations is primarily determined using techniques consistent with the income approach. Significant observable inputs include benchmark yields, reported trades, observable broker/dealer quotes, and issuer spreads.

##### *Corporate and Foreign Fixed Income Securities*

The fair value of investments in U.S. and international corporate bonds and foreign government bonds is primarily determined using techniques that are consistent with the market approach. Significant observable inputs include benchmark yields, reported trades, observable broker/dealer quotes, issuer spreads, and security-specific characteristics (e.g., such as early redemption options).

##### *Asset-backed Securities*

The fair value of U.S. agency, mortgage, and other asset-backed securities is primarily determined using techniques that are consistent with the income approach. Significant observable inputs include prepayment speeds and spreads, benchmark yield curves, volatility measures, and observable broker/dealer quotes.

##### *Equity Securities*

The fair value of investments in U.S. and international equity securities is primarily determined using techniques that are consistent with the market and income approaches. The values for underlying investments are fair value estimates determined by an external fund manager based on quoted market prices, operating results, balance sheet stability, growth, dividend, dividend yield, and other business and market sector fundamentals.

## Ascension

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 6. Fair Value Measurements (continued)

##### *Alternative Investments and Other Investments*

Alternative investments consist of private equity, hedge funds, private equity funds, commodity funds, and real estate partnerships. The fair value of private equity is primarily determined using techniques consistent with both the market and income approaches, based on the System's estimates and assumptions in the absence of observable market data. The market approach considers comparable company, comparable transaction, and company-specific information, including but not limited to restrictions on disposition, subsequent purchases of the same or similar securities by other investors, pending mergers or acquisitions, and current financial position and operating results. The income approach considers the projected operating performance of the portfolio company.

The fair value of hedge funds, private equity funds, commodity funds, and real estate partnerships is primarily determined using net asset values, which approximate fair value, as determined by an external fund manager based on quoted market prices, operating results, balance sheet stability, growth, and other business and market sector fundamentals.

Other investments include derivative assets and derivative liabilities of the Alpha Fund, whose fair value is primarily determined using techniques consistent with the market approach. Significant observable inputs to valuation models include interest rates, Treasury yields, volatilities, credit spreads, maturity, and recovery rates.

##### *Benefit Plan Assets*

The fair value of benefit plan assets is based on original investment into a guaranteed pooled fund, plus guaranteed, annuity contract-based interest rates. Significant unobservable inputs to the guaranteed rate include the fair value and average duration of the portfolio of investments underlying annuity contract, the contract value, and the annualized weighted-average yield to maturity of the underlying investment portfolio.

Ascension

Notes to Consolidated Financial Statements (continued)  
(Dollars in Thousands)

**6. Fair Value Measurements (continued)**

*Interest Rate Swap Assets and Liabilities*

The fair value of interest rate swaps is primarily determined using techniques consistent with the market approach. Significant observable inputs to valuation models include interest rates, Treasury yields, volatilities, credit spreads, maturity, and recovery rates.

*Investments Sold, Not Yet Purchased*

The fair value of investments sold, not yet purchased is primarily determined using techniques consistent with the income approach. Significant observable inputs to the income approach include data points for benchmark, constant maturity curves, and spreads.

## Ascension

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 6. Fair Value Measurements (continued)

The following table summarizes fair value measurements, by level, at June 30, 2017, for all financial assets and liabilities measured at fair value on a recurring basis in the System's consolidated financial statements:

|   | Level 1    | Level 2   | Level 3   | Total                |
|---|------------|-----------|-----------|----------------------|
| <b>June 30, 2017</b>  |            |           |           |                      |
| Cash equivalents  | \$ 61,317  | \$ 579    | \$ -      | \$ 61,896            |
| Short-term investments  | 109,387    | 103,344   | 345       | 213,076              |
| Pooled short-term investment funds                                      | 515,516    | -         | -         | 515,516              |
| U.S. government, state, municipal<br>and agency obligations             | -          | 2,534,968 | -         | 2,534,968            |
| Corporate and foreign fixed income securities                           | -          | 2,371,296 | 28,119    | 2,399,415            |
| Asset-backed securities   | -          | 997,153   | 193,211   | 1,190,364            |
| Equity securities   | 3,775,634  | 224,584   | 4,738     | 4,004,956            |
| Alternative investments and other investments:                          |            |           |           |                      |
| Private equity and real estate funds                                    | 1,873      | 2,400     | 241,420   | 245,693              |
| Commodities funds and other investments                                 | 12,537     | 5,339     | 7,493     | 25,369               |
| Assets at net asset value:  |            |           |           |                      |
| Corporate and foreign fixed income securities                           |            |           |           | 101,645              |
| Equity securities   |            |           |           | 277,561              |
| Private equity and real estate funds                                    |            |           |           | 1,756,599            |
| Hedge funds   |            |           |           | 2,068,742            |
| Commodities funds and other investments                                 |            |           |           | 1,553,370            |
| Cash and other investments not at fair value                            |            |           |           | <u>1,011,663</u>     |
| Cash and investments  |            |           |           | <u>\$ 17,960,833</u> |
| <br>  |            |           |           |                      |
| Benefit plan assets, in other<br>noncurrent assets                      | \$ 312,120 | \$ 47,163 | \$ 54,698 | \$ 413,981           |
| Interest rate swaps, in other noncurrent assets                         | -          | 1,648     | -         | 1,648                |
| Investments sold, not yet purchased, in other<br>noncurrent liabilities | -          | 2,342     | -         | 2,342                |
| Interest rate swaps, included in<br>other noncurrent liabilities        | -          | 157,518   | -         | 157,518              |

Ascension

Notes to Consolidated Financial Statements (continued)  
(Dollars in Thousands)

6. Fair Value Measurements (continued)

For the year ended June 30, 2017, the changes in the fair value of the assets and liabilities measured using significant unobservable inputs (Level 3) consisted of the following.

| Year Ended                                    | Short-term investments | Corporate and Foreign Fixed Income Securities | Asset-Backed Securities | Equity Securities | Private Equity and Real Estate Funds | Commodities Funds and Other Investments | Benefit Plan Assets |
|---|------------------------|---|-------------------------|-------------------|--------------------------------------|---|---------------------|
| June 30, 2017                                 |                        |   |                         |                   |                                      |   |                     |
| Beginning balance                             | \$ 287                 | \$ 29,545                                     | \$ 142,831              | \$ 3,759          | \$ 197,886                           | \$ 4,464                                | \$ 56,070           |
| Total realized and unrealized gains (losses): |                        |   |                         |                   |                                      |   |                     |
| Included in nonoperating gains (losses)       | 58                     | 3,428   | 14,434                  | 663               | 28,731                               | 19                                      | -                   |
| Included in changes in net assets             | -                      | -   | -                       | -                 | -                                    | (35)                                    | -                   |
| Purchases                                     | -                      | 6,357   | 154,039                 | 1,158             | 57,900                               | 2,880                                   | 127,432             |
| Sales   | -                      | (5,033)                                       | (84,813)                | (584)             | (43,141)                             | -                                       | (127,097)           |
| Transfers into Level 3                        | -                      | 2,379   | -                       | 121               | 44                                   | 320                                     | 54,003              |
| Transfers out of Level 3                      | -                      | (8,557)                                       | (33,280)                | (379)             | -                                    | (155)                                   | (55,710)            |
| Ending balance                                | \$ 345                 | \$ 28,119                                     | \$ 193,211              | \$ 4,738          | \$ 241,420                           | \$ 7,493                                | \$ 54,698           |

|   |      |          |          |        |        |          |      |
|---|------|----------|----------|--------|--------|----------|------|
| The amount of total gains or losses for the period included in nonoperating gains (losses) attributable to the changes in unrealized gains or losses relating to assets still held at June 30, 2017 | \$ - | \$ 3,377 | \$ 8,404 | \$ 705 | \$ 800 | \$ 3,339 | \$ - |
|---|------|----------|----------|--------|--------|----------|------|

The basis for recognizing and valuing transfers into or out of Level 3, in the Level 3 rollforward, is as of the beginning of the period in which the transfers occur.

## Ascension

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 6. Fair Value Measurements (continued)

The following table summarizes fair value measurements, by level, at June 30, 2016, for all financial assets and liabilities measured at fair value on a recurring basis in the System's consolidated financial statements:

|  | Level 1    | Level 2   | Level 3   | Total                |
|--|------------|-----------|-----------|----------------------|
| <b>June 30, 2016</b>   |            |           |           |                      |
| Cash equivalents   | \$ 497,847 | \$ 12,173 | \$ -      | \$ 510,020           |
| Short-term investments   | 46,750     | 20,291    | 287       | 67,328               |
| Pooled short-term investment funds                                   | 471,099    | -         | -         | 471,099              |
| U.S. government, state, municipal and agency obligations             | -          | 3,064,411 | -         | 3,064,411            |
| Corporate and foreign fixed income securities                        | -          | 1,604,725 | 29,545    | 1,634,270            |
| Asset-backed securities  | -          | 629,140   | 142,831   | 771,971              |
| Equity securities  | 2,671,500  | 130,930   | 3,759     | 2,806,189            |
| Alternative investments and other investments:                       |            |           |           |                      |
| Private equity and real estate funds                                 | 1,409      | 2,400     | 197,886   | 201,695              |
| Commodities funds and other investments                              | 13,420     | 5,183     | 4,464     | 23,067               |
| Assets at net asset value:   |            |           |           |                      |
| Corporate and foreign fixed income securities                        |            |           |           | 93,879               |
| Equity securities  |            |           |           | 190,473              |
| Private equity and real estate funds                                 |            |           |           | 1,446,850            |
| Hedge funds  |            |           |           | 2,677,275            |
| Commodities funds and other investments                              |            |           |           | 1,454,136            |
| Cash and other investments not at fair value                         |            |           |           | 475,242              |
| Cash and investments   |            |           |           | <u>\$ 15,887,905</u> |
| <br>   |            |           |           |                      |
| Benefit plan assets, in other noncurrent assets                      | \$ 300,726 | \$ 33,055 | \$ 56,070 | \$ 389,851           |
| Interest rate swaps, in other noncurrent assets                      | -          | 10,713    | -         | 10,713               |
| Investments sold, not yet purchased, in other noncurrent liabilities | -          | 4,569     | -         | 4,569                |
| Interest rate swaps, included in other noncurrent liabilities        | -          | 236,702   | -         | 236,702              |

Ascension

Notes to Consolidated Financial Statements (continued)  
(Dollars in Thousands)

6. Fair Value Measurements (continued)

For the year ended June 30, 2016, the changes in the fair value of the assets and liabilities measured using significant unobservable inputs (Level 3) consisted of the following.

| Year Ended                                       | Short-term<br>investments | Corporate and<br>Foreign Fixed<br>Income<br>Securities | Asset-Backed<br>Securities | Equity<br>Securities | Private Equity<br>and Real Estate<br>Funds | Commodities<br>Funds and<br>Other<br>Investments | Benefit Plan<br>Assets |
|--|---------------------------|--|----------------------------|----------------------|--|--|------------------------|
| June 30, 2016                                    |                           |  |                            |                      |  |  |                        |
| Beginning balance                                | \$ 301                    | \$ 26,599  | \$ 89,364                  | \$ 2,198             | \$ 187,338                                 | \$ (4,245)                                       | \$ 35,256              |
| Total realized and unrealized<br>gains (losses): |                           |  |                            |                      |  |  |                        |
| Included in nonoperating<br>gains (losses)       | (14)                      | (2,661)  | (3,472)                    | (61)                 | 17,014                                     | (6,445)  | (3)                    |
| Included in changes in<br>net assets             | -                         | -  | -                          | -                    | -  | (47)   | -                      |
| Purchases  | -                         | 19,410   | 82,958                     | 611                  | 50,400                                     | 8,701  | 31,245                 |
| Sales  | -                         | (10,790)   | (40,064)                   | (2,222)              | (55,697)                                   | -  | (19,892)               |
| Transfers into Level 3                           | -                         | 3,512  | 16,075                     | 3,233                | 1  | 6,500  | 25,508                 |
| Transfers out of Level 3                         | -                         | (6,525)  | (2,030)                    | -                    | (1,170)                                    | -  | (16,044)               |
| Ending balance                                   | \$ 287                    | \$ 29,545  | \$ 142,831                 | \$ 3,759             | \$ 197,886                                 | \$ 4,464   | \$ 56,070              |

The amount of total gains  
or losses for the period  
included in nonoperating gains  
(losses) attributable to the  
changes in unrealized gains or  
losses relating to assets still held  
at June 30, 2016

|      |            |            |        |          |      |      |
|------|------------|------------|--------|----------|------|------|
| \$ - | \$ (1,625) | \$ (5,621) | \$ 494 | \$ 4,153 | \$ - | \$ - |
|------|------------|------------|--------|----------|------|------|

The basis for recognizing and valuing transfers into or out of Level 3, in the Level 3 rollforward, is as of the beginning of the period in which the transfers occur.

Ascension

Notes to Consolidated Financial Statements (continued)  
(Dollars in Thousands)

7. Long-Term Debt

Long-term debt at June 30, 2017 and 2016 is comprised of the following and is presented in accordance with the specific master trust indenture to which the debt relates. As further discussed below, certain portions of long-term debt are secured under the Alexian Brothers Health System Master Trust Indenture; the Mercy Regional Health Center, Inc. Master Trust Indenture; and the St. John Health System Master Trust Indenture.

|  | June 30,  |            |
|--|-----------|------------|
|  | 2017      | 2016       |
| Tax-exempt hospital revenue bonds -- secured under Ascension Health Alliance Senior Credit Group Master Trust Indenture:   |           |            |
| Variable rate demand bonds, subject to a put provision that provides for a cumulative 7-month notice and remarketing period, payable through November 2047; interest (0.68% at June 30, 2016) tied to a market index plus a spread | \$ -      | \$ 350,890 |
| Variable rate demand bonds, subject to a 7-day put provision, payable through November 2047; interest (0.87% to 0.92% at June 30, 2017) set at prevailing market rates   | 533,935   | 553,820    |
| Indexed put bonds subject to weekly rate resets based on a taxable index, payable through November 2046; interest (1.264% at June 30, 2016)  | -         | 153,800    |
| Fixed rate put bonds (converted from an indexed put bond mode based on a taxable index in May 2009) payable through November 2046; interest (4.10% at June 30, 2016)   | -         | 153,690    |
| Fixed rate serial, term and mode bonds fixed to maturity payable in installments through November 2051; interest at 3.00% to 5.00%   | 2,723,220 | 2,392,360  |
| Fixed rate serial mode bonds payable through 2047 with purchase dates ranging from February 2018 through March 2023; interest at 0.95% to 5.00% through the purchase dates   | 1,386,245 | 1,120,680  |
| Tax-exempt hospital revenue bonds -- unsecured under Ascension Health Alliance Subordinate Master Trust Indenture:   |           |            |
| Variable rate demand bonds, subject to a 7-day put provision, payable through November 2025; interest (0.90% at June 30, 2017) set at prevailing market rates  | 39,085    | 42,985     |
| Fixed rate serial mode bonds payable through 2027 with purchase dates through May 2020; interest at 1.15% to 4.00%   | 387,260   | 419,055    |

## Ascension

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 7. Long-Term Debt (continued)

|  | June 30,   |            |
|--|------------|------------|
|  | 2017       | 2016       |
| Taxable bonds – secured under Ascension Health Alliance Senior Credit Group Master Trust Indenture:          |            |            |
| Taxable fixed rate term bonds payable in installments through November 2053; interest at 4.847%              | \$ 425,000 | \$ 425,000 |
| Taxable fixed rate term bonds payable as of November 2046; interest at 3.945%                                | 925,000    | 700,000    |
| Total hospital revenue bonds under Senior Master Trust Indenture and Subordinate Master Trust Indenture      | 6,419,745  | 6,312,280  |
| Tax-exempt hospital revenue bonds – secured under Alexian Brothers Health System Master Trust Indenture:     |            |            |
| Fixed rate serial and term bonds payable in installments through February 2038; interest at 4.25% to 5.50%   | 49,090     | 61,935     |
| Total hospital revenue bonds under the Alexian Brothers Health System Master Trust Indenture                 | 49,090     | 61,935     |
| Tax-exempt hospital revenue bonds – secured under Mercy Regional Health Center, Inc. Master Trust Indenture: |            |            |
| Fixed rate serial and term bonds payable in installments through November 2029; interest at 4.00% to 5.00%   | 20,790     | 21,915     |
| Total hospital revenue bonds under the Mercy Regional Health Center, Inc. Master Trust Indenture             | 20,790     | 21,915     |
| Tax-exempt hospital revenue bonds – secured under St. John Health System Master Trust Indenture:             |            |            |
| Fixed rate serial and term bonds payable in installments through February 2042; interest at 4.00% to 5.00%   | 165,110    | 385,240    |
| Total hospital revenue bonds under the St. John Health System Master Trust Indenture                         | 165,110    | 385,240    |
| Total hospital revenue bonds -- all Master Trust Indentures  | 6,654,735  | 6,781,370  |

Ascension

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

7. Long-Term Debt (continued)

|  | June 30,            |                     |
|--|---------------------|---------------------|
|  | 2017                | 2016                |
| Other debt:  |                     |                     |
| Obligations under capital leases   | 22,134              | 24,987              |
| Other  | 84,783              | 111,923             |
|  | <u>6,761,652</u>    | <u>6,918,280</u>    |
| Unamortized premium, net   | 274,438             | 271,774             |
| Less debt issuance cost, net   | (38,595)            | (35,708)            |
| Less current portion   | (298,270)           | (96,193)            |
| Less long-term debt subject to short-term remarketing arrangements                                     | (999,785)           | (1,666,245)         |
| Long-term debt, less current portion and long-term debt subject to short-term remarketing arrangements | <u>\$ 5,699,440</u> | <u>\$ 5,391,908</u> |

|  | June 30,            |                     |
|--|---------------------|---------------------|
|  | 2017                | 2016                |
| Ascension Health Alliance Senior Master Trust Indenture long-term debt obligations, including unamortized premium and cost of issuance, net      | \$ 5,332,260        | \$ 4,477,894        |
| Ascension Health Alliance Subordinate Master Trust Indenture long-term debt obligations, including unamortized premium and cost of issuance, net | 239,406             | 309,316             |
| Alexian Brothers Health System Master Trust Indenture long-term debt obligations, including unamortized premium, net                             | 34,498              | 50,296              |
| Mercy Regional Health Center, Inc. Master Trust Indenture long-term debt obligations, including unamortized premium, net                         | 21,158              | 22,627              |
| St. John Health System Master Trust Indenture long-term debt obligations, including unamortized premium, net                                     | -                   | 403,132             |
| Other  | 72,118              | 128,643             |
| Long-term debt, less current portion, and long-term debt subject to short-term remarketing arrangements  | <u>\$ 5,699,440</u> | <u>\$ 5,391,908</u> |

Ascension

Notes to Consolidated Financial Statements (continued)  
(Dollars in Thousands)

7. Long-Term Debt (continued)

Scheduled principal repayments of long-term debt, considering obligations subject to short-term remarketing as due according to their long-term amortization schedule, as of June 30, 2017, are as follows:

|                      | Ascension<br>Health<br>Alliance MTIs | Alexian<br>Brothers<br>Health<br>System MTI | Mercy<br>Regional<br>Health<br>Center, Inc.<br>MTI | St. John<br>Health<br>System MTI | Other Debt | Total        |
|----------------------|--------------------------------------|---|--|----------------------------------|------------|--------------|
| Year Ending June 30: |                                      |   |  |                                  |            |              |
| 2018                 | \$ 68,530                            | \$ 15,355                                   | \$ 1,175   | \$ 165,110                       | \$ 48,100  | \$ 298,270   |
| 2019                 | 88,780                               | 2,080                                       | 1,230  | -                                | 7,000      | 99,090       |
| 2020                 | 91,880                               | 2,495                                       | 1,285  | -                                | 19,355     | 115,015      |
| 2021                 | 95,345                               | 1,700                                       | 1,350  | -                                | 7,022      | 105,417      |
| 2022                 | 101,685                              | 2,260                                       | 1,420  | -                                | 6,525      | 111,890      |
| Thereafter           | 5,973,525                            | 25,200                                      | 14,330   | -                                | 18,915     | 6,031,970    |
| Total                | \$ 6,419,745                         | \$ 49,090                                   | \$ 20,790  | \$ 165,110                       | \$ 106,917 | \$ 6,761,652 |

Refer to subsequent events disclosure in Note 2 regarding defeasance, or redemption, of certain debt obligations.

The carrying values of fixed rate bonds were \$6,081,715 and \$5,679,875 at June 30, 2017 and 2016, respectively. The fair values of these fixed rate bonds were \$6,446,481 and \$6,350,071 at June 30, 2017 and 2016, respectively, representing Level 2 measurements obtained from an independent third party valuation service. The carrying amounts of variable rate bonds and other notes payable approximate fair value.

During the years ended June 30, 2017 and 2016, interest paid was approximately \$236,000 and \$203,000, respectively. Capitalized interest was approximately \$5,700 and \$3,700 for the years ended June 30, 2017 and 2016, respectively.

## Ascension

### Notes to Consolidated Financial Statements (continued) *(Dollars in Thousands)*

#### **7. Long-Term Debt (continued)**

Certain members of the System formed the Ascension Health Alliance Credit Group (Senior Credit Group). Each Senior Credit Group member is identified as either a senior obligated group member, a senior designated affiliate, or a senior limited designated affiliate. Senior obligated group members are jointly and severally liable under a Senior Master Trust Indenture (Senior MTI) to make all payments required with respect to obligations under the Senior MTI and may be entities not controlled directly or indirectly by the System.

Senior designated affiliates and senior limited designated affiliates are not obligated to make debt service payments on the obligations under the Senior MTI. The System may cause each senior designated affiliate to transfer such amounts as are necessary to enable the obligated group to comply with the terms of the Senior MTI, including payment of the outstanding obligations. Additionally, each senior limited designated affiliate has an independent limited designated affiliate agreement and promissory note with the System with stipulated repayment terms and conditions, each subject to the governing law of the senior limited designated affiliate's state of incorporation.

Pursuant to a Supplemental Master Indenture dated February 1, 2005, senior obligated group members, which are operating entities, have pledged and assigned to the Master Trustee a security interest in all of their rights, title, and interest in their pledged revenues and proceeds thereof.

A Subordinate Credit Group, which is comprised of subordinate obligated group members, subordinate designated affiliates, and subordinate limited designated affiliates, was created under the Subordinate Master Trust Indenture (Subordinate MTI). The subordinate obligated group members are jointly and severally liable under the Subordinate MTI to make all payments required with respect to obligations under the Subordinate MTI and may be entities not controlled directly or indirectly by the System. Subordinate designated affiliates and subordinate limited designated affiliates are not obligated to make debt service payments on the obligations under the Subordinate MTI.

The System may cause each subordinate designated affiliate to transfer such amounts as are necessary to enable the obligated group members to comply with the terms of the Subordinate MTI, including payment of the outstanding obligations. Additionally, each subordinate limited designated affiliate has an independent subordinate limited designated affiliate agreement and promissory note with the System, with stipulated repayment terms and conditions, each subject to the governing law of the subordinate limited designated affiliate's state of incorporation.

## Ascension

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 7. Long-Term Debt (continued)

The unsecured variable rate demand bonds of both the Senior and Subordinate Credit Groups, while subject to long-term amortization periods, may be put to the System at the option of the bondholders in connection with certain remarketing dates. To the extent that bondholders may, under the terms of the debt, put their bonds within 12 months after June 30, 2017, the principal amount of such bonds has been classified as a current liability in the accompanying Consolidated Balance Sheets. Management believes the likelihood of a material amount of bonds being put to the System to be remote. However, to address this possibility, management has taken steps to provide various sources of liquidity in the event any bonds would be put, including the line of credit, commercial paper program, and maintaining unrestricted assets as a source of self-liquidity.

On January 1, 2012, Alexian Brothers became part of the System. Subsequently, the System redeemed or refinanced a portion of Alexian Brothers' debt; however, a portion of the bonds previously issued for the benefit of Alexian Brothers remains outstanding (the Alexian Brothers' Bonds). The Alexian Brothers' Bonds continue to be secured by the Alexian Brothers Health System Master Trust Indenture (As Amended and Restated), dated October 1, 1992, between the Members of the Alexian Brothers Health System Obligated Group established under this document and the Alexian Brothers Health System Master Trustee.

On April 1, 2013, Marian Health System joined Ascension Health. Subsequently, the System redeemed or refinanced a portion of the debt of the Marian Systems; however, a portion of the bonds previously issued for the benefit of the Marian Systems remains outstanding. These bonds continue to be secured by the respective Master Trust Indentures, including the Amended and Restated Master Trust Indenture dated October 1, 1999, by and between St. John Health System and the St. John Health Master Trustee; and the Master Trust Indenture dated January 15, 2013, between Mercy Regional Health Center, Inc. and the Mercy Regional Health Center, Inc. Master Trustee.

In order to terminate the respective Master Trust Indentures of Crittenton and Wheaton, and the redemption or defeasance of all associated outstanding debt, Ascension issued and redeemed taxable commercial paper of approximately \$161,000 and \$637,000, respectively, during the year ended June 30, 2016. Following the discharge of these Master Trust Indentures, certain Crittenton and Wheaton entities were added to the Senior and Subordinate Credit Groups.

## Ascension

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### **7. Long-Term Debt (continued)**

In May 2016, Ascension issued \$2,046,250 of debt, consisting of \$1,346,250 tax-exempt bonds through issuing authorities in Wisconsin, Alabama and Michigan, and \$700,000 taxable bonds. The debt was issued to refund certain Ascension 2006 fixed rate bonds payable through 2039, to refund the commercial paper associated with the Crittenton and Wheaton transactions, to refund the remaining debt of Ministry Health Care, Inc. and Howard Young Health Care, Inc. and to reimburse the System for previous capital expenditures. Subsequent to the closing, both the Ministry Health Care Master Trust Indenture and The Howard Young Medical Center, Inc. Master Trust Indenture were terminated and certain Ministry Health Care, Inc. and Howard Young Health Care, Inc. entities were added to the Senior and Subordinate Credit Groups.

In June 2017, Ascension issued \$225 million of taxable bonds through a reopening of the Series 2016A taxable bond offering, a Senior Credit Group Obligation. The debt was issued primarily to refund certain Series 2007 St. John Health System bonds. The St. John Health System has not joined the Senior or Subordinate Credit Groups.

Due to aggregate financing activity during the fiscal years ended June 30, 2017 and 2016, gains (losses) on extinguishment of debt of \$10,907 and (\$13,594), respectively, were recorded, which are included in nonoperating gains (losses) in the accompanying Consolidated Statements of Operations and Changes in Net Assets.

As of June 30, 2017, the Senior Credit Group has two lines of credit totaling \$1,000,000. The first line of credit totals \$500,000 which may be used as a source of funding for unremarketed variable debt (including commercial paper) or for general corporate purposes. The second line of credit totals \$500,000 which may be used for general corporate purposes. Both lines are committed to November 3, 2017 and as of June 30, 2017 and 2016, there were no borrowings under either line of credit.

As of June 30, 2017, the Senior Credit Group has a \$100,000 revolving line of credit related to its letters of credit program toward which a bank commitment of \$100,000 extends to November 22, 2017. The revolving line of credit may be accessed solely in the form of Letters of Credit issued by the bank for the benefit of the members of the Credit Groups. Of this \$100,000 revolving line of credit, letters of credit totaling \$85,925 have been issued as of June 30, 2017. No borrowings were outstanding under the letters of credit as of June 30, 2017 and 2016.

Ascension

Notes to Consolidated Financial Statements (continued)  
(Dollars in Thousands)

**8. Derivative Instruments**

The System uses interest rate swap agreements to manage interest rate risk associated with its outstanding debt. Interest rate swaps with varying characteristics are outstanding under the Master Trust Indentures of the System and St. John Health. These swaps have historically been used to effectively convert interest rates on variable rate bonds to fixed rates and rates on fixed rate bonds to variable rates. At June 30, 2017 and 2016, the notional values of outstanding interest rate swaps were as follows:

|                               | June 30,            |                     |
|-------------------------------|---------------------|---------------------|
|                               | 2017                | 2016                |
| Ascension Health Alliance MTI | \$ 1,146,600        | \$ 2,146,107        |
| St. John Health System MTI    | 100,000             | 100,000             |
| Total                         | <u>\$ 1,246,600</u> | <u>\$ 2,246,107</u> |

The System recognizes the fair value of its interest rate swaps in the Consolidated Balance Sheets as assets, recorded in other noncurrent assets, or liabilities, recorded in other noncurrent liabilities, as appropriate. The respective fair values of interest rate swaps in an asset and liability position for the System and St. John Health were as follows:

|                               | June 30, 2017   |                   | June 30, 2016    |                   |
|-------------------------------|-----------------|-------------------|------------------|-------------------|
|                               | Asset           | Liability         | Asset            | Liability         |
| Ascension Health Alliance MTI | \$ 1,648        | \$ 157,394        | \$ 10,713        | \$ 236,367        |
| St. John Health System MTI    | -               | 124               | -                | 335               |
| Total                         | <u>\$ 1,648</u> | <u>\$ 157,518</u> | <u>\$ 10,713</u> | <u>\$ 236,702</u> |

## Ascension

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 8. Derivative Instruments (continued)

The System's interest rate swap agreements include collateral requirements for each counterparty under such agreements, based upon specific contractual criteria, subject to master netting arrangements. Collateral requirements are separately calculated for the System and St. John Health based on the credit ratings of each. In the case of the System, the applicable credit rating is the Senior Credit Group long-term debt credit ratings (Senior Debt Credit Ratings), as obtained from each of two major credit rating agencies. Credit rating and the net liability position of total interest rate swap agreements outstanding with each counterparty determine the amount of collateral to be posted. No collateral was posted at June 30, 2017 and 2016.

The System does not account for any of its interest rate swaps as hedges, and accordingly, all changes in the fair value of interest rate swaps are recognized in nonoperating gains (losses) in the accompanying Consolidated Statements of Operations and Changes in Net Assets. The System does not offset fair value amounts recognized for derivative instruments.

#### 9. Retirement Plans

##### Defined-Benefit Plans

Certain System entities participate in defined-benefit pension plans (the System Plans), which are noncontributory, defined-benefit pension plans. Benefits are based on each participant's years of service and compensation. All of the System Plans' assets are invested in Trusts, which include the Master Pension Trust (the Trust) and other trusts (the Other Trusts). The System Plans' assets primarily consist of short-term investments, equity, fixed income, and alternative investments, consisting of various hedge funds, real estate funds, private equity funds, commodity funds, private credit funds, and certain other private funds. Contributions to the System Plans are based on actuarially determined amounts sufficient to meet the benefits to be paid to participants.

Most System defined benefit plans were frozen effective December 31, 2012. Four of the System Plans remain ongoing with \$28,174 of service cost recognized during the year ended June 30, 2017. During the year ended June 30, 2017, the System froze a defined benefit plan which resulted in the recognition of a curtailment gain of \$40,000 which was recognized in total impairment, restructuring, and nonrecurring losses as discussed in Note 2.

Ascension

Notes to Consolidated Financial Statements (continued)  
(Dollars in Thousands)

9. Retirement Plans (continued)

The assets of the System Plans are available to pay the benefits of eligible employees and retirees of all participating entities. In the event entities participating in the System Plans are unable to fulfill their financial obligations under the System Plans, the other participating entities are obligated to do so.

The following table sets forth the combined benefit obligations and assets of the System Plans at June 30, 2017 and 2016, components of net periodic benefit costs for the years then ended, and a reconciliation of the amounts recognized in the accompanying consolidated financial statements.

|  | Year Ended June 30, |                |
|--|---------------------|----------------|
|  | 2017                | 2016           |
| Change in projected benefit obligation:                |                     |                |
| Projected benefit obligation at beginning of year      | \$ 9,435,964        | \$ 7,786,840   |
| Service cost   | 28,174              | 25,467         |
| Interest cost  | 341,998             | 352,212        |
| Actuarial (gain) loss                                  | (18,943)            | 624,503        |
| Acquisitions   | -                   | 1,069,401      |
| Curtailment  | (58,351)            | (12,206)       |
| Benefits paid  | (555,192)           | (410,253)      |
| Projected benefit obligation at end of year            | 9,173,650           | 9,435,964      |
| Change in plan assets:                                 |                     |                |
| Fair value of plan assets at beginning of year         | 8,199,379           | 7,305,030      |
| Actual return on plan assets                           | 269,419             | 482,083        |
| Employer contributions                                 | 6,161               | 24,381         |
| Acquisitions   | -                   | 798,138        |
| Benefits paid  | (555,192)           | (410,253)      |
| Fair value of plan assets at end of year               | 7,919,767           | 8,199,379      |
| Net amount recognized at end of year and funded status | \$ (1,253,883)      | \$ (1,236,585) |
| Accumulated benefit obligation at end of year          | \$ 9,169,399        | \$ 9,386,710   |

Ascension

Notes to Consolidated Financial Statements (continued)  
*(Dollars in Thousands)*

**9. Retirement Plans (continued)**

The System Plans' funded status as a percentage of the projected benefit obligation at June 30, 2017 and 2016, was 86.3% and 86.9%, respectively. The System Plans' funded status as a percentage of the accumulated benefit obligation at June 30, 2017 and 2016, was 86.4% and 87.4%, respectively.

Included in unrestricted net assets at June 30, 2017 and 2016, are the following amounts that have not yet been recognized in net periodic pension cost for the System Plans:

|                                   | 2017                | 2016                |
|-----------------------------------|---------------------|---------------------|
| Unrecognized prior service credit | \$ (5,285)          | \$ (8,293)          |
| Unrecognized actuarial loss       | 1,857,547           | 1,546,707           |
|                                   | <u>\$ 1,852,262</u> | <u>\$ 1,538,414</u> |

Changes in plan assets and benefit obligations recognized in unrestricted net assets for System Plans during 2017 and 2016 include:

|                                      | 2017              | 2016              |
|--------------------------------------|-------------------|-------------------|
| Current year actuarial gain          | \$ 334,981        | \$ 749,175        |
| Amortization of actuarial loss       | (24,141)          | (35,534)          |
| Amortization of prior service credit | 3,008             | 3,778             |
|                                      | <u>\$ 313,848</u> | <u>\$ 717,419</u> |

Ascension

Notes to Consolidated Financial Statements (continued)  
*(Dollars in Thousands)*

9. Retirement Plans (continued)

|  | 2017                | 2016                |
|--|---------------------|---------------------|
| <b>Components of net periodic benefit cost</b> |                     |                     |
| Service cost                                   | \$ 28,174           | \$ 25,467           |
| Interest cost                                  | 341,998             | 352,212             |
| Expected return on plan assets                 | (681,695)           | (618,961)           |
| Amortization of prior service credit           | (2,842)             | (3,140)             |
| Amortization of actuarial loss                 | 60,827              | 34,985              |
| Curtailment gain                               | (40,000)            | (638)               |
| Settlement loss                                | 3,148               | 549                 |
| Net periodic benefit                           | <u>\$ (290,390)</u> | <u>\$ (209,526)</u> |

The prior service credit and actuarial loss included in unrestricted net assets and expected to be recognized in net periodic pension cost during the year ending June 30, 2018, are \$2,700 and \$72,435, respectively.

The assumptions used to determine the benefit obligation and net periodic benefit cost for the System Plans are set forth below:

|   | June 30, |       |
|---|----------|-------|
|   | 2017     | 2016  |
| To determine benefit obligations:                                 |          |       |
| Weighted-average discount rate                                    | 3.87%    | 3.80% |
| To determine net periodic benefit cost:                           |          |       |
| Weighted-average discount rate                                    | 3.80%    | 4.48% |
| Weighted-average expected long-term rate of return on plan assets | 8.50%    | 8.36% |

## Ascension

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 9. Retirement Plans (continued)

The expected long-term rate of return on the System Plans' assets is based on historical and projected rates of return for current and planned asset categories in the investment portfolio. Assumed projected rates of return for each asset category were selected after analyzing historical experience and future expectations of the returns and volatility for assets of that category using benchmark rates. Based on the target asset allocation among the asset categories, the overall expected rate of return for the portfolio was developed and adjusted for historical and expected experience of active portfolio management results compared to benchmark returns and for the effect of expenses paid from plan assets.

The System Plans' assets invested in the Trust are invested in a portfolio designed to protect principal and obtain competitive investment returns and long-term investment growth, consistent with actuarial assumptions, with a reasonable and prudent level of risk. Diversification is achieved by allocating to funds and managers that correlate to one of three economic strategies: growth, deflation, and inflation. Growth strategies include U.S. equity, emerging market equity, global equity, international equity, directional hedge funds, private equity, high yield, and private credit. Deflation strategies include core fixed income, absolute return hedge funds, and cash. Inflation strategies include inflation-linked bonds, commodity-related investments, and real assets. The System Plans use multiple investment managers with complementary styles, philosophies, and approaches. In accordance with the System Plans' objectives, derivatives may also be used to gain market exposure in an efficient and timely manner.

In accordance with the System Plans' asset diversification targets, as presented in the table that follows, the Trust holds certain alternative investments, consisting of various hedge funds, real asset funds, private equity funds, commodity funds, private credit funds, and certain other private funds. These investments do not have observable market values. As such, each of these investments is valued at net asset value (NAV) as determined by each fund's investment manager, which approximates fair value. Management elected to use the NAV per share, or equivalent, for fair value. Collectively, these funds have liquidity terms ranging from daily to annual with notice periods ranging from 1 to 120 days. Due to redemption restrictions, investments of certain private funds, whose fair value was approximately \$893,000 at June 30, 2017, cannot currently be redeemed. However, the potential for the System Plans to sell their interest in real asset funds and private equity funds in a secondary market prior to the end of the fund term does exist.

Ascension

Notes to Consolidated Financial Statements (continued)  
*(Dollars in Thousands)*

**9. Retirement Plans (continued)**

The investments in these alternative investment funds may also include contractual commitments to provide capital contributions during the investment period, which is typically five years, and may extend to the end of the fund term. During these contractual periods, investment managers may require the System Plans to invest in accordance with the terms of the agreement. Commitments not funded during the investment period will expire and remain unfunded. As of June 30, 2017, investment periods expire between January 2018 and February 2023. The remaining unfunded capital commitments of the Trust total approximately \$587,000 for 86 individual contracts as of June 30, 2017.

The weighted-average asset allocation for the System Plans in the Trust at the end of fiscal 2017 and 2016 and the target allocation for fiscal 2018, by asset category, are as follows:

| Asset Category | Target     | Percentage of Plan Assets |       |
|----------------|------------|---------------------------|-------|
|                | Allocation | At Year-End               |       |
|                | 2018       | 2017                      | 2016  |
| Growth         | 57 %       | 57 %                      | 46 %  |
| Deflation      | 28         | 27                        | 38    |
| Inflation      | 15         | 16                        | 16    |
| Total          | 100 %      | 100 %                     | 100 % |

Ascension

Notes to Consolidated Financial Statements (continued)  
(Dollars in Thousands)

9. Retirement Plans (continued)

The following tables summarize fair value measurements at June 30, 2017 and 2016, by asset class and by level, for the System Plans' assets and liabilities. As also discussed in the Fair Value Measurements note, the System follows the three-level fair value hierarchy to categorize plan assets and liabilities recognized at fair value, which prioritizes the inputs used to measure such fair values. The inputs and valuation techniques discussed in the Fair Value Measurements note also apply to the System Plans' assets and liabilities as presented in the following tables.

|   | Level 1   | Level 2   | Level 3 | Total               |
|---|-----------|-----------|---------|---------------------|
| <b>June 30, 2017</b>  |           |           |         |                     |
| Short-term investments                                      | \$459,619 | \$21,466  | \$ -    | \$481,085           |
| Derivatives receivable                                      | 73        | 21,900    | 19,144  | 41,117              |
| U.S. government, state, municipal<br>and agency obligations | -         | 1,389,683 | -       | 1,389,683           |
| Corporate and foreign fixed<br>income securities            | -         | 876,984   | 931     | 877,915             |
| Asset-backed securities                                     | -         | 467,600   | 4,523   | 472,123             |
| Equity securities   | 2,092,749 | 323       | 12,481  | 2,105,553           |
| Assets at net asset value:                                  |           |           |         |                     |
| Corporate and foreign fixed income securities               |           |           |         | 10,723              |
| Equity securities   |           |           |         | 259,556             |
| Private equity and real estate funds                        |           |           |         | 965,209             |
| Hedge funds   |           |           |         | 1,033,739           |
| Commodities funds and other investments                     |           |           |         | 303,244             |
| Other receivables   |           |           |         | 229,757             |
| Total   |           |           |         | <u>8,169,704</u>    |
| Derivatives payable   | 1,267     | 187,443   | 19,347  | 208,057             |
| Other payables  |           |           |         | 41,880              |
| Total   |           |           |         | <u>249,937</u>      |
| Fair value of plan assets                                   |           |           |         | <u>\$ 7,919,767</u> |

Ascension

Notes to Consolidated Financial Statements (continued)  
(Dollars in Thousands)

9. Retirement Plans (continued)

|   | Level 1      | Level 2   | Level 3 | Total               |
|---|--------------|-----------|---------|---------------------|
| June 30, 2016   |              |           |         |                     |
| Short-term investments                                      | \$ 1,235,230 | \$ -      | \$ -    | 1,235,230           |
| Derivatives receivable                                      | 31,674       | 280,634   | 55,187  | 367,495             |
| U.S. government, state, municipal<br>and agency obligations | 1,840        | 1,567,670 | -       | 1,569,510           |
| Corporate and foreign fixed<br>income securities            | -            | 617,395   | 7,870   | 625,265             |
| Asset-backed securities                                     | -            | 154,113   | 41,220  | 195,333             |
| Equity securities   | 1,555,564    | 12,226    | 12,321  | 1,580,111           |
| Assets at net asset value:                                  |              |           |         |                     |
| Corporate and foreign fixed income securities               |              |           |         | 8,929               |
| Equity securities   |              |           |         | 97,760              |
| Private equity and real estate funds                        |              |           |         | 908,403             |
| Hedge funds   |              |           |         | 1,406,679           |
| Commodities funds and other investments                     |              |           |         | 349,516             |
| Other receivables   |              |           |         | 241,603             |
| Total   |              |           |         | <u>8,585,834</u>    |
| Derivatives payable   | 30,917       | 11,291    | 4,819   | 47,027              |
| Other payables  |              |           |         | 339,428             |
| Total   |              |           |         | <u>386,455</u>      |
| Fair value of plan assets                                   |              |           |         | <u>\$ 8,199,379</u> |

Ascension

Notes to Consolidated Financial Statements (continued)  
(Dollars in Thousands)

9. Retirement Plans (continued)

For the years ended June 30, 2017 and 2016, the changes in the fair value of the System Plans' assets measured using significant unobservable inputs (Level 3) consisted of the following:

|   | Net<br>Derivatives | Corporate<br>and Foreign<br>Fixed Income<br>Securities | Asset-<br>Backed<br>Securities | Equity<br>Securities |
|---|--------------------|--|--------------------------------|----------------------|
| <b>June 30, 2017</b>  |                    |  |                                |                      |
| Beginning balance   | \$ 50,368          | \$ 7,870   | \$ 41,220                      | \$ 12,321            |
| Total actual return on assets   | -                  | 1,282  | 3,013                          | (1,758)              |
| Purchases (sales), net  | (203)              | (9,319)  | (33,183)                       | (1,529)              |
| Transfers (out of) into Level 3   | (50,368)           | 1,098  | (6,527)                        | 3,447                |
| Ending balance  | \$ (203)           | \$ 931   | \$ 4,523                       | \$ 12,481            |
| Actual return on plan assets relating to<br>plan assets still held at June 30, 2017 | \$ -               | \$ 450   | \$ 177                         | \$ (33)              |

|   | Net<br>Derivatives | Corporate<br>and Foreign<br>Fixed Income<br>Securities | Asset-<br>Backed<br>Securities | Equity<br>Securities |
|---|--------------------|--|--------------------------------|----------------------|
| <b>June 30, 2016</b>  |                    |  |                                |                      |
| Beginning balance   | \$ (8,737)         | \$ 3,372   | \$ 19,610                      | \$ 1,345             |
| Total actual return on assets   | (3,649)            | (1,200)  | (73)                           | 10,198               |
| Purchases (sales), net  | 62,754             | 6,184  | 26,325                         | 738                  |
| Transfers (out of) into Level 3   | -                  | (486)  | (4,642)                        | 40                   |
| Ending balance  | \$ 50,368          | \$ 7,870   | \$ 41,220                      | \$ 12,321            |
| Actual return on plan assets relating to<br>plan assets still held at June 30, 2016 | \$ 50,368          | \$ (1,642)   | \$ (446)                       | \$ (58)              |

Ascension

Notes to Consolidated Financial Statements (continued)  
(Dollars in Thousands)

**9. Retirement Plans (continued)**

The Trust has entered into a series of swap agreements with a net notional amount of approximately \$1,927,000. The combined targeted duration of these swaps and the Trust's fixed income investments approximates the duration of the liabilities of the Trust. Currently, 50% of the dollar duration of the liability is subject to this economic hedge. The purpose of this strategy is to economically hedge the change in the net funded status for a significant portion of the liability that can occur due to changes in interest rates.

Information about the expected cash flows for the System Plans follows:

|                                      |           |
|--------------------------------------|-----------|
| Expected employer contributions 2018 | \$ 5,970  |
| Expected benefit payments:           |           |
| 2018                                 | 617,125   |
| 2019                                 | 598,955   |
| 2020                                 | 610,970   |
| 2021                                 | 608,655   |
| 2022                                 | 608,820   |
| 2023-2027                            | 2,854,281 |

The contribution amount above includes expected amounts paid to Trusts. The benefit payment amounts above reflect the total benefits expected to be paid from Trusts.

**Other Postretirement Benefit Plans**

In addition to the retirement plan described above, certain Health Ministries sponsor postretirement benefit plans that provide healthcare benefits to qualified retirees who meet certain eligibility requirements. The total benefit obligation of these plans at June 30, 2017 and 2016 is \$28,987 and \$36,044, respectively. The net asset included in pension and other postretirement liabilities in the accompanying Consolidated Balance Sheets at June 30, 2017 and 2016 is \$17,972 and \$7,954, respectively. The change in the plans' assets and benefit obligations recognized in unrestricted net assets during the year ended June 30, 2017 and 2016, was an increase (decrease) of \$4,468 and \$(3,731), respectively.

## Ascension

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 9. Retirement Plans (continued)

##### Defined-Contribution Plans

System entities participate in contributory and noncontributory defined-contribution plans covering all eligible associates. There are three primary types of contributions to these plans: employer automatic contributions, employee contributions, and employer matching contributions. Benefits for employer automatic contributions are determined as a percentage of a participant's salary and, for certain entities, increases over specified periods of employee service. These benefits are funded annually, and participants become fully vested over a period of time. Benefits for employer matching contributions are determined as a percentage of an eligible participant's contributions each payroll period. These benefits are funded each payroll period, and participants become fully vested in these employer contributions immediately. Expenses for the defined-contribution plans were \$349,514 and \$326,881 during 2017 and 2016, respectively, and are included in employee benefits in the Consolidated Statements of Operations and Changes in Net Assets.

#### 10. Self-Insurance Programs

Certain System hospitals and other entities participate in pooled risk programs to insure professional and general liability risks and workers' compensation risks to the extent of certain self-insured limits. In addition, various insurance policies have been purchased to provide coverage in excess of the self-insured limits. The System provides its self-insurance through various trust funds and captive insurance companies. Actuarially determined amounts, discounted at 5.5%, are contributed to the trust funds and the captive insurance companies to provide for the estimated cost of claims. The loss reserves recorded for estimated self-insured professional, general liability, and workers' compensation claims include estimates of the ultimate costs for both reported claims and claims incurred but not reported, which were discounted at 5.5% and 6.0% in 2017 and 2016, respectively. Those entities not participating in the self-insured programs are insured under separate policies.

##### Professional and General Liability Programs

Professional and general liability coverage is provided on a claims-made or occurrence basis through a wholly owned onshore trust and through Ascension Health Insurance, Ltd. (AHIL), a direct subsidiary of Ascension Risk Services.

## Ascension

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### **10. Self-Insurance Programs (continued)**

The wholly owned onshore revocable trust has a self-insured retention up to \$10,000 per occurrence with no aggregate. Excess coverage is provided through AHIL with limits up to \$225,000. AHIL retains \$5,000 per incident and in the aggregate for professional liability. The excess coverage is reinsured by commercial carriers.

Employed physicians and certain entities in the states of Indiana, Kansas, Pennsylvania, and Wisconsin are provided coverage by ProAssurance on a fronted basis and are reinsured through AHIL. These entities and physicians are provided professional liability coverage with limits in compliance with participation in the Patient Compensation Funds. The Patient Compensation Funds apply to claims in excess of the primary self-insured limit, except the Fund in Kansas, which only covers claims up to the first \$1,000 and then the trust and AHIL cover amounts above \$1,000.

Sunflower Assurance, Ltd. (Sunflower) was acquired when Via Christi Health joined the System. As of October 1, 2013, Via Christi Health's primary and excess medical professional and general liability and employed physician programs were integrated into the System trust and AHIL. After January 1, 2014, the employer stop loss and employee life insurance coverage provided by Sunflower to Via Christi Health were not renewed and are in run off.

Effective July 1, 2014, the reinsurance of Ascension's independent physician professional liability program with ProAssurance Corporation (ProAssurance), the System's partner insurance company, was transferred from AHIL to Sunflower.

Beginning July 1, 2014, Sunflower offered physician professional liability coverage through insurance or reinsurance arrangements to nonemployed physicians practicing at the System's various facilities, primarily in Michigan, Indiana, Texas, Florida, Illinois and Alabama. Coverage is offered to physicians with limits ranging from \$100 per claim to \$1,000 per claim with various aggregate limits. Beginning July 1, 2014, AHIL offered similar coverage to employed physicians in the states of Indiana, Kansas, Pennsylvania and Wisconsin.

## Ascension

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### **10. Self-Insurance Programs (continued)**

Included in operating expenses in the accompanying Consolidated Statements of Operations and Changes in Net Assets is professional and general liability expense of \$167,393 and \$139,778 for the years ended June 30, 2017 and 2016, respectively. Included in current and long-term self-insurance liabilities on the accompanying Consolidated Balance Sheets are professional and general liability loss reserves of \$541,177 and \$552,656 at June 30, 2017 and 2016, respectively.

#### **Workers' Compensation**

Workers' compensation coverage is provided on an occurrence basis through a grantor trust. The self-insured trust provides coverage up to \$1,500 per occurrence with no aggregate. The trust provides a mechanism for funding the workers' compensation obligations of its members. Prior to October 1, 2013, workers' compensation coverage for Via Christi Health, Ministry, and St. John Health System, a subsidiary of Ascension Health, (collectively the former Marian Health System) was self-insured or commercially insured up to various limits and excess insurance against catastrophic loss was obtained through commercial insurers.

Included in employee benefits in the accompanying Consolidated Statements of Operations and Changes in Net Assets is workers' compensation expense of \$49,767 and \$41,777 for the years ended June 30, 2017 and 2016, respectively. Included in current and long-term self-insurance liabilities on the accompanying Consolidated Balance Sheets are workers' compensation loss reserves of \$131,566 and \$138,221 at June 30, 2017 and 2016, respectively.

#### **11. Lease Commitments**

Certain System entities are lessees under operating lease agreements for the use of space in buildings owned by third parties, including medical office buildings (MOBs) and medical and information technology equipment. In addition, certain System entities have subleased space within buildings where the entity has a current operating lease commitment. Certain System entities are also lessors under operating lease agreements, primarily ground leases related to third-party-owned MOBs on land owned by the System entity.

Ascension

Notes to Consolidated Financial Statements (continued)  
*(Dollars in Thousands)*

**11. Lease Commitments (continued)**

The System's future minimum noncancelable payments associated with operating leases with terms of one year or more where a System entity is the lessee, as well as future minimum noncancelable receipts associated with operating leases where a System entity is the sublessor or lessor, are presented in the table that follows. Future minimum payments and receipts relate to noncancelable leases with terms of one year or more.

|                      | Future<br>Payments<br>Where the<br>System is<br>Lessee | Future Receipts<br>Where the<br>System is<br>Sublessor/<br>Lessor | Net Future<br>Payments |
|----------------------|--|---|------------------------|
| Year ending June 30: |  |   |                        |
| 2018                 | \$ 167,069   | \$ 35,541   | \$ 131,528             |
| 2019                 | 153,590  | 30,175  | 123,415                |
| 2020                 | 119,148  | 23,006  | 96,142                 |
| 2021                 | 89,713   | 19,053  | 70,660                 |
| 2022                 | 70,859   | 18,133  | 52,726                 |
| Thereafter           | 274,815  | 274,733   | 82                     |
| Total                | <u>\$ 875,194</u>                                      | <u>\$ 400,641</u>   | <u>\$ 474,553</u>      |

Rental expense under operating leases amounted to \$396,656 and \$391,054 in 2017 and 2016, respectively.

**12. Related Parties**

The System has agreements with related parties for revenue cycle management services and clinical engineering services. The System expensed approximately \$585,000 for these services during the year ended June 30, 2017.

Ascension

Notes to Consolidated Financial Statements (continued)  
(Dollars in Thousands)

**13. Contingencies and Commitments**

The System is involved in litigation and regulatory investigations arising in the ordinary course of business. Regulatory investigations also occur from time to time. In the opinion of management, after consultation with legal counsel, these matters are expected to be resolved without material adverse effect on the System's Consolidated Balance Sheet.

The System enters into agreements with non-employed physicians that include minimum revenue guarantees. The terms of the guarantees vary. The carrying amounts of the liability for the System's obligation under these guarantees were \$16,686 and \$21,152 at June 30, 2017 and 2016, respectively, and are included in other current and noncurrent liabilities in the accompanying Consolidated Balance Sheets. The maximum amount of future payments that the System could be required to make under these guarantees is approximately \$44,300.

The System entered into Master Service Agreements for information technology services provided by third parties. The maximum amount of future payments that the System could be required to make under these agreements is approximately \$148,600.

Guarantees and other commitments represent contingent commitments issued by Ascension Health Alliance Senior and Subordinate Credit Groups, generally to guarantee the performance of an affiliate to a third party in borrowing arrangements such as commercial paper issuances, bond financing, and other transactions. The terms of guarantees are equal to the terms of the related debt, which can be as long as 25 years. The following represents the remaining guarantees and other commitments of the Senior and Subordinate Credit Groups at June 30, 2017:

|  |    |        |
|--|----|--------|
| Hospital de la Concepción 2017 Series A debt guarantee | \$ | 25,700 |
| St. Vincent de Paul Series 2000 A debt guarantee       |    | 28,300 |
| Other guarantees and commitments                       |    | 22,700 |

## Supplementary Information





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## Report of Independent Auditors on Supplementary Information

The Board of Directors  
Ascension Health Alliance d/b/a Ascension

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

*Ernst & Young LLP*

September 22, 2017



Ascension

Schedule of Net Cost of Providing Care of Persons  
Living in Poverty and Other Community Benefit Programs  
(Dollars in Thousands)

Years Ended June 30, 2017 and 2016

The net cost of providing care to persons living in poverty and other community benefit programs is as follows:

|   | Year Ended June 30, |                     |
|---|---------------------|---------------------|
|   | 2017                | 2016 *              |
| Traditional charity care provided   | \$ 537,672          | \$ 452,246          |
| Unpaid cost of public programs for persons living in poverty              | 793,905             | 717,164             |
| Other programs for persons living in poverty and other vulnerable persons | 149,271             | 151,177             |
| Community benefit programs  | 362,455             | 367,579             |
| Care of persons living in poverty and other community benefit programs    | <u>\$ 1,843,303</u> | <u>\$ 1,688,166</u> |

\* Restated

Ascension  
 Details of Consolidated Balance Sheet  
 (Dollars in Thousands)

June 30, 2017

|   | Consolidated<br>Ascension | Consolidated<br>Ascension less<br>Health Ministries<br>Presented | Reclassification | Consolidated<br>Amsterdam | Consolidated<br>Arlington<br>Heights | Consolidated<br>Baltimore | Consolidated<br>Binghamton | Consolidated<br>Birmingham | Consolidated<br>Bridgeport |
|---|---------------------------|--|------------------|---------------------------|--------------------------------------|---------------------------|----------------------------|----------------------------|----------------------------|
| <b>Assets</b>   |                           |  |                  |                           |                                      |                           |                            |                            |                            |
| <b>Current assets:</b>                                    |                           |  |                  |                           |                                      |                           |                            |                            |                            |
| Cash and cash equivalents                                 | \$ 857,605                | \$ 437,713   | \$ -             | \$ 1,281                  | \$ 14,293                            | \$ 8,008                  | \$ 9,190                   | \$ 34,052                  | \$ 16,041                  |
| Short-term investments                                    | 103,857                   | (18,270)   | -                | -                         | 2,286                                | -                         | -                          | -                          | -                          |
| Accounts receivable, less allowance for doubtful accounts | 2,758,554                 | 52,478   | -                | 21,477                    | 156,999                              | 58,148                    | 34,519                     | 83,761                     | 47,305                     |
| Inventories   | 354,041                   | 4,773  | -                | 1,843                     | 13,536                               | 7,915                     | 4,892                      | 11,616                     | 4,458                      |
| Due from brokers  | 197,195                   | 197,195  | -                | -                         | -                                    | -                         | -                          | -                          | -                          |
| Estimated third-party payor settlements                   | 133,715                   | 5,472  | -                | 757                       | 7,747                                | -                         | 1,868                      | 4,480                      | -                          |
| Other   | 762,900                   | 136,824  | -                | 7,071                     | 56,356                               | 6,977                     | 8,520                      | 30,237                     | 16,849                     |
| <b>Total current assets</b>                               | <b>5,167,867</b>          | <b>816,185</b>   | <b>-</b>         | <b>32,429</b>             | <b>251,217</b>                       | <b>81,048</b>             | <b>58,989</b>              | <b>164,146</b>             | <b>84,653</b>              |
| Long-term investments                                     | 16,999,371                | 14,849,416   | 1,378,966        | 8,966                     | 22,650                               | 16,688                    | 23,330                     | 15,697                     | 52,913                     |
| Interest in investments held by Ascension                 | -                         | -  | (1,378,966)      | 68,789                    | 317,711                              | 2,573                     | 198,266                    | 4,977                      | 29,438                     |
| Property and equipment, net                               | 9,182,978                 | 526,149  | -                | 56,268                    | 520,854                              | 227,176                   | 106,576                    | 340,112                    | 188,554                    |
| <b>Other assets:</b>                                      |                           |  |                  |                           |                                      |                           |                            |                            |                            |
| Investment in unconsolidated entities                     | 1,196,651                 | 369,383  | -                | -                         | 5,225                                | 27,005                    | 556                        | 9,126                      | 150                        |
| Capitalized software costs, net                           | 880,819                   | 344,281  | -                | 1,247                     | 5,318                                | 5,197                     | 3,340                      | 37,459                     | 17,339                     |
| Other   | 892,739                   | 73,945   | -                | 5,365                     | 19,107                               | 13,075                    | 14,464                     | 12,824                     | 12,406                     |
| <b>Total other assets</b>                                 | <b>2,970,209</b>          | <b>787,609</b>   | <b>-</b>         | <b>6,612</b>              | <b>29,650</b>                        | <b>45,277</b>             | <b>18,360</b>              | <b>59,409</b>              | <b>29,895</b>              |
| <b>Total assets</b>                                       | <b>\$ 34,320,425</b>      | <b>\$ 16,979,359</b>   | <b>\$ -</b>      | <b>\$ 173,064</b>         | <b>\$ 1,142,082</b>                  | <b>\$ 372,762</b>         | <b>\$ 405,521</b>          | <b>\$ 584,341</b>          | <b>\$ 385,453</b>          |

| Consolidated<br>Indiana | Consolidated<br>Jacksonville | Consolidated<br>Kansas | Consolidated<br>Michigan | Consolidated<br>Mobile | Consolidated<br>Pensacola | Consolidated<br>Tennessee | Consolidated<br>Texas | Consolidated<br>Tulsa | Consolidated<br>Washington D.C. | Consolidated<br>Wisconsin |
|-------------------------|------------------------------|------------------------|--------------------------|------------------------|---------------------------|---------------------------|-----------------------|-----------------------|---------------------------------|---------------------------|
| \$ 82,871<br>22,792     | \$ 11,521<br>-               | \$ 21,454<br>7,622     | \$ 64,657<br>55,244      | \$ 4,655<br>-          | \$ 16,534<br>-            | \$ 22,364<br>10           | \$ 17,909<br>6,316    | \$ 19,839<br>-        | \$ 8,993<br>-                   | \$ 66,230<br>27,857       |
| 439,003<br>42,627       | 113,522<br>19,619            | 147,405<br>23,686      | 380,804<br>61,375        | 34,438<br>5,560        | 120,734<br>17,365         | 174,799<br>26,441         | 326,642<br>30,838     | 138,772<br>18,054     | 29,221<br>2,712                 | 398,527<br>56,731         |
| 9,298<br>87,190         | 6,503<br>10,882              | 13,361<br>28,516       | 20,538<br>108,117        | 407<br>7,104           | 21,736<br>19,508          | 9,153<br>26,640           | 11,785<br>48,655      | 2,979<br>61,406       | 1,110<br>7,172                  | 16,521<br>94,876          |
| 683,781                 | 162,047                      | 242,044                | 690,735                  | 52,164                 | 195,877                   | 259,407                   | 442,145               | 241,050               | 49,208                          | 660,742                   |
| 121,753                 | 40,444                       | 7,845                  | 68,049                   | 3,605                  | 23,594                    | 56,736                    | 142,749               | 46,387                | 5,491                           | 114,092                   |
| 208,654                 | 5,541                        | 136,357                | 88,636                   | 13,817                 | 15,305                    | 5,841                     | (702)                 | 251,601               | (128)                           | 32,290                    |
| 709,086                 | 299,469                      | 504,387                | 1,230,850                | 61,422                 | 309,709                   | 566,345                   | 1,092,071             | 627,631               | 48,496                          | 1,767,823                 |
| 91,623<br>64,057        | 2,755<br>9,966               | 109,088<br>37,305      | 77,649<br>73,703         | 778<br>15,338          | 1,486<br>30,241           | 47,039<br>23,210          | 83,216<br>60,260      | 159,571<br>39,986     | 2,282<br>7,835                  | 209,719<br>104,737        |
| 228,455                 | 27,332                       | 105,439                | 116,508                  | 11,242                 | 23,905                    | 35,403                    | 58,566                | 43,819                | 6,512                           | 84,372                    |
| 384,135                 | 40,053                       | 251,832                | 267,860                  | 27,358                 | 55,632                    | 105,652                   | 202,042               | 243,376               | 16,629                          | 398,828                   |
| \$ 2,107,409            | \$ 547,554                   | \$ 1,142,465           | \$ 2,346,130             | \$ 158,366             | \$ 600,117                | \$ 993,981                | \$ 1,878,305          | \$ 1,410,045          | \$ 119,696                      | \$ 2,973,775              |

Ascension

Details of Consolidated Balance Sheet (continued)  
(Dollars in Thousands)

June 30, 2017

|   | Consolidated<br>Ascension | Consolidated<br>Ascension less<br>Health Ministries<br>Presented | Consolidated<br>Amsterdam | Consolidated<br>Arlington<br>Heights | Consolidated<br>Baltimore | Consolidated<br>Binghamton | Consolidated<br>Birmingham | Consolidated<br>Bridgeport |
|---|---------------------------|--|---------------------------|--------------------------------------|---------------------------|----------------------------|----------------------------|----------------------------|
| <b>Liabilities and net assets</b>                             |                           |  |                           |                                      |                           |                            |                            |                            |
| <b>Current liabilities:</b>                                   |                           |  |                           |                                      |                           |                            |                            |                            |
| Current portion of long-term debt                             | \$ 298,270                | \$ (8,199)   | \$ 111                    | \$ 20,381                            | \$ 1,000                  | \$ 546                     | \$ 1,479                   | \$ 733                     |
| Long-term debt subject to short-term remarketing arrangements | 999,785                   | 999,785  | -                         | -                                    | -                         | -                          | -                          | -                          |
| Accounts payable and accrued liabilities                      | 2,742,377                 | 919,145  | 16,099                    | 125,181                              | 48,477                    | 24,290                     | 51,365                     | 36,583                     |
| Estimated third-party payor settlements                       | 480,694                   | 9,307  | 2,226                     | 98,644                               | 31                        | 4,902                      | 10,138                     | 18,706                     |
| Due to brokers  | 115,783                   | 115,783  | -                         | -                                    | -                         | -                          | -                          | -                          |
| Current portion of self-insurance liabilities                 | 206,787                   | 206,787  | -                         | -                                    | -                         | -                          | -                          | -                          |
| Other   | 340,756                   | (1,985,687)  | 19,373                    | 56,050                               | 46,812                    | 41,986                     | 99,464                     | 51,092                     |
| <b>Total current liabilities</b>                              | <b>5,184,452</b>          | <b>256,921</b>   | <b>37,809</b>             | <b>300,256</b>                       | <b>96,320</b>             | <b>71,724</b>              | <b>162,447</b>             | <b>107,114</b>             |
| <b>Noncurrent liabilities:</b>                                |                           |  |                           |                                      |                           |                            |                            |                            |
| Long-term debt (senior and subordinated)                      | 5,699,440                 | (289,027)  | 8,221                     | 407,288                              | 74,168                    | 40,527                     | 109,695                    | 54,380                     |
| Self-insurance liabilities                                    | 513,010                   | 504,322  | -                         | (14)                                 | -                         | -                          | -                          | -                          |
| Pension and other postretirement liabilities                  | 1,318,331                 | 152,693  | 17,606                    | 27,240                               | 17,129                    | 20,480                     | 10,267                     | 23,711                     |
| Other   | 1,191,068                 | 596,384  | 4,240                     | 6,987                                | 12,966                    | 14,328                     | 22,413                     | 12,739                     |
| <b>Total noncurrent liabilities</b>                           | <b>8,721,849</b>          | <b>964,372</b>   | <b>30,067</b>             | <b>441,501</b>                       | <b>109,263</b>            | <b>75,335</b>              | <b>142,375</b>             | <b>90,830</b>              |
| <b>Total liabilities</b>                                      | <b>13,906,301</b>         | <b>1,221,293</b>   | <b>67,876</b>             | <b>741,757</b>                       | <b>205,583</b>            | <b>147,059</b>             | <b>304,822</b>             | <b>197,944</b>             |
| <b>Net assets:</b>  |                           |  |                           |                                      |                           |                            |                            |                            |
| <b>Unrestricted</b>   |                           |  |                           |                                      |                           |                            |                            |                            |
| Controlling interest  | 17,933,923                | 14,028,872   | 96,222                    | 388,748                              | 160,142                   | 233,692                    | 265,465                    | 152,074                    |
| Noncontrolling interests                                      | 1,798,361                 | 1,711,919  | -                         | (610)                                | -                         | -                          | 1,105                      | -                          |
| <b>Unrestricted net assets</b>                                | <b>19,732,284</b>         | <b>15,740,791</b>  | <b>96,222</b>             | <b>388,138</b>                       | <b>160,142</b>            | <b>233,692</b>             | <b>266,570</b>             | <b>152,074</b>             |
| <b>Temporarily restricted</b>                                 |                           |  |                           |                                      |                           |                            |                            |                            |
| Temporarily restricted  | 468,938                   | 13,422   | 2,460                     | 11,943                               | 6,576                     | 12,155                     | 10,957                     | 17,604                     |
| Permanently restricted  | 212,902                   | 3,853  | 6,506                     | 244                                  | 461                       | 12,615                     | 1,992                      | 17,831                     |
| <b>Total net assets</b>                                       | <b>20,414,124</b>         | <b>15,758,066</b>  | <b>105,188</b>            | <b>400,325</b>                       | <b>167,179</b>            | <b>258,462</b>             | <b>279,519</b>             | <b>187,509</b>             |
| <b>Total liabilities and net assets</b>                       | <b>\$ 34,320,425</b>      | <b>\$ 16,979,359</b>   | <b>\$ 173,064</b>         | <b>\$ 1,142,082</b>                  | <b>\$ 372,762</b>         | <b>\$ 405,521</b>          | <b>\$ 584,341</b>          | <b>\$ 385,453</b>          |

| Consolidated<br>Indiana | Consolidated<br>Jacksonville | Consolidated<br>Kansas | Consolidated<br>Michigan | Consolidated<br>Mobile | Consolidated<br>Pensacola | Consolidated<br>Tennessee | Consolidated<br>Texas | Consolidated<br>Tulsa | Consolidated<br>Washington D.C. | Consolidated<br>Wisconsin |
|-------------------------|------------------------------|------------------------|--------------------------|------------------------|---------------------------|---------------------------|-----------------------|-----------------------|---------------------------------|---------------------------|
| \$ 6,018                | \$ 3,331                     | \$ 7,388               | \$ 18,376                | \$ 897                 | \$ 1,573                  | \$ 5,196                  | \$ 6,496              | \$ 205,518            | \$ 1,833                        | \$ 25,593                 |
| -                       | -                            | -                      | -                        | -                      | -                         | -                         | -                     | -                     | -                               | -                         |
| 260,546                 | 65,741                       | 90,714                 | 296,687                  | 16,926                 | 59,571                    | 109,893                   | 227,620               | 78,462                | 21,323                          | 293,753                   |
| 78,217                  | 1,339                        | 5,589                  | 149,508                  | 1,115                  | 5,714                     | 9,804                     | 47,526                | 799                   | 4,842                           | 32,287                    |
| -                       | -                            | -                      | -                        | -                      | -                         | -                         | -                     | -                     | -                               | -                         |
| -                       | -                            | -                      | -                        | -                      | -                         | -                         | -                     | -                     | -                               | -                         |
| 346,512                 | 103,046                      | 103,296                | 416,242                  | 29,863                 | 98,364                    | 158,245                   | 274,406               | 132,383               | 29,791                          | 319,518                   |
| 691,293                 | 173,457                      | 206,987                | 880,813                  | 48,801                 | 165,222                   | 283,138                   | 556,048               | 417,162               | 57,789                          | 671,151                   |
| 440,702                 | 247,108                      | 405,358                | 1,267,780                | 66,527                 | 116,694                   | 385,386                   | 406,108               | 260,002               | 135,978                         | 1,562,545                 |
| -                       | -                            | 2,891                  | 1,689                    | -                      | -                         | -                         | -                     | 4,122                 | -                               | -                         |
| 162,434                 | 30,592                       | -                      | 303,160                  | 4,573                  | 27,609                    | 20,154                    | 84,974                | 69,713                | -                               | 345,996                   |
| 88,836                  | 11,386                       | 59,541                 | 90,421                   | 11,527                 | 28,116                    | 17,582                    | 61,649                | 35,282                | 4,627                           | 107,044                   |
| 691,972                 | 289,086                      | 467,790                | 1,663,050                | 82,627                 | 172,419                   | 423,122                   | 552,731               | 369,119               | 140,605                         | 2,015,585                 |
| 1,383,265               | 462,543                      | 674,777                | 2,543,863                | 131,428                | 337,641                   | 706,260                   | 1,108,779             | 786,281               | 198,394                         | 2,686,736                 |
| 576,265                 | 65,489                       | 437,293                | (294,691)                | 24,203                 | 238,008                   | 248,187                   | 646,334               | 599,607               | (85,112)                        | 153,125                   |
| 60,264                  | -                            | 8,920                  | 1,908                    | 595                    | 1,058                     | 8,756                     | -                     | -                     | -                               | 4,446                     |
| 636,529                 | 65,489                       | 446,213                | (292,783)                | 24,798                 | 239,066                   | 256,943                   | 646,334               | 599,607               | (85,112)                        | 157,571                   |
| 69,330                  | 15,166                       | 15,550                 | 71,398                   | 2,140                  | 23,373                    | 27,348                    | 88,901                | 14,157                | 6,414                           | 60,044                    |
| 18,285                  | 4,356                        | 5,925                  | 23,652                   | -                      | 37                        | 3,430                     | 34,291                | 10,000                | -                               | 69,424                    |
| 724,144                 | 85,011                       | 467,688                | (197,733)                | 26,938                 | 262,476                   | 287,721                   | 769,526               | 623,764               | (78,698)                        | 287,039                   |
| \$ 2,107,409            | \$ 547,554                   | \$ 1,142,465           | \$ 2,346,130             | \$ 158,366             | \$ 600,117                | \$ 993,981                | \$ 1,878,305          | \$ 1,410,015          | \$ 119,696                      | \$ 2,973,775              |

Ascension  
 Details of Consolidated Balance Sheet  
 (Dollars in Thousands)

June 30, 2016

|   | Consolidated<br>Ascension | Consolidated<br>Ascension less<br>Health Ministries<br>Presented | Reclassification | Consolidated<br>Amsterdam | Consolidated<br>Arlington<br>Heights | Consolidated<br>Baltimore | Consolidated<br>Binghamton | Consolidated<br>Birmingham | Consolidated<br>Bridgeport |
|---|---------------------------|--|------------------|---------------------------|--------------------------------------|---------------------------|----------------------------|----------------------------|----------------------------|
| <b>Assets</b>   |                           |  |                  |                           |                                      |                           |                            |                            |                            |
| <b>Current assets:</b>                                    |                           |  |                  |                           |                                      |                           |                            |                            |                            |
| Cash and cash equivalents                                 | \$ 696,237                | \$ 40,282  | \$ -             | \$ 1,548                  | \$ 4,493                             | \$ 9,792                  | \$ 6,303                   | \$ 16,035                  | \$ 12,284                  |
| Interest in investments held by Ascension                 | -                         | -  | (224,655)        | -                         | -                                    | -                         | -                          | -                          | -                          |
| Short-term investments                                    | 122,545                   | (4,426)  | -                | -                         | 2,406                                | -                         | -                          | -                          | -                          |
| Accounts receivable, less allowance for doubtful accounts | 2,746,506                 | 38,349   | -                | 21,321                    | 132,911                              | 50,402                    | 32,441                     | 82,031                     | 49,102                     |
| Inventories   | 349,077                   | 3,493  | -                | 1,450                     | 13,650                               | 7,829                     | 4,478                      | 10,677                     | 4,485                      |
| Due from brokers  | 313,717                   | 313,717  | -                | -                         | -                                    | -                         | -                          | -                          | -                          |
| Estimated third-party payor settlements                   | 186,354                   | 3,872  | -                | 802                       | 2,047                                | 10                        | 6,015                      | 3,052                      | -                          |
| Other   | 978,744                   | 242,290  | -                | 5,033                     | 18,346                               | 5,070                     | 8,377                      | 25,525                     | 19,505                     |
| <b>Total current assets</b>                               | <b>5,393,180</b>          | <b>637,577</b>   | <b>(224,655)</b> | <b>30,154</b>             | <b>173,853</b>                       | <b>73,103</b>             | <b>57,614</b>              | <b>137,320</b>             | <b>83,376</b>              |
| Long-term investments                                     | 15,069,123                | 4,258,570  | 10,098,218       | 7,708                     | 21,050                               | 15,376                    | 21,962                     | 14,818                     | 44,070                     |
| Interest in investments held by Ascension                 | -                         | -  | (9,873,563)      | 61,108                    | 337,927                              | 206,988                   | 169,551                    | 170,383                    | 328,913                    |
| Property and equipment, net                               | 9,020,005                 | 522,263  | -                | 59,015                    | 530,630                              | 235,527                   | 98,557                     | 337,641                    | 194,927                    |
| <b>Other assets:</b>                                      |                           |  |                  |                           |                                      |                           |                            |                            |                            |
| Investment in unconsolidated entities                     | 1,115,871                 | 306,443  | -                | -                         | 5,087                                | 20,093                    | 762                        | 8,956                      | 60                         |
| Capitalized software costs, net                           | 926,710                   | 342,423  | -                | 1,357                     | 7,918                                | 5,562                     | 4,663                      | 19,514                     | 21,543                     |
| Other   | 908,580                   | 100,018  | -                | 6,065                     | 19,170                               | 10,732                    | 12,513                     | 37,405                     | 14,156                     |
| <b>Total other assets</b>                                 | <b>2,951,161</b>          | <b>748,884</b>   | <b>-</b>         | <b>7,422</b>              | <b>32,175</b>                        | <b>36,387</b>             | <b>17,938</b>              | <b>65,875</b>              | <b>35,759</b>              |
| <b>Total assets</b>                                       | <b>\$ 32,433,469</b>      | <b>\$ 6,167,294</b>  | <b>\$ -</b>      | <b>\$ 165,407</b>         | <b>\$ 1,095,635</b>                  | <b>\$ 567,331</b>         | <b>\$ 363,622</b>          | <b>\$ 726,037</b>          | <b>\$ 689,045</b>          |

| Consolidated<br>Indiana | Consolidated<br>Jacksonville | Consolidated<br>Kansas | Consolidated<br>Michigan | Consolidated<br>Mobile | Consolidated<br>Pensacola | Consolidated<br>Tennessee | Consolidated<br>Texas | Consolidated<br>Tulsa | Consolidated<br>Washington D.C. | Consolidated<br>Wisconsin |
|-------------------------|------------------------------|------------------------|--------------------------|------------------------|---------------------------|---------------------------|-----------------------|-----------------------|---------------------------------|---------------------------|
| \$ 76,293               | \$ 5,674                     | \$ 40,683              | \$ 137,103               | \$ 12,720              | \$ 18,116                 | \$ 20,826                 | \$ 17,034             | \$ 13,798             | \$ 5,138                        | \$ 258,115                |
| 35,216                  | 1,869                        | 7,621                  | 51,089                   | -                      | -                         | 1,232                     | 5,599                 | -                     | -                               | 224,655                   |
| 437,866                 | 108,584                      | 149,403                | 404,495                  | 33,748                 | 123,310                   | 167,219                   | 312,427               | 147,492               | 32,822                          | 422,583                   |
| 40,455                  | 18,382                       | 25,215                 | 62,919                   | 5,991                  | 18,987                    | 24,821                    | 32,803                | 21,683                | 2,804                           | 48,955                    |
| 7,283                   | 14,382                       | 16,924                 | 35,278                   | 3,220                  | 19,623                    | 10,924                    | 48,162                | 3,452                 | 355                             | 10,953                    |
| 72,075                  | 18,299                       | 26,649                 | 102,161                  | 10,120                 | 18,026                    | 33,645                    | 52,280                | 63,514                | 9,589                           | 248,240                   |
| 669,188                 | 167,190                      | 266,495                | 793,045                  | 65,799                 | 198,062                   | 258,667                   | 468,305               | 249,939               | 50,708                          | 1,235,440                 |
| 101,563                 | 43,109                       | 6,961                  | 60,547                   | 3,262                  | 14,786                    | 45,669                    | 130,354               | 50,245                | 5,800                           | 122,105                   |
| 2,950,689               | 172,615                      | 549,700                | 1,557,885                | 150,172                | 201,115                   | 709,440                   | 1,311,105             | 282,347               | (49,657)                        | 763,282                   |
| 630,612                 | 277,584                      | 503,269                | 1,216,916                | 63,910                 | 308,229                   | 538,723                   | 981,900               | 632,732               | 61,344                          | 1,826,226                 |
| 96,491                  | 3,449                        | 100,185                | 79,363                   | 813                    | 1,350                     | 39,415                    | 81,201                | 150,961               | 2,827                           | 218,415                   |
| 74,114                  | 12,372                       | 47,284                 | 90,054                   | 9,864                  | 17,257                    | 29,455                    | 44,983                | 40,290                | 11,427                          | 146,630                   |
| 226,656                 | 24,778                       | 88,405                 | 108,622                  | 9,751                  | 23,504                    | 37,628                    | 54,571                | 54,048                | 4,799                           | 75,759                    |
| 397,261                 | 40,599                       | 235,874                | 278,039                  | 20,428                 | 42,111                    | 106,498                   | 180,755               | 245,299               | 19,053                          | 440,804                   |
| \$ 4,752,313            | \$ 704,097                   | \$ 1,562,299           | \$ 3,906,432             | \$ 303,571             | \$ 764,303                | \$ 1,658,997              | \$ 3,072,419          | \$ 1,460,562          | \$ 87,248                       | \$ 4,382,857              |

Ascension

Details of Consolidated Balance Sheet (continued)  
(Dollars in Thousands)

June 30, 2016

|   | Consolidated<br>Ascension | Consolidated<br>Ascension less<br>Health Ministries<br>Presented | Consolidated<br>Amsterdam | Consolidated<br>Arlington<br>Heights | Consolidated<br>Baltimore | Consolidated<br>Blnghamton | Consolidated<br>Birmingham | Consolidated<br>Bridgeport |
|---|---------------------------|--|---------------------------|--------------------------------------|---------------------------|----------------------------|----------------------------|----------------------------|
| <b>Liabilities and net assets</b>                             |                           |  |                           |                                      |                           |                            |                            |                            |
| <b>Current liabilities:</b>                                   |                           |  |                           |                                      |                           |                            |                            |                            |
| Current portion of long-term debt                             | \$ 95,193                 | \$ (11,189)  | \$ 111                    | \$ 17,864                            | \$ 999                    | \$ 546                     | \$ 1,477                   | \$ 732                     |
| Long-term debt subject to short-term remarketing arrangements | 1,666,245                 | 1,666,245  | -                         | -                                    | -                         | -                          | -                          | -                          |
| Accounts payable and accrued liabilities                      | 2,500,748                 | 763,876  | 14,854                    | 84,498                               | 46,571                    | 19,011                     | 57,078                     | 34,284                     |
| Estimated third-party payor settlements                       | 513,677                   | 9,583  | 3,356                     | 106,774                              | 85                        | 14,065                     | 12,994                     | 19,264                     |
| Due to brokers  | 105,660                   | 105,660  | -                         | -                                    | -                         | -                          | -                          | -                          |
| Current portion of self-insurance liabilities                 | 219,638                   | 142,280  | 816                       | 7,361                                | 2,599                     | 1,310                      | 2,094                      | 3,699                      |
| Other   | 292,044                   | (239,106)  | 4,652                     | 12,870                               | 9,445                     | 9,698                      | 44,648                     | 11,089                     |
| <b>Total current liabilities</b>                              | <b>5,394,205</b>          | <b>2,437,349</b>   | <b>23,789</b>             | <b>229,367</b>                       | <b>59,699</b>             | <b>44,630</b>              | <b>118,291</b>             | <b>69,068</b>              |
| <b>Noncurrent liabilities:</b>                                |                           |  |                           |                                      |                           |                            |                            |                            |
| Long-term debt (senior and subordinated)                      | 5,391,908                 | (859,444)  | 8,332                     | 428,111                              | 75,168                    | 41,074                     | 111,174                    | 55,113                     |
| Self-insurance liabilities                                    | 513,985                   | 398,361  | 386                       | 22,241                               | 2,209                     | 1,380                      | 3,103                      | 3,890                      |
| Pension and other postretirement liabilities                  | 1,298,653                 | 148,223  | 16,095                    | 18,636                               | 15,725                    | 19,060                     | 9,206                      | 26,348                     |
| Other   | 1,241,678                 | 627,183  | 3,784                     | 7,345                                | 13,394                    | 12,514                     | 64,867                     | 14,070                     |
| <b>Total noncurrent liabilities</b>                           | <b>8,446,224</b>          | <b>314,323</b>   | <b>28,597</b>             | <b>476,333</b>                       | <b>106,496</b>            | <b>74,028</b>              | <b>188,350</b>             | <b>99,421</b>              |
| <b>Total liabilities</b>                                      | <b>13,840,429</b>         | <b>2,751,672</b>   | <b>52,386</b>             | <b>705,700</b>                       | <b>166,195</b>            | <b>118,658</b>             | <b>306,641</b>             | <b>168,489</b>             |
| <b>Net assets:</b>  |                           |  |                           |                                      |                           |                            |                            |                            |
| <b>Unrestricted</b>   |                           |  |                           |                                      |                           |                            |                            |                            |
| Controlling interest  | 16,498,086                | 2,051,136  | 105,313                   | 378,642                              | 393,958                   | 224,683                    | 376,246                    | 492,664                    |
| Noncontrolling interests                                      | 1,429,444                 | 1,347,889  | -                         | (610)                                | -                         | -                          | 1,111                      | -                          |
| <b>Unrestricted net assets</b>                                | <b>17,927,530</b>         | <b>3,399,025</b>   | <b>105,313</b>            | <b>378,032</b>                       | <b>393,958</b>            | <b>224,683</b>             | <b>377,357</b>             | <b>492,664</b>             |
| <b>Temporarily restricted</b>                                 |                           |  |                           |                                      |                           |                            |                            |                            |
| Temporarily restricted  | 467,994                   | 12,491   | 1,202                     | 11,659                               | 6,720                     | 9,666                      | 40,387                     | 14,944                     |
| <b>Permanently restricted</b>                                 |                           |  |                           |                                      |                           |                            |                            |                            |
| Permanently restricted  | 197,516                   | 4,106  | 6,506                     | 244                                  | 458                       | 12,615                     | 1,652                      | 12,948                     |
| <b>Total net assets</b>                                       | <b>18,593,040</b>         | <b>3,415,622</b>   | <b>113,021</b>            | <b>389,935</b>                       | <b>401,136</b>            | <b>246,964</b>             | <b>419,396</b>             | <b>520,556</b>             |
| <b>Total liabilities and net assets</b>                       | <b>\$ 32,433,469</b>      | <b>\$ 6,167,294</b>  | <b>\$ 165,407</b>         | <b>\$ 1,095,635</b>                  | <b>\$ 567,331</b>         | <b>\$ 365,622</b>          | <b>\$ 726,037</b>          | <b>\$ 689,045</b>          |

| Consolidated<br>Indiana | Consolidated<br>Jacksonville | Consolidated<br>Kansas | Consolidated<br>Michigan | Consolidated<br>Mobile | Consolidated<br>Pensacola | Consolidated<br>Tennessee | Consolidated<br>Texas | Consolidated<br>Tulsa | Consolidated<br>Washington D.C. | Consolidated<br>Wisconsin |
|-------------------------|------------------------------|------------------------|--------------------------|------------------------|---------------------------|---------------------------|-----------------------|-----------------------|---------------------------------|---------------------------|
| \$ 5,934                | \$ 3,327                     | \$ 7,373               | \$ 18,235                | \$ 896                 | \$ 1,571                  | \$ 5,259                  | \$ 6,349              | \$ 9,890              | \$ 4,750                        | \$ 22,069                 |
| -                       | -                            | -                      | -                        | -                      | -                         | -                         | -                     | -                     | -                               | -                         |
| 217,620                 | 65,255                       | 80,573                 | 301,087                  | 16,652                 | 55,413                    | 115,756                   | 199,753               | 81,192                | 20,665                          | 326,610                   |
| 68,965                  | 757                          | 9,702                  | 155,125                  | 1,343                  | 11,472                    | 26,150                    | 27,197                | 2,727                 | 11,785                          | 32,333                    |
| -                       | -                            | -                      | -                        | -                      | -                         | -                         | -                     | -                     | -                               | -                         |
| 9,609                   | 4,062                        | 3,958                  | 20,529                   | 1,076                  | 2,565                     | 3,967                     | 4,238                 | 3,598                 | 1,613                           | 4,264                     |
| 99,950                  | 25,551                       | 25,535                 | 68,392                   | 14,044                 | 26,276                    | 39,454                    | 39,750                | 39,546                | 6,186                           | 54,061                    |
| 402,078                 | 98,955                       | 127,141                | 563,368                  | 34,011                 | 97,297                    | 190,586                   | 277,287               | 136,953               | 44,999                          | 439,337                   |
| 446,720                 | 250,439                      | 413,305                | 1,286,155                | 67,424                 | 118,267                   | 390,581                   | 412,672               | 478,042               | 71,893                          | 1,596,882                 |
| -                       | 4,719                        | 6,649                  | 34,642                   | 1,626                  | 2,853                     | 2,844                     | 11,972                | 8,199                 | 2,233                           | 6,678                     |
| 146,631                 | 28,661                       | -                      | 296,792                  | 3,912                  | 26,121                    | 20,566                    | 79,232                | 68,979                | 1,542                           | 372,924                   |
| 75,426                  | 11,003                       | 44,932                 | 104,650                  | 9,629                  | 31,804                    | 16,132                    | 67,171                | 30,216                | 3,730                           | 103,828                   |
| 669,777                 | 294,822                      | 464,886                | 1,722,239                | 82,591                 | 179,045                   | 430,123                   | 571,047               | 585,436               | 79,398                          | 2,080,312                 |
| 1,070,855               | 393,777                      | 592,077                | 2,285,607                | 116,602                | 276,342                   | 620,709                   | 848,334               | 722,389               | 121,397                         | 2,519,649                 |
| 3,538,161               | 280,926                      | 942,373                | 1,533,428                | 184,426                | 471,492                   | 1,000,211                 | 2,108,740             | 714,376               | (43,831)                        | 1,745,142                 |
| 56,217                  | -                            | 8,068                  | 1,924                    | 627                    | 1,673                     | 8,783                     | -                     | -                     | -                               | 3,762                     |
| 3,594,378               | 280,926                      | 950,441                | 1,535,352                | 185,053                | 473,165                   | 1,008,994                 | 2,108,740             | 714,376               | (43,831)                        | 1,748,904                 |
| 69,412                  | 22,071                       | 13,906                 | 63,780                   | 1,916                  | 14,759                    | 26,372                    | 81,507                | 13,797                | 6,682                           | 56,723                    |
| 17,668                  | 4,323                        | 5,925                  | 21,693                   | -                      | 37                        | 2,922                     | 33,838                | 10,000                | -                               | 62,581                    |
| 3,681,458               | 307,320                      | 970,272                | 1,620,825                | 186,969                | 487,961                   | 1,038,288                 | 2,224,085             | 738,173               | (37,149)                        | 1,868,208                 |
| \$ 4,752,313            | \$ 701,097                   | \$ 1,562,299           | \$ 3,906,432             | \$ 303,571             | \$ 764,303                | \$ 1,658,927              | \$ 3,072,419          | \$ 1,460,562          | \$ 87,248                       | \$ 4,387,857              |

Ascension

Details of Consolidated Statement of Operations and Changes in Net Assets  
(Dollars in Thousands)

Year Ended June 30, 2017

|   | Consolidated<br>Ascension | Consolidated<br>Ascension less<br>Health Ministries<br>Presented | Consolidated<br>Amsterdam | Consolidated<br>Arlington<br>Heights | Consolidated<br>Baltimore | Consolidated<br>Binghamton | Consolidated<br>Birmingham | Consolidated<br>Bridgeport |
|---|---------------------------|--|---------------------------|--------------------------------------|---------------------------|----------------------------|----------------------------|----------------------------|
| <b>Operating revenue:</b>   |                           |  |                           |                                      |                           |                            |                            |                            |
| Net patient service revenue   | \$ 22,023,848             | \$ 371,605   | \$ 162,524                | \$ 1,035,290                         | \$ 447,160                | \$ 317,986                 | \$ 792,317                 | \$ 472,537                 |
| Less provision for doubtful accounts  | 1,083,661                 | 11,679   | 7,112                     | 30,991                               | 993                       | 13,485                     | 47,748                     | 20,004                     |
| Net patient service revenue, less provision for doubtful accounts   | 20,940,187                | 359,926  | 155,412                   | 1,004,299                            | 446,167                   | 304,501                    | 744,569                    | 452,533                    |
| Other revenue   | 1,693,038                 | 248,332  | 9,708                     | 41,370                               | 11,066                    | 32,604                     | 48,203                     | 47,183                     |
| <b>Total operating revenue</b>  | <b>22,633,225</b>         | <b>608,258</b>   | <b>165,120</b>            | <b>1,045,669</b>                     | <b>457,233</b>            | <b>337,105</b>             | <b>792,772</b>             | <b>499,716</b>             |
| <b>Operating expenses:</b>  |                           |  |                           |                                      |                           |                            |                            |                            |
| Salaries and wages  | 9,301,057                 | 953,352  | 87,171                    | 402,367                              | 215,585                   | 138,288                    | 249,591                    | 206,316                    |
| Employee benefits   | 1,819,642                 | 135,742  | 19,519                    | 90,136                               | 34,454                    | 30,930                     | 52,025                     | 46,184                     |
| Purchased services  | 1,931,021                 | (1,513,422)  | 22,192                    | 103,216                              | 52,237                    | 51,851                     | 162,637                    | 75,978                     |
| Professional fees   | 1,299,517                 | 276,618  | 6,534                     | 52,222                               | 15,587                    | 15,768                     | 27,044                     | 25,191                     |
| Supplies  | 3,267,278                 | (7,674)  | 19,644                    | 152,475                              | 56,609                    | 46,483                     | 157,417                    | 59,316                     |
| Insurance   | 177,352                   | 17,826   | 1,406                     | 14,150                               | 7,549                     | 2,607                      | 6,548                      | 9,331                      |
| Interest  | 223,356                   | 2,166  | 293                       | 15,710                               | 2,640                     | 1,363                      | 3,948                      | 1,942                      |
| Depreciation and amortization   | 1,083,684                 | 102,140  | 7,073                     | 46,304                               | 19,651                    | 11,492                     | 34,123                     | 27,027                     |
| Other   | 2,780,838                 | 771,712  | 8,992                     | 131,191                              | 29,275                    | 32,112                     | 101,932                    | 54,730                     |
| <b>Total operating expenses before impairment, restructuring and nonrecurring losses, net</b>   | <b>21,893,745</b>         | <b>738,460</b>   | <b>172,824</b>            | <b>1,007,771</b>                     | <b>433,587</b>            | <b>330,894</b>             | <b>795,320</b>             | <b>506,015</b>             |
| Income (loss) from operations before self-insurance trust fund investment return and impairment, restructuring and nonrecurring losses, net | 739,480                   | (130,202)  | (7,704)                   | 37,898                               | 23,646                    | 6,211                      | (2,548)                    | (6,299)                    |
| Self-insurance trust fund investment return   | 43,621                    | 43,499   | -                         | -                                    | -                         | -                          | -                          | -                          |
| Impairment, restructuring and nonrecurring losses, net  | (230,407)                 | (107,076)  | (10)                      | (19,661)                             | (399)                     | (1,037)                    | (1,319)                    | (3,419)                    |
| <b>Income (loss) from operations</b>  | <b>552,694</b>            | <b>(193,779)</b>   | <b>(7,714)</b>            | <b>18,237</b>                        | <b>23,247</b>             | <b>5,174</b>               | <b>(3,867)</b>             | <b>(9,718)</b>             |
| <b>Nonoperating gains (losses):</b>   |                           |  |                           |                                      |                           |                            |                            |                            |
| Investment return   | 1,420,160                 | 1,282,813  | 5,000                     | 25,986                               | 2,144                     | 14,430                     | 5,016                      | 4,618                      |
| Gain (loss) on extinguishment of debt   | 10,907                    | (581)  | -                         | -                                    | -                         | -                          | -                          | -                          |
| Gains on interest rate swaps  | 45,015                    | 44,778   | -                         | 155                                  | -                         | -                          | -                          | -                          |
| Income (losses) from unconsolidated entities  | 2,601                     | 859  | -                         | -                                    | 6,911                     | 57                         | -                          | -                          |
| Other   | (170,194)                 | (31,162)   | (92)                      | (484)                                | (1,579)                   | (1)                        | (656)                      | (1,145)                    |
| <b>Total nonoperating gains (losses), net</b>   | <b>1,308,489</b>          | <b>1,296,707</b>   | <b>4,908</b>              | <b>25,657</b>                        | <b>7,476</b>              | <b>14,436</b>              | <b>4,390</b>               | <b>3,470</b>               |
| <b>Excess (deficit) of revenues and gains over expenses and losses</b>  | <b>1,861,183</b>          | <b>1,102,928</b>   | <b>(2,806)</b>            | <b>43,894</b>                        | <b>30,723</b>             | <b>19,660</b>              | <b>523</b>                 | <b>(6,248)</b>             |
| Less noncontrolling interests   | 222,266                   | 148,581  | -                         | -                                    | -                         | -                          | 831                        | -                          |
| <b>Excess (deficit) of revenues and gains over expenses and losses attributable to controlling interest</b>                                 | <b>1,638,917</b>          | <b>954,347</b>   | <b>(2,806)</b>            | <b>43,894</b>                        | <b>30,723</b>             | <b>19,660</b>              | <b>(308)</b>               | <b>(6,248)</b>             |

| Consolidated<br>Indiana | Consolidated<br>Jacksonville | Consolidated<br>Kansas | Consolidated<br>Michigan | Consolidated<br>Mobile | Consolidated<br>Pensacola | Consolidated<br>Tennessee | Consolidated<br>Texas | Consolidated<br>Tulsa | Consolidated<br>Washington D.C. | Consolidated<br>Wisconsin |
|-------------------------|------------------------------|------------------------|--------------------------|------------------------|---------------------------|---------------------------|-----------------------|-----------------------|---------------------------------|---------------------------|
| \$ 3,114,528            | \$ 868,453                   | \$ 1,052,470           | \$ 3,690,827             | \$ 275,718             | \$ 879,605                | \$ 1,562,148              | \$ 2,367,781          | \$ 1,094,232          | \$ 243,913                      | \$ 3,274,754              |
| 61,076                  | 46,419                       | 65,131                 | 156,164                  | 11,574                 | 17,249                    | 80,422                    | 309,204               | 90,432                | 8,817                           | 105,161                   |
| 3,053,452               | 822,034                      | 987,339                | 3,534,663                | 264,144                | 862,356                   | 1,481,726                 | 2,058,577             | 1,003,800             | 235,096                         | 3,169,593                 |
| 115,201                 | 27,929                       | 53,753                 | 225,945                  | 10,392                 | 30,407                    | 110,867                   | 204,879               | 93,341                | 11,931                          | 367,927                   |
| 3,168,653               | 849,963                      | 1,041,092              | 3,760,608                | 274,536                | 892,763                   | 1,592,593                 | 2,263,456             | 1,099,141             | 247,027                         | 3,537,520                 |
| 1,086,400               | 307,598                      | 359,242                | 1,429,010                | 105,207                | 341,015                   | 516,446                   | 866,628               | 485,407               | 114,214                         | 1,407,220                 |
| 258,622                 | 65,559                       | 84,527                 | 257,448                  | 17,737                 | 65,289                    | 109,326                   | 186,678               | 84,502                | 14,472                          | 275,892                   |
| 484,350                 | 158,082                      | 182,192                | 665,953                  | 50,678                 | 136,185                   | 251,404                   | 356,912               | 170,938               | 62,019                          | 457,039                   |
| 109,144                 | 32,955                       | 46,061                 | 254,558                  | 3,938                  | 29,916                    | 75,175                    | 146,414               | 30,026                | 12,053                          | 140,263                   |
| 414,305                 | 170,995                      | 181,729                | 575,499                  | 57,724                 | 169,504                   | 272,527                   | 300,964               | 187,338               | 25,313                          | 427,110                   |
| 16,230                  | 9,640                        | 5,977                  | 26,059                   | 3,492                  | 8,377                     | 9,387                     | 12,822                | 7,383                 | 7,578                           | 10,990                    |
| 15,547                  | 8,825                        | 14,371                 | 43,574                   | 2,368                  | 5,576                     | 13,165                    | 11,779                | 19,633                | 4,669                           | 55,787                    |
| 108,486                 | 33,464                       | 69,207                 | 152,744                  | 10,726                 | 30,229                    | 71,693                    | 88,106                | 61,060                | 11,046                          | 199,108                   |
| 270,763                 | 56,654                       | 79,806                 | 270,645                  | 24,816                 | 65,384                    | 154,165                   | 260,391               | 132,961               | 19,434                          | 315,825                   |
| 2,764,347               | 843,772                      | 1,053,112              | 3,675,490                | 276,736                | 851,475                   | 1,473,438                 | 2,230,694             | 1,179,648             | 220,828                         | 3,289,284                 |
| 404,306                 | 6,191                        | (12,020)               | 85,118                   | (2,200)                | 41,288                    | 119,105                   | 32,762                | (80,507)              | (23,801)                        | 248,236                   |
| -                       | -                            | -                      | 122                      | -                      | -                         | -                         | -                     | -                     | -                               | -                         |
| (6,169)                 | (4,612)                      | (4,836)                | (14,461)                 | (286)                  | (1,830)                   | (3,682)                   | (29,611)              | (12,161)              | (20,207)                        | 369                       |
| 398,137                 | 1,579                        | (16,856)               | 70,779                   | (2,486)                | 39,458                    | 115,423                   | 3,151                 | (92,668)              | (44,008)                        | 248,605                   |
| 22,125                  | 3,857                        | 9,867                  | 16,593                   | 611                    | 2,396                     | 4,202                     | 2,392                 | 11,985                | 281                             | 5,812                     |
| -                       | -                            | -                      | -                        | -                      | -                         | -                         | -                     | 11,488                | -                               | -                         |
| -                       | -                            | -                      | -                        | -                      | -                         | -                         | -                     | 82                    | -                               | -                         |
| (7,812)                 | -                            | -                      | (90)                     | -                      | -                         | -                         | 2,436                 | -                     | 240                             | -                         |
| (6,347)                 | (1,927)                      | 19                     | (19,117)                 | -                      | (276)                     | (1,221)                   | (15,842)              | (18,794)              | 98                              | (71,660)                  |
| 7,966                   | 1,930                        | 9,886                  | (2,612)                  | 611                    | 2,120                     | 2,981                     | (11,019)              | 4,761                 | 619                             | (65,848)                  |
| 406,103                 | 3,509                        | (6,970)                | 68,167                   | (1,875)                | 41,578                    | 118,404                   | (7,868)               | (87,907)              | (43,389)                        | 182,757                   |
| 47,909                  | -                            | 5,424                  | (16)                     | -                      | 1,359                     | 18,605                    | -                     | -                     | -                               | (427)                     |
| 358,194                 | 3,509                        | (12,394)               | 68,183                   | (1,875)                | 40,219                    | 99,799                    | (7,868)               | (87,907)              | (43,389)                        | 183,184                   |

Ascension

Details of Consolidated Statement of Operations and Changes in Net Assets (continued)  
(Dollars in Thousands)

Year Ended June 30, 2017

|   | Consolidated<br>Ascension | Consolidated<br>Ascension less<br>Health Ministries<br>Presented | Consolidated<br>Amsterdam | Consolidated<br>Arlington<br>Heights | Consolidated<br>Belmore | Consolidated<br>Binghamton | Consolidated<br>Birmingham | Consolidated<br>Bridgeport |
|---|---------------------------|--|---------------------------|--------------------------------------|-------------------------|----------------------------|----------------------------|----------------------------|
| <b>Unrestricted net assets, controlling interest:</b>   |                           |  |                           |                                      |                         |                            |                            |                            |
| Excess (deficit) of revenues and gains over expenses and losses   | \$ 1,638,917              | \$ 954,347   | \$ (2,806)                | \$ 43,894                            | \$ 30,723               | \$ 19,660                  | \$ (308)                   | \$ (6,248)                 |
| Transfer (to) from sponsors and other affiliates, net   | (5,062)                   | 11,049,748   | (3,267)                   | (28,643)                             | (256,039)               | (6,304)                    | (149,033)                  | (327,254)                  |
| Net assets released from restrictions for property acquisitions   | 92,104                    | 41   | 97                        | 81                                   | -                       | 1,083                      | 43,808                     | 110                        |
| Pension and other postretirement liability adjustments  | (301,182)                 | (27,053)   | (3,103)                   | (5,227)                              | (9,173)                 | (5,430)                    | (5,726)                    | (7,164)                    |
| Change in unconsolidated entities' net assets   | 8,039                     | 2,962  | -                         | -                                    | -                       | -                          | -                          | -                          |
| Other   | 2,795                     | (2,535)  | (12)                      | 1                                    | 673                     | -                          | 478                        | (34)                       |
| Increase (decrease) in unrestricted net assets, controlling interest,<br>before gain from discontinued operations | 1,435,511                 | 11,977,510   | (9,091)                   | 10,106                               | (233,816)               | 9,009                      | (110,781)                  | (340,590)                  |
| Gain from discontinued operations   | 226                       | 226  | -                         | -                                    | -                       | -                          | -                          | -                          |
| <b>Increase (decrease) in unrestricted net assets, controlling interest</b>                                       | <b>1,435,837</b>          | <b>11,977,736</b>  | <b>(9,091)</b>            | <b>10,106</b>                        | <b>(233,816)</b>        | <b>9,009</b>               | <b>(110,781)</b>           | <b>(340,590)</b>           |
| <b>Unrestricted net assets, noncontrolling interest:</b>  |                           |  |                           |                                      |                         |                            |                            |                            |
| Excess (deficit) of revenues and gains over expenses and losses   | 222,266                   | 148,581  | -                         | -                                    | -                       | -                          | 831                        | -                          |
| Distributions of capital  | (139,477)                 | (68,688)   | -                         | -                                    | -                       | -                          | (832)                      | -                          |
| Contributions of capital  | 285,894                   | 284,054  | -                         | -                                    | -                       | -                          | -                          | -                          |
| Membership interest changes, net  | 210                       | 210  | -                         | -                                    | -                       | -                          | -                          | -                          |
| Other   | 24                        | (127)  | -                         | -                                    | -                       | -                          | (5)                        | -                          |
| <b>Increase (decrease) in unrestricted net assets, noncontrolling interest</b>                                    | <b>368,917</b>            | <b>364,030</b>   | <b>-</b>                  | <b>-</b>                             | <b>-</b>                | <b>-</b>                   | <b>(6)</b>                 | <b>-</b>                   |
| <b>Temporarily restricted net assets, controlling interest:</b>   |                           |  |                           |                                      |                         |                            |                            |                            |
| Contributions and grants  | 123,594                   | 1,567  | 424                       | 4,162                                | 971                     | 2,269                      | 15,603                     | 4,087                      |
| Investment return   | 29,410                    | 83   | -                         | 21                                   | 301                     | -                          | 358                        | 1,807                      |
| Net assets released from restrictions   | (153,648)                 | (906)  | (97)                      | (3,899)                              | (1,417)                 | (1,170)                    | (45,096)                   | (1,857)                    |
| Contributions from business combinations  | -                         | -  | -                         | -                                    | -                       | -                          | -                          | -                          |
| Other   | 1,588                     | 181  | 931                       | -                                    | 1                       | 1,390                      | (295)                      | (1,372)                    |
| <b>Increase (decrease) in temporarily restricted net assets, controlling interest</b>                             | <b>944</b>                | <b>931</b>   | <b>1,258</b>              | <b>284</b>                           | <b>(144)</b>            | <b>2,489</b>               | <b>(29,430)</b>            | <b>2,660</b>               |
| <b>Permanently restricted net assets, controlling interest:</b>   |                           |  |                           |                                      |                         |                            |                            |                            |
| Contributions   | 8,046                     | -  | -                         | -                                    | -                       | -                          | 476                        | 4,883                      |
| Investment return   | 7,263                     | (1)  | -                         | -                                    | 3                       | -                          | 64                         | -                          |
| Contributions from business combinations  | -                         | -  | -                         | -                                    | -                       | -                          | -                          | -                          |
| Other   | 27                        | (252)  | -                         | -                                    | -                       | -                          | (150)                      | -                          |
| <b>Increase (decrease) in permanently restricted net assets, controlling interest</b>                             | <b>15,386</b>             | <b>(253)</b>   | <b>-</b>                  | <b>-</b>                             | <b>3</b>                | <b>-</b>                   | <b>340</b>                 | <b>4,883</b>               |
| <b>Increase (decrease) in net assets</b>  | <b>1,821,084</b>          | <b>12,342,444</b>  | <b>(7,833)</b>            | <b>10,390</b>                        | <b>(233,957)</b>        | <b>11,408</b>              | <b>(139,877)</b>           | <b>(333,047)</b>           |
| Net assets, beginning of year   | (8,592,040)               | 3,415,622  | 113,021                   | 389,935                              | 401,136                 | 246,964                    | 419,396                    | 520,556                    |
| <b>Net assets, end of year</b>  | <b>\$ 20,414,124</b>      | <b>\$ 15,758,066</b>   | <b>\$ 105,188</b>         | <b>\$ 400,325</b>                    | <b>\$ 167,179</b>       | <b>\$ 258,462</b>          | <b>\$ 279,519</b>          | <b>\$ 187,509</b>          |

| Consolidated<br>Indiana | Consolidated<br>Jacksonville | Consolidated<br>Kansas | Consolidated<br>Michigan | Consolidated<br>Mobile | Consolidated<br>Pensacola | Consolidated<br>Tennessee | Consolidated<br>Texas | Consolidated<br>Tulsa | Consolidated<br>Washington D.C. | Consolidated<br>Wisconsin |
|-------------------------|------------------------------|------------------------|--------------------------|------------------------|---------------------------|---------------------------|-----------------------|-----------------------|---------------------------------|---------------------------|
| \$ 358,194              | \$ 3,509                     | \$ (17,394)            | \$ 68,183                | \$ (1,875)             | \$ 40,219                 | \$ 99,799                 | \$ (7,868)            | \$ (87,907)           | \$ (43,389)                     | \$ 183,184                |
| (3,294,691)             | (222,916)                    | (491,589)              | (1,825,642)              | (153,601)              | (267,533)                 | (840,097)                 | (1,448,125)           | (21,974)              | 4,845                           | (1,722,947)               |
| 11,265                  | 9,781                        | 680                    | 5,716                    | 206                    | 423                       | 2,870                     | 11,352                | -                     | 942                             | 3,589                     |
| (36,156)                | (6,852)                      | (6,850)                | (77,751)                 | (4,950)                | (6,604)                   | (14,840)                  | (17,765)              | (5,884)               | (3,679)                         | (56,975)                  |
| -                       | -                            | 5,342                  | (265)                    | -                      | -                         | -                         | -                     | -                     | -                               | -                         |
| (508)                   | 1,041                        | (269)                  | 1,580                    | (3)                    | 11                        | 244                       | -                     | 996                   | -                               | 1,132                     |
| (2,961,896)             | (215,437)                    | (505,080)              | (1,828,119)              | (160,223)              | (233,484)                 | (752,024)                 | (1,462,406)           | (114,769)             | (41,281)                        | (1,592,017)               |
| (2,961,896)             | (215,437)                    | (505,080)              | (1,828,119)              | (160,223)              | (233,484)                 | (752,024)                 | (1,462,406)           | (114,769)             | (41,281)                        | (1,592,017)               |
| 47,909                  | -                            | 5,424                  | (16)                     | -                      | 1,359                     | 18,605                    | -                     | -                     | -                               | (427)                     |
| (44,385)                | -                            | (4,794)                | -                        | (31)                   | (1,974)                   | (18,632)                  | -                     | -                     | -                               | (141)                     |
| 589                     | -                            | -                      | -                        | -                      | -                         | -                         | -                     | -                     | -                               | 1,251                     |
| -                       | -                            | -                      | -                        | -                      | -                         | -                         | -                     | -                     | -                               | -                         |
| (66)                    | -                            | 222                    | -                        | (1)                    | -                         | -                         | -                     | -                     | -                               | 1                         |
| 4,047                   | -                            | 852                    | (16)                     | (32)                   | (615)                     | (27)                      | -                     | -                     | -                               | 684                       |
| 11,029                  | 1,922                        | 3,922                  | 17,586                   | 566                    | 9,230                     | 4,992                     | 22,293                | 14,462                | 2,368                           | 6,141                     |
| 4,433                   | 2,116                        | 794                    | 2,191                    | 134                    | -                         | 3,213                     | 10,745                | 2,164                 | -                               | 1,050                     |
| (15,471)                | (11,133)                     | (3,322)                | (10,117)                 | (476)                  | (605)                     | (7,232)                   | (25,644)              | (16,266)              | (2,636)                         | (6,310)                   |
| (73)                    | 190                          | 250                    | (2,042)                  | -                      | (11)                      | 3                         | -                     | -                     | -                               | 2,440                     |
| (82)                    | (6,905)                      | 1,644                  | 7,618                    | 234                    | 8,614                     | 976                       | 7,394                 | 160                   | (265)                           | 3,321                     |
| 388                     | 32                           | -                      | 1,248                    | -                      | -                         | 508                       | 454                   | -                     | -                               | 107                       |
| 229                     | -                            | -                      | 102                      | -                      | -                         | -                         | -                     | -                     | -                               | 6,866                     |
| -                       | -                            | -                      | -                        | -                      | -                         | -                         | -                     | -                     | -                               | -                         |
| -                       | 1                            | -                      | 609                      | -                      | -                         | -                         | (1)                   | -                     | -                               | (130)                     |
| 617                     | 33                           | -                      | 1,959                    | -                      | -                         | 508                       | 453                   | -                     | -                               | 6,843                     |
| (2,957,314)             | (222,309)                    | (502,584)              | (1,818,558)              | (160,031)              | (225,485)                 | (750,567)                 | (1,454,559)           | (114,409)             | (41,549)                        | (1,581,169)               |
| 3,631,458               | 307,320                      | 970,222                | 1,628,825                | 186,969                | 487,961                   | 1,038,288                 | 2,224,085             | 738,173               | (37,149)                        | 1,868,208                 |
| \$ 724,144              | \$ 85,011                    | \$ 467,638             | \$ (197,733)             | \$ 26,938              | \$ 262,476                | \$ 287,721                | \$ 769,526            | \$ 623,764            | \$ (78,698)                     | \$ 287,039                |

Ascension

Details of Consolidated Statement of Operations and Changes in Net Assets  
(Dollars in Thousands)

Year Ended June 30, 2016

|  | Consolidated Ascension less |                             |                        | Consolidated                   |                        |                         |                         |                         |
|--|-----------------------------|-----------------------------|------------------------|--------------------------------|------------------------|-------------------------|-------------------------|-------------------------|
|  | Consolidated Ascension      | Health Ministries Presented | Consolidated Amsterdam | Consolidated Arlington Heights | Consolidated Baltimore | Consolidated Binghamton | Consolidated Birmingham | Consolidated Bridgeport |
| <b>Operating revenue:</b>  |                             |                             |                        |                                |                        |                         |                         |                         |
| Net patient service revenue  | \$ 21,301,133               | \$ 402,336                  | \$ 164,282             | \$ 1,015,333                   | \$ 447,440             | \$ 308,852              | \$ 743,263              | \$ 480,151              |
| Less provision for doubtful accounts   | 1,142,289                   | 7,138                       | 8,773                  | 39,473                         | 9,476                  | 17,116                  | 44,781                  | 29,268                  |
| Net patient service revenue, less provision for doubtful accounts  | 20,158,844                  | 395,198                     | 155,509                | 975,860                        | 437,964                | 291,736                 | 698,482                 | 450,883                 |
| Other revenue  | 1,739,490                   | 592,469                     | 6,205                  | 42,692                         | 11,112                 | 18,226                  | 35,561                  | 48,391                  |
| <b>Total operating revenue</b>   | <b>21,898,334</b>           | <b>987,667</b>              | <b>161,714</b>         | <b>1,018,552</b>               | <b>449,076</b>         | <b>309,962</b>          | <b>734,043</b>          | <b>499,274</b>          |
| <b>Operating expenses:</b>   |                             |                             |                        |                                |                        |                         |                         |                         |
| Salaries and wages   | 9,043,625                   | 960,866                     | 83,597                 | 393,649                        | 215,654                | 130,688                 | 238,808                 | 222,253                 |
| Employee benefits  | 1,748,110                   | 121,438                     | 18,719                 | 72,027                         | 30,502                 | 29,189                  | 47,661                  | 54,347                  |
| Purchased services   | 1,500,887                   | (1,158,847)                 | 18,168                 | 116,927                        | 47,425                 | 45,937                  | 124,976                 | 68,939                  |
| Professional fees  | 1,369,103                   | 239,589                     | 4,865                  | 54,574                         | 15,258                 | 13,864                  | 20,381                  | 25,915                  |
| Supplies   | 3,114,261                   | 8,107                       | 19,305                 | 140,394                        | 65,431                 | 44,930                  | 149,970                 | 58,714                  |
| Insurance  | 160,232                     | 11,688                      | 1,268                  | 1,613                          | 5,732                  | 2,295                   | 4,996                   | 10,351                  |
| Interest   | 194,962                     | 3,106                       | 265                    | 15,313                         | 2,388                  | 1,171                   | 7,296                   | 1,751                   |
| Depreciation and amortization  | 1,032,541                   | 84,219                      | 6,481                  | 44,728                         | 19,124                 | 11,195                  | 32,783                  | 27,073                  |
| Other  | 2,737,244                   | 767,056                     | 9,955                  | 110,603                        | 30,089                 | 28,552                  | 102,952                 | 60,458                  |
| <b>Total operating expenses before impairment, restructuring and nonrecurring losses, net</b>  | <b>20,900,965</b>           | <b>1,032,222</b>            | <b>162,623</b>         | <b>949,828</b>                 | <b>431,603</b>         | <b>307,821</b>          | <b>729,873</b>          | <b>529,801</b>          |
| <b>Income (loss) from operations before self-insurance trust fund investment return and impairment, restructuring and nonrecurring losses, net</b> | <b>997,369</b>              | <b>(44,555)</b>             | <b>(909)</b>           | <b>68,724</b>                  | <b>17,473</b>          | <b>2,141</b>            | <b>4,220</b>            | <b>(30,527)</b>         |
| Self-insurance trust fund investment return  | (16,334)                    | (16,612)                    | -                      | -                              | -                      | -                       | -                       | -                       |
| Impairment, restructuring and nonrecurring losses, net   | (227,832)                   | (114,910)                   | -                      | (6,137)                        | (2,590)                | -                       | (2,482)                 | (1,469)                 |
| <b>Income (loss) from operations</b>   | <b>753,203</b>              | <b>(176,107)</b>            | <b>(909)</b>           | <b>62,587</b>                  | <b>14,883</b>          | <b>2,141</b>            | <b>1,738</b>            | <b>(31,996)</b>         |
| <b>Nonoperating gains (losses):</b>  |                             |                             |                        |                                |                        |                         |                         |                         |
| Investment returns   | (358,297)                   | (92,635)                    | (1,888)                | (8,090)                        | (5,689)                | (5,623)                 | (7,096)                 | (9,434)                 |
| Loss on extinguishment of debt   | (13,594)                    | 6,641                       | -                      | (3,670)                        | -                      | -                       | -                       | -                       |
| Losses on interest rate swaps  | (86,536)                    | (76,099)                    | -                      | (45)                           | -                      | -                       | -                       | -                       |
| (Losses) income from unconsolidated entities   | (40,649)                    | 410                         | -                      | 539                            | (159)                  | 176                     | -                       | -                       |
| Contributions from business combinations, net  | 304,961                     | (275,824)                   | -                      | -                              | -                      | -                       | -                       | -                       |
| Other  | (81,339)                    | (16,177)                    | (153)                  | (113)                          | (1,356)                | 12                      | (605)                   | (1,210)                 |
| <b>Total nonoperating (losses) gains, net</b>  | <b>(275,454)</b>            | <b>(453,684)</b>            | <b>(2,041)</b>         | <b>(11,379)</b>                | <b>(7,204)</b>         | <b>(5,435)</b>          | <b>(7,701)</b>          | <b>(10,644)</b>         |
| <b>Excess (deficit) of revenues and gains over expenses and losses</b>   | <b>477,749</b>              | <b>(629,791)</b>            | <b>(2,950)</b>         | <b>51,208</b>                  | <b>7,679</b>           | <b>(3,294)</b>          | <b>(5,963)</b>          | <b>(42,640)</b>         |
| Less noncontrolling interests  | 16,365                      | (40,755)                    | -                      | -                              | -                      | -                       | 794                     | -                       |
| <b>Excess (deficit) of revenues and gains over expenses and losses attributable to controlling interest</b>  | <b>461,384</b>              | <b>(589,036)</b>            | <b>(2,950)</b>         | <b>51,208</b>                  | <b>7,679</b>           | <b>(3,294)</b>          | <b>(6,757)</b>          | <b>(42,640)</b>         |

| Consolidated<br>Indiana | Consolidated<br>Jacksonville | Consolidated<br>Kansas | Consolidated<br>Michigan | Consolidated<br>Mobile | Consolidated<br>Pensacola | Consolidated<br>Tennessee | Consolidated<br>Texas | Consolidated<br>Tulsa | Consolidated<br>Washington D.C. | Consolidated<br>Wisconsin |
|-------------------------|------------------------------|------------------------|--------------------------|------------------------|---------------------------|---------------------------|-----------------------|-----------------------|---------------------------------|---------------------------|
| \$ 3,022,330            | \$ 877,525                   | \$ 1,045,475           | \$ 3,634,378             | \$ 277,234             | \$ 820,737                | \$ 1,466,994              | \$ 2,582,761          | \$ 1,206,208          | \$ 234,750                      | \$ 2,571,084              |
| 123,411                 | 75,868                       | 38,697                 | 164,494                  | 9,448                  | 11,789                    | 77,323                    | 282,418               | 109,962               | 8,721                           | 83,933                    |
| 2,898,919               | 801,657                      | 1,006,778              | 3,469,884                | 267,786                | 808,948                   | 1,389,471                 | 2,300,343             | 1,096,246             | 226,029                         | 2,487,151                 |
| 125,391                 | 26,225                       | 66,490                 | 204,527                  | 11,284                 | 27,301                    | 100,804                   | 218,705               | 78,371                | 13,574                          | 112,162                   |
| 3,024,310               | 827,882                      | 1,073,268              | 3,674,411                | 279,070                | 836,249                   | 1,490,275                 | 2,519,048             | 1,174,617             | 239,603                         | 2,599,313                 |
| 1,054,703               | 308,590                      | 424,353                | 1,447,227                | 105,781                | 319,111                   | 489,333                   | 936,245               | 477,799               | 119,290                         | 1,115,678                 |
| 240,278                 | 61,876                       | 94,457                 | 255,902                  | 16,934                 | 61,400                    | 89,903                    | 193,919               | 83,038                | 12,382                          | 264,138                   |
| 427,130                 | 115,183                      | 136,434                | 486,835                  | 46,073                 | 99,643                    | 184,874                   | 270,929               | 124,430               | 54,402                          | 291,429                   |
| 121,183                 | 47,488                       | 48,541                 | 291,483                  | 4,305                  | 31,208                    | 89,868                    | 180,694               | 41,493                | 16,650                          | 121,714                   |
| 401,028                 | 163,618                      | 177,686                | 558,175                  | 59,242                 | 151,418                   | 268,651                   | 300,212               | 191,426               | 26,641                          | 329,313                   |
| 15,249                  | 10,089                       | 6,402                  | 34,674                   | 3,397                  | 7,540                     | 6,663                     | 12,776                | 7,698                 | 6,780                           | 11,021                    |
| 14,194                  | 7,233                        | 13,180                 | 36,480                   | 2,142                  | 5,033                     | 11,395                    | 14,572                | 20,235                | 2,711                           | 36,497                    |
| 108,695                 | 33,446                       | 76,339                 | 158,589                  | 13,765                 | 32,460                    | 72,249                    | 83,934                | 63,740                | 9,844                           | 153,877                   |
| 291,552                 | 61,692                       | 80,683                 | 275,418                  | 25,302                 | 74,519                    | 154,474                   | 306,914               | 124,776               | 14,838                          | 222,411                   |
| 2,674,012               | 809,215                      | 1,058,075              | 3,544,783                | 276,941                | 782,332                   | 1,367,410                 | 2,300,195             | 1,134,635             | 263,538                         | 2,546,108                 |
| 350,298                 | 18,667                       | 15,193                 | 129,628                  | 2,129                  | 53,917                    | 122,865                   | 218,853               | 39,982                | (23,935)                        | 53,205                    |
| -                       | -                            | -                      | 76                       | -                      | -                         | -                         | -                     | -                     | -                               | 202                       |
| (1,095)                 | (3,710)                      | (11,872)               | (6,505)                  | (50)                   | (903)                     | (1,287)                   | (20,628)              | (21,517)              | (947)                           | (31,700)                  |
| 349,203                 | 14,957                       | 3,321                  | 123,199                  | 2,079                  | 53,014                    | 121,578                   | 198,225               | 18,465                | (24,882)                        | 21,707                    |
| (77,502)                | (4,796)                      | (15,988)               | (41,325)                 | (5,196)                | (5,133)                   | (21,596)                  | (34,037)              | (13,590)              | (39)                            | (8,640)                   |
| -                       | -                            | -                      | -                        | -                      | -                         | -                         | -                     | -                     | -                               | (16,565)                  |
| -                       | -                            | -                      | (5)                      | -                      | -                         | -                         | -                     | (607)                 | -                               | (9,780)                   |
| (44,118)                | -                            | -                      | -                        | -                      | (407)                     | -                         | 2,622                 | -                     | 288                             | -                         |
| -                       | -                            | -                      | 137,912                  | 137,912                | 137,912                   | -                         | -                     | -                     | -                               | 167,049                   |
| (8,990)                 | (1,934)                      | (1,005)                | (16,756)                 | (60)                   | (463)                     | (2,188)                   | (18,375)              | (10,802)              | 235                             | (1,399)                   |
| (130,610)               | (6,730)                      | (16,993)               | 79,826                   | 132,656                | 131,909                   | (23,784)                  | (49,790)              | (24,999)              | 484                             | 130,665                   |
| 218,593                 | 8,227                        | (13,672)               | 203,025                  | 134,735                | 184,923                   | 97,794                    | 148,435               | (6,534)               | (24,398)                        | 152,372                   |
| 41,352                  | -                            | (4,949)                | (67)                     | -                      | 1,816                     | 18,762                    | -                     | -                     | -                               | (588)                     |
| 177,241                 | 8,227                        | (8,723)                | 203,092                  | 134,735                | 183,107                   | 79,032                    | 148,435               | (6,534)               | (24,398)                        | 152,960                   |

Ascension

Details of Consolidated Statement of Operations and Changes in Net Assets (continued)  
(Dollars in Thousands)

Year Ended June 30, 2016

|   | Consolidated<br>Ascension less<br>Health Ministries<br>Presented |                           | Consolidated                         |                           |                            |                            |                            |             |
|---|--|---------------------------|--------------------------------------|---------------------------|----------------------------|----------------------------|----------------------------|-------------|
|   | Consolidated<br>Ascension  | Consolidated<br>Austerdam | Consolidated<br>Arlington<br>Heights | Consolidated<br>Baltimore | Consolidated<br>Binghamton | Consolidated<br>Birmingham | Consolidated<br>Bridgeport |             |
| <b>Unrestricted net assets, controlling interest:</b>   |  |                           |                                      |                           |                            |                            |                            |             |
| Excess (deficit) of revenues and gains over expenses and losses   | \$ 461,384   | \$ (589,036)              | \$ (2,950)                           | \$ 51,208                 | \$ 7,679                   | \$ (3,294)                 | \$ (6,757)                 | \$ (42,640) |
| Transfer (to) from sponsors and other affiliates, net   | (8,654)  | 460,100                   | (3,521)                              | (28,819)                  | (8,959)                    | (6,993)                    | (14,404)                   | (12,017)    |
| Net assets released from restrictions for property acquisitions   | 45,058   | 636                       | 7,211                                | 369                       | -                          | 3,263                      | 3,017                      | 639         |
| Pension and other postretirement liability adjustments  | (729,197)  | (124,514)                 | (7,184)                              | (5,231)                   | (23,323)                   | (11,931)                   | (11,863)                   | (23,648)    |
| Change in unconsolidated entities' net assets   | (6,976)  | (1,252)                   | -                                    | -                         | -                          | -                          | -                          | -           |
| Other   | 3,344  | 275,283                   | (14)                                 | 131                       | 1                          | -                          | (46)                       | -           |
| (Decrease) increase in unrestricted net assets, controlling interest,<br>before loss from discontinued operations | (235,041)  | 21,217                    | (6,458)                              | 17,658                    | (24,602)                   | (18,955)                   | (30,053)                   | (77,666)    |
| Loss from discontinued operations   | (16,230)   | (16,230)                  | -                                    | -                         | -                          | -                          | -                          | -           |
| (Decrease) increase in unrestricted net assets, controlling interest  | (251,271)  | 4,987                     | (6,458)                              | 17,658                    | (24,602)                   | (18,955)                   | (30,053)                   | (77,666)    |
| <b>Unrestricted net assets, noncontrolling interest:</b>  |  |                           |                                      |                           |                            |                            |                            |             |
| Excess of revenues and gains over expenses and losses   | 16,365   | (40,755)                  | -                                    | -                         | -                          | -                          | 794                        | -           |
| Distributions of capital  | (254,788)  | (194,688)                 | -                                    | -                         | -                          | -                          | (618)                      | -           |
| Contributions of capital  | 96,150   | 94,123                    | -                                    | -                         | -                          | -                          | 263                        | -           |
| Other   | (891)  | (4)                       | -                                    | -                         | -                          | -                          | (436)                      | -           |
| (Decrease) increase in unrestricted net assets, noncontrolling interest   | (143,164)  | (141,324)                 | -                                    | -                         | -                          | -                          | (27)                       | -           |
| <b>Temporarily restricted net assets, controlling interest:</b>   |  |                           |                                      |                           |                            |                            |                            |             |
| Contributions and grants  | 140,210  | 565                       | 8,711                                | 10,197                    | 1,134                      | 3,185                      | 32,899                     | 2,835       |
| Investment return   | (4,643)  | (47)                      | -                                    | 37                        | (18)                       | -                          | (47)                       | (772)       |
| Net assets released from restrictions   | (97,392)   | (1,238)                   | (7,211)                              | (4,305)                   | (1,483)                    | (3,266)                    | (4,100)                    | (1,122)     |
| Contributions from business combinations  | 16,091   | -                         | -                                    | -                         | -                          | -                          | -                          | -           |
| Other   | (4,181)  | 2,063                     | (2,536)                              | -                         | -                          | (3,192)                    | 439                        | (2,729)     |
| Increase (decrease) in temporarily restricted net assets, controlling interest                                    | 50,085   | 1,343                     | (6,036)                              | 5,928                     | (367)                      | (3,273)                    | 29,191                     | (1,788)     |
| <b>Permanently restricted net assets, controlling interest:</b>   |  |                           |                                      |                           |                            |                            |                            |             |
| Contributions   | 5,298  | -                         | -                                    | -                         | -                          | -                          | 148                        | 79          |
| Investment return   | (1,706)  | (1)                       | -                                    | -                         | (3)                        | -                          | -                          | -           |
| Contributions   | 2,363  | -                         | -                                    | -                         | -                          | -                          | -                          | -           |
| Other   | (1,227)  | (107)                     | 5                                    | -                         | (1)                        | -                          | -                          | -           |
| Increase (decrease) in permanently restricted net assets, controlling interest                                    | 4,728  | (108)                     | 5                                    | -                         | (4)                        | -                          | 148                        | 79          |
| (Decrease) increase in net assets   | (339,622)  | (135,102)                 | (12,489)                             | 23,586                    | (24,973)                   | (22,228)                   | (741)                      | (79,375)    |
| Net assets, beginning of year   | 18,932,662   | 3,550,724                 | 125,510                              | 366,349                   | 426,107                    | 269,192                    | 420,137                    | 599,931     |
| Net assets, end of year   | \$ 18,593,040  | \$ 3,415,622              | \$ 113,021                           | \$ 389,935                | \$ 401,136                 | \$ 246,964                 | \$ 419,396                 | \$ 520,556  |

| Consolidated<br>Indiana | Consolidated<br>Jacksonville | Consolidated<br>Kansas | Consolidated<br>Michigan | Consolidated<br>Mobile | Consolidated<br>Pensacola | Consolidated<br>Tennessee | Consolidated<br>Texas | Consolidated<br>Tulsa | Consolidated<br>Washington D.C. | Consolidated<br>Wisconsin |
|-------------------------|------------------------------|------------------------|--------------------------|------------------------|---------------------------|---------------------------|-----------------------|-----------------------|---------------------------------|---------------------------|
| \$ 177,241              | \$ 8,227                     | \$ (8,723)             | \$ 203,092               | \$ 134,735             | \$ 183,107                | \$ 79,032                 | \$ 148,435            | \$ (6,534)            | \$ (24,398)                     | \$ 152,960                |
| (65,314)                | (16,046)                     | (37,839)               | (75,939)                 | (5,385)                | (15,193)                  | (27,158)                  | (71,942)              | (31,028)              | (4,918)                         | (43,279)                  |
| 3,910                   | 2,120                        | 320                    | 8,142                    | 284                    | 1,352                     | 1,299                     | 11,376                | -                     | -                               | 1,120                     |
| (56,480)                | (15,243)                     | (17,222)               | (209,983)                | (12,850)               | (15,413)                  | (30,381)                  | (35,126)              | (17,797)              | (15,052)                        | (95,956)                  |
| -                       | -                            | (5,749)                | 25                       | -                      | -                         | -                         | -                     | -                     | -                               | -                         |
| 2,982                   | 1                            | (1,414)                | 553                      | (138,584)              | (132,973)                 | 37                        | (30)                  | 3,016                 | -                               | (5,599)                   |
| 62,339                  | (20,941)                     | (70,627)               | (74,110)                 | (21,800)               | 20,880                    | 22,829                    | 52,713                | (52,343)              | (44,368)                        | 9,246                     |
| -                       | -                            | -                      | -                        | -                      | -                         | -                         | -                     | -                     | -                               | -                         |
| 62,339                  | (20,941)                     | (70,627)               | (74,110)                 | (21,800)               | 20,880                    | 22,829                    | 52,713                | (52,343)              | (44,368)                        | 9,246                     |
| 41,352                  | -                            | (4,949)                | (67)                     | -                      | 1,816                     | 18,762                    | -                     | -                     | -                               | (588)                     |
| (34,889)                | -                            | (4,360)                | -                        | (22)                   | (1,698)                   | (18,449)                  | -                     | -                     | -                               | (34)                      |
| -                       | -                            | -                      | -                        | -                      | -                         | -                         | -                     | -                     | -                               | 1,764                     |
| 1,185                   | -                            | 97                     | -                        | 649                    | (2,426)                   | 1                         | -                     | -                     | -                               | 43                        |
| 7,648                   | -                            | (9,212)                | (67)                     | 627                    | (2,308)                   | 314                       | -                     | -                     | -                               | 1,185                     |
| 12,076                  | 2,802                        | 2,681                  | 16,306                   | 562                    | 4,023                     | 2,703                     | 20,296                | 11,829                | 3,824                           | 3,582                     |
| 696                     | (370)                        | (509)                  | 527                      | (10)                   | -                         | (1,250)                   | (3,405)               | 547                   | -                               | (22)                      |
| (7,121)                 | (3,512)                      | (2,190)                | (13,588)                 | (491)                  | (1,514)                   | (3,698)                   | (19,562)              | (13,732)              | (4,151)                         | (5,107)                   |
| -                       | -                            | -                      | 3,389                    | -                      | -                         | -                         | -                     | -                     | -                               | 12,702                    |
| (460)                   | (630)                        | 264                    | 7                        | (1)                    | (3,192)                   | 188                       | 27                    | -                     | -                               | 10,571                    |
| 5,191                   | (1,710)                      | 246                    | 6,641                    | 60                     | (683)                     | (2,057)                   | (2,644)               | (1,356)               | (327)                           | 21,726                    |
| 79                      | 25                           | -                      | 3,023                    | -                      | -                         | 5                         | 1,687                 | -                     | -                               | 252                       |
| (81)                    | -                            | -                      | (37)                     | -                      | -                         | -                         | -                     | -                     | -                               | (1,584)                   |
| -                       | -                            | -                      | -                        | -                      | -                         | -                         | -                     | -                     | -                               | 2,363                     |
| 56                      | -                            | -                      | (1)                      | -                      | -                         | 1                         | 1                     | -                     | -                               | (1,181)                   |
| 54                      | 25                           | -                      | 2,985                    | -                      | -                         | 6                         | 1,688                 | -                     | -                               | (150)                     |
| 75,232                  | (22,626)                     | (79,593)               | (64,551)                 | (21,113)               | 17,889                    | 21,092                    | 51,757                | (53,699)              | (44,695)                        | 32,007                    |
| 3,606,226               | 329,946                      | 1,049,865              | 1,685,376                | 208,082                | 470,072                   | 1,017,196                 | 2,172,328             | 791,872               | 7,546                           | 1,836,201                 |
| \$ 3,681,458            | \$ 307,320                   | \$ 970,272             | \$ 1,620,825             | \$ 186,969             | \$ 487,961                | \$ 1,038,288              | \$ 2,224,085          | \$ 738,173            | \$ (37,149)                     | \$ 1,868,208              |