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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

▶ Do not enter Social Security numbers on this form as it may be made public By law, the IRS generally cannot redact the information on the form

▶ Information about Form 990 and its instructions is at *www.IRS.gov/form990*

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 10-01-2013 , 2013, and ending 09-30-2014

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
DEACONESS HOSPITAL INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
600 MARY STREET

City or town, state or province, country, and ZIP or foreign postal code
EVANSVILLE, IN 47747

D Employer identification number
35-0593390

E Telephone number
(812)450-3296

G Gross receipts $ 848,345,281

F Name and address of principal officer
SHAWN W MCCOY CAO
600 MARY STREET
EVANSVILLE,IN 47747

H(a) Is this a group return for subordinates? ☐ Yes ☑ No

H(b) Are all subordinates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ WWW DEACONESS COM

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1895

M State of legal domicile IN

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities
PROVIDE QUALITY HEALTH CARE SERVICES WITH A COMPASSIONATE AND CARING SPIRIT CONTINUE TO SCH O TO PERSONS, FAMILIES AND COMMUNITIES OF THE TRI-STATE

2 Check this box ▶☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

3	Number of voting members of the governing body (Part VI, line 1a)	3	15
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	10
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	5,599
6	Total number of volunteers (estimate if necessary)	6	191
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	12,756,635
b	Net unrelated business taxable income from Form 990-T, line 34	7b	-85,414

			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)	1,649,475	1,454,250
	9	Program service revenue (Part VIII, line 2g)	531,568,224	609,282,558
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	4,987,420	14,169,966
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	52,034,431	56,511,978
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	590,239,550	681,418,752
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	578,388	884,669
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	255,744,305	262,075,879
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶406,066		
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	268,997,419	304,074,166
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	525,320,112	567,034,714
	19	Revenue less expenses Subtract line 18 from line 12	64,919,438	114,384,038
Net Assets or Fund Balances			Beginning of Current Year	End of Year
	20	Total assets (Part X, line 16)	869,894,363	986,918,089
	21	Total liabilities (Part X, line 26)	349,588,545	348,984,716
	22	Net assets or fund balances Subtract line 21 from line 20	520,305,818	637,933,373

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including [redacted]
my knowledge and belief, it is true, correct, and complete Declaration of prepar [redacted]
preparer has any knowledge

Sign Here
****** [redacted]
Signature of officer

SHAWN W MCCOY CHIEF ADMINISTRATIVE OFFICER [redacted]
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name | Preparer's signature [redacted]
AMBER KOCHER CPA

Firm's name ▶ BLUE & CO LLC [redacted]

Firm's address ▶ ONE AMERICAN SQUARE 2200
INDIANAPOLIS, IN 46282

May the IRS discuss this return with the preparer shown above? (see instructio [redacted]

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 . . . . ☑

1 Briefly describe the organization's mission

SEE 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** ☑ **No**

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

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . ☐ **Yes** ☑ **No**

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 119,871,557 including grants of $ 0) (Revenue $ 347,469,154)

PATIENT SERVICE REVENUE SEE SCHEDULE O

4b (Code) (Expenses $ 378,264,096 including grants of $ 0) (Revenue $ 239,858,999)

CHARITY CARE/SUBSIDIZED CARE SEE SCHEDULE O

4c (Code) (Expenses $ 32,773,740 including grants of $ 0) (Revenue $ 21,954,405)

GRADUATE MEDICAL EDUCATION, MEDICAL EDUCATION AND COMMUNITY BENEFIT SEE SCHEDULE O

(Code) (Expenses $ 884,669 including grants of $ 884,669) (Revenue $ 28,958,479)

(Code) (Expenses $ 0 including grants of $ 0) (Revenue $ 3,009,936)

4d Other program services (Describe in Schedule O)

(Expenses $ 884,669 including grants of $ 884,669) (Revenue $ 31,968,415)

4e **Total program service expenses** ▶ 531,794,062

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or other assistance to or for foreign individuals? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18	Yes	
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	21	Yes	
22	Did the organization report more than $5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c	Yes	
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	25b		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? *If so, complete Schedule L, Part II*	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28a	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28b	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	28c	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	29	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	33	Yes	
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	35b	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	38	Yes	

Part V **Statements Regarding Other IRS Filings and Tax Compliance**

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

					Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	**1a**	298			
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	**1b**	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1c**	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	**2a**	5,599			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)			**2b**	Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O*			**3b**	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			**4a**		No
b	If "Yes," enter the name of the foreign country ▶ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?			**5a**		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**		No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?			**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?			**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**	Yes	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**	Yes	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			**7f**		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**		No
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**		No
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			**9a**		No
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**		No
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12	**10a**				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	**11a**				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O			**13a**		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**				
c	Enter the amount of reserves on hand	**13c**				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O*			**14b**		

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year . . .	1a	15		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
b	Enter the number of voting members included in line 1a, above, who are independent . . .	1b	10		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . .	2			No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	3			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . .	4			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	5			No
6	Did the organization have members or stockholders? . . .	6		Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? . . .	7a		Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . .	7b			No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body? . . .	8a		Yes	
b	Each committee with authority to act on behalf of the governing body? . . .	8b		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O* . . .	9		Yes	

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

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates? . . .	10a		No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? . . .	11a	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990 . . .			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13* . . .	12a	Yes	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . .	12b	Yes	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe in Schedule O how this was done* . . .	12c	Yes	
13	Did the organization have a written whistleblower policy? . . .	13	Yes	
14	Did the organization have a written document retention and destruction policy? . . .	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official . . .	15a	Yes	
b	Other officers or key employees of the organization . . .	15b	Yes	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? . . .	16a	Yes	
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements? . . .	16b	Yes	

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed ▶IN

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you made these available Check all that apply

☐ 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, physical address, and telephone number of the person who possesses the books and records of the organization

▶CHERYL A WATHEN 600 MARY STREET
EVANSVILLE,IN 47747 (812)450-3296

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

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

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

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee): Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position: Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
1b Sub-Total ▶										
c Total from continuation sheets to Part VII, Section A ▶										
d Total (add lines 1b and 1c) ▶								8,173,423	771,063	1,357,804

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 ▶210

			Yes	No
3	Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	3	Yes	
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	4	Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*	5		No

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
EVANSVILLE SURGERY CENTER PO BOX 2185 EVANSVILLE IN 47728	SURGICAL SERVICES	28,732,379
PROGRESSIVE HEALTH INDIANA LLC 150 N ROSENBERGER AVE EVANSVILLE IN 47712	PHYSICAL THERAPY	11,374,463
WINK CONSTRUCTION INC 4007 E EICHEL AVE EVANSVILLE IN 47716	BUILDING CONTRACTOR	5,931,732
EPIC SYSTEMS CORPORATION PO BOX 88314 MILWAUKEE WI 53288	SOFTWARE/ CONSULTING	3,425,048
TRI-STATE RADIATION ONCOLOGY 1500 ROSECRANS AVENUE STE 400 MANHATTAN BEACH CA 90266	ONCOLOGY SERVICES	2,824,524

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 ▶68

Part VIII Statement of Revenue

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

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . .	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c 421,627				
	d	Related organizations . . .	1d				
	e	Government grants (contributions)	1e 168,521				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f 864,102				
	g	Noncash contributions included in lines 1a-1f $	42,599				
	h	**Total.** Add lines 1a-1f . . . . ▶		1,454,250			
Program Service Revenue			Business Code				
	2a	NET PATIENT REVENUE	900099	609,282,558	609,282,558		
	b						
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . ▶		609,282,558			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . ▶		12,279,402			12,279,402
	4	Income from investment of tax-exempt bond proceeds . . ▶		8			8
	5	Royalties . . . . ▶					
			(i) Real / (ii) Personal				
	6a	Gross rents	7,721,203 /				
	b	Less rental expenses	3,124,396 /				
	c	Rental income or (loss)	4,596,807 /				
	d	Net rental income or (loss) . . . . ▶		4,596,807			4,596,807
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	165,437,177 / 2,325				
	b	Less cost or other basis and sales expenses	162,832,809 / 716,137				
	c	Gain or (loss)	2,604,368 / -713,812				
	d	Net gain or (loss) . . . . ▶		1,890,556			1,890,556
	8a	Gross income from fundraising events (not including $ 421,627 of contributions reported on line 1c) See Part IV, line 18 . .	a 38,925				
	b	Less direct expenses . . .	b 253,187				
	c	Net income or (loss) from fundraising events . . ▶		-214,262			-214,262
	9a	Gross income from gaming activities See Part IV, line 19 . . .	a				
	b	Less direct expenses . . .	b				
	c	Net income or (loss) from gaming activities . . ▶					
	10a	Gross sales of inventory, less returns and allowances .	a				
	b	Less cost of goods sold . .	b				
	c	Net income or (loss) from sales of inventory . . ▶					
		Miscellaneous Revenue	Business Code				
	11a	INVESTMENT IN JOINT VENTURES	900099	28,958,479	28,958,479		
	b	LABORATORY SALES	621500	12,292,091		12,292,091	
	c	OTHER HOSPITAL SERVICES	900099	5,141,378			5,141,378
	d	All other revenue		5,737,485	3,009,936	464,544	2,263,005
	e	**Total.** Add lines 11a–11d . . . . . . ▶		52,129,433			
	12	**Total revenue.** See Instructions . . . . . ▶		681,418,752	641,250,973	12,756,635	25,956,894

Part IX Statement of Functional Expenses

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21	884,669	884,669		
2 Grants and other assistance to individuals in the United States See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	5,179,488		5,179,488	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	195,829,258	186,488,499	9,100,407	240,352
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	12,946,889	11,783,256	1,150,113	13,520
9 Other employee benefits	34,335,898	31,383,107	2,952,791	
10 Payroll taxes	13,784,346	12,781,476	988,849	14,021
11 Fees for services (non-employees)				
a Management				
b Legal	2,719,519	1,743,087	976,432	
c Accounting	127,920		127,920	
d Lobbying	19,879		19,879	
e Professional fundraising services See Part IV, line 17				
f Investment management fees	506,215		492,127	14,088
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	62,735,594	59,555,070	3,155,500	25,024
12 Advertising and promotion	1,544,855	83,916	1,460,939	
13 Office expenses	10,860,511	9,378,705	1,434,203	47,603
14 Information technology	9,016,001	7,434,100	1,581,901	
15 Royalties . .				
16 Occupancy	17,400,153	15,814,276	1,585,877	
17 Travel	882,484	746,107	136,377	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	815,444	617,508	193,816	4,120
20 Interest	8,218,047	8,218,047		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	37,497,943	34,988,516	2,509,372	55
23 Insurance	2,340,848	2,329,013	11,835	
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a MEDICAL/SURGICAL SUPPLI	94,385,687	94,374,614	11,073	
b MEDICAID ASSESSMENT FEE	30,125,591	30,125,591		
c EQUIP RENTAL/MAINTENANC	13,081,627	12,337,532	744,095	
d AGENCY COLLECTION FEES	6,877,966	6,877,966		
e All other expenses	4,917,882	3,849,007	1,021,592	47,283
25 **Total functional expenses.** Add lines 1 through 24e	567,034,714	531,794,062	34,834,586	406,066
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ 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) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing			1	
	2	Savings and temporary cash investments		43,965,528	2	84,343,242
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		79,773,146	4	87,502,296
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net		1,051,175	7	950,219
	8	Inventories for sale or use		5,518,992	8	6,338,569
	9	Prepaid expenses and deferred charges		5,393,760	9	5,417,241
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 775,037,569			
	b	Less accumulated depreciation	10b 467,646,676	312,541,474	10c	307,390,893
	11	Investments—publicly traded securities		354,838,689	11	422,669,396
	12	Investments—other securities See Part IV, line 11		34,131,516	12	39,707,760
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets		15,522,009	14	15,785,298
	15	Other assets See Part IV, line 11		17,158,074	15	16,813,175
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		869,894,363	16	986,918,089
Liabilities	17	Accounts payable and accrued expenses		60,092,128	17	71,995,399
	18	Grants payable			18	
	19	Deferred revenue		251,958	19	250,719
	20	Tax-exempt bond liabilities		206,158,405	20	203,093,522
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		83,086,054	25	73,645,076
	26	**Total liabilities.** Add lines 17 through 25		349,588,545	26	348,984,716
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		514,674,469	27	632,155,875
	28	Temporarily restricted net assets		3,782,581	28	3,872,368
	29	Permanently restricted net assets		1,848,768	29	1,905,130
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		520,305,818	33	637,933,373
	34	Total liabilities and net assets/fund balances		869,894,363	34	986,918,089

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	681,418,752
2	Total expenses (must equal Part IX, column (A), line 25)	2	567,034,714
3	Revenue less expenses Subtract line 2 from line 1	3	114,384,038
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	520,305,818
5	Net unrealized gains (losses) on investments	5	14,605,145
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-11,361,628
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	637,933,373

Part XII Financial Statements and Reporting

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

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☑ Accrual ☐ Other ______ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		No
	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 ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis			
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
	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 ☐ Separate basis ☑ Consolidated basis ☐ Both consolidated and separate basis			
c	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?	2c	Yes	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		No
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	3b		

Additional Data

Software ID:
Software Version:
EIN: 35-0593390
Name: DEACONESS HOSPITAL INC

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee) Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
LINDA WHITE PRESIDENT/ CEO	30 00 40 00	X		X				970,294	369,413	242,338
STEVEN TITZER CHAIRMAN	5 00 10 00	X						0	0	0
JOHN ENGELBRECHT TREASURER	5 00 5 00	X						0	0	0
BRUCE STALLINGS SECRETARY	5 00 5 00	X						0	0	0
BRUCE ADYE MD DIRECTOR	5 00 5 00	X						0	0	0
JEROME BENKERT JR DIRECTOR	5 00 5 00	X						0	0	0
STEVEN CHURCH DIRECTOR	5 00 5 00	X						0	0	0
REV DR JOSEPH FRACCARO DIRECTOR	5 00 5 00	X						0	0	0
DANIEL HERMANN DIRECTOR	5 00 5 00	X						0	0	0
ROBERT KELLER DIRECTOR	5 00 5 00	X						0	0	0
DAVID KOEHLER JR MD DIRECTOR	25 00 35 00	X						110,144	187,749	18,452
MATHIAS KOLLECK II DIRECTOR	50 00 5 00	X						331,577	4,800	46,726
WILLIAM PENLAND MD DIRECTOR	5 00 5 00	X						0	0	0
SHARON REED WALKER DIRECTOR	5 00 5 00	X						0	0	0
DANIEL WHITEHEAD MD DIRECTOR	5 00 5 00	X						20,000	0	0
SHAWN MCCOY CHIEF ADMINISTRATIVE OFFIC	50 00 10 00			X				620,925	9,400	138,778
CHERYL WATHEN CHIEF FINANCIAL OFFICER	30 00 35 00			X				292,521	189,901	131,610
JAMES PORTER MD CHIEF MEDICAL OFFICER	50 00 10 00			X				606,235	3,600	135,412
CHERONA HAJEWSKI CHIEF NURSING OFFICER	50 00 0 00			X				415,434	0	83,632
BRUCE EPMEIER VICE PRESIDENT	50 00 0 00			X				340,528	0	67,204
G WILLIAM KENNEDY HR DIRECTOR	50 00 0 00				X			233,464	0	27,965
LYNN LINGAFELTER VICE PRESIDENT OF OPERATIONS	50 00 0 00				X			221,399	0	76,513
RICHARD PERRY CONTROLLER	50 00 0 00				X			232,435	0	27,284
JOHN ZABROWSKI CONTROLLER	50 00 10 00				X			209,908	3,200	37,760
JOYCE THOMAS PHARMACY DIRECTOR	50 00 0 00				X			176,928	0	50,860

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position: Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
REBECCA MALOTTE EXEC DIRECTOR, CNO	50 00 0 00				X			187,364	0	64,020
VENKATESH MADADI ANESTHESIOLOGIST	50 00 0 00					X		685,533	0	44,039
NIRMAL JOSHI MD ANESTHESIOLOGIST	50 00 0 00					X		627,924	0	41,121
RAJESH PATEL MD ANESTHESIOLOGIST	50 00 0 00					X		558,229	0	36,818
AYMAN ELFAR MD ANESTHESIOLOGIST	50 00 0 00					X		552,092	0	40,822
HOWARD RUMJAHN MD ANESTHESIOLOGIST	50 00 0 00					X		535,346	0	34,859
LARRY PILE FORMER KEY EMPLOYEE	0 00 0 00						X	245,143	3,000	11,591

SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.
▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
DEACONESS HOSPITAL INC

Employer identification number
35-0593390

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

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

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

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

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

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

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

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

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

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

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

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

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

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Non-functionally integrated

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

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

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

		Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?	**11g(i)**		
(ii) A family member of a person described in (i) above?	**11g(ii)**		
(iii) A 35% controlled entity of a person described in (i) or (ii) above?	**11g(iii)**		

h Provide the following information about the supported organization(s)

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

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (see instructions) | 12 |

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** . . . ▶☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f)) | 14 |

15 Public support percentage for 2012 Schedule A, Part II, line 14 | 15 |

16a **33 1/3% support test—2013.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2012.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2013.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2012.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶☐

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support.** (Add lines 9, 10c, 11, and 12)						

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15 Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17 Investment income percentage for **2013** (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from **2012** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2013.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2012.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶☐

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

Facts And Circumstances Test

Return Reference	Explanation

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2013

Open to Public Inspection

If the organization answered "Yes" to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then
- Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C
- Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B
- Section 527 organizations Complete Part I-A only

If the organization answered "Yes" to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then
- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

If the organization answered "Yes" to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35c (Proxy Tax), then
- Section 501(c)(4), (5), or (6) organizations Complete Part III

Name of the organization
DEACONESS HOSPITAL INC

Employer identification number
35-0593390

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

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

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

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $
2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $
3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ 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-

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

A Check ▶ ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

B Check ▶ ☐ if the filing organization checked box A and "limited control" provisions apply

	Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	**(a)** Filing organization's totals	**(b)** Affiliated group totals
1a	Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b	Total lobbying expenditures to influence a legislative body (direct lobbying)		
c	Total lobbying expenditures (add lines 1a and 1b)		
d	Other exempt purpose expenditures		
e	Total exempt purpose expenditures (add lines 1c and 1d)		
f	Lobbying nontaxable amount Enter the amount from the following table in both columns		

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

		(a)	(b)
g	Grassroots nontaxable amount (enter 25% of line 1f)		
h	Subtract line 1g from line 1a If zero or less, enter -0-		
i	Subtract line 1f from line 1c If zero or less, enter -0-		
j	If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?	☐ **Yes**	☐ **No**

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

Lobbying Expenditures During 4-Year Averaging Period

	Calendar year (or fiscal year beginning in)	**(a)** 2010	**(b)** 2011	**(c)** 2012	**(d)** 2013	**(e)** Total
2a	Lobbying nontaxable amount					
b	Lobbying ceiling amount (150% of line 2a, column(e))					
c	Total lobbying expenditures					
d	Grassroots nontaxable amount					
e	Grassroots ceiling amount (150% of line 2d, column (e))					
f	Grassroots lobbying expenditures					

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		19,879
j	Total Add lines 1c through 1i			19,879
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV **Supplemental Information**

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

Return Reference	Explanation
PART II-B, LINE 1	LOBBYING EXPENDITURES CONSISTED OF A PORTION OF MEMBERSHIP DUES TO PROFESSIONAL ORGANIZATIONS IN WHICH DEACONESS HOSPITAL AND ITS EMPLOYEES ARE MEMBERS THE LOBBYING PORTION OF THE DUES IS NOTED ON THE MEMBERSHIP APPLICATION OR BILLING STATEMENT

Part IV **Supplemental Information** ***(continued)***

Return Reference	Explanation

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
DEACONESS HOSPITAL INC

Employer identification number
35-0593390

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

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate contributions to (during year)		
3	Aggregate grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b Assets included in Form 990, Part X ▶ $ ______

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

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

a ☐ Public exhibition
d ☐ Loan or exchange programs
b ☐ Scholarly research
e ☐ Other
c ☐ Preservation for future generations

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

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

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

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

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

			Amount
c	Beginning balance	1c	
d	Additions during the year	1d	
e	Distributions during the year	1e	
f	Ending balance	1f	

2a Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☐ No

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

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

		(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance	6,119,408	5,544,426	8,353,428	8,130,489	7,433,786
b	Contributions	3,639	1,890	6,871	1,293,267	1,683,536
c	Net investment earnings, gains, and losses	662,188	611,864	541,295	294,514	281,910
d	Grants or scholarships				7,052	192,998
e	Other expenditures for facilities and programs	35,798	38,483	3,357,168	1,048,880	790,792
f	Administrative expenses		289		308,910	284,953
g	End of year balance	6,749,437	6,119,408	5,544,426	8,353,428	8,130,489

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

a Board designated or quasi-endowment ▶ 85 000 %

b Permanent endowment ▶ 15 000 %

c Temporarily restricted endowment ▶ 0 %

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

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

			Yes	No
	(i) unrelated organizations	3a(i)		No
	(ii) related organizations	3a(ii)		No
b	If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

4 Describe in Part XIII the intended uses of the organization's endowment funds

Part VI Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	1,722,734	10,075,561		11,798,295
b Buildings	48,151,381	437,120,661	259,624,002	225,648,040
c Leasehold improvements				
d Equipment		267,484,272	208,022,674	59,461,598
e Other		10,482,960		10,482,960
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				307,390,893

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

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

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

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

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

(a) Description	(b) Book value
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . ▶	

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

1 (a) Description of liability	(b) Book value
Federal income taxes	
ACCRUED RETIREMENT BENEFITS	53,816,309
ESTIMATED THIRD PARTY SETTLEMENTS	8,440,984
TAXABLE BOND- SERIES 2012C	7,090,000
TAXABLE BOND-SERIES 2012A	1,615,000
CAPITAL LEASE OBLIGATIONS	1,509,184
RELATED ORGANIZATION PAYABLES	1,173,599
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	73,645,076

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

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return. Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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

Part XIII Supplemental Information

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

Return Reference	Explanation
PART V, LINE 4	TEMPORARILY RESTRICTED NET ASSETS INCLUDE THOSE ASSETS WHOSE USE BY THE SYSTEM HAS BEEN TEMPORARILY LIMITED PRIMARY FOR CAPITAL PROJECTS OR A SPECIFIED TIME PERIOD OR PURPOSE TEMPORARILY RESTRICTED NET ASSETS HAVE BEEN RESTRICTED FOR USE IN PATIENT MEDICAL CARE, EDUCATION AND SCHOLARSHIPS, CAPITAL PROJECTS, AND OTHER SYSTEM SUPPORT PERMANENTLY RESTRICTED NET ASSETS ARE CONTRIBUTED WITH DONOR RESTRICTIONS REQUIRING THEY BE HELD IN PERPETUITY WITH INCOME USED TO SUPPORT THE SYSTEM'S ACTIVITIES PERMANENTLY RESTRICTED NET ASSETS INCLUDE BENEFICIAL INTEREST IN TRUSTS AND OTHER PERMANENT RESTRICTIONS
PART X, LINE 2	ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA REQUIRE MANAGEMENT TO EVALUATE TAX POSITIONS TAKEN BY THE SYSTEM HAS TAKEN AN UNCERTAIN POSITION THAT MORE LIKELY THAN NOT WOULD NOT BE SUSTAINED UPON EXAMINATION BY VARIOUS FEDERAL AND STATE TAXING AUTHORITIES MANAGEMENT HAS ANALYZED THE TAX POSITIONS TAKEN BY THE SYSTEM AND HAS CONCLUDED THAT AS OF SEPTEMBER 30, 2014 AND 2013, THERE ARE NO UNCERTAIN POSITIONS TAKEN OR EXPECTED TO BE TAKEN THAT WOULD REQUIRE RECOGNITION OF A LIABILITY OR DISCLOSURE IN THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS THE SYSTEM IS SUBJECT TO ROUTINE AUDITS BY TAKING JURISDICTIONS, HOWEVER, THERE ARE CURRENTLY NO AUDITS FOR ANY TAX PERIODS IN PROGESS
PART VII AND IX	SECTIONS ARE NOT REQUIRED AS THE TOTALS FOR EACH LINE ARE LESS THAN 5% OF THE TOTAL ASSETS LISTED ON FORM 990, PART X, LINE 16
PART XI AND XII	SECTIONS ARE NOT REQUIRED AS THE ORGANIZATION IS PART OF A CONSOLIDATED FINANCIAL STATEMENT THE CONSOLIDATED FINANCIAL STATEMENT IS AUDITED BY AN INDEPENDENT ACCOUNTING FIRM AND IS PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than $15,000 on Form 990-EZ, line 6a.
▶Attach to Form 990 or Form 990-EZ. ▶See separate instructions.
▶Information about Schedule G (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
DEACONESS HOSPITAL INC

Employer identification number
35-0593390

Part I **Fundraising Activities.** Complete if the organization answered "Yes" to Form 990, Part IV, line 17. Form 990-EZ filers are not required to complete this part.

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

- a ☐ Mail solicitations
- b ☐ Internet and email solicitations
- c ☐ Phone solicitations
- d ☐ In-person solicitations
- e ☐ Solicitation of non-government grants
- f ☐ Solicitation of government grants
- g ☐ Special fundraising events

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

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

	(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions? Yes	No	(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col (i)	(vi) Amount paid to (or retained by) organization
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
Total . . . . ▶							

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

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

		(a) Event #1 DH PARTY OF YR (event type)	(b) Event #2 DH CLASSIC (event type)	(c) Other events 0 (total number)	(d) Total events (add col (a) through col (c))
Revenue	1 Gross receipts	334,425	126,127		460,552
	2 Less Contributions	312,025	109,602		421,627
	3 Gross income (line 1 minus line 2)	22,400	16,525		38,925
Direct Expenses	4 Cash prizes				
	5 Noncash prizes		41,835		41,835
	6 Rent/facility costs	93,874	1,575		95,449
	7 Food and beverages	56,677	30,445		87,122
	8 Entertainment	13,990	6,000		19,990
	9 Other direct expenses	6,767	2,024		8,791
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				(253,187)
	11 Net income summary Subtract line 10 from line 3, column (d) ▶				-214,262

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

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col (a) through col (c))
Revenue	1 Gross revenue				
Direct Expenses	2 Cash prizes				
	3 Non-cash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	☐ Yes ____% ☐ No	☐ Yes ____% ☐ No	☐ Yes ____% ☐ No	
	7 Direct expense summary Add lines 2 through 5 in column (d) ▶				
	8 Net gaming income summary Subtract line 7 from line 1, column (d) ▶				

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

a Is the organization licensed to operate gaming activities in each of these states? ☐ Yes ☐ No

b If "No," explain ____________

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? ☐ Yes ☐ No

b If "Yes," explain ____________

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

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

13 Indicate the percentage of gaming activity operated in

a	The organization's facility	13a	%
b	An outside facility	13b	%

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

Name ▶

Address ▶

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

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

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

Name ▶

Address ▶

16 Gaming manager information

Name ▶

Gaming manager compensation ▶ $

Description of services provided ▶

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

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

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

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

Return Reference	Explanation

SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
DEACONESS HOSPITAL INC

Employer identification number
35-0593390

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☑ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care	3a	Yes	
	☐ 100% ☐ 150% ☐ 200% ☑ Other 30000 0000000000 %			
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care	3b	Yes	
	☐ 200% ☐ 250% ☑ 300% ☐ 350% ☐ 400% ☐ Other ______ %			
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			15,088,021		15,088,021	2 420 %
b Medicaid (from Worksheet 3, column a)			97,332,706	63,718,651	33,614,055	5 390 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			112,420,727	63,718,651	48,702,076	7 810 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			847,019		847,019	0 140 %
f Health professions education (from Worksheet 5)			4,494,965	1,946,352	2,548,613	0 410 %
g Subsidized health services (from Worksheet 6)			18,113,838	14,630,742	3,483,096	0 560 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			1,642,724	24,455	1,618,269	0 260 %
j **Total.** Other Benefits			25,098,546	16,601,549	8,496,997	1 370 %
k **Total.** Add lines 7d and 7j			137,519,273	80,320,200	57,199,073	9 180 %

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			1,000		1,000	0 %
2	Economic development			250		250	0 %
3	Community support			9,468		9,468	0 %
4	Environmental improvements						
5	Leadership development and training for community members			2,500		2,500	0 %
6	Coalition building			149		149	0 %
7	Community health improvement advocacy			696		696	0 %
8	Workforce development			65,751	20,090	45,661	0 010 %
9	Other						
10	**Total**			79,814	20,090	59,724	0 010 %

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 Heathcare Financial Management Association Statement No 15?			1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	27,676,249			
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3				
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements					

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	137,245,663
6	Enter Medicare allowable costs of care relating to payments on line 5	6	168,343,712
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-31,098,049

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

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

			Yes	No
9a	Did the organization have a written debt collection policy during the tax year?	9a	Yes	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b	Yes	

Part 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 (list in order of size from largest to smallest—see instructions) How many hospital facilities did the organization operate during the tax year? **3** Name, address, primary website address, and state license number		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
	See Additional Data Table										

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group DEACONESS HOSPITAL INC

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A) 1

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years begining on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	1	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☑ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 12			
3	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	Yes	
5	Did the hospital facility make its CHNA report widely available to the public?	5	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url) HTTP //WWW DEACONESS COM/CHNA			
b	☐ Other website (list url)			
c	☑ Available upon request from the hospital facility			
d	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☑ Participation in the development of a community-wide plan			
d	☑ Participation in the execution of a community-wide plan			
e	☑ Inclusion of a community benefit section in operational plans			
f	☑ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	Yes	
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 300 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 300 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☑ Medical indigency			
d ☐ Insurance status			
e ☑ Uninsured discount			
f ☑ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Residency			
i ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☐ The policy was posted on the hospital facility's website			
b ☑ The policy was attached to billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☑ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			

Part V Facility Information *(continued)*

18 Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)

- **a** ☐ Notified individuals of the financial assistance policy on admission
- **b** ☑ Notified individuals of the financial assistance policy prior to discharge
- **c** ☑ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- **d** ☑ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Section C)

Policy Relating to Emergency Medical Care

		Yes	No
19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**19**	Yes	

If "No," indicate why

- **a** ☐ The hospital facility did not provide care for any emergency medical conditions
- **b** ☐ The hospital facility's policy was not in writing
- **c** ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- **d** ☐ Other (describe in Part VI)

Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care

- **a** ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- **b** ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- **c** ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- **d** ☑ Other (describe in Part VI)

		Yes	No
21 During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care?	**21**		No
If "Yes," explain in Part VI			
22 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual?	**22**		No
If "Yes," explain in Part VI			

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 facility reporting group DEACONESS GATEWAY HOSPITAL

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A) 2

			Yes	No
	Community Health Needs Assessment (Lines 1 through 8c are optional for tax years begining on or before March 23, 2012)			
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	1	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☑ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 12			
3	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	Yes	
5	Did the hospital facility make its CHNA report widely available to the public?	5	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url) HTTP //WWW DEACONESS COM/CHNA			
b	☐ Other website (list url)			
c	☑ Available upon request from the hospital facility			
d	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☑ Participation in the development of a community-wide plan			
d	☑ Participation in the execution of a community-wide plan			
e	☑ Inclusion of a community benefit section in operational plans			
f	☑ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	Yes	
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that			
Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 300 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 300 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☑ Medical indigency			
d ☐ Insurance status			
e ☑ Uninsured discount			
f ☑ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Residency			
i ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☐ The policy was posted on the hospital facility's website			
b ☑ The policy was attached to billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☑ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			

Part V Facility Information *(continued)*

18 Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)

- **a** ☐ Notified individuals of the financial assistance policy on admission
- **b** ☑ Notified individuals of the financial assistance policy prior to discharge
- **c** ☑ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- **d** ☑ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Section C)

Policy Relating to Emergency Medical Care

		Yes	No
19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**19**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)

		Yes	No
20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☑ Other (describe in Part VI)			
21 During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care?	**21**		No
If "Yes," explain in Part VI			
22 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual?	**22**		No
If "Yes," explain in Part VI			

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 facility reporting group DEACONESS CROSS POINTE

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A) 3

			Yes	No
	Community Health Needs Assessment (Lines 1 through 8c are optional for tax years begining on or before March 23, 2012)			
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 . . .	1	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☑ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 12			
3	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted . . .	3	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . .	4	Yes	
5	Did the hospital facility make its CHNA report widely available to the public? . . .	5	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url) HTTP //WWW DEACONESS COM/CHNA			
b	☐ Other website (list url)			
c	☑ Available upon request from the hospital facility			
d	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☑ Participation in the development of a community-wide plan			
d	☑ Participation in the execution of a community-wide plan			
e	☑ Inclusion of a community benefit section in operational plans			
f	☑ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs . . .	7	Yes	
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)? . . .	8a		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? . . .	8b		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy

			Yes	No
9	Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	9	Yes	
10	Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care? If "Yes," indicate the FPG family income limit for eligibility for free care 300 000000000000% If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Used FPG to determine eligibility for providing *discounted* care? If "Yes," indicate the FPG family income limit for eligibility for discounted care 300 000000000000% If "No," explain in Part VI the criteria the hospital facility used	11	Yes	
12	Explained the basis for calculating amounts charged to patients?	12	Yes	

If "Yes," indicate the factors used in determining such amounts (check all that apply)

- a ☑ Income level
- b ☑ Asset level
- c ☑ Medical indigency
- d ☐ Insurance status
- e ☑ Uninsured discount
- f ☑ Medicaid/Medicare
- g ☐ State regulation
- h ☐ Residency
- i ☐ Other (describe in Part VI)

			Yes	No
13	Explained the method for applying for financial assistance?	13	Yes	
14	Included measures to publicize the policy within the community served by the hospital facility?	14	Yes	

If "Yes," indicate how the hospital facility publicized the policy (check all that apply)

- a ☐ The policy was posted on the hospital facility's website
- b ☑ The policy was attached to billing invoices
- c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms
- d ☐ The policy was posted in the hospital facility's admissions offices
- e ☐ The policy was provided, in writing, to patients on admission to the hospital facility
- f ☑ The policy was available upon request
- g ☑ Other (describe in Part VI)

Billing and Collections

			Yes	No
15	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	15	Yes	

16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP

- a ☐ Reporting to credit agency
- b ☐ Lawsuits
- c ☐ Liens on residences
- d ☐ Body attachments
- e ☐ Other similar actions (describe in Section C)

			Yes	No
17	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?	17		No

If "Yes," check all actions in which the hospital facility or a third party engaged

- a ☐ Reporting to credit agency
- b ☐ Lawsuits
- c ☐ Liens on residences
- d ☐ Body attachments
- e ☐ Other similar actions (describe in Section C)

Part V Facility Information *(continued)*

18 Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)

- **a** ☐ Notified individuals of the financial assistance policy on admission
- **b** ☑ Notified individuals of the financial assistance policy prior to discharge
- **c** ☑ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- **d** ☑ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Section C)

Policy Relating to Emergency Medical Care

		Yes	No
19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**19**	Yes	

If "No," indicate why

- **a** ☐ The hospital facility did not provide care for any emergency medical conditions
- **b** ☐ The hospital facility's policy was not in writing
- **c** ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- **d** ☐ Other (describe in Part VI)

Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care

- **a** ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- **b** ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- **c** ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- **d** ☑ Other (describe in Part VI)

		Yes	No
21 During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? . . . . If "Yes," explain in Part VI	**21**		No
22 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? . . . . If "Yes," explain in Part VI	**22**		No

Part V Facility Information *(continued)*

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

Form and Line Reference	Explanation
See Additional Data Table	

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? **45**

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

Part VI Supplemental Information

Provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Form and Line Reference	Explanation
PART I, LINE 6A	DEACONESS HOSPITAL PREPARES AN ANNUAL COMMUNITY BENEFIT REPORT THE REPORT IS MADE AVAILABLE IN THE FOLLOWING WAYS 1 MAILED TO ALL THE MAJOR EMPLOYERS IN THE TRI-STATE AREA 2 AN ADVERTISEMENT IS PLACED IN THE SUNDAY PAPER OF THE EVANSVILLE COURIER AND PRESS 3 IS MADE AVAILABLE ON THE DEACONESS WEBSITE AT HTTP //WWW DEACONESS COM/CAREERS/FOR-OUR-EMPLOYEES/ OUR-COMMUNITY/COMMUNITY-BENEFIT ASPX

Form and Line Reference	Explanation
PART I, LINE 7	A COST TO CHARGE RATIO WAS USED FOR MOST OF THE CALCULATIONS FOR THE TABLE IRS INSTRUCTION'S WORKSHEET 2 WAS USED FOR THIS CALCULATION WE DID NOT USE THE COST TO CHARGE RATIO FOR LINE 7G AS IT WAS NOT RELEVANT TO THESE SERVICES THE ACTUAL COST FROM OUR COSTING SYSTEM WAS USED WHEN AVAILABLE THE COST TO CHARGE RATIO FOR EACH SERVICE TYPE WAS USED TO ESTIMATE COST WHEN NOT AVAILABLE FROM OUR INTERNAL COSTING SYSTEM

Form and Line Reference	Explanation
PART I, LINE 7G	SUBSIDIZED HEALTH SERVICES ATTRIBUTED TO PHYSICIAN CLINICS HAVE A COST OF $1,189,879 THESE CLINICS ARE OPERATED AS A BENEFIT TO THE COMMUNITY

Form and Line Reference	Explanation
PART I, LN 7 COL(F)	THE BAD DEBT EXPENSE IS NOT INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A) DUE TO EARLY ADOPTION OF ACCOUNTING STANDARDS UPDATE (ASU) 2011-07, HEALTHCARE ENTITIES (TOPIC 954)

Form and Line Reference	Explanation
PART II, COMMUNITY BUILDING ACTIVITIES	COMMUNITY BUILDING ACTIVITIES DURING FISCAL YEAR 2014, DEACONESS PROVIDED FINANCIAL SUPPORT TO MORE THAN 160 NON-PROFIT ORGANIZATIONS LOCATED IN OUR THREE-STATE SERVICE AREA THIS INCLUDES SPONSORSHIP OF WALKS AND RUNS TO RAISE AWARENESS FOR DISEASES AND HEALTH CONDITIONS, DONATIONS TO AREA FOOD PANTRIES, A SIGNIFICANT PARTNERSHIP WITH A LOCAL HOMELESS SHELTER TO CREATE A MEDICAL RESPITE, AND OVER $1,000,000 DONATED TO HELP CREATE MEDICAL EDUCATION AND RESEARCH CAMPUS FOR OUR COMMUNITY THE HOSPITAL GAVE EACH TEACHER IN THE DESIGNATED "COMMUNITY BENEFIT SCHOOLS" $100 TO BUY SUPPLIES FOR THEIR CLASSROOM, TOTALING OF $23,355 THE HOSPITAL ALSO SENT $100 TO EVERY "AFTER PROM" EVENT IN THE REGION TO PROVIDE TEENAGERS WITH A SAFE PLACE TO CELEBRATE FREE FROM DRUGS, ALCOHOL, AND RISKY BEHAVIOR, TOTALING $2,100 DEACONESS PROVIDED FREE AND REDUCED CARE WITHIN OUR HOSPITAL BUILDINGS THROUGH OUR MEDICATION ASSISTANCE PROGRAM, OUR FAMILY PRACTICE RESIDENCY CLINIC, AND COMMUNITY HEALTH SCREENINGS, AREA RESIDENTS CAN ACCESS THE HIGH QUALITY HEALTHCARE THEY NEED IN CONVENIENT LOCATIONS AND AT A PRICE THEY CAN AFFORD DEACONESS PROMOTES HEALTHY LIVING IN THE COMMUNITY THROUGH SEVERAL INITIATIVES INCLUDING 1 HEALTHIER U WORKS ORGANIZED, OUTDOOR COMMUNITY WALK EVERY MORNING FROM APRIL TO OCTOBER2 WISE CHOICE VENDORS AT THE ANNUAL FALL FESTIVAL SUBMIT RECIPES TO OUR DIETICIANS IF THEY MEET CERTAIN NUTRITIONAL REQUIREMENTS, THE VENDORS BOOTH GETS A GREEN SIGN TO HANG THAT INDICATES THE SERVE HEALTHY FOOD OPTIONS AT THEIR BOOTH 3 MENS HEALTH SERIES ONCE A MONTH FROM MARCH THROUGH NOVEMBER, MEN IN THE COMMUNITY ARE INVITED TO COME TO THE HOSPITAL, EAT DINNER, AND HEAR A PRESENTATION SPECIFICALLY GEARED TOWARD IMPROVING MENS HEALTH 4 COMMUNITY SCREENINGS EACH, WEEK, REDUCED COST HEALTH SCREENINGS ARE OFFERED AT A DEACONESS CLINIC LOCATION THE LOCATION ROTATES BETWEEN MULTIPLE STATES AND COUNTIES 5 MENTAL HEALTH FIRST-AID COURSES AN EDUCATION PROGRAM THAT HELPS THE PUBLIC IDENTIFIES, UNDERSTAND, AND RESPOND TO SIGNS OF MENTAL ILLNESSES AND SUBSTANCE ABUSE DISORDERS 6 TRAUMA EDUCATION DEACONESS TRAUMA SERVICES DEVOTES TIME AND RESOURCES TO EDUCATING EMS PERSONNEL AND OTHER FIRST RESPONDERS IN THE REGION 7 HEALTH SCIENCE INSTITUTE A HANDS-ON SUMMER PROGRAM FOR HIGH SCHOOL STUDENTS INTERESTED IN THE MEDICAL PROFESSION 8 SUICIDE PREVENTION MEMBERS OF OUR MENTAL HEALTH HOSPITAL TRAVEL AROUND THE REGION TO PROVIDE SUICIDE PREVENTION TRAINING TO SCHOOLS, CHURCHES, NON-PROFIT GROUPS, ETC

Form and Line Reference	Explanation
PART III, LINE 4	THE FOOTNOTE DESCRIBING BAD DEBT EXPENSES IS INCLUDED IN THE ATTACHED AUDITED FINANCIAL STATEMENTS UNDER FOOTNOTE "CHARITY CARE, COMMUNITY BENEFIT AND ASSISTANCE TO THE UNINSURED" STARTING ON PAGE 11 AND "PATIENT ACCOUNTS RECEIVABLE, ESTIMATED THIRD-PARTY PAYOR SETTLEMENTS AND NET PATIENT SERVICE REVENUE" STARTING ON PAGE 12

Form and Line Reference	Explanation
PART III, LINE 8	THE SOURCE USED TO DETERMINE THE AMOUNT OF MEDICARE REVENUE AND ALLOWABLE COSTS REPORTED FOR PART III, SECTION B, LINE 8 THE MEDICARE TOTAL REVENUE AND ALLOWABLE COSTS WERE ESTIMATED BASED UPON THE 2013 MEDICARE COST REPORT THE MEDICARE SHORTFALL FOR DEACONESS HOSPITAL IS TREATED AS COMMUNITY BENEFIT DUE TO THE HOSPITAL PROVIDING CARE TO MEDICARE PATIENTS AT LESS THAN THE ALLOWABLE MEDICARE COSTS

Form and Line Reference	Explanation
PART III, LINE 9B	DEACONESS HOSPITAL MAKES A DISTINCTION BETWEEN CHARITY AND BAD DEBT IN DETERMINING AN INDIVIDUAL OR FAMILY'S ABILITY TO PAY, DEACONESS HOSPITAL EVALUATES WHETHER OR NOT THE RESPONSIBLE PARTY HAS SUFFICIENT RESOURCES FOR PAYMENT IF AN INDIVIDUAL IS DETERMINED TO NOT HAVE SUFFICIENT RESOURCES TO PAY, THEY WILL BE CONSIDERED ELIGIBLE FOR CHARITY CARE AND WILL NOT BE PROCESSED THROUGH EITHER INTERNAL OR EXTERNAL COLLECTIONS ACCOUNTS OF CHARITY CARE PATIENTS WHO ARE UNABLE TO PAY DO NOT RESULT IN BAD DEBT AND ARE NOT COLLECTED UPON DEACONESS UTILIZES AN OUTSOURCING AGENCY FOR SELF PAY BALANCES IF THE PATIENT HAS RECEIVED AT LEAST TWO STATEMENTS AND NOT SET UP A PAYMENT PLAN OR PAID THE BALANCES, THE SELF PAY PORTION IS OUTSOURCED TO COMPLETE BUSINESS SERVICES THEY WILL WORK THE ACCOUNTS BASED ON POLICY AND RETURN THE ACCOUNTS FOR BAD DEBT CLASSIFICATION AND TO BE SENT TO THE APPROPRIATE AGENCY BASED ON POLICY DEACONESS ALSO UTILIZES EPI FINANCE GROUP, LLC TO MANAGE PAYMENT PLANS FUNDED THROUGH REPUBLIC BANK AND TRUST COMPANY THE EPI PAYMENT PLAN PROGRAM OFFERS INTEREST FREE LOANS TO DEACONESS PATIENTS BETWEEN 4 AND 24 MONTHS DEPENDING ON THE PATIENT'S ABILITY TO PAY THE LOAN OFF

Form and Line Reference	Explanation
PART VI, LINE 2	NEEDS ASSESSMENT PROCESS IN ADDITION TO THE CHNA REPORTED IN PART V, SECTION B DEACONESS HOSPITAL UTILIZES A VARIETY OF SOURCES TO GATHER DATA ON LOCAL HEALTH CARE NEEDS A MAJOR SOURCE IS THE 7-COUNTY HEALTH SURVEY CONDUCTED BY WELBORN BAPTIST FOUNDATION DEACONESS ALSO USES DATA FROM THE UNITED WAY OF SOUTHWESTERN INDIANA'S COMPREHENSIVE NEEDS ASSESSMENT, COUNTY HEALTH RANKINGS WEBSITE, INDIANA STATE DEPARTMENT OF HEALTH, CENTERS FOR DISEASE CONTROL AND PREVENTION, NATIONAL CENTER FOR HEALTH STATISTICS, AND THE U S CENSUS BUREAU ADDITIONAL INFORMATION COMES THROUGH THE HOSPITAL'S INTERACTION WITH LOCAL SERVICE PROVIDERS AND OTHER NON-PROFIT ORGANIZATIONS

Form and Line Reference	Explanation
PART VI, LINE 3	PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE DEACONESS HOSPITAL UTILIZES FINANCIAL COUNSELORS TO EDUCATE, INFORM AND ASSIST PATIENTS AND FAMILIES IN UNDERSTANDING THEIR FINANCIAL OBLIGATION, ABILITY TO QUALIFY FOR FINANCIAL ASSISTANCE THROUGH DEACONESS HOSPITAL'S FINANCIAL ASSISTANCE PROGRAM AND PAYMENT OPTIONS SPECIFICALLY, FINANCIAL COUNSELORS STAFF THE EMERGENCY DEPARTMENT, REGISTRATION AREAS, CASHIER AREA, AS WELL AS, FLOAT AMONG INPATIENT AREAS TO ENSURE EACH AND EVERY PATIENT REQUIRING ASSISTANCE IS REACHED IN ADDITION TO THE PERSONAL AND INDIVIDUALIZED COUNSELING PROVIDED BY THE FINANCIAL COUNSELORS, VARIOUS FORMS OF MEDIA ARE DISTRIBUTED THROUGHOUT DEACONESS HOSPITAL EXPLAINING THE FINANCIAL ASSISTANCE PROCESS ADDITIONALLY, POLICIES FOR FINANCIAL ASSISTANCE ARE POSTED WIDELY THROUGHOUT DEACONESS HOSPITAL AND ON THE INTERNET AT WWW DEACONESS COM HTTP //WWW DEACONESS COM/DEACONESSHOSPITAL/BUSINESS-OFFICE/FINANCIAL-ASSISTANCE ASPX

Form and Line Reference	Explanation
PART VI, LINE 4	COMMUNITY INFORMATION DEACONESS HOSPITAL IS A MAJOR REFERRAL CENTER FOR A 26-COUNTY TRI-S TATE AREA IN SOUTHWESTERN INDIANA, WESTERN KENTUCKY AND SOUTHEASTERN ILLINOIS THE HOSPITA L AND ITS FACILITIES ARE LOCATED ON FOUR CAMPUSES WHICH INCLUDE THE MAIN 28-ACRE CAMPUS ON THE NEAR NORTH SIDE OF EVANSVILLE IN VANDERBURGH COUNTY, THE 63-ACRE GATEWAY CAMPUS LOCAT ED IN WARRICK COUNTY ON THE EASTERN BORDER OF VANDERBURGH COUNTY, AND TWO OTHER EASTSIDE E VANSVILLE LOCATIONS FOR PSYCHIATRIC BEHAVIORAL SERVICES AND REHABILITATION SERVICES THE H OSPITAL OPERATES A MAIN CAMPUS WITH A TOTAL OF 305 BEDS CONSISTING OF 38 INTENSIVE CARE BE DS, 16 CARDIAC INTENSIVE CARE BEDS, 66 CARDIAC BEDS, 23 ONCOLOGY/ PULMONOLOGY BEDS, 61 ORT HOPAEDIC/ NEUROLOGICAL BEDS, 96 MEDICAL/ SURGICAL BEDS AND 5 HOSPICE BEDS IN ADDITION, TH E HOSPITAL PROVIDES A FULL-ARRAY OF COMPREHENSIVE OUTPATIENT AND AMBULATORY SERVICES ON IT S MAIN CAMPUS AND OTHER SPECIFIC SERVICES AT MULTIPLE SITES WITHIN ITS PRIMARY AND SECONDA RY SERVICE AREAS THE HOSPITAL OPERATES THE 158 BED DEACONESS GATEWAY HOSPITAL WHICH WAS O PENED IN JANUARY 2006, ON THE GATEWAY CAMPUS CONSISTING OF 13 ADULT INTENSIVE CARE BEDS, 1 7 PEDIATRIC AND PEDIATRIC INTENSIVE CARE BEDS, 16 NEUROSURGICAL BEDS, 32 ORTHOPAEDIC BEDS, 16 NEURO INTENSIVE CARE BEDS, 32 SURGICAL ONCOLOGY BEDS, AND 32 GENERAL MED/ TELEMETRY BE DS THE HOSPITAL PROVIDES A FULL ARRAY OF COMPREHENSIVE OUTPATIENT AND AMBULATORY SERVICE ON THE GATEWAY CAMPUS THE HOSPITAL OWNS AND OPERATES DEACONESS CROSS POINTE, A FREE-STAND ING, 60-BED INPATIENT PSYCHIATRIC HOSPITAL LOCATED APPROXIMATELY 7 MILES EAST OF THE MAIN CAMPUS IN EVANSVILLE ALSO, THE HOSPITAL IS AN OWNER IN THREE JOINT VENTURE HOSPITALS 1 D EACONESS WOMEN'S HOSPITAL OF SOUTHERN INDIANA, LLC D/B/A THE WOMEN'S HOSPITAL, A FREE STAN DING SPECIALTY 74-BED WOMEN'S AND INFANT'S HOSPITAL, LOCATED ON THE GATEWAY CAMPUS 2 HEAL THSOUTH/DEACONESS, LLC D/B/A TRI-STATE REGIONAL REHABILITATION HOSPITAL, A 85-BED INPATIEN T ACUTE REHABILITATION HOSPITAL, LOCATED APPROXIMATELY 8 MILES TO THE SOUTHEAST OF THE MAI N CAMPUS 3 THE HEART HOSPITAL AT DEACONESS GATEWAY, LLC, A 24-BED CARDIOVASCULAR SPECIALT Y HOSPITAL, RESIDING ON THE GATEWAY CAMPUS THE HOSPITAL PLAYS AN ACTIVE ROLE IN MEDICAL E DUCATION, OPERATING A THREE YEAR FAMILY MEDICINE RESIDENCY PROGRAM, A POST-GRADUATE PHARMA CY RESIDENT PROGRAM, AND SEVERAL UNDERGRADUATE MEDICAL AFFILIATIONS THE HOSPITAL ALSO PRO VIDES CONTINUING MEDICAL EDUCATION PROGRAMS FOR ATTENDING PHYSICIANS, OTHER HEALTH PROFESS IONALS, OTHER ALLIED HEALTH PROGRAMS, AND THE COMMUNITY AT LARGE THE HOSPITAL, THROUGH IT S RELATED CORPORATIONS, PROVIDES OUTREACH SERVICES TO NURSING HOMES, PHYSICIANS' OFFICES A ND SURROUNDING SMALLER HOSPITALS IN ITS SERVICE AREA VANDERBURGH COUNTY DEMOGRAPHICS INCLU DE POPULATION VANDERBURGH COUNTY INCLUDES A POPULATION OF 183,833 PEOPLE, A NUMBER THAT I S EXPECTED TO REMAIN RELATIVELY FLAT OVER THE NEXT 5 YEARS WITHIN VANDERBURGH, ONE OF THE MOST SIGNIFICANT GROWTH SEGMENTS IS THE 65+ AGE POPULATION, WHERE AN 8 8% INCREASE IS PRO JECTED FOR THE 5-YEAR PERIOD BETWEEN 2012 AND 2017 MARKET DIVERSITY THE EVANSVILLE AREA CONTINUES TO BE A RELATIVELY NON-DIVERSE POPULATION, WITH 86% OF THE POPULATION CHARACTERI ZED AS WHITE OR CAUCASIAN ALONE AND 9% OF THE POPULATION CHARACTERIZED AS BLACK OR AFRICAN AMERICAN ALONE POOR AND VULNERABLE POPULATIONS ONE OUT OF SEVEN HOUSEHOLDS IN VANDERBURG H (15 1%) EARNS LESS THAN $15,000 ANNUALLY IT IS ESTIMATED THAT 15 9% OF RESIDENTS ARE UN INSURED, A NUMBER THAT IS PROJECTED TO DECLINE TO 7 5% BY 2017, ASSUMING THAT THE EXPANSIO N OF MEDICAID TAKES PLACE AS ORIGINALLY SCHEDULED HEALTH OUTCOMES BASED ON THE 2012 COUNT Y HEALTH RAKINGS, VANDERBURGH COUNTY RANKS 76TH OUT OF 92 INDIANA COUNTIES BASED ON SPECIF IC HEALTH FACTORS AND HEALTH OUTCOMES IT RANKS 78TH RELATIVE TO ITS PHYSICAL ENVIRONMENT (E G AIR POLLUTION) (SOURCE ROBERT WOODS JOHNSON FOUNDATION, ACCESSED AT WWW COUNTYHEAL THRANKINGS ORG) HOUSEHOLD INCOME THE MEDIAN HOUSEHOLD INCOME IN VANDERBURGH COUNTY IS ES TIMATED AT $38,851 FOR 2012 MEDIAN AGE THE MEDIAN AGE IN VANDERBURGH DURING 2012 WAS 38 Y EARS WARRICK COUNTY DEMOGRAPHICS INCLUDE POPULATION WARRICK COUNTY INCLUDES A POPULATION OF 61,138 PEOPLE, A NUMBER THAT IS EXPECTED TO GROW BY MORE THAN 5% OVER THE NEXT 5 YEARS WITHIN WARRICK, ONE OF THE MOST SIGNIFICANT GROWTH SEGMENTS IS THE 65+ AGE POPULATION, WH ERE A 27 8% INCREASE IS PROJECTED FOR THE 5-YEAR PERIOD BETWEEN 2012 AND 2017 MARKET DIVE RSITY THE WARRICK AREA CONTINUES TO BE A RELATIVELY NON-DIVERSE POPULATION, WITH 95% OF T HE POPULATION CHARACTERIZED AS WHITE OR CAUCASIAN ALONE POOR AND VULNERABLE POPULATIONS A RELATIVELY AFFLUENT POPULATION, ONLY 8% OF WARRICKS HOUSEHOLDS EARNS LESS THAN $15,000 AN NUALLY IT IS ESTIMATED THAT 7% OF RESIDENTS ARE UNINSURED, A NUMBER THAT IS PROJECTED TO DECLINE TO 3% BY 2017, ASSUMING THAT THE EXPANSION OF MEDICAID TAKES PLACE AS ORIGINALLY S CHEDULED HEALTH OUTCOMES BASED ON THE 2012 COUNTY

Form and Line Reference	Explanation
PART VI, LINE 4	HEALTH RAKINGS, WARRICK COUNTY RANKS 11TH OUT OF 92 INDIANA COUNTIES BASED ON SPECIFIC HE ALTH FACTORS AND HEALTH OUTCOMES IT RANKS 85TH BASED ON ITS PHYSICAL ENVIRONMENT (E G AI R POLLUTION) HOUSEHOLD INCOME THE MEDIAN HOUSEHOLD INCOME IN WARRICK COUNTY IS ESTIMATED AT $47,922 FOR 2012 MEDIAN AGE THE MEDIAN AGE IN WARRICK DURING 2012 WAS 40 YEARS

Form and Line Reference	Explanation
PART VI, LINE 5	OTHER IMPORTANT COMMUNITY HEALTH PROMOTION A MAJORITY OF ORGANIZATION'S GOVERNING BODY IS INDEPENDENT AND COMPRISED OF PERSONS WHO RESIDED IN THE ORGANIZATION'S PRIMARY SERVICE AREA, EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN ITS COMMUNITY, AND APPLIES SURPLUS FUNDS TO IMPROVEMENTS IN PATIENT CARE

Form and Line Reference	Explanation
PART VI, LINE 6	AFFILIATED HEALTH CARE SYSTEM DEACONESS HOSPITAL WORKS IN CONCERT WITH DEACONESS HEALTH SYSTEM AND DEACONESS CLINIC TO PROVIDE HEALTHCARE SERVICES WITH A COMPASSIONATE AND CARING SPIRIT TO PERSONS, FAMILIES AND COMMUNITIES OF THE TRI-STATE DEACONESS HEALTH SYSTEM WORKS TO INCREASE ACCESS TO HEALTHCARE SERVICES WITHIN OUR COMMUNITY THROUGH DEACONESS HOSPITAL AND DEACONESS CLINIC DEACONESS HOSPITAL IS A MEDICAL INSTITUTION DEDICATED TO PROVIDING QUALITY PATIENT CARE WITH UNRELENTING ATTENTION TO CLINICAL EXCELLENCE, PATIENT SAFETY AND AN UNPARALLELED PASSION AND COMMITMENT TO ASSURE THE VERY BEST HEALTHCARE FOR THE PATIENTS SERVED DEACONESS CLINIC PROVIDES EXCELLENT PRIMARY AND MULTI-SPECIALTY HEALTHCARE IN A PERSONALIZED FASHION WITH A DEDICATED FOCUS TO SERVE THE COMMUNITY WITH EXCELLENT, TIMELY AND COMPASSIONATE PATIENT CARE PART VI, LINE 7, LIST OF STATES RECEIVING COMMUNITY BENEFIT REPORT INDIANA

> Form 990 Schedule H, Part V Section D. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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

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

Name and address	Type of Facility (describe)
DEACONESS PROCEDURE CENTER 421 CHESTNUT STREET EVANSVILLE,IN 47713	OUTPATIENT SERVICES
DEACONESS HOSPITAL PHYSICAL MEDICINE 520 MARY STREET SUITE 280 EVANSVILLE,IN 47747	OUTPATIENT SERVICES
DEACONESS COMPREHENSIVE PAIN CTR & PROG 4600 W LLOYD EXPRESSWAY EVANSVILLE,IN 47712	OUTPATIENT SERVICES
DEACONESS CHEMOTHERAPY INFUSION CTR 4055 GATEWAY BLVD SUITE 1200 NEWBURGH,IN 47630	OUTPATIENT SERVICES
DEACONESS HOSPITAL INFUSION SVCS 421 CHESTNUT STREET EVANSVILLE,IN 47713	OUTPATIENT SERVICES
DEACONESS HOSPITAL PHYSICAL MEDICINE 10455 ORTHOPAEDIC DRIVE NEWBURGH,IN 47630	OUTPATIENT SERVICES
DEACONESS COMPREHENSIVE PAIN CTR-GATEWAY 4099 GATEWAY BLVD NEWBURGH,IN 47630	OUTPATIENT SERVICES
DEACONESS CRITICAL CARE GROUP 519 HARRIET STREET EVANSVILLE,IN 47747	OUTPATIENT SERVICES
DEACONESS HOSPITAL BREAST CENTER 520 MARY STREET SUITE 140 EVANSVILLE,IN 47710	OUTPATIENT SERVICES
DEACONESS REGIONAL LABORATORY 421 CHESTNUT STREET EVANSVILLE,IN 47713	OUTPATIENT SERVICES
DEACONESS HOME CARE 701 GARFIELD STREET EVANSVILLE,IN 47747	OUTPATIENT SERVICES
CHANCELLOR CENTER FOR ONCOLOGY 4055 GATEWAY BLVD NEWBURGH,IN 47630	OUTPATIENT SERVICES
DEACONESS SLEEP LAB 350 W COLUMBIA STREET SUITE 210 EVANSVILLE,IN 47710	OUTPATIENT SERVICES
DEACONESS SLEEP LAB 350 W COLUMBIA STREET SUITE LL-10 EVANSVILLE,IN 47710	OUTPATIENT SERVICES
DEACONESS OHIO VALLEY HOSPICE 701 GARFIELD STREET EVANSVILLE,IN 47747	OUTPATIENT SERVICES

Form 990 Schedule H, Part V Section D. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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

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

Name and address	Type of Facility (describe)
DEACONESS REGIONAL LABORATORY 4133 GATEWAY BLVD SUITE 110 NEWBURGH,IN 47630	OUTPATIENT SERVICES
THE FAMILY PRACTICE CENTER 515 READ STREET EVANSVILLE,IN 47710	OUTPATIENT SERVICES
DEACONESS WOUND CARE CENTER 611 HARRIET STREET SUITE 501 EVANSVILLE,IN 47710	OUTPATIENT SERVICES
DEACONESS HOSPITAL MAMMOGRAPHY & IMAGING 421 CHESTNUT STREET EVANSVILLE,IN 47713	OUTPATIENT SERVICES
DEACONESS CLINIC GATEWAY REG LAB 4233 GATEWAY BLVD NEWBURGH,IN 47630	OUTPATIENT SERVICES
DEACONESS ANTICOAGULATION CLINIC 4107 GATEWAY BLVD NEWBURGH,IN 47630	OUTPATIENT SERVICES
DEACONESS CLINIC WEST REG LAB RADIOLOGY 545 S BOEHNE CAMP ROAD EVANSVILLE,IN 47712	OUTPATIENT SERVICES
MIDWEST RADIOLOGIC IMAGING 10455 ORTHOPAEDIC DRIVE NEWBURGH,IN 47630	OUTPATIENT SERVICES
MIDWEST RADIOLOGICAL IMAGING 4087 GATEWAY BLVD NEWBURGH,IN 47630	OUTPATIENT SERVICES
DEACONESS REGIONAL LABORATORY 611 HARRIET STREET SUITE 102 EVANSVILLE,IN 47710	OUTPATIENT SERVICES
DEACONESS RILEY CHILDREN'S SPECIALTY CTR 4133 GATEWAY BLVD NEWBURGH,IN 47630	OUTPATIENT SERVICES
DEACONESS RILEY SPECIALITY CTR OP 4121 GATEWAY BLVD NEWBURGH,IN 47630	OUTPATIENT SERVICES
DOCTOR'S PLAZA X-RAY 611 HARRIET STREET EVANSVILLE,IN 47710	OUTPATIENT SERVICES
DEACONESS PRIMARY CARE FOR SENIORS 4498 FIRST AVENUE EVANSVILLE,IN 47710	OUTPATIENT SERVICES
DEACONESS REGIONAL LABORATORY 4494 N FIRST AVENUE EVANSVILLE,IN 47710	OUTPATIENT SERVICES

Form 990 Schedule H, Part V Section D. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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

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

Name and address	Type of Facility (describe)
DEACONESS CLINIC PRINCETON RADIOLOGY SRV 685 VAIL STREET PRINCETON,IN 47670	OUTPATIENT SERVICES
DEACONESS PRIMARY CARE FOR SENIORS 1750 OAK HILL ROAD EVANSVILLE,IN 47710	OUTPATIENT SERVICES
DEACONESS PRE-ADMISSION TESTING 520 MARY STREET SUITE 330 EVANSVILLE,IN 47747	OUTPATIENT SERVICES
MT VERNON MEDICAL CENTER LAB & RADIOLOGY 1900 W FOURTH STREET MT VERNON,IN 47620	OUTPATIENT SERVICES
DEACONESS FAMILY MEDICINE 611 HARRIET STREET SUITE 504 EVANSVILLE,IN 47710	OUTPATIENT SERVICES
DEACONESS DIABETES CENTER - EDUCATION 421 CHESTNUT STREET EVANSVILLE,IN 47713	OUTPATIENT SERVICES
DEACONESS GATEWAY GASTROENTEROLOGY 4133 GATEWAY BLVD NEWBURGH,IN 47630	OUTPATIENT SERVICES
DEACONESS WEIGHT LOSS SOLUTIONS 310 W IOWA STREET EVANSVILLE,IN 47710	OUTPATIENT SERVICES
DEACONESS REGIONAL LABORATORY 1204 W WILLIAMS STREET OAKLAND CITY,IN 47660	OUTPATIENT SERVICES
DEACONESS CROSS POINTE-OWENSBORO 920 FREDERICA STREET SUITE 1003 OWENSBORO,KY 42301	OUTPATIENT SERVICES
DEACONESS CROSS POINTE-HENDERSON 209 N ELM STREET HENDERSON,KY 42420	OUTPATIENT SERVICES
DEACONESS CROSS POINTE OUTPATIENT CLINIC 445 CROSS POINTE BLVD EVANSVILLE,IN 47715	OUTPATIENT SERVICES
DEACONESS CROSS POINTE 7200 E INDIANA EVANSVILLE,IN 47715	OUTPATIENT SERVICES
DEACONESS RADIOLOGY LABORATORY- MT PLEA 8600 NORTH KENTUCKY AVENUE EVANSVILLE,IN 47725	OUTPATIENT SERVICES
DEACONESS RADIOLOGY SERVICES- MT PLEASA 8600 NORTH KENTUCKY AVENUE EVANSVILLE,IN 47725	OUTPATIENT SERVICES

Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990
▶ Information about Schedule I (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
DEACONESS HOSPITAL INC

Employer identification number
35-0593390

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . ☑ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
See Additional Data Table							

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . ▶ 22

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

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	**(b)** Number of recipients	**(c)** Amount of cash grant	**(d)** Amount of non-cash assistance	**(e)** Method of valuation (book, FMV, appraisal, other)	**(f)** Description of non-cash assistance

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

Return Reference	**Explanation**
PART I, LINE 2	DEACONESS HOSPITAL CONFIRMS ALL RECIPIENTS OF FUNDS ARE ORGANIZATIONS WHOSE GOALS COINCIDE WITH DEACONESS' MISSION OF PROVIDING QUALITY HEALTH CARE WITH A COMPASSIONATE AND CARING SPIRIT THE ORGANIZATIONS PROVIDE NEEDED SERVICES TO OUR COMMUNITY TO IMPROVE HEALTH AND WELLNESS FOR THE CITIZENS IN THE SURROUNDING AREA

Additional Data

Software ID:
Software Version:
EIN: 35-0593390
Name: DEACONESS HOSPITAL INC

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
ALLIANCE INITIATIVES FUND 5000 E VIRGINIA EVANSVILLE,IN 47715	35-2116083	501(C)(3)	250,000				MEDICAL EDUCATION

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
UNITED CARING SHELTERS 324 NW SIXTH STREET EVANSVILLE,IN 47708	35-1892153	501(C)(3)	67,888				HOMELESS MED RESPITE

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
LAMPION CENTER 655 SOUTH HEBRON AVENUE EVANSVILLE,IN 47714	35-0868077	501(C)(3)	50,000				CAPITAL CAMPAIGN

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
EASTER SEALS REHABILITATION CENTER 3701 BELLEMEADE AVE EVANSVILLE,IN 47714	35-1087526	501(C)(3)	38,925				GENERAL SUPPORT

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
AMERICAN HEART ASSOCIATION 7272 GREENVILLE AVE DALLAS,TX 75231	13-5613797	501(C)(3)	32,000				GENERAL SUPPORT

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
IVY TECH FOUNDATION 3501 N 1ST AVENUE EVANSVILLE,IN 47710	23-7073977	501(C)(3)	29,933				GENERAL SUPPORT

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
YMCA OF SW INDIANA INC 222 NW 6TH ST EVANSVILLE,IN 47708	35-0869074	501(C)(3)	26,200				GENERAL SUPPORT

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
MARIAN UNIVERSITY 3200 COLD SPRING ROAD INDIANAPOLIS,IN 462221997	35-0868175	501(C)(3)	25,000				D O SCHOLARSHIP PROGRAM

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
ECONOMIC DEVELOPMENT COALITION OF SOUTHWESTERN INDIANA 318 MAIN STREET SUITE 400 EVANSVILLE,IN 47708	32-0152563	501(C)(6)	25,000				GENERAL SUPPORT

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
TRI-STATE FOOD BANK 801 E MICHIGAN STREET EVANSVILLE,IN 477115631	35-1539870	501(C)(3)	23,700				GENERAL SUPPORT

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
EVANSVILLE VANDERBURGH SCHOOL CORP 1 SE NINTH STREET EVANSVILLE,IN 47708	35-1071682	501(C)(3)	20,090				GENERAL SUPPORT

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
UNIVERSITY OF SOUTHERN INDIANA 8600 UNIVERSITY BOULEVARD EVANSVILLE,IN 47712	23-7042320	501(C)(3)	20,000				HEALTH PROFESSIONAL SCHOLARSHIP

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
ECHO COMMUNITY HEALTH CARE 315 MULBERRY STREET EVANSVILLE,IN 47713	35-1791786	501(C)(3)	20,000				PED & OB CLINIC PROJECT

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
KOMEN GREATER EVANSVILLE AFFILIATE 4424 VOGEL RD STE 205 EVANSVILLE,IN 47715	75-2844632	501(C)(3)	15,000				GENERAL SUPPORT

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
YWCA 118 VINE ST EVANSVILLE,IN 47708	35-0869075	501(C)(3)	15,000				GENERAL SUPPORT

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
JUNIOR ACHIEVEMENT OF SW INDIANA 431 E DIAMOND AVENUE EVANSVILLE,IN 47711	35-6048156	501(C)(3)	13,350				GENERAL SUPPORT

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
EVANSVILLE AREA COMMUNITY CHURCHES 713 N 2ND AVE EVANSVILLE,IN 47710	35-0886837	501(C)(3)	12,000				FOOD FOR FOOD PANTRY

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
EVANSVILLE SOCCER CLUB PO BOX 15906 EVANSVILLE,IN 47716	35-2086976	501(C)(3)	10,000				UNDERSERVED YOUTH

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
EVANSVILLE KIDNEY ASSOCIATION 1312 PROFESSIONAL BLVD STE 200 EVANSVILLE,IN 47714	26-0219765	501(C)(3)	10,000				GENERAL SUPPORT

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
AMERICAN RED CROSS 29 S STOCKWELL RD EVANSVILLE,IN 47714	53-0196605	501(C)(3)	10,000				GENERAL SUPPORT

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
AURORA 1100 LINCOLN AVE PO BOX 74 EVANSVILLE,IN 477010074	35-1759576	501(C)(3)	10,000				CAPITAL CAMPAIGN

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
CONGREGATIONS OF ACTING FOR JUSTICE 713 N 2ND AVE EVANSVILLE,IN 47710	30-0051217	501(C)(3)	10,000				GENERAL SUPPORT

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
GIRL SCOUTS OF SOUTHWEST INDIANA 223 NW 2ND STREET EVANSVILLE,IN 47708	35-0876380	501(C)(3)	9,000				GENERAL SUPPORT

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
ALBION FELLOWS BACON CENTER PO BOX 3164 EVANSVILLE,IN 477313164	31-1029051	501(C)(3)	7,500				GENERAL SUPPORT

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
OTHERS 5000			134,083				GENERAL SUPPORT

Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 23.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule J (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047
2013
Open to Public Inspection

Name of the organization
DEACONESS HOSPITAL INC

Employer identification number
35-0593390

Part I Questions Regarding Compensation

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

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

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

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

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

Part III Supplemental Information

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

Return Reference	Explanation
PART I, LINE 1A	SOCIAL CLUB DUES ARE PAID FOR LINDA WHITE, JAMES PORTER AND SHAWN MCCOY FOR ORGANIZATION BUSINESS ONLY ANY PERSONAL USE OF THE CLUB MUST BE PAID BY THE EMPLOYEES
PART I, LINE 4B	SEVERANCE, NONQUALIFIED, AND EQUITY-BASED PAYMENTS SEVERANCE NONQUALIFIED EQUITY-BASED LINDA E WHITE $ -0- $17,500 $ -0- DAVID A KOEHLER, JR , MD 0 17,500 0 SHAWN W MCCOY 0 17,500 0 JAMES R PORTER, MD 0 17,500 0 CHERONA J HAJEWSKI 0 17,500 0 BRUCE E EPMEIER 0 17,500 0 VENKATESH R MADADI, MD 0 17,500 0 RAJESH J PATEL, MD 0 17,500 0 NIRMAL JOSHI, M D 0 17,000 0 CHERYL A WATHEN 0 17,500 0 AYMAN ELFAR, M D 0 17,500 0 PART I, 4B CONTRIBUTIONS MADE TO A SUPPLEMENTAL ACCUMULATION ACCOUNT LINDA WHITE $205,944 SHAWN MCCOY $94,377 CHERYL WATHEN $73,274 JAMES PORTER $90,799 BRUCE EPMEIER $35,781 CHERONA HAJEWSKI $41,668 LYNN LINGAFELTER $44,107 PAYOUT FROM A SUPPLEMENTAL ACCUMULATION ACCOUNT LINDA WHITE $308,155 JAMES PORTER $88,062 SHAWN MCCOY $92,483 CHERONA HAJEWSKI $48,769 BRUCE EPMEIER $70,074
PART I, LINE 6	RELATED ORG COMPENSATION CONTINGENT UPON NET EARNINGS INCENTIVE COMPENSATION PAYMENTS ARE BASED UPON SUCCESSFUL ACHIEVEMENT OF ESTABLISHED INPATIENT SATISFACTION MEASURES, OUTPATIENT SATISFACTION MEASURES, COMPLIANCE WITH PUBLICLY REPORTED QUALITY INDICATORS, OPERATING MARGIN AS WELL AS OTHER TECHNICAL AND PERSONAL FUNCTIONAL GOALS DEACONESS HOSPITAL'S INCENTIVE COMPENSATION PROGRAMS ARE FORMULATED TO REWARD BEHAVIOR THAT BALANCES PATIENT NEEDS AND EFFICIENT DELIVERY OF PATIENT CARE TO ENSURE THE BEST OUTCOMES ARE ACHIEVED

Additional Data

Software ID:
Software Version:
EIN: 35-0593390
Name: DEACONESS HOSPITAL INC

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation (i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation	(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
LINDA WHITE PRESIDENT/ CEO	(i)	359,338	294,599	316,357	118,754	10,547	1,099,595	0
	(ii)	361,813	0	7,600	102,490	10,547	482,450	0
DAVID KOEHLER JR MD DIRECTOR	(i)	92,776	17,368	0	0	0	110,144	0
	(ii)	158,944	21,485	7,320	18,009	443	206,201	0
MATHIAS KOLLECK II DIRECTOR	(i)	221,466	47,328	62,783	21,972	24,754	378,303	0
	(ii)	0	0	4,800	0	0	4,800	0
SHAWN MCCOY CHIEF ADMINISTRATIVE OFFIC	(i)	381,386	143,660	95,879	109,677	29,101	759,703	0
	(ii)	0	0	9,400	0	0	9,400	0
CHERYL WATHEN CHIEF FINANCIAL OFFICER	(i)	175,622	112,354	4,545	53,543	21,518	367,582	0
	(ii)	180,501	0	9,400	35,031	21,518	246,450	0
JAMES PORTER MD CHIEF MEDICAL OFFICER	(i)	398,080	118,197	89,958	106,099	29,313	741,647	0
	(ii)	0	0	3,600	0	0	3,600	0
CHERONA HAJEWSKI CHIEF NURSING OFFICER	(i)	278,399	82,368	54,667	56,968	26,664	499,066	0
	(ii)	0	0	0	0	0	0	0
BRUCE EPMEIER VICE PRESIDENT	(i)	206,244	60,814	73,470	48,246	18,958	407,732	0
	(ii)	0	0	0	0	0	0	0
G WILLIAM KENNEDY HR DIRECTOR	(i)	191,588	40,220	1,656	11,027	16,938	261,429	0
	(ii)	0	0	0	0	0	0	0
LYNN LINGAFELTER VICE PRESIDENT OF OPERATIONS	(i)	193,163	28,236	0	76,070	443	297,912	0
	(ii)	0	0	0	0	0	0	0
RICHARD PERRY CONTROLLER	(i)	160,974	70,398	1,063	15,809	11,475	259,719	0
	(ii)	0	0	0	0	0	0	0
JOHN ZABROWSKI CONTROLLER	(i)	175,518	32,734	1,656	18,052	19,708	247,668	0
	(ii)	0	0	3,200	0	0	3,200	0
JOYCE THOMAS PHARMACY DIRECTOR	(i)	145,495	25,463	5,970	25,671	25,189	227,788	0
	(ii)	0	0	0	0	0	0	0
REBECCA MALOTTE EXEC DIRECTOR, CNO	(i)	157,080	29,002	1,282	48,351	15,669	251,384	0
	(ii)	0	0	0	0	0	0	0
VENKATESH MADADI ANESTHESIOLOGIST	(i)	642,607	0	42,926	23,226	20,813	729,572	0
	(ii)	0	0	0	0	0	0	0
NIRMAL JOSHI MD ANESTHESIOLOGIST	(i)	552,272	0	75,652	18,009	23,112	669,045	0
	(ii)	0	0	0	0	0	0	0
RAJESH PATEL MD ANESTHESIOLOGIST	(i)	523,653	0	34,576	13,816	23,002	595,047	0
	(ii)	0	0	0	0	0	0	0
AYMAN ELFAR MD ANESTHESIOLOGIST	(i)	522,466	0	29,626	18,009	22,813	592,914	0
	(ii)	0	0	0	0	0	0	0
HOWARD RUMJAHN MD ANESTHESIOLOGIST	(i)	498,020	0	37,326	14,046	20,813	570,205	0
	(ii)	0	0	0	0	0	0	0
LARRY PILE FORMER KEY EMPLOYEE	(i)	40,671	35,143	169,329	0	11,591	256,734	0
	(ii)	0	0	3,000	0	0	3,000	0

Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
DEACONESS HOSPITAL INC

Employer identification number
35-0593390

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased Yes	(g) Defeased No	(h) On behalf of issuer Yes	(h) On behalf of issuer No	(i) Pool financing Yes	(i) Pool financing No
A	INDIANA FINANCE AUTHORITY	35-1602316	45471AAK8	03-26-2009	55,914,771	FACILITY CONSTRUCTION		X		X		X
B	INDIANA FINANCE AUTHORITY	35-1602316	45471AES7	12-02-2011	20,667,197	3/15/99 REFUNDING		X		X		X
C	INDIANA FINANCE AUTHORITY	35-1602316		11-20-2012	13,005,000	1992 REFUNDING		X		X		X
D	INDIANA FINANCE AUTHORITY	35-1602316	45471ALU4	07-23-2013	40,180,000	3/29/09 REFUNDING		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	13,440,000	2,455,000		
2	Amount of bonds legally defeased				
3	Total proceeds of issue	55,914,771	20,667,197	13,005,000	40,180,000
4	Gross proceeds in reserve funds	5,636,806			
5	Capitalized interest from proceeds	5,733,841			
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	828,073	397,197	103,657	180,000
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	43,061,620			
11	Other spent proceeds	699,759	20,270,000	12,901,343	40,000,000
12	Other unspent proceeds				
13	Year of substantial completion	2011			

		A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No
14	Were the bonds issued as part of a current refunding issue?		X		X	X		X	
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		X
16	Has the final allocation of proceeds been made?	X		X		X		X	
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X		X	

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X		X		X		X
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		X
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	1 300 %						1 300 %	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶								
6	Total of lines 4 and 5	1 300 %						1 300 %	
7	Does the bond issue meet the private security or payment test?		X		X		X		X
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X		X		X
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?	X		X		X		X	

Part IV Arbitrage

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

Part IV Arbitrage *(Continued)*

		A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?	X			X		X		X
b	Name of provider	TRINITY PLUS							
c	Term of GIC	2 000000000000							
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?	X							
6	Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
7	Has the organization established written procedures to monitor the requirements of section 148?	X		X		X		X	

Part V Procedures To Undertake Corrective Action

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

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

Return Reference	Explanation
SCHEDULE K, PART II, COLUMN A (WORKSHEET 1), LINE 1	AMOUNT OF BONDS RETIRED $13,440,000 OF THE ORIGINAL ISSUED PRINCIPAL AMOUNT OF THE 2009A BOND ISSUED 3/26/1999 WAS ADVANCED REFUNDED BY THE 2013A BOND ISSUE
SCHEDULE K, PART IV, COLUMN A (WORKSHEET 1), LINE 2C	REBATE DUE THE REBATE CALCULATION WAS COMPLETED ON 5/12/2014
SCHEDULE K, PART II, COLUMN A (WORKSHEET 2), LINE 6	PROCEEDS IN REFUNDING ESCROW THE PROCEEDS IN COLUMN A ON THE 2ND WORKSHEET K WILL BE USED ON 3/1/14 TO REFUND THE 2009A AND 2004A BOND ISSUES

Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
DEACONESS HOSPITAL INC

Employer identification number
35-0593390

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased Yes	(g) Defeased No	(h) On behalf of issuer Yes	(h) On behalf of issuer No	(i) Pool financing Yes	(i) Pool financing No
A	INDIANA FINANCE AUTHORITY	35-1602316	45471AKY7	03-05-2013	71,336,168	5/27/04 AND 3/26/09 REFUNDING		X		X		X
B	INDIANA FINANCE AUTHORITY	35-1602316		03-05-2013	21,440,000	5/27/04 REFUNDING		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds legally defeased				
3	Total proceeds of issue	71,336,168	21,440,000		
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	729,538	125,000		
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds				
11	Other spent proceeds	70,606,631	21,315,000		
12	Other unspent proceeds				
13	Year of substantial completion				

		A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No
14	Were the bonds issued as part of a current refunding issue?		X	X					
15	Were the bonds issued as part of an advance refunding issue?	X			X				
16	Has the final allocation of proceeds been made?	X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X		X				
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X				
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 300 %							
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	0 700 %		0 700 %					
6	Total of lines 4 and 5	0 300 %		0 700 %					
7	Does the bond issue meet the private security or payment test?		X		X				
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X				
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?	X		X					

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X		X				
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?	X		X					
b	Exception to rebate?		X		X				
c	No rebate due?		X		X				
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?		X		X				
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X	X					
b	Name of provider	FIFTH THIRD		FIFTH THIRD					
c	Term of hedge	16 000000000000		16 000000000000					
d	Was the hedge superintegrated?		X		X				
e	Was the hedge terminated?		X		X				

Part IV Arbitrage *(Continued)*

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

Part V Procedures To Undertake Corrective Action

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

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

Return Reference	Explanation

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
DEACONESS HOSPITAL INC

Employer identification number
35-0593390

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

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

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

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

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

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

Part III Grants or Assistance Benefitting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

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

Part IV **Business Transactions Involving Interested Persons.**
Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	**(b)** Relationship between interested person and the organization	**(c)** Amount of transaction	**(d)** Description of transaction	**(e)** Sharing of organization's revenues?	
				Yes	**No**
See Additional Data Table					

Part V **Supplemental Information**
Provide additional information for responses to questions on Schedule L (see instructions)

Return Reference	**Explanation**
SCH L, PART IV, ABBREVIATION	BD MBR = BOARD MEMBERCOMP = REPORTABLE COMPENSATIONSRVS = SERVICES

Additional Data

Software ID:
Software Version:
EIN: 35-0593390
Name: DEACONESS HOSPITAL INC

Form 990, Schedule L, Part IV - Business Transactions Involving Interested Persons

(a) Name of interested person	**(b)** Relationship between interested person and the organization	**(c)** Amount of transaction	**(d)** Description of transaction	**(e)** Sharing of organization's revenues?	
				Yes	**No**
(1) NANCY KOEHLER	FAMILY OF BD MBR	130,506	COMP		No
(2) ANN TORNATTA	FAMILY OF BD MBR	107,564	COMP		No
(3) LETTA FRACCARO	FAMILY OF BD MBR	51,940	COMP		No
(4) MISTY ADYE	FAMILY OF BD MBR	24,721	COMP		No
(5) ALEX SEIBERT	FAMILY OF OFFICER	76,736	COMP		No
(6) VECTREN ENERGY DELIVERY	COMMON BOARD MEMBER	6,112,281	GAS/ELECTRIC UTILITY		No
(7) OLD NATIONAL BANK	COMMON BOARD MEMBER	971,797	LEASES		No
(8) EVANSVILLE RADIOLOGY PC	COMMON BOARD MEMBER	790,733	MGMT SRVS		No
(9) SOUTH CENTRAL COMMUNICATIONS	COMMON BOARD MEMBER	90,994	ADVERTISING PROVIDER		No

SCHEDULE M
(Form 990)

Department of the Treasury
Internal Revenue Service

Noncash Contributions

▶Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.
▶ Attach to Form 990.
▶Information about Schedule M (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
DEACONESS HOSPITAL INC

Employer identification number
35-0593390

Part I **Types of Property**

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1 Art—Works of art				
2 Art—Historical treasures .				
3 Art—Fractional interests . .				
4 Books and publications . .				
5 Clothing and household goods				
6 Cars and other vehicles . .				
7 Boats and planes				
8 Intellectual property . . .				
9 Securities—Publicly traded .				
10 Securities—Closely held stock .				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous . .				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other . . .				
15 Real estate—Residential .				
16 Real estate—Commercial . .				
17 Real estate—Other . . .				
18 Collectibles				
19 Food inventory . . .				
20 Drugs and medical supplies .				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens . .				
24 Archeological artifacts . . .				
25 Other ▶ (GIFT CERTIFIC)	X	140	42,599	COST
26 Other ▶(____________)				
27 Other ▶(____________)				
28 Other ▶ (____________)				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement . . . | 29 |

		Yes	No
30a During the year, did the organization receive by contribution any property reported in Part I, lines 1 through 28, that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?	30a		No
b If "Yes," describe the arrangement in Part II			
31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?	31	Yes	
32a Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?	32a		No
b If "Yes," describe in Part II			
33 If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II			

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

Return Reference	Explanation
PART I, LINE 32B	SCHEDULE M - SUPPLEMENTAL INFORMATION THE NUMBER OF CONTRIBUTIONS REPORTED IN COLUMN B ON SCHEDULE M IS THE ACTUAL NUMBER OF ITEMS RECEIVED FROM EACH CONTRIBUTOR

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SCHEDULE O (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.
▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
DEACONESS HOSPITAL INC

Employer identification number
35-0593390

Return Reference	Explanation
FORM 990, PART III, LINE 1, ORGANIZATION'S MISSION	DEACONESS HOSPITAL PROVIDES QUALITY HEALTHCARE SERVICES WITH A COMPASSIONATE AND CARING SPIRIT TO PERSONS, FAMILIES AND COMMUNITIES OF THE TRI-STATE AT DEACONESS HOSPITAL, OUR VALUES ARE BASED ON OUR COMMITMENT TO QUALITY WE DEFINE QUALITY AS THE CONTINUOUS IMPROVEMENT OF SERVICES TO MEET THE NEEDS AND EXCEED THE EXPECTATIONS OF THE CUSTOMERS WE SERVE OUR VALUES ARE QUALITY IN EVERYTHING WE DO, RESPECT FOR ALL PEOPLE, EFFICIENCY AND EFFECTIVENESS IN THE USE OF RESOURCES, INNOVATION TOWARD CONTINUOUS SYSTEMS IMPROVEMENT, PARTNERSHIP WITH THOSE WE SERVE AND WITH SUPPLIERS, EDUCATION FOR CONTINUOUS GROWTH AND KNOWLEDGE AND PRIDE IN WORKMANSHIP TO ACCOMPLISH ITS MISSION, DEACONESS HOSPITAL IS COMMITTED TO IMPROVING THE QUALITY OF LIFE FOR THE PEOPLE OF THE TRI-STATE BY DEMONSTRATING EXCELLENCE IN HEALTHCARE SERVICES, PROVIDING ACCESS TO HEALTHCARE, PROVIDING CHARITY CARE TO THOSE IN NEED,PROMOTING HEALTHY LIFESTYLES, OFFERING SPIRITUAL AND PSYCHOLOGICAL SUPPORT, SUPPORTING HEALTH RELATED EDUCATION, AND ADVANCING HEALTH KNOWLEDGE THROUGH RESEARCH

Return Reference	Explanation
FORM 990, PART III, LINE 4A	PROGRAM SERVICES ACCOMPLISHMENT 1 PATIENT SERVICE REVENUE DEACONESS HOSPITAL IS A MAJOR REFERRAL CENTER FOR A 26 COUNTY TRI-STATE AREA IN SOUTHWESTERN INDIANA, WESTERN KENTUCKY AND SOUTHEASTERN ILLINOIS THE HOSPITAL AND ITS FACILITIES ARE LOCATED ON FOUR CAMPUSES WHICH INCLUDE THE MAIN 28-ACRE CAMPUS ON THE NEAR NORTH SIDE OF EVANSVILLE IN VANDERBURGH COUNTY, THE 63-ACRE GATEWAY CAMPUS LOCATED IN WARRICK COUNTY ON THE EASTERN BORDER OF VANDERBURGH COUNTY, AND TWO OTHER EASTSIDE EVANSVILLE LOCATIONS FOR PSYCHIATRIC BEHAVIORAL SERVICES AND REHABILITATION SERVICES THE HOSPITAL OPERATES A MAIN CAMPUS WITH A TOTAL OF 266 BEDS CONSISTING OF 38 INTENSIVE CARE BEDS, 16 CARDIAC INTENSIVE CARE BEDS, 45 CARDIAC BEDS, 23 ONCOLOGY/ PULMONOLOGY BEDS, 61 ORTHOPAEDIC/ NEUROLOGICAL BEDS, 83 MEDICAL/ SURGICAL BEDS IN ADDITION, THE HOSPITAL PROVIDES A FULL-ARRAY OF COMPREHENSIVE OUTPATIENT AND AMBULATORY SERVICES ON ITS MAIN CAMPUS AND OTHER SPECIFIC SERVICES AT MULTIPLE SITES WITHIN ITS PRIMARY AND SECONDARY SERVICE AREAS THE HOSPITAL OPERATES THE 158 BED DEACONESS GATEWAY HOSPITAL WHICH WAS OPENED IN JANUARY 2006, ON THE GATEWAY CAMPUS CONSISTING OF 13 ADULT INTENSIVE CARE BEDS, 17 PEDIATRIC AND PEDIATRIC INTENSIVE CARE BEDS, 16 NEUROSURGICAL BEDS, 32 ORTHOPAEDIC BEDS, 16 NEURO INTENSIVE CARE BEDS, 32 SURGICAL ONCOLOGY BEDS AND 32 GENERAL MED/ TELEMETRY BEDS THE HOSPITAL PROVIDES A FULL ARRAY OF COMPREHENSIVE OUTPATIENT AND AMBULATORY SERVICE ON THE GATEWAY CAMPUS THE HOSPITAL OWNS AND OPERATES DEACONESS CROSS POINTE, A FREE-STANDING, 60 BED INPATIENT PSYCHIATRIC HOSPITAL LOCATED APPROXIMATELY 7 MILES EAST OF THE MAIN CAMPUS IN EVANSVILLE

Return Reference	Explanation
FORM 990, PART III, LINE 4B	PROGRAM SERVICES ACCOMPLISHMENT 2 CHARITY CARE/ SUBSIDIZED CARE DEACONESS HOSPITAL MAKES A DISTINCTION BETWEEN CHARITY CARE AND BAD DEBT IN DETERMINING AN INDIVIDUAL OR FAMILY'S ABILITY TO PAY, DEACONESS HOSPITAL EVALUATES WHETHER OR NOT THE RESPONSIBLE PARTY HAS SUFFICIENT RESOURCES AVAILABLE FOR PAYMENT IF AN INDIVIDUAL IS DETERMINED TO NOT HAVE SUFFICIENT RESOURCES TO PAY, THEY ARE CONSIDERED ELIGIBLE FOR CHARITY CARE AND WILL NOT BE PROCESSED THROUGH EITHER INTERNAL OR EXTERNAL COLLECTIONS ACCOUNTS OF CHARITY CARE PATIENTS WHO ARE UNABLE TO PAY DO NOT RESULT IN BAD DEBT AND ARE NOT COLLECTED UPON DEACONESS HOSPITAL PROVIDES CARE TO PERSONS COVERED BY GOVERNMENTAL PROGRAMS BELOW COST RECOGNIZING ITS MISSION TO THE COMMUNITY, SERVICES ARE PROVIDED TO BOTH MEDICARE AND MEDICAID PATIENTS TO THE EXTENT OF REIMBURSEMENT IS BELOW COST, DEACONESS HOSPITAL ABSORBS THESE COSTS IN MEETING ITS MISSION TO THE COMMUNITY IN SUPPORT OF ITS MISSION, DEACONESS HOSPITAL PROVIDED $14 6 MILLION OF CHARITY CARE AND $27 3 MILLION OF SUBSIDIZED SERVICES TO THE MEDICAID PROGRAM, AND $48 1 MILLION OF SUBSIDIZED SERVICES TO THE MEDICARE PROGRAM

Return Reference	Explanation
FORM 990, PART III, LINE 4C	PROGRAM SERVICES ACCOMPLISHMENT 3 GRADUATE MEDICAL EDUCATION, MEDICAL EDUCATION & COMMUNITY BENEFITS DEACONESS HOSPITAL PLAYS AN ACTIVE ROLE IN MEDICAL EDUCATION, OPERATING A THREE YEAR FAMILY MEDICINE RESIDENCY PROGRAM AND A POST-GRADUATE PHARMACY RESIDENCY PROGRAM DEACONESS HOSPITAL ALSO PROVIDES CONTINUING MEDICAL EDUCATION PROGRAMS FOR ATTENDING PHYSICIANS, OTHER HEALTH PROFESSIONALS, OTHER ALLIED HEALTH PROGRAMS, COMMUNITY HEALTH PROGRAMS AND A CHAPLAIN RESIDENCY PROGRAM IN ADDITION TO EDUCATIONAL SERVICES, DEACONESS HOSPITAL PROVIDED $10 8 MILLION IN COMMUNITY BENEFIT ACTIVITIES (ALL ON A COST BASIS), SERVING A MINIMUM OF 777,101 PEOPLE WITHIN THE TRI-STATE AREA

Return Reference	Explanation
FORM 990, PART III, LINE 4D	ALL OTHER ACCOMPLISHMENTS OTHER PROGRAM SERVICE REVENUE CONSISTS OF DEACONESS HOSPITAL'S INCOME FROM THE INVESTMENT IN JOINT VENTURES OTHER PROGRAM SERVICE EXPENSES CONSISTED OF COMMUNITY BENEFIT GRANTS/ASSISTANCE

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6	CLASS OF MEMBERS OR STOCKHOLDERS DEACONESS HEALTH SYSTEM, INC IS THE SOLE CORPORATE MEMBER OF DEACONESS HOSPITAL, INC

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A	ELECTION OF GOVERNING BODY THE BOARD OF DIRECTORS MAY ELECT ONE OR MORE NON-MEDICAL STAFF MEMBERS OF THE GOVERNING BODY THROUGH AN APPROVED ELECTION AND APPROVAL PROCESS THE ELECTION AND APPROVAL PROCESS FOR NON-MEDICAL STAFF MEMBERS BEGINS WITH A RECOMMENDATION BY THE GOVERNANCE COMMITTEE FOR MEMBERSHIP TO THE BOARD OF DIRECTORS THAT RECOMMENDATION IS THEN REVIEWED AND APPROVED BY THE BOARD OF DIRECTORS DEPENDING ON THE DECISION REACHED BY THE BOARD OF DIRECTORS, MEMBERSHIP MAY OR MAY NOT BE GRANTED TO THAT INDIVIDUAL MEDICAL STAFF EXECUTIVE COUNCIL LEADERSHIP ARE APPOINTED TO BOARD OF DIRECTOR MEMBERSHIP THROUGH THEIR POSITION AS ELECTED MEDICAL STAFF LEADERS THROUGH THE ELECTION PROCESS OF THE MEDICAL STAFF EXECUTIVE COUNCIL, THEIR APPOINTMENT IS CONFIRMED AND APPROVED

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11	FORM 990 REVIEW PROCESS THE PROCESS THAT DEACONESS HOSPITAL UTILIZES TO PRESENT THE FORM 990 TO ITS GOVERNING BODY PRIOR TO FILING IS TO PRESENT THE FORM 990 TO THE CFO AND CEO OF THE ORGANIZATION FOR REVIEW AFTER THIS REVIEW IS PERFORMED AND ALL QUESTIONS ARE ANSWERED, THE FORM 990 IS PRESENTED TO THE BOARD OF DIRECTORS AT THE BOARD MEETING PRIOR TO THE FILING DATE OF THE FORM 990 ANY ADDITIONAL QUESTIONS ARE ANSWERED AND THE FINAL FILING IS THEN COMPLETED

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 12C	COMPLIANCE WITH CONFLICT OF INTEREST POLICY CONFLICT OF INTEREST REVIEW AND COMPLIANCE ACTIVITIES ARE CONDUCTED THROUGHOUT THE YEAR UNDER THE DIRECTION OF DEACONESS HOSPITAL'S CORPORATE COMPLIANCE OFFICER UPON APPOINTMENT AND, ANNUALLY, THEREAFTER, OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES, ALSO KNOWN AS INTERESTED PERSONS, ARE REQUIRED TO COMPLETE "THE CONFLICTS OF INTEREST QUESTIONNAIRE" AND/OR "THE DISCLOSURE QUESTIONNAIRE" THESE DOCUMENTS SERVE TO ENSURE INTERESTED PERSONS OR COMMITTEE MEMBERS WITH BOARD DELEGATED POWERS HAVE AN APPROPRIATE AND TIMELY MANNER IN WHICH TO DISCLOSE ANY POTENTIAL CONFLICTS CONFLICTS ARE CONSIDERED WITH RESPECT TO OUTSIDE INTEREST, INVESTMENTS, OUTSIDE ACTIVITIES, AND BUSINESS INTERESTS AMONG THE INTERESTED PERSONS AS WELL AS THEIR FAMILY MEMBERS ON A PERIODIC BASIS, REVIEWS OCCUR TO ENSURE DEACONESS HOSPITAL OPERATES IN A MANNER CONSISTENT WITH ITS CHARITABLE PURPOSE SUBJECTS THAT ARE REVIEWED ON A PERIODIC BASIS INCLUDE COMPENSATION, PHYSICIAN RELATIONSHIPS, PARTNERSHIP AND JOINT VENTURE ARRANGEMENTS

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 15	COMPENSATION FOR TOP OFFICIALS AND OTHER OFFICERS DEACONESS HOSPITAL UTILIZES A COMPENSATION COMMITTEE TO APPROVE EXECUTIVE, DIRECTOR AND PHYSICIAN COMPENSATION AS WELL AS EXECUTIVE AND PHYSICIAN BENEFITS PROGRAMS THE COMPENSATION COMMITTEE IS APPOINTED BY THE BOARD OF DIRECTORS AND MUST MEET THE INDEPENDENCE REQUIREMENTS OF THE SEC THE COMMITTEE HAS THE POWER AND AUTHORITY TO 1 ANNUALLY REVIEW AND APPROVE AND RECOMMEND TO THE BOARD OF DIRECTORS FOR ITS FINAL APPROVAL FOR THE CEO AND EACH OTHER EXECUTIVE OFFICER OF THE SYSTEM ALL ELEMENTS OF EXECUTIVE COMPENSATION 2 MONITOR BROADLY THE STRUCTURE, PHILOSOPHY OR COMPETITIVENESS OF THE SYSTEM'S GENERAL HIRING OR COMPENSATION PRACTICES 3 OVERSEE THE ESTABLISHMENT AND ADMINISTRATION OF THE COMPANY'S BROAD-BASED BENEFIT PLANS AND PROGRAMS 4 REVIEW OR APPROVE SIGNIFICANT AMENDMENTS OR CHANGES TO THE PLANS AND PROGRAMS 5 RETAIN AND TERMINATE ANY COMPENSATION CONSULTANT TO BE USED TO ASSIST IN THE EVALUATION OF DIRECTOR, CEO OR EXECUTIVE OFFICE COMPENSATION 6 SOLE AUTHORITY TO APPROVE THE CONSULTANT'S FEES AND OTHER RETENTION TERMS 7 OBTAIN ADVICE AND ASSISTANCE FROM INTERNAL OR EXTERNAL LEGAL, ACCOUNTING OR OTHER ADVISORS 8 APPROVE ALL PHYSICIAN AND PHYSICIAN RELATED CONTRACTS 9 MAKE REGULAR REPORTS TO THE BOARD

Return Reference	Explanation
FORM 990, PART VI, SECTION C, LINE 19	GOVERNING DOCUMENTS DISCLOSURE EXPLANATION DEACONESS HOSPITAL'S ARTICLES OF INCORPORATION ARE AVAILABLE ON THE SECRETARY OF STATE'S WEBSITE DEACONESS HOSPITAL IS PART OF A CONSOLIDATED FINANCIAL STATEMENT WHICH IS AVAILABLE WITH THE PUBLIC DISCLOSURE COPY OF THE IRS FORM 990 ALSO, AS REQUIRED BY LAW, THE HOSPITAL SUBMITS ITS CONSOLIDATED FINANCIAL STATEMENTS TO THE INDIANA DEPARTMENT OF HEALTH WHICH ARE PUBLISHED ON ITS WEBSITE GOVERNING DOCUMENTS, ASIDE FROM THE ARTICLES OF INCORPORATION, AND THE CONFLICT OF INTEREST POLICY ARE NOT AVAILABLE FOR PUBLIC INSPECTION

Return Reference	Explanation
FORM 990, PART VII	LARRY PILE - 12035 LONGVIEW LAKE CIRCLE, LAKEWOOD RANCH, FL 34211

Return Reference	Explanation
FORM 990, PART IX, LINE 11G	PROFESSIONAL FEES PROGRAM SERVICE EXPENSES 48,674,153 MANAGEMENT AND GENERAL EXPENSES 3,056,371 FUNDRAISING EXPENSES 25,024 TOTAL EXPENSES 51,755,548 PROFESSIONAL FEES- PHYSICIANS PROGRAM SERVICE EXPENSES 10,880,917 MANAGEMENT AND GENERAL EXPENSES 99,129 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 10,980,046

Return Reference	Explanation
FORM 990, PART XI, LINE 9	CHANGE IN PENSION LIABILITY 7,076,110 FOUNDATION MONIES GRANTED FROM RESTRICTION -1,308,901 CHANGE IN GENERAL FUND EQUITY -17,185,200 CHANGE IN BENEFICIAL INTERESTS IN TRUSTS 56,363

Return Reference	Explanation
FORM 990, PART XII, LINE 2C, OVERSIGHT OF AUDIT	THE BOARD OF DIRECTORS ASSUMES RESPONSIBILITY FOR OVERSIGHT OF THE AUDIT OF THE FINANCIAL STATEMENTS AND SELECTION OF THE INDEPENDENT ACCOUNTANT, AND NO PROCESSES HAVE CHANGED FROM PRIOR YEAR

SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule R (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
DEACONESS HOSPITAL INC

Employer identification number
35-0593390

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

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) REGIONAL EMERGENCY DEPARTMENT 600 MARY ST EVANSVILLE, IN 47710 46-3509500	HEALTHCARE	IN	83,317	827,741	DEACONESS HOSPITAL
(2) READY DEVELOPMENT LLC 600 MARY ST EVANSVILLE, IN 47747 47-2051747	REAL ESTATE	IN	0	1,227,337	DEACONESS HOSPITAL

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	No
(1) DEACONESS HEALTH SYSTEM INC 600 MARY STREET EVANSVILLE, IN 47747 35-1532889	HEALTHCARE	IN	501(C)(3)	LINE 11A, I	N/A		No
(2) DEACONESS CLINIC INC 421 CHESNUT STREET EVANSVILLE, IN 47713 26-3083364	HEALTHCARE	IN	501(C)(3)	LINE 3	DEACONESS HEALTH SYSTEM		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) DEACONESS HEALTH PLANS LLC 350 W COLUMBIA SUITE 400 EVANSVILLE, IN 47710 38-3492529	PREFERRED PROVIDER NETWORK	IN	DEACONESS HOSPITAL	RELATED	354,469	1,920,689		No			No	94 130 %
(2) PROGRESSIVE HEALTH OF IN LLC 150 N ROSENBERGER EVANSVILLE, IN 47712 20-8480988	OUTPATIENT	IN	DEACONESS HOSPITAL	RELATED	2,507,061	1,237,469		No			No	51 000 %
(3) HEART HOSPITAL AT DEACONESS GATEWAY LLC 4007 GATEWAY BLVD NEWBURGH, IN 47630 26-1766835	HOSPITAL	DE	DEACONESS HOSPITAL	RELATED	5,453,089	10,737,635		No			No	51 000 %
(4) TRI-STATE RADIATION ONCOLOGY 1500 ROSECRANS AVENUE MANHATTAN BEACH, CA 90266 26-3706834	OUTPATIENT	DE	DEACONESS HOSPITAL	RELATED	1,507,713	1,939,942		No			No	51 000 %
(5) MAINSPRING MANAGERS LLC 4011 GATEWAY BLVD NEWBURGH, IN 47630 46-4601001	NEUROLOGY SERVICES	IN	DEACONESS HOSPITAL	RELATED				No			No	51 000 %

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity? Yes	(i) No
(1) TRI-STATE MEDICAL MANAGEMENT INC 600 MARY STREET EVANSVILLE, IN 47747 35-1875888	PHYSICIAN MANAGEMENT	IN	DEACONESS HOSPITAL	C			100 000 %	Yes	

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

		Yes	No
Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule			
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties or **(iv)** rent from a controlled entity	1a		No
b Gift, grant, or capital contribution to related organization(s)	1b		No
c Gift, grant, or capital contribution from related organization(s)	1c		No
d Loans or loan guarantees to or for related organization(s)	1d		No
e Loans or loan guarantees by related organization(s)	1e		No
f Dividends from related organization(s)	1f		No
g Sale of assets to related organization(s)	1g		No
h Purchase of assets from related organization(s)	1h		No
i Exchange of assets with related organization(s)	1i		No
j Lease of facilities, equipment, or other assets to related organization(s)	1j	Yes	
k Lease of facilities, equipment, or other assets from related organization(s)	1k	Yes	
l Performance of services or membership or fundraising solicitations for related organization(s)	1l		No
m Performance of services or membership or fundraising solicitations by related organization(s)	1m		No
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n		No
o Sharing of paid employees with related organization(s)	1o	Yes	
p Reimbursement paid to related organization(s) for expenses	1p	Yes	
q Reimbursement paid by related organization(s) for expenses	1q	Yes	
r Other transfer of cash or property to related organization(s)	1r		No
s Other transfer of cash or property from related organization(s)	1s		No

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

(a) Name of related organization	**(b)** Transaction type (a-s)	**(c)** Amount involved	**(d)** Method of determining amount involved
(1) DEACONESS HEALTH PLANS LLC	J	70,460	
(2) HEART HOSP AT DEAC GATEWAY LLC	O	4,108,851	
(3) HEART HOSP AT DEAC GATEWAY LLC	P	1,570,807	
(4) DEACONESS HEALTH PLANS LLC	Q	132,561	
(5) HEART HOSP AT DEAC GATEWAY LLC	Q	5,208,896	
(6) MAINSPRING MANAGERS LLC	Q	240,878	

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V?UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Part VII Supplemental Information

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

Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 35-0593390
Name: DEACONESS HOSPITAL INC

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
DEACONESS HEALTH PLANS LLC	J	70,460	
HEART HOSP AT DEAC GATEWAY LLC	O	4,108,851	
HEART HOSP AT DEAC GATEWAY LLC	P	1,570,807	
DEACONESS HEALTH PLANS LLC	Q	132,561	
HEART HOSP AT DEAC GATEWAY LLC	Q	5,208,896	
MAINSPRING MANAGERS LLC	Q	240,878	

Deaconess

CONSOLIDATED FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2014 AND 2013

DEACONESS HEALTH SYSTEM

TABLE OF CONTENTS
SEPTEMBER 30, 2014 AND 2013

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
Deaconess Health System
Evansville, Indiana

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Deaconess Health System (System), which comprise the consolidated balance sheets as of September 30, 2014 and 2013, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

Board of Directors
Deaconess Health System
Evansville, Indiana

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the System as of September 30, 2014 and 2013, and the results of its operations, its changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information identified in the accompanying table of contents is presented for purposes of additional analysis rather than to present the financial position, results of operations, and cash flows of the individual entities, 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 supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Blue & Co., LLC

Indianapolis, Indiana
December 11, 2014

DEACONESS HEALTH SYSTEM

CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2014 AND 2013

ASSETS

	2014	2013
Current assets		
Cash and cash equivalents	$ 93,153,751	$ 52,866,996
Funds held by trustee, current portion	4,351,171	4,351,163
Patient accounts receivable, less allowance for estimated uncollectible amounts of $38,378,000 in 2014 and $48,269,000 in 2013	98,767,803	91,926,203
Inventories	7,636,764	6,390,227
Prepaid expenses and other current assets	16,002,157	13,611,494
Total current assets	219,911,646	169,146,083
Investments limited as to use, less current portion		
Board designated funds	405,864,684	338,628,898
Board designated funds - Foundation	6,676,043	6,227,279
Donor restricted - Foundation	5,777,498	5,631,349
Total investments limited as to use	418,318,225	350,487,526
Property and equipment		
Land and improvements	20,620,616	18,499,820
Buildings and improvements	520,249,106	512,219,948
Furniture, fixtures and equipment	292,058,068	268,889,761
	832,927,790	799,609,529
Less allowances for depreciation	509,390,629	466,548,646
	323,537,161	333,060,883
Construction in progress	11,184,625	5,059,421
Total property and equipment, net	334,721,786	338,120,304
Other assets		
Deferred financing costs	1,187,388	1,339,386
Investments in joint ventures	25,879,283	22,824,794
Goodwill	22,583,543	22,217,481
Other	14,443,031	13,099,377
Total other assets	64,093,245	59,481,038
Total assets	$ 1,037,044,902	$ 917,234,951

See accompanying notes to consolidated financial statements.

DEACONESS HEALTH SYSTEM

CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2014 AND 2013

LIABILITIES AND NET ASSETS

	2014	2013
Current liabilities		
Accounts payable and other accrued liabilities	$ 43,483,124	$ 31,702,536
Salaries, wages and related liabilities	45,786,745	42,681,091
Estimated third-party payor settlements	10,101,382	8,406,371
Accrued interest	644,442	659,528
Other current liabilities	401,362	-0-
Current portion of long-term debt	7,192,257	9,133,566
Total current liabilities	107,609,312	92,583,092
Long-term liabilities		
Long-term debt, less current portion	209,441,420	214,169,948
Other long-term liabilities	53,816,309	61,176,553
Total long-term liabilities	263,257,729	275,346,501
Total liabilities	370,867,041	367,929,593
Net assets		
Unrestricted	648,786,632	534,398,299
Non-controlling interest	11,613,731	9,275,710
Total unrestricted net assets	660,400,363	543,674,009
Temporarily restricted	3,872,368	3,782,581
Permanently restricted	1,905,130	1,848,768
Total net assets	666,177,861	549,305,358
Total liabilities and net assets	$ 1,037,044,902	$ 917,234,951

See accompanying notes to consolidated financial statements.

DEACONESS HEALTH SYSTEM

CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	2014	2013
Unrestricted revenue and other support		
Net patient service revenue	$778,547,104	$698,254,409
Less provision for bad debts	27,689,170	40,449,714
Net patient service revenue net of provision for bad debts	750,857,934	657,804,695
Other revenue	37,231,506	37,754,865
Total unrestricted revenue and other support	788,089,440	695,559,560
Expenses		
Salaries and wages	276,581,297	260,654,326
Employee benefits	76,015,032	76,684,011
Supplies	124,348,807	115,003,737
Contract services	73,354,153	67,198,801
Repairs and maintenance	21,049,021	20,335,459
Depreciation	43,494,213	44,914,865
Interest	8,362,577	8,722,770
Utilities	13,518,495	12,663,308
Other	59,712,485	41,023,216
Total expenses	696,436,080	647,200,493
Income from operations	91,653,360	48,359,067
Nonoperating revenues (expenses)		
Investment income	13,466,528	10,653,357
Contributions, gifts, and bequests	797,403	811,361
Grants	(1,954,064)	(1,604,543)
Loss on bond defeasance	-0-	(6,180,741)
Total nonoperating revenues (expenses)	12,309,867	3,679,434
Excess revenues over expenses	103,963,227	52,038,501
Other changes in unrestricted net assets		
Net unrealized gain on investments	14,690,787	7,339,096
Benefit related changes other than net periodic benefit cost	7,076,110	32,240,770
Net assets released from restriction	467,009	324,309
Contributions from non-controlling interest	300,000	-0-
Distributions to non-controlling interest	(9,770,779)	(8,750,992)
Change in unrestricted net assets	116,726,354	83,191,684
Temporarily restricted net assets		
Contributions, gifts and bequests	430,023	664,129
Net unrealized gain on investments	66,117	93,903
Investment income	60,656	55,016
Net assets released from restriction	(467,009)	(324,309)
Change in temporarily restricted net assets	89,787	488,739
Permanently restricted net assets		
Contributions, gifts and bequests	56,362	85,722
Change in net assets	$116,872,503	$ 83,766,145

See accompanying notes to consolidated financial statements.

DEACONESS HEALTH SYSTEM

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	Unrestricted				
	Unrestricted	Non-controlling Interest	Temporarily Restricted	Permanently Restricted	Total
Net assets					
September 30, 2012	$ 451,746,047	$ 8,736,278	$ 3,293,842	$ 1,763,046	$ 465,539,213
Excess revenues over expenses	42,748,077	9,290,424	-0-	-0-	52,038,501
Net unrealized gain on investments	7,339,096	-0-	93,903	-0-	7,432,999
Benefit related changes other than net periodic benefit cost	32,240,770	-0-	-0-	-0-	32,240,770
Net assets released from restriction	324,309	-0-	(324,309)	-0-	-0-
Investment income	-0-	-0-	55,016	-0-	55,016
Contributions, gifts and bequests	-0-	-0-	664,129	85,722	749,851
Distributions to non-controlling interest	-0-	(8,750,992)	-0-	-0-	(8,750,992)
Change in net assets	82,652,252	539,432	488,739	85,722	83,766,145
September 30, 2013	534,398,299	9,275,710	3,782,581	1,848,768	549,305,358
Excess revenues over expenses	92,154,427	11,808,800	-0-	-0-	103,963,227
Net unrealized gain on investments	14,690,787	-0-	66,117	-0-	14,756,904
Benefit related changes other than net periodic benefit cost	7,076,110	-0-	-0-	-0-	7,076,110
Net assets released from restriction	467,009	-0-	(467,009)	-0-	-0-
Investment income	-0-	-0-	60,656	-0-	60,656
Contributions, gifts and bequests	-0-	-0-	430,023	56,362	486,385
Contributions from non-controlling interest	-0-	300,000	-0-	-0-	300,000
Distributions to non-controlling interest	-0-	(9,770,779)	-0-	-0-	(9,770,779)
Change in net assets	114,388,333	2,338,021	89,787	56,362	116,872,503
September 30, 2014	$ 648,786,632	$ 11,613,731	$ 3,872,368	$ 1,905,130	$ 666,177,861

See accompanying notes to consolidated financial statements.

DEACONESS HEALTH SYSTEM

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	2014	2013
Operating activities		
Change in net assets	$ 116,872,503	$ 83,766,145
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	43,494,213	44,914,865
Provision for bad debts	27,689,170	40,449,714
Net unrealized gain on investments	(14,756,904)	(7,432,999)
Net realized gain on investments	(1,947,045)	(913,317)
Unrealized loss on interest rate swap	151,759	241,604
(Gain) loss on disposal of assets	708,812	(78,096)
Loss on bond defeasance	-0-	6,180,741
Amortization of deferred financing costs and original issue discount/premium	(77,885)	102,100
Restricted activity, net	(146,149)	(574,461)
Distributions to non-controlling interest	9,770,779	8,750,992
Contributions from non-controlling interest	(300,000)	-0-
Changes in operating assets and liabilities		
Patient accounts receivable	(34,530,770)	(30,926,381)
Inventories	(1,246,537)	(28,187)
Prepaid expenses and other current assets	(2,390,663)	(2,551,063)
Investments in joint ventures and other assets	(4,398,143)	(1,379,215)
Accounts payable and other accrued liabilities	8,860,588	(1,355,561)
Salaries, wages and related liabilities	3,105,654	2,837,364
Estimated third-party payor settlements	1,695,011	1,990,490
Accrued interest	(15,086)	7,979
Other current liabilities	401,362	-0-
Other long-term liabilities	(7,512,003)	(30,224,370)
Net cash flows from operating activities	145,428,666	113,778,344
Investing activities		
Purchases of property and equipment	(34,838,401)	(29,920,774)
Proceeds from disposal of property and equipment	1,800	186,075
Net transfers from trustee assets for principal, interest and construction draws	(8)	1,361,717
Purchases of board designated funds	(216,892,358)	(227,521,459)
Proceeds from sale of board designated funds	166,360,521	151,796,236
Purchase of assets	(366,062)	-0-
Other investing activities	(594,913)	(1,148,400)
Net cash flows from investing activities	(86,329,421)	(105,246,605)
Financing activities		
Distributions to non-controlling interest	(9,770,779)	(8,750,992)
Contributions from non-controlling interest	300,000	-0-
Restricted activity, net	146,149	574,461
Payments on long-term debt	(9,487,860)	(10,468,545)
Proceeds from long-term debt	-0-	152,021,832
Payments to refinance long-term debt	-0-	(151,396,840)
Cash paid for deferred financing costs	-0-	(1,064,219)
Net cash flows from financing activities	(18,812,490)	(19,084,303)
Change in cash and cash equivalents	40,286,755	(10,552,564)
Cash and cash equivalents		
Beginning of year	52,866,996	63,419,560
End of year	$ 93,153,751	$ 52,866,996

See accompanying notes to consolidated financial statements.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Deaconess Health System (System) is an integrated multi-facility health system providing comprehensive health care services to southern Indiana, southeastern Illinois and western Kentucky, employing over 5,000 within the Tri-State area.

Deaconess Health System, Inc. was formed to coordinate management and strategic planning and provide operational facilities for entities within the System, the most significant of which are Deaconess Hospital, Inc. (Hospital) and Deaconess Clinic, Inc. (Clinic), not-for-profit corporations whose missions are to provide quality health care services with a compassionate and caring spirit to persons, families and communities of the Tri-State area.

The board of Deaconess Health System, Inc. is granted the authority to provide overall direction and control of the entities through their respective bylaws. Deaconess Health System, Inc. wholly owns the Clinic and Deaconess Care Integration, LLC and is the sole corporate member of the Hospital.

The Clinic is comprised of Deaconess employed physicians practicing primary care and multi-specialty medicine within outpatient physician offices located throughout southern Indiana, southeastern Illinois and western Kentucky and two urgent care centers located in Evansville, Indiana. The facilities provide illness and injury care, preventative care, lab and x-ray services. The Clinic also encompasses the Deaconess Clinical Research Institute which provides drug research studies for the pharmaceutical industry.

Deaconess Care Integration, LLC was formed during 2012 as an accountable care organization with the purpose of developing a care delivery model focused on quality metrics and reductions in cost for the Medicare population.

The Hospital, located in Evansville, Indiana, is comprised of two general acute care facilities, a mental health facility and two outpatient primary care facilities for seniors. The inpatient services have a combined capacity of 484 intensive care, pediatric, medical/surgical, orthopedic and neurosurgical beds.

The Hospital wholly owns Regional Emergency Staffing Department, LLC and Ready Development, LLC and holds majority ownership interests in the following entities:

- The Heart Hospital at Deaconess Gateway, LLC – 51%
- Progressive Health of Indiana, LLC – 51%

- Tri-State Radiation Oncology, LLC – 51%
- Deaconess Health Plans, LLC – 94%
- Mainspring Managers, LLC – 51%

Regional Emergency Department Staffing, LLC was formed during 2013 to assist hospitals in staffing emergency room departments and in improving the overall quality of services rendered in emergency room departments.

Ready Development, LLC was formed during 2014 to purchase and develop real estate for future use.

The Heart Hospital at Deaconess Gateway, LLC is a 24 bed hospital providing preventative care, medical care, emergent care, diagnostic testing, cardiovascular procedures, cardiovascular surgery and cardiac rehabilitation on an outpatient and inpatient basis.

Progressive Health of Indiana, LLC provides physical, occupational and speech therapy services throughout southern Indiana.

Tri-State Radiation Oncology, LLC provides oncology and cancer services, including radiation therapy, pain management, counseling and rehabilitation.

Deaconess Health Plans, LLC is a preferred provider organization – managed care network formed to encourage collaboration in providing patient service and cost management.

Mainspring Managers, LLC was formed during 2014 to provide neurology services to treat brain, spinal cord and nervous system injuries, diseases and disorders.

Principles of Consolidation

The consolidated financial statements include the accounts of Deaconess Health System and its wholly owned and controlled subsidiaries. All material inter-company accounts and transactions have been eliminated in consolidation.

Investments in Joint Ventures

The Hospital holds a 50% ownership in the Deaconess Women's Hospital of Southern Indiana, LLC d/b/a The Women's Hospital which is a 74-bed facility dedicated to comprehensive women's care, including obstetrics, neonatal intensive care, cancer treatment and infertility and imaging services. The Hospital recorded an investment in The Women's Hospital of approximately $4,622,000 and $3,280,000 as of September 30, 2014 and 2013, respectively. During 2014 and 2013, the Hospital received income distributions of approximately $4,639,000 and $6,747,000, respectively.

The Hospital holds a 22% ownership interest in HealthSouth/Deaconess, LLC, d/b/a HealthSouth Deaconess Rehabilitation Hospital, an 80-bed comprehensive facility dedicated to improving, maintaining or restoring physical strength, cognition and mobility through therapeutic methods and technologies for rehabilitation. The Hospital recorded an investment in the HealthSouth Deaconess Rehabilitation Hospital of approximately $5,423,000 and $4,787,000 as of September 30, 2014 and 2013, respectively. During 2014 and 2013, the Hospital received income distributions of approximately $1,462,000 and $1,567,000, respectively.

The Hospital holds a 50% ownership interest in Evansville Surgery Center Associates, LLC providing two locations of multispecialty outpatient surgery centers dedicated to the diagnosis and preoperative, intraoperative and postoperative care of patients. The Hospital recorded an investment in Evansville Surgery Center Associates, LLC of approximately $9,981,000 and $10,368,000 as of September 30, 2014 and 2013, respectively. During 2014 and 2013, the Hospital received income distributions of approximately $9,075,000 and $8,675,000, respectively.

The Hospital holds a 12.5% ownership interest in the Indiana Healthcare Reciprocal Risk Retention Group which was formed to provide liability insurance, reinsurance and risk management services to the members. The Hospital recorded an investment in the Indiana Healthcare Reciprocal Risk Retention Group of approximately $4,408,000 and $4,055,000 as of September 30, 2014 and 2013, respectively. No income distributions were received in 2014 and 2013.

The Hospital holds 33.3% of the membership shares in The Healthcare Group, LLC, a preferred provider organization – managed care network, in exchange for the Hospital accepting a governance role and responsibility to share in the losses and gains and other obligations. The Healthcare Group, LLC encourages collaboration in providing patient service and cost management. The Hospital recorded an investment in the Healthcare Group, LLC of approximately $222,000 and $237,000 as of September 30, 2014 and 2013, respectively. No income distributions were received in 2014 and 2013.

The Hospital holds a 50% ownership interest in Deaconess VNA Plus, LLC which was formed during 2014 to provide home health and hospice care services. The Hospital recorded an investment in Deaconess VNA Plus, LLC of approximately $1,131,000 as of September 30, 2014. No income distributions were received in 2014.

Investments in other joint ventures approximated $98,000 as of September 30, 2014 and 2013. Investments in organizations where the System's ownership percentage is equal to or less than 50% are included in investments in joint ventures on the consolidated balance sheets. The System's portion of income from unconsolidated organizations is reported with other revenue and was approximately $16,757,000 and $16,838,000 for 2014 and 2013, respectively.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, including the allowance for estimated uncollectible accounts, estimated third-party payor settlements, defined benefit plan obligations and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period and could differ from actual results.

Charity Care, Community Benefit and Assistance to the Uninsured

The System provides care to patients regardless of their ability to pay. A patient is classified as a charity patient by reference to certain established policies of the System. Essentially, these policies define charity services as those services for which no payment or reduced payment based upon a graduated scale, is anticipated, up to 300% of Federal Poverty Income Guidelines, published by the Department of Health and Human Services and where incurred charges are considered significant when compared to the income of the patient. Because collection of amounts determined to qualify as charity care is not pursued, such amounts are not reported as revenue.

The System's charity care policy reflects the current economic conditions and other factors unique to the System's customer base. Charity care provided during 2014 and 2013, measured at established rates, was approximately $60,560,000 and $80,614,000, respectively. In addition, other programs and services for the benefit of the community are provided. The costs of these programs are included in operating expenses. The System receives reimbursements from certain governmental payors to assist in the funding of charity care.

Of the System's total expenses reported (approximately $696,436,000 and $647,200,000 during 2014 and 2013, respectively), an estimated $19,761,000 and $27,500,000 arose from providing services to charity patients during 2014 and 2013, respectively. The estimated costs of providing patient assistance services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the Hospital's total expenses to gross patient service revenue.

The System has a policy for uninsured patients with discounted rates similar to contractual payors. Uninsured self pay discounts provided to patients were approximately $26,189,000 and $16,990,000 in 2014 and 2013, respectively.

Cash and Cash Equivalents

Cash and cash equivalents are defined as investments in highly liquid debt instruments with an original maturity of three months or less, excluding amounts whose use is limited by arrangements under trust agreements, board designation or by donors. The System maintains its cash in accounts, which at times may exceed federally insured limits. The policy of the System is to collateralize deposits. The System has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk on cash and cash equivalents.

Additional cash flows information for 2014 and 2013 is as follows;

	2014	2013
Supplemental cash flows information		
Cash paid for interest, net of capitalized interest	$ 8,378,000	$ 8,715,000
Property and equipment in liabilities	$ 2,920,000	$ -0-
Equipment acquired through capital leases	$ 3,048,000	$ -0-

Patient Accounts Receivable, Estimated Third-Party Payor Settlements and Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. Estimated retroactive adjustments under reimbursement agreements with certain third-party payors are included with estimated third-party payor settlements. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Patient accounts receivable are reduced by an allowance for uncollectible accounts based on the System's evaluation of its major payor sources of revenue, the aging of the accounts, historical losses, current economic conditions, and other factors unique to its service area and the healthcare industry. Management regularly reviews data about the major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts. For receivables associated with services provided to patients who have third-party coverage, the System analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for bad debts, if necessary. For receivables associated with self-pay payments the System records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

During 2014, the System's allowance for uncollectible accounts decreased approximately $9,891,000 from $48,269,000 to $38,378,000. The uncollectible allowance for self-pay balances decreased approximately $11,357,000 as the uncollectible estimate was 76% of self-pay balances as of September 30, 2014 compared to 85% as of September 30, 2013. The change is mainly the result of shifts in payor mix due to health care reform and an increase in insurance coverage for patients who were previously uninsured. The uncollectible allowance reserved for third-party payors increased approximately $1,466,000 as the uncollectible estimate was 15% of third-party payors as of September 30, 2014 compared to 6% as of September 30, 2013. The change is mainly the result of shifts in payor mix due to health care reform and an increase in insurance coverage for patients who were previously uninsured.

The System's self-pay related write-offs increased by approximately $180,000 in 2014 compared to an increase of $1,632,000 in 2013. The increase was the result of negative trends experienced in the collection of amounts from self pay patients in 2014.

As of September 30, 2014, the allowance for uncollectible accounts of $38,378,000 was comprised of $29,485,000 reserved for self-pay balances and $8,893,000 reserved for third-party payor balances. As of September 30, 2013, the allowance for uncollectible accounts of $48,269,000 was comprised of $40,842,000 reserved for self-pay balances and $7,427,000 reserved for third-party payor balances. The System did not change its policy related to charity care or uninsured discounts during 2014 and 2013.

Inventories

Inventories (principally pharmaceuticals and medical supplies) are stated at the lower of cost (first in, first out) or market.

Property and Equipment and Depreciation

Property and equipment are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable assets, ranging from 3 to 40 years, using the straight-line method. Equipment under capital leases are amortized on the straight-line method over the lease term or the estimated useful life of the equipment, if shorter.

Investments Limited as to Use

Investments are stated at fair value. Dividends, interest income and realized gains and losses on sales of investments are recorded as nonoperating investment income. Unrealized gains (losses) on investments are reported as other changes in net assets in the consolidated statements of operations.

Investments consist of short-term investments (principally cash equivalents), US Government and government agency obligations, marketable debt securities (corporate bonds and fixed income mutual funds), marketable equity securities (common and preferred corporate stock), equity mutual funds, private equity funds, and mortgage backed securities. Fair values for investments are based on quoted market prices. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

Private equity investments consist of limited partnerships investing in common stock of small and medium capitalization companies. Investments in those limited partnerships are reported at fair value as determined by the individual manager of each partnership. Although the manager uses its best judgment in estimating the fair value of the investments in the investment funds, there are inherent limitations in any estimation technique. Therefore, the values reported are not necessarily indicative of the amount that the investments funds could realize in a current transaction.

These estimated values may differ significantly from the values that would have been used had a ready market for the investments in the investment funds existed and the difference could be material. Private equity investments totaled approximately $14,315,000 and $8,458,000 (3.4% and 2.4% of investment portfolio) as of September 30, 2014 and 2013, respectively.

Investments limited as to use include assets held by trustees under indenture agreements, amounts set aside by the Board of Directors for future capital improvements, retirement of debt over which the Board retains control and may at its discretion subsequently designate for other purposes and amounts designated by for the Foundation and donor restrictions. Amounts required to meet current liabilities of the System have been classified as current assets.

Foundation

The Hospital also encompasses a charitable Foundation supported by donations from the community. The Foundation has a separate advisory board that carries out the mission of supporting medical, charitable and educational activities as designated by the donors.

Deferred Financing Costs

Costs incurred in connection with the issuance of debt are amortized over the term of the related debt using the bonds outstanding method. Estimated annual amortization is approximately $200,000.

Business Combinations and Goodwill

The System accounts for a business combination using the acquisition method of accounting, and accordingly, the net assets of the acquired entity are recorded at their estimated fair values at the date of acquisition. Goodwill represents the excess of the purchase price over the fair value of net assets, including amounts assigned to identifiable intangible assets, if any. Goodwill is tested for impairment on an annual basis, or whenever an event occurs or circumstances indicate the carrying value of the goodwill may be impaired. The System performed the required annual impairment test for goodwill as of September 30, 2014 and 2013 using the income approach of calculating the present value of the future cash flows. The System determined no impairment of goodwill existed as of September 30, 2014 and 2013.

During 2014, the System purchased the assets (mainly property and equipment) of various healthcare entities and recorded goodwill of approximately $366,000 related to the purchases. As of September 30, 2014 and 2013, the System recorded goodwill of approximately $22,584,000 and $22,218,000, respectively, related to the acquisition of majority owned entities.

Medical Malpractice

Malpractice insurance coverage is provided under a claims-made policy. Should the claims-made policy be terminated, the System has the option to purchase insurance for claims having occurred during its term but reported subsequently. Prior to July 1, 1999, the Indiana Medical Malpractice Act (Act) provided for a maximum recovery of $750,000 per occurrence ($3,000,000 annual aggregate) for professional liability, $100,000 of which would be paid through the System's malpractice insurance coverage and the balance would be paid by the State of Indiana Patient Compensation Fund (Fund). For claims on or after July 1, 1999, the Act provides for a maximum recovery of $1,250,000 per occurrence ($7,500,000 annual aggregate) with the first $250,000 covered by the System's insurance and the remainder by the Fund.

The System is a member in a Vermont captive insurance company, Indiana Healthcare Reciprocal Risk Retention Group, to fund the System's required portion of the professional, physician insurance coverage pursuant to the Act as well as its general liability insurance and excess coverage. This provides protection from liability in an amount not to exceed $250,000 per incident and aggregate liability protection not to exceed $7,500,000 per year. In addition, the System maintains a commercial umbrella/excess liability policy with a limit of $15,000,000 each occurrence, $15,000,000 aggregate per member and $30,000,000 total policy aggregate.

Other Long-Term Liabilities

Other long-term liabilities include obligations related to the unfunded status of defined benefit plans, other employee benefit programs and derivative liabilities related to an interest rate swap.

Performance Indicator

The consolidated statements of operations contain a performance indicator, excess revenues over expenses. Consistent with industry practice, unrealized gain and loss on other than trading investments, benefit related changes other than net periodic benefit cost, equity transfers, contributions restricted for long-term purposes and certain other items are excluded from the performance indicator.

Income Taxes

Deaconess Health System, Inc., Hospital and Clinic are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (Code) and are exempt from Federal and state income taxes on related income pursuant to Section 501(a) of the Code. However, they are required to file Federal Form 990 – Return of Organization Exempt from Income Tax which is an informational return only.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the System and recognize a tax liability if the System has taken an uncertain position that more likely than not would not be sustained upon examination by various Federal and state taxing authorities. Management has analyzed the tax positions taken by the System and has concluded that as of September 30, 2014 and 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying consolidated financial statements. The System is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

The remaining consolidated subsidiaries are organized as limited liability companies, whereby net taxable income is taxed directly to the members of the limited liability companies. Thus, the consolidated financial statements do not include any provision for Federal or state income taxes related to these entities.

These entities have filed their Federal and state income tax returns for periods through their most recent fiscal year ends (primarily December 31, 2013). These income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions).

Contribution Revenues and In-Kind Donations

Unconditional promises to give cash and other assets to the System are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restriction. Donor-restricted contributions whose restrictions are met within the same year as received are included in nonoperating revenues (expenses) in the accompanying consolidated financial statements. In-kind donations are recorded as revenue and expense in the accompanying consolidated financial statements. These donations consist mainly of medical supplies and services which are recorded at their estimated fair values.

Temporarily Restricted Net Assets

Temporarily restricted net assets include those assets whose use by the System has been temporarily limited primarily for capital projects or a specified time period or purpose.

The following is a summary of temporarily restricted net assets as of September 30, 2014 and 2013:

	2014	2013
Patient medical care	$ 1,134,647	$ 1,108,338
Education and scholarship	654,638	639,459
Capital projects	663,500	648,116
Other System support	1,419,583	1,386,668
	$ 3,872,368	$ 3,782,581

Permanently Restricted Net Assets

Permanently restricted net assets are contributed with donor restrictions requiring they be held in perpetuity with income used to support the System's activities. The following is a summary of permanently restricted net assets as of September 30, 2014 and 2013:

	2014	2013
Beneficial interest in trusts	$ 1,213,050	$ 1,156,688
Other	692,080	692,080
	$ 1,905,130	$ 1,848,768

Electronic Health Records (EHR) Incentive Payments

The System receives EHR incentive payments under the Medicare and Medicaid programs. To qualify for the EHR incentive payments, the System must meet "meaningful use" criteria that become more stringent over time. The System periodically submits and attests to its use of certified EHR technology, satisfaction of meaningful use objectives, and various patient data. These submissions generally include performance measures for each annual EHR reporting period (Federal fiscal year ending September 30). The related EHR incentive payments are paid out over a four year transition schedule and are based upon data that is captured in the

System's cost reports. The payment calculation is based upon an initial amount as adjusted for discharges, Medicare and Medicaid utilization using inpatient days multiplied by a factor of total charges excluding charity care to total charges, and a transitional factor that ranges from 100% in first payment year and thereby decreasing by 25% each payment year until it is completely phased out in the fifth year.

The System recognizes EHR incentive payments as grant income, under the ratable recognition method, when there is reasonable assurance that the System will comply with the conditions of the meaningful use objectives and any other specific requirements. In addition, the financial statement effects of the income must be both recognizable and measurable. During 2014 and 2013, the System recognized approximately $2,263,000 and $6,000,000, respectively, in EHR incentive payments as income.

EHR incentive income is included in other revenue in the consolidated statements of operations. EHR incentive income recognized is based on management's estimate and amounts are subject to change, with such changes impacting operations in the period the changes occur.

Receipt of these funds is subject to the fulfillment of certain obligations by the Hospital as prescribed by the program, subject to future audits and may be subject to repayment upon a determination of noncompliance.

Advertising Costs

Advertising costs are expensed as incurred. Total expense for 2014 and 2013 was approximately $1,971,000 and $1,976,000, respectively.

Functional Expenses

The System provides health care services to patients in the community and the surrounding areas. Health care services and other certain related expenses approximated 93% of total expenses in 2014 and 2013. General and administrative expenses approximated 6% in 2014 and 2013. Fundraising expenses comprised less than 1% of total expenses in 2014 and 2013.

Certain costs have been allocated among health care services, general and administrative and fundraising categories based on the actual direct expenditures and cost allocations based upon time spent by the System's personnel. Although the methods used were appropriate, alternative methods may provide different results.

Reclassification

Certain 2013 amounts in the consolidated financial statements have been reclassified to conform to the 2014 presentation.

Subsequent Events

The System evaluated events or transactions occurring subsequent to the consolidated balance sheet date for recognition and disclosure in the accompanying consolidated financial statements through the date the consolidated financial statements are issued which is December 11, 2014.

2. NET PATIENT SERVICE REVENUE

Entities within the System have agreements with third-party payors that provide for payments at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare

Inpatient acute care services, outpatient services and physician services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic and other factors. Certain outpatient services and defined medical education costs related to Medicare beneficiaries are paid based on cost reimbursement methodologies. The System's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization. Inpatient non-acute care services are generally reimbursed based upon cost reimbursement methodologies.

Medicaid and Hospital Assessment Fee Program

Medicaid services are paid at prospectively determined rates per day or per discharge for inpatients or per occasion of service for outpatients. To the extent that services to Medicare and Medicaid program beneficiaries are reimbursed based on cost reimbursement methodologies, final settlement is determined after submission of annual cost reports and audits thereof by the fiscal intermediary.

In 2012, Hospital Assessment Fee (HAF) Program was approved by Centers for Medicare & Medicaid Services (CMS). The purpose of the HAF Program is to fund the State share of enhanced Medicaid payments and Medicaid Disproportionate Share (DSH) payments for Indiana hospitals as reflected in the HAF Program expense reported in the consolidated statements of operations. Previously, the State share was funded by governmental entities through intergovernmental transfers. The

Medicaid enhanced payments relate to both fee for service and managed care claims. During 2014 and 2013, the Hospital recognized HAF Program expense of approximately $31,200,000 and $15,350,000, respectively, which resulted in Medicaid rate increases. HAF Program expense is included in other expenses on the consolidated statements of operations while the Medicaid rate increases are recorded in net patient service revenue. The HAF Program was approved for extension by CMS through June 30, 2017.

Estimates for final settlements of all unaudited Medicare and Medicaid cost reports through September 30, 2014 have been recorded. Cost reports through September 30, 2010 have been audited and settled as of September 30, 2014.

Entities within the System also entered into payment agreements with certain other commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

A reconciliation of the amount of services provided to patients at established rates to net patient service revenue as presented in the consolidated statements of operations for 2014 and 2013 is as follows:

	2014	2013
Patient service revenue	$ 2,134,381,143	$ 1,897,207,999
Adjustments		
Charity care revenue foregone	60,560,255	80,614,180
Uninsured self pay discounts	26,189,119	16,990,378
Contractual adjustments	1,269,084,665	1,101,349,032
Total adjustments	1,355,834,039	1,198,953,590
Net patient service revenue	778,547,104	698,254,409
Less provision for bad debts	27,689,170	40,449,714
Net patient service revenue net of provision for bad debts	$ 750,857,934	$ 657,804,695

Changes to any previous year's estimated settlement are reflected in the period the intermediary finalizes its audit of cost reports, or when additional information becomes available. Settlements related to prior year cost reports and other estimated third-party items resulted in a decrease to net patient service revenue of approximately $490,000 and $-0- in 2014 and 2013, respectively.

The following is mix of gross patient accounts receivable and gross patient service revenue as of and for the years ended September 30, 2014 and 2013:

	Receivable		Revenue	
	2014	2013	2014	2013
Medicare	35%	31%	47%	47%
Medicaid	9%	7%	11%	10%
Commercial and managed care	37%	36%	36%	36%
Self pay and other	19%	26%	6%	7%
	100%	100%	100%	100%

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs. As a result, there is at least a reasonable possibility that recorded estimates will change in the near term.

3. INVESTMENTS

Investments at fair value consisted of the following as of September 30:

	2014	2013
Board designated funds		
Cash and cash equivalents	$ 2,457,555	$ 4,187,218
Common stock	73,838,322	45,396,202
Mutual funds	218,604,380	186,381,596
US Government and government agency obligations	18,817,536	21,014,703
Corporate bonds	58,875,634	55,474,659
Mortgage backed securities	18,956,718	17,716,358
Private equity	14,314,539	8,458,162
	405,864,684	338,628,898
Funds held by trustee		
Cash and cash equivalents	4,351,171	4,351,163
Less current portion	4,351,171	4,351,163
	-0-	-0-
Board designated - Foundation and donor restricted - Foundation		
Cash and cash equivalents	172,634	346,570
Common stock	2,109,534	1,804,685
Mutual funds	8,744,203	7,480,579
US Government and government agency obligations	1,025,095	876,959
Accrued interest and other	402,075	1,349,835
	12,453,541	11,858,628
Investments limited as to use, net	$ 418,318,225	$ 350,487,526

Investments reported as current assets are those that the System has made available for use in operations within the next twelve months. Investments limited as to use that are required for obligations classified as current liabilities are also reported in current assets.

A detail of investment income for unrestricted and donor restricted for 2014 and 2013 is as follows:

	2014	2013
Interest and dividends	$ 11,731,898	$ 10,036,660
Unrealized loss on interest rate swap	(151,759)	(241,604)
Net realized gain	1,947,045	913,317
Investment income, net	$ 13,527,184	$ 10,708,373

See Note "Derivative Financial Instruments – Interest Rate Swaps" for additional information on unrealized loss on interest rate swap.

The following schedule summarizes the fair value of securities included in investments limited as to use that have gross unrealized losses (the amount by which historical cost exceeds the fair value) as of September 30, 2014 and 2013. The schedule further segregates the securities that have been in a gross unrealized position as of September 30, 2014 and 2013, for less than twelve months and those for twelve months or more. The gross unrealized losses of less than twelve months are a reflection of the normal fluctuations of the market and are therefore considered temporary.

The gross unrealized losses of twelve months or longer are reflective of current market fluctuations. The majority of the decline is attributable to several securities which industry experts expect recovery in the short-term future. These individual investments have projected recoveries in value in 2015. The decline in value is determined by management to be temporary, and unrealized losses have not been reclassified to realized losses as of September 30, 2014 and 2013.

	September 30, 2014					
	Less Than 12 Months		12 Months or Longer		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Common stocks	$ 2,139,234	$ 441,264	$ 1,924,398	$ 342,465	$ 4,063,632	$ 783,729
Mutual funds	1,352,032	61,780	64,500,748	2,142,825	65,852,780	2,204,605
Corporate bonds	2,987,829	229,195	-0-	-0-	2,987,829	229,195
Mortgage backed securities	808,938	23,109	649,880	47,803	1,458,818	70,912
Total temporarily impaired securities	$ 7,288,033	$ 755,348	$67,075,026	$2,533,093	$74,363,059	$ 3,288,441

	September 30, 2013					
	Less Than 12 Months		12 Months or Longer		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
US Government and government agency obligations	$ 694,087	$ 55,929	$ -0-	$ -0-	$ 694,087	$ 55,929
Common stocks	855,440	27,196	5,002,766	824,514	5,858,206	851,710
Mutual funds	65,761,106	1,823,587	3,167,881	385,522	68,928,987	2,209,109
Corporate bonds	602,146	23,958	595,078	40,208	1,197,224	64,166
Mortgage backed securities	442,984	6,025	190,837	14,505	633,821	20,530
Total temporarily impaired securities	$68,355,763	$1,936,695	$ 8,956,562	$1,264,749	$77,312,325	$ 3,201,444

4. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the System has the ability to access.

- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of September 30, 2014 and 2013:

- *Money market funds*: Valued based at the subscription and redemption activity at a $1 stable net assets value (NAV). However, on a daily basis the funds are valued at their daily NAV calculated using the amortized cost of securities.

- *Common stocks*: Valued based on the closing price reported on the active market on which the individual securities are traded.

- *Mutual funds*: Valued based on quoted NAV of the shares held by the System at year-end. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities and then divided by the number of shares outstanding. The NAV is quoted in an active market.

- *US Government and government agency obligations*: Valued based on the closing price reported on the active market on which the securities are traded.

- *Corporate bonds and mortgage backed securities*: Valued using pricing models maximizing the use of observable inputs for similar securities.

- *Private equity investments*: Valued at the NAV of units of the fund. The NAV, as provided by the investment manager, is used as a practical expedient to estimate fair value. The private equity investments consist of investments in a variety of domestic and foreign equity and debt securities, managed accounts and other investment vehicles that employ diversified styles and strategies. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. Due to the nature of the investments held by the fund, changes in market conditions and the economic environment may significantly impact the NAV of the fund and, consequently, the fair value of the System's interests in the funds. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported NAV. It is therefore reasonably possible that if the System were to sell these investments in the secondary market, a buyer may require a discount to the reported NAV, and the discount could be significant.

- *Derivative (Interest rate swap agreement)*: Valued using pricing models that are derived principally from observable market data based on discounted cash flows and interest rate yield curves at quoted intervals for the full term of the swap. See the note disclosure "Derivatives Financial Instruments – Interest Rate Swaps" for additional information related to derivatives.

Assets and liabilities measured at fair value on a recurring basis as of September 30, 2014 and 2013 are as follows:

	September 30, 2014			
	Total	Level 1	Level 2	Level 3
Assets				
Cash and cash equivalents				
Money market funds	$ 5,547,280	$ -0-	$ 5,547,280	$ -0-
Cash	87,606,471			
	$ 93,153,751			
Investments limited as to use				
Cash and cash equivalents				
Money market funds	$ 6,981,360	$ -0-	$ 6,981,360	$ -0-
Common stock				
Consumer	19,055,471	19,055,471	-0-	-0-
Financial services	9,349,681	9,349,681	-0-	-0-
Industrial and materials	18,860,016	18,860,016	-0-	-0-
Technology	12,249,805	12,249,805	-0-	-0-
Healthcare	7,208,446	7,208,446	-0-	-0-
Other	9,224,437	9,224,437	-0-	-0-
Total common stock	75,947,856	75,947,856	-0-	-0-
Mutual funds				
Intermediate term bond	145,523,974	145,523,974	-0-	-0-
International equity	28,849,985	28,849,985	-0-	-0-
Large cap	51,130,526	51,130,526	-0-	-0-
Mid cap	589,959	589,959	-0-	-0-
Other	1,254,139	1,254,139	-0-	-0-
Total mutual funds	227,348,583	227,348,583	-0-	-0-
US Government and government agency obligations	19,842,631	19,842,631	-0-	-0-
Corporate bonds				
Consumer	12,598,216	-0-	12,598,216	-0-
Financial services	16,663,215	-0-	16,663,215	-0-
Industrial and materials	14,792,127	-0-	14,792,127	-0-
International	5,312,354	-0-	5,312,354	-0-
Other	9,509,722	-0-	9,509,722	-0-
Total corporate bonds	58,875,634	-0-	58,875,634	-0-
Mortgage backed securities	18,956,718	-0-	18,956,718	-0-
Private equity	14,314,539	-0-	14,314,539	-0-
	422,267,321	$323,139,070	$ 99,128,251	$ -0-
Accrued interest and other	402,075			
	422,669,396			
Liabilities				
Derivative	$ 393,363	$ -0-	$ 393,363	$ -0-

	September 30, 2013			
	Total	Level 1	Level 2	Level 3
Assets				
Cash and cash equivalents				
Money market funds	$ 5,546,499	$ -0-	$ 5,546,499	$ -0-
Cash	47,320,497			
	$ 52,866,996			
Investments limited as to use				
Cash and cash equivalents				
Money market funds	$ 8,884,951	$ -0-	$ 8,884,951	$ -0-
Common stock				
Consumer	11,842,798	11,842,798	-0-	-0-
Financial services	5,810,740	5,810,740	-0-	-0-
Industrial and materials	11,721,325	11,721,325	-0-	-0-
Technology	7,613,140	7,613,140	-0-	-0-
Healthcare	4,479,982	4,479,982	-0-	-0-
Other	5,732,902	5,732,902	-0-	-0-
Total common stock	47,200,887	47,200,887	-0-	-0-
Mutual funds				
Intermediate term bond	124,089,597	124,089,597	-0-	-0-
International equity	24,600,641	24,600,641	-0-	-0-
Large cap	43,599,458	43,599,458	-0-	-0-
Small cap	503,063	503,063	-0-	-0-
Other	1,069,416	1,069,416	-0-	-0-
Total mutual funds	193,862,175	193,862,175	-0-	-0-
US Government and government agency obligations	21,891,662	21,891,662	-0-	-0-
Corporate bonds				
Consumer	11,870,475	-0-	11,870,475	-0-
Financial services	15,700,658	-0-	15,700,658	-0-
Industrial and materials	13,937,654	-0-	13,937,654	-0-
International	5,005,484	-0-	5,005,484	-0-
Other	8,960,388	-0-	8,960,388	-0-
Total corporate bonds	55,474,659	-0-	55,474,659	-0-
Mortgage backed securities	17,716,358	-0-	17,716,358	-0-
Private equity	8,458,162	-0-	8,458,162	-0-
	353,488,854	$ 262,954,724	$ 90,534,130	$ -0-
Accrued interest and other	1,349,835			
	$ 354,838,689			
Liabilities				
Derivative	$ 241,604	$ -0-	$ 241,604	$ -0-

The following table summarizes the private equity investments measured at fair value based on NAV per share as of September 30, 2014 and 2013:

September 30, 2014				
Investment	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity	$14,314,539	None	Monthly	45 days

September 30, 2013				
Investment	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity	$ 8,458,162	None	Monthly	45 days

The System's policy is to recognize transfers between levels as of the end of the reporting period. There were no transfers during 2014 and 2013.

Realized gain and loss are reported in the consolidated statements of operations as a component of investment income. Net realized gains of approximately $1,947,000 and $913,000 were recorded during 2014 and 2013, respectively.

The market value of investments exceeded the cost by approximately $40,530,000 and $25,773,000 as of September 30, 2014 and 2013, respectively. The unrealized gain or loss is included in earnings for the period attributable to the change in unrealized gain or loss relating to assets held as of September 30, 2014 and 2013 and is reported in the consolidated statements of operations as net unrealized gain or loss on investments. During 2014 and 2013, the System recognized an unrealized gain of approximately of $14,757,000 and $7,433,000, respectively.

The System holds investments which are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying consolidated financial statements.

The following methods and assumptions were used by the System in estimating the fair value of its financial instruments:

Cash and cash equivalents, accounts payable, other current liabilities, salaries, wages and related liabilities and estimated third-party settlements: The carrying amount reported in the consolidated balance sheets for cash and cash equivalents, accounts payable, other current liabilities, salaries, wages and related liabilities and estimated third-party settlements approximate fair value based on short term maturity.

Long-term debt: See Long-Term Debt Note for fair value of the System's long-term debt.

5. LONG-TERM DEBT

The following is a summary of long-term debt as of September 30, 2014 and 2013:

	2014	2013
Hospital Revenue Bonds, Series 2009A Term bonds, payable annually from March 2036 through March 2039 in amounts ranging from $9,890,000 to $12,110,000 with interest, fixed rate 6 75%	$ 43,900,000	$ 43,900,000
Hospital Revenue Bonds, Series 2011A Term bonds, payable from March 2012 through March 2029 in amounts ranging from $770,000 to $1,630,000 with interest, fixed rates ranging from 2 50% to 6 00%	17,620,000	18,475,000
Hospital Revenue Bonds, Series 2012A Term bonds, payable from March 2013 through March 2015 in amounts ranging from $1,615,000 to $3,370,000 with interest, fixed rate 1 58%	1,615,000	4,985,000
Hospital Revenue Bonds, Series 2012B Term bonds, payable from January 2013 through January 2022 in amounts ranging from $880,000 to $1,755,000 with interest, fixed rate 2 30%	11,145,000	12,125,000
Hospital Revenue Bonds, Series 2012C Term bonds, payable from January 2013 through January 2019 in amounts ranging from $1,100,000 to $1,625,000 with interest, fixed rate 2 28%	7,090,000	8,200,000
Hospital Revenue Bonds, Series 2013A Term bonds, payable from March 2016 through March 2035 in amounts ranging from $470,000 to $8,070,000 with interest, fixed rates ranging from 3 00% to 5 00%	67,005,000	67,005,000

	2014	2013
Hospital Revenue Bonds, Series 2013B Term bonds, payable from March 2014 through March 2029 in amounts ranging from $1,000,000 to $1,735,000 with interest, variable based on 70% of BBA LIBOR rate, 1 26% as of September 30, 2014	$ 20,440,000	$ 21,440,000
Hospital Revenue Bonds, Series 2013C Term bonds, payable from March 2016 through March 2039 in amounts ranging from $250,000 to $2,840,000 with interest, variable based on 67% of BBA LIBOR rate plus 90 basis points, 1 01% as of September 30, 2014	40,180,000	40,180,000
Original issue premiums (discounts), net	2,803,522	3,033,405
Capital lease obligations, payable in installments ranging from $22,000 to $368,000 annually with interest ranging from 3 25% to 6 50%, expiring through July 2019, secured by equipment	3,799,053	2,062,654
Notes payable, due in monthly installments through September 2015, interest ranging from 4 85% to 8 00%, secured by equipment	1,036,102	1,897,455
	216,633,677	223,303,514
Less current portion	7,192,257	9,133,566
Long-term debt, net of current portion	$ 209,441,420	$ 214,169,948

During 2013, the System refinanced outstanding Hospital Revenue Bond issues with the Hospital Revenue Bonds Series 2012B, Series 2012C and Series 2013A, 2013B and 2013C bonds which resulted in a loss of approximately $6,181,000 which is recorded in nonoperating revenues (expenses) on the consolidated statements of operations.

The Hospital Revenue Bonds were issued through the Indiana Finance Authority (Authority). The System, the Authority and Fifth Third Bank entered into Bond Purchase Contracts (Contracts) whereby Fifth Third purchased from the Authority all of the Series 2012A, 2012B, 2012C and 2013B bonds in a private placement. The Series 2013C bonds were purchased from the Authority by Bank of America in a private placement.

Under the terms of the Contracts, Fifth Third and Bank of America agree to hold the Series 2012A, 2012B and 2012C bonds through the stated bond maturity dates. The Contracts for the Series 2013B and 2013C bonds are for 10 years through 2023. At the end of the Contract periods for the Series 2013B and 2013C bonds, these bonds could be remarketed to the original holders or to new investors at interest rate options as provided in the bond documents. If the Series 2013B and 2013C bonds cannot be remarketed at the end of the Contract periods, the System would be subject to payment of the remaining principal.

The System entered into an interest rate swap agreement with Fifth Third on the Series 2013B bonds. See the note disclosure “Derivatives Financial Instruments – Interest Rate Swaps” for additional information.

All of the Series bonds are secured by a security interest in the System’s revenue. The System covenants that it will not permit any lien or security interest on the System facility other than certain permitted encumbrances. In addition, the various agreements require maintenance of certain debt service income ratios, limit additional borrowings, and require compliance with various other restrictive covenants.

The fair value of the fixed rate Hospital Revenue Bonds (Series 2009A, 2011A, 2012A, 2012B, 2012C and 2013A) approximated $159,595,000 (carrying value of $148,375,000) as of September 30, 2014. The fair value of the fixed rate obligations is estimated using discounted cash flow analyses, based on the Hospital’s current incremental borrowing rates for similar types of borrowing arrangements. The fair value of variable rate debt (Series 2013B and 2013C) approximates its carrying value based on the underlying nature of the related debt.

The asset cost on the capital leased assets as of September 30, 2014 and 2013 was approximately $16,372,000 and $15,675,000, respectively. The accumulated amortization on the capital leased assets as of September 30, 2014 and 2013 was approximately $14,651,000 and $11,646,000, respectively.

The net book value of the equipment securing the notes payable was approximately $1,036,000 and $1,897,000 as of September 30, 2014 and 2013, respectively.

As of September 30, 2014, the System had outstanding property and equipment commitments of approximately $18,880,000.

Aggregate maturities of long-term debt are as follows:

Year Ending September 30,	
2015	$ 7,192,257
2016	6,801,929
2017	6,886,822
2018	6,926,775
2019	6,577,372
Thereafter	182,248,522
	$ 216,633,677

6. DERIVATIVE FINANCIAL INSTRUMENTS – INTEREST RATE SWAPS

Objectives and Strategies for Using Derivatives

The System makes limited use of derivative financial instruments for the purpose of managing interest rate risk. In particular, forward interest rate swaps (which are designated as cash flow hedges) are used to manage the risk associated with interest rates on variable-rate borrowings and to lower its overall borrowing costs.

As of September 30, 2014, the System had outstanding an interest rate swap agreement with Fifth Third, having a notional amount of $20,440,000. The agreement effectively changes the System's interest rate exposure on its Series 2013B bonds through March 2029 to a fixed 2.78%. The interest rate swap agreement matures at the time the related long-term debt matures. The System is exposed to credit loss in the event of nonperformance by the other parties to the interest rate swap agreement. However, the System does not anticipate nonperformance by the counterparties.

The derivative is not designated as a hedging instrument, and is marked-to-market on the consolidated balance sheet at fair value. The related gains and losses are included in excess revenues over expenses, the performance indicator, for the reporting period. Cash flows from interest rate swap contracts are classified as an operating activity on the consolidated statement of cash flows.

The asset derivatives are reported in the consolidated balance sheets as other assets and liability derivatives are reported as derivative liabilities in the other long-term liabilities. As of September 30, 2014 and 2013, the fair values of derivatives recorded in the consolidated balance sheets are as follows:

	2014	2013
Other long-term liabilities		
Derivative liability	$ 393,363	$ 241,604

During 2014 and 2013, the amount of gain or loss recognized in the consolidated statements of operations and reported as a component of investment income under nonoperating revenues (expenses) is as follows:

	2014	2013
Nonoperating revenues (expenses)		
Investment income		
Unrealized loss on deriviative	$ (151,759)	$ (241,604)

7. BENEFIT PLANS

The System offers a noncontributory defined benefit pension plan covering eligible employees. Benefits are based on each participant's years of service and compensation. Contributions to the plan are based on actuarially determined amounts sufficient to meet the benefits to be paid to plan participants. The defined benefit pension plan is closed to new participants. The System also offers a post-retirement plan to eligible participants. Under the post-retirement plan, the System contributes a fixed amount toward the participant's elected retiree medical coverage. The participant is responsible for the difference between the full cost of the elected retiree medical coverage and the System's contribution. Participants should refer to the plan documents for more complete information.

The following table sets forth the funded status of the benefit plans and amounts recognized in the consolidated financial statements as of and for the years ended September 30, 2014 and 2013.

	Pension Benefits		Post-Retirement Benefits	
	2014	2013	2014	2013
Change in benefit obligation				
Benefit obligation, beginning of year	$ 230,980,957	$ 239,926,176	$ 1,376,320	$ 1,422,459
Service cost	5,992,850	6,516,848	100,704	111,367
Interest cost	10,579,149	9,717,358	61,880	56,443
Benefits paid	(5,355,579)	(4,682,057)	(91,143)	(91,578)
Actuarial (gain) loss	65,626	(20,497,368)	(120,059)	(122,371)
Benefit obligation, end of year	$ 242,263,003	$ 230,980,957	$ 1,327,702	$ 1,376,320
Changes in plan assets				
Fair value of plan assets, beginning of year	$ 176,740,387	$ 155,437,444	$ -0-	$ -0-
Actual return on plan assets	17,335,922	17,981,000	-0-	-0-
Employer contributions	8,004,000	8,004,000	91,143	91,578
Benefits paid	(5,355,579)	(4,682,057)	(91,143)	(91,578)
Fair value of plan assets, end of year	$ 196,724,730	$ 176,740,387	$ -0-	$ -0-
Funded status				
Funded status of the plan, end of year	$ (45,538,273)	$ (54,240,570)	$ (1,327,702)	$ (1,376,320)
Amounts recognized in the consolidated balance sheets consist of				
Other long-term liabilities	$ (45,538,273)	$ (54,240,570)	$ (1,327,702)	$ (1,376,320)
Amounts not yet reflected in net periodic benefit cost and included in other changes in unrestricted net assets				
Prior service cost	$ (1,562)	$ (5,784)	$ (67,152)	$ (100,291)
Accumulated gain (loss)	(52,157,633)	(58,743,359)	553,314	456,171
Other changes in unrestricted net assets	(52,159,195)	(58,749,143)	486,162	355,880
Cumulative employer contributions in excess (deficit) of net periodic benefit cost	6,620,922	4,508,573	(1,813,864)	(1,732,200)
Net amount recognized in the consolidated balance sheets	$ (45,538,273)	$ (54,240,570)	$ (1,327,702)	$ (1,376,320)

Other pension disclosures for 2014 and 2013 include:

	Pension Benefits		Post-Retirement Benefits	
	2014	2013	2014	2013
Components of net periodic benefit cost				
Service cost	$ 5,992,850	$ 6,516,848	$ 100,704	$ 111,367
Interest cost	10,579,149	9,717,358	61,880	56,443
Expected return on plan assets	(14,138,568)	(12,883,679)	-0-	-0-
Amortization of prior year service cost	4,222	4,222	33,139	39,137
Amortization of (gain) loss	3,453,998	6,285,982	(22,916)	(12,656)
Net periodic benefit cost	$ 5,891,651	$ 9,640,731	$ 172,807	$ 194,291
Other changes in unrestricted net assets				
Net gain arising during year	$ (3,131,728)	$ (25,594,686)	$ (475,939)	$ (329,399)
Amortization of prior service cost	(4,222)	(4,222)	(33,139)	(39,137)
Amortization of gain (loss)	(3,453,998)	(6,285,982)	22,916	12,656
Total other changes in unrestricted net assets	$ (6,589,948)	$ (31,884,890)	$ (486,162)	$ (355,880)
Estimated amounts that will be amortized from other changes in unrestricted net assets over the next fiscal year				
Amortization of prior service (cost) credit	$ (1,562)	$ (4,222)	$ (21,660)	$ (33,139)
Amortization of gain (loss)	$ (2,749,147)	$ (3,453,998)	$ 30,922	$ 22,916
Weighted-average actuarial assumptions to determine benefit obligations of September 30				
Discount rate	4 58%	4 65%	4 58%	4 65%
Rate of compensation increase	3 50%	3 50%	N/A	N/A
Measurement date	9/30/14	9/30/13	9/30/14	9/30/13
Weighted-average actuarial assumptions to determine net periodic benefit cost as of September 30				
Discount rate	4 65%	4 10%	4 65%	4 10%
Expected long-term rate of return	8 00%	8 25%	N/A	N/A
Rate of compensation increase	3 50%	3 50%	N/A	N/A
Additional year end information				
Projected benefit obligation	$ 242,263,003	$ 230,980,957	$ 1,327,702	$ 1,376,320
Accumulated benefit obligation	$ 226,915,004	$ 214,810,674	$ 1,327,702	$ 1,376,320
Fair value of plan assets	$ 196,724,730	$ 176,740,387	$ -0-	$ -0-

The following is a schedule by year of expected benefit payments as of September 30, 2014

Year Ending September 30,	Pension Benefits	Post-Retirement Benefits
2015	$ 7,155,256	$ 96,227
2016	7,871,287	131,621
2017	8,719,503	147,245
2018	9,701,425	156,462
2019	10,666,127	163,211
2020-2024	68,443,715	816,128
	$ 112,557,313	$ 1,510,894

Determination of net periodic pension cost for the years ended September 30, 2014 and 2013 is based on assumptions and census data as of January 1, 2014 and 2013, respectively.

The principal long-term determinant of a portfolio's investment return is its asset allocation. The pension benefits plan allocation includes growth assets (60%) and fixed income (40%). In addition, active management strategies have added value relative to passive benchmark returns. The expected long-term rate of return assumption is based on the mix of assets in the plan, the long-term earnings expected to be associated with each asset class, and the additional return expected through active management. This assumption is periodically benchmarked against peer plans.

The amortization of any prior service cost is determined using a straight-line amortization of the cost over the average remaining service period of employees expected to receive benefits under the pension benefits plan.

The pension benefits plan's weighted-average, asset allocations as of September 30, 2014 and 2013, by asset category, are as follows:

	2014	2013
Equity		
Mutual funds	38%	37%
Common/collective trusts	20%	19%
Common stocks	4%	4%
Total equity	62%	60%
Fixed income		
Mutual funds	27%	28%
Common/collective trusts	7%	8%
Total fixed income	34%	36%
Private equity	4%	4%
	100%	100%

The allocation strategy for the pension benefits plan currently comprises approximately 50% to 70% growth investments (target of 60%) and 30% to 50% fixed-income investments (target of 40%). Within the growth investment classification, the plan asset strategy encompasses equity and equity-like instruments that are expected to represent approximately 60% of the System's plan asset portfolio of both public and private market investments. The largest component of these equity and equity-like instruments is public equity securities that are well diversified and invested in U.S. and international companies.

Fair value of mutual funds and marketable equity securities are based on the quoted prices in active markets. Common/collective trusts are valued at the NAV on a private market that is not active. However, the underlying investments are traded on an active market. The fair value of the private equity funds is valued at the percentage ownership of the NAV as reported to the plan by the individual managers.

The following is an analysis of fair value of the major classes of pension benefits plan assets of September 30, 2014 and 2013:

	2014	2013
Level 1		
Mutual funds		
Intermediate bond	$ 52,614,601	$ 48,608,483
Large blend	62,883,496	55,641,005
Foreign	10,111,255	9,049,723
Total mutual funds	125,609,352	113,299,211
Common stocks		
Financial services	1,999,554	1,946,556
Industrial and materials	1,634,932	1,653,088
Other	3,642,256	3,599,567
Total common stocks	7,276,742	7,199,211
Total Level 1	132,886,094	120,498,422
Level 2		
Common/collective trusts	53,498,523	46,970,272
Private equity	8,049,180	7,879,222
Total Level 2	61,547,703	54,849,494
	194,433,797	175,347,916
Cash equivalents	2,290,933	1,392,471
	$ 196,724,730	$ 176,740,387

The System expects to contribute in excess of the required funding amounts to its pension benefits plan in 2015, currently approximating $8,000,000.

The System also offers a 401k plan to eligible employees where the System makes base contributions to eligible employees based on years of service in addition to matching contributions (25% of employee deferral up to 6% of eligible earnings) based on the eligible employees' contribution to the 401k plan. Total expense for the System's contributions for eligible employees for 2014 and 2013 was approximately $8,096,000 and $7,751,000, respectively.

8. RELATED PARTY TRANSACTIONS

The Hospital is a joint-owner of The Women's Hospital. The Hospital owns the building in which The Women's Hospital is located and leases the space to The Women's Hospital currently at approximately $230,000 per month with an option to increase that amount annually through 2031. The Hospital provides ancillary services (lab, radiology) for The Women's Hospital. Ancillary services provided were approximately $2,781,000 and $2,015,000 in 2014 and 2013, respectively. The Hospital also has notes receivable due from The Women's Hospital for equipment. The balance of the notes receivable was approximately $54,000 and $89,000 as of September 30, 2014 and 2013, respectively.

The Hospital is a joint owner of Evansville Surgery Center Associates, LLC (Surgery Center). The Hospital recorded contract service expense related to the Surgery Center of approximately $28,607,000 and $29,488,000 in 2014 and 2013, respectively. As of September 30, 2014 and 2013, the Hospital had a liability to the Surgery Center of approximately $3,009,000 and $3,380,000, respectively.

The Hospital is a joint-owner of HealthSouth Deaconess Rehabilitation Hospital. The Hospital provides ancillary services (lab, radiology) to HealthSouth Deaconess Rehabilitation Hospital. Ancillary services provided were approximately $645,000 and $747,000 in 2014 and 2013, respectively.

9. COMMITMENTS AND CONTINGENCIES

Operating leases

The System leases various equipment and facilities under operating leases expiring at various dates through 2025. Total lease expense for 2014 and 2013 was approximately $12,184,000 and $11,632,000, respectively. The following are the minimum lease payments for the years after September 30, 2014:

Year Ending September 30,	
2015	$ 13,663,000
2016	11,654,000
2017	9,259,000
2018	8,078,000
2019	6,561,000
Thereafter	18,123,000
	$ 67,338,000

Litigation

The System is involved in litigation and regulatory matters arising in the course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the System's future financial position, results from operations or cash flows.

Health Insurance

The System's employee health care insurance is provided through a combination of insured, self-insured and purchased re-insurance coverage from a commercial carrier. The System maintains an estimated liability for the amount of claims incurred but not reported. Substantially all employees are covered for major medical benefits. The self-insured health coverage carries a stop-loss maximum of $300,000 per case with no aggregate limit.

SUPPLEMENTARY INFORMATION

DEACONESS HEALTH SYSTEM

CONSOLIDATING BALANCE SHEETS
SEPTEMBER 30, 2014

	Consolidated Deaconess Health System	Eliminations	Deaconess Health System Obligated Group	Deaconess Clinic, Inc	Progressive Health of Indiana, LLC	The Heart Hospital At Deaconess Gateway, LLC	Tri-State Radiation Oncology, LLC	Deaconess Health Plans, LLC	Other Entities
Assets									
Current assets									
Cash and cash equivalents	$ 93,153,751	$ -0-	$ 84,889,929	$ 32,568	$ 1,040,874	$ 1,299,622	$ 2,218,779	$ 2,098,775	$ 1,573,204
Funds held by trustee, current portion	4,351,171	-0-	4,351,171	-0-	-0-	-0-	-0-	-0-	-0-
Patient accounts receivable, net	98,767,803	-0-	83,450,166	7,711,765	116,726	6,664,740	725,120	-0-	99,286
Inventories	7,636,764	-0-	6,338,569	-0-	4,260	839,522	-0-	-0-	454,413
Prepaid expenses and other current assets	16,002,157	253,461	11,425,230	905,724	2,308,715	306,586	95,587	-0-	706,854
Total current assets	219,911,646	253,461	190,455,065	8,650,057	3,470,575	9,110,470	3,039,486	2,098,775	2,833,757
Investments limited as to use, less current portion									
Board designated funds	405,864,684	-0-	405,864,684	-0-	-0-	-0-	-0-	-0-	-0-
Board designated funds - Foundation	6,676,043	-0-	6,676,043	-0-	-0-	-0-	-0-	-0-	-0-
Donor restricted - Foundation	5,777,498	-0-	5,777,498	-0-	-0-	-0-	-0-	-0-	-0-
Total investments limited as to use	418,318,225	-0-	418,318,225	-0-	-0-	-0-	-0-	-0-	-0-
Property and equipment									
Land and improvements	20,620,616	-0-	19,393,279	-0-	-0-	-0-	-0-	-0-	1,227,337
Buildings and improvements	520,249,106	-0-	519,599,805	-0-	8,046	-0-	641,255	-0-	-0-
Furniture, fixtures and equipment	292,058,068	-0-	267,717,762	9,552,532	87,780	8,900,775	5,487,317	204,402	107,500
	832,927,790	-0-	806,710,846	9,552,532	95,826	8,900,775	6,128,572	204,402	1,334,837
Less allowances for depreciation	509,390,629	-0-	496,703,500	5,649,682	69,548	4,310,232	2,434,307	201,485	21,875
	323,537,161	-0-	310,007,346	3,902,850	26,278	4,590,543	3,694,265	2,917	1,312,962
Construction in progress	11,184,625	-0-	10,841,402	32,336	-0-	310,887	-0-	-0-	-0-
Total property and equipment, net	334,721,786	-0-	320,848,748	3,935,186	26,278	4,901,430	3,694,265	2,917	1,312,962
Other assets									
Deferred financing costs	1,187,388	-0-	1,187,388	-0-	-0-	-0-	-0-	-0-	-0-
Investments in joint ventures	25,879,283	(17,447,582)	43,229,047	97,818	-0-	-0-	-0-	-0-	-0-
Goodwill	22,583,543	-0-	15,785,298	139,430	-0-	6,658,815	-0-	-0-	-0-
Other	14,443,031	-0-	14,431,972	-0-	10,984	-0-	75	-0-	-0-
Total other assets	64,093,245	(17,447,582)	74,633,705	237,248	10,984	6,658,815	75	-0-	-0-
Total assets	$ 1,037,044,902	$ (17,194,121)	$ 1,004,255,743	$ 12,822,491	$ 3,507,837	$ 20,670,715	$ 6,733,826	$ 2,101,692	$ 4,146,719

See report of independent auditors on pages 1 and 2.

DEACONESS HEALTH SYSTEM

CONSOLIDATING BALANCE SHEETS
SEPTEMBER 30, 2014

	Consolidated Deaconess Health System	Eliminations	Deaconess Health System Obligated Group	Deaconess Clinic, Inc	Progressive Health of Indiana, LLC	The Heart Hospital At Deaconess Gateway, LLC	Tri-State Radiation Oncology, LLC	Deaconess Health Plans, LLC	Other Entities
Liabilities and net assets									
Current liabilities									
Accounts payable and other accrued liabilities	$ 43,483,124	$ 253,461	$ 39,160,379	$ 1,234,717	$ 203,337	$ 1,637,428	$ 75,163	$ 32,521	$ 886,118
Salaries, wages and related liabilities	45,786,745	-0-	34,326,831	9,742,244	700,688	861,751	155,110	121	-0-
Estimated third-party payor settlements	10,101,382	-0-	8,440,984	-0-	-0-	1,660,398	-0-	-0-	-0-
Accrued interest	644,442	-0-	644,442	-0-	-0-	-0-	-0-	-0-	-0-
Other current liabilities	401,362	-0-	-0-	-0-	-0-	-0-	401,362	-0-	-0-
Current portion of long-term debt	7,192,257	-0-	6,529,004	-0-	-0-	210,735	452,518	-0-	-0-
Total current liabilities	107,609,312	253,461	89,101,640	10,976,961	904,025	4,370,312	1,084,153	32,642	886,118
Long-term liabilities									
Long-term debt, less current portion	209,441,420	-0-	206,778,702	-0-	-0-	760,886	1,901,832	-0-	-0-
Other long-term liabilities	53,816,309	-0-	53,816,309	-0-	-0-	-0-	-0-	-0-	-0-
Total long-term liabilities	263,257,729	-0-	260,595,011	-0-	-0-	760,886	1,901,832	-0-	-0-
Total liabilities	370,867,041	253,461	349,696,651	10,976,961	904,025	5,131,198	2,985,985	32,642	886,118
Net assets									
Unrestricted	648,786,632	(29,061,313)	648,781,594	1,845,530	2,603,812	15,539,517	3,747,841	2,069,050	3,260,601
Non-controlling interest	11,613,731	11,613,731	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total unrestricted net assets	660,400,363	(17,447,582)	648,781,594	1,845,530	2,603,812	15,539,517	3,747,841	2,069,050	3,260,601
Temporarily restricted	3,872,368	-0-	3,872,368	-0-	-0-	-0-	-0-	-0-	-0-
Permanently restricted	1,905,130	-0-	1,905,130	-0-	-0-	-0-	-0-	-0-	-0-
Total net assets	666,177,861	(17,447,582)	654,559,092	1,845,530	2,603,812	15,539,517	3,747,841	2,069,050	3,260,601
Total liabilities and net assets	$ 1,037,044,902	$ (17,194,121)	$ 1,004,255,743	$ 12,822,491	$ 3,507,837	$ 20,670,715	$ 6,733,826	$ 2,101,692	$ 4,146,719

See report of independent auditors on pages 1 and 2.

DEACONESS HEALTH SYSTEM

CONSOLIDATING STATEMENTS OF OPERATIONS
YEAR ENDED SEPTEMBER 30, 2014

	Consolidated Deaconess Health System	Eliminations	Deaconess Health System Obligated Group	Deaconess Clinic, Inc	Progressive Health of Indiana, LLC	The Heart Hospital At Deaconess Gateway, LLC	Tri-State Radiation Oncology, LLC	Deaconess Health Plans, LLC	Other Entities
Unrestricted revenue and other support									
Net patient service revenue	$ 778,547,104	$ -0-	$ 649,507,328	$ 65,989,555	$ 1,016,365	$ 53,935,996	$ 7,689,433	$ -0-	$ 408,427
Less provision for bad debts	27,689,170	-0-	25,872,380	931,617	19,077	830,473	35,623	-0-	-0-
Net patient service revenue net of provision for bad debts	750,857,934	-0-	623,634,948	65,057,938	997,288	53,105,523	7,653,810	-0-	408,427
Other revenue	37,231,506	(15,026,160)	25,126,240	3,854,093	17,435,881	723,812	-0-	1,252,124	3,865,516
Total unrestricted revenue and other support	788,089,440	(15,026,160)	648,761,188	68,912,031	18,433,169	53,829,335	7,653,810	1,252,124	4,273,943
Expenses									
Salaries and wages	276,581,297	-0-	206,785,331	53,784,622	8,687,498	5,379,832	1,421,813	451,416	70,785
Employee benefits	76,015,032	-0-	62,574,275	9,917,053	1,367,947	1,827,375	154,758	149,118	24,506
Supplies	124,348,807	-0-	102,301,108	6,226,829	54,887	14,234,152	112,159	29,829	1,389,843
Contract services	73,354,153	(20,160,477)	69,078,924	7,389,621	1,654,301	12,428,844	445,063	28,736	2,489,141
Repairs and maintenance	21,049,021	-0-	19,955,772	573,593	5,820	513,836	-0-	-0-	-0-
Depreciation	43,494,213	-0-	41,031,467	747,741	5,761	918,833	774,878	1,458	14,075
Interest	8,362,577	-0-	8,218,047	-0-	-0-	25,837	118,693	-0-	-0-
Utilities	13,518,495	-0-	11,393,272	1,709,937	47,921	304,095	49,768	12,331	1,171
Other	59,712,485	(2,079,194)	47,581,464	7,662,114	540,006	4,318,673	1,397,208	130,336	161,878
Total expenses	696,436,080	(22,239,671)	568,919,660	88,011,510	12,364,141	39,951,477	4,474,340	803,224	4,151,399
Income (loss) from operations	91,653,360	7,213,511	79,841,528	(19,099,479)	6,069,028	13,877,858	3,179,470	448,900	122,544
Nonoperating revenues (expenses)									
Investment income (loss)	13,466,528	-0-	13,464,522	(286)	-0-	1,392	-0-	900	-0-
Contributions, gifts, and bequests	797,403	-0-	797,403	-0-	-0-	-0-	-0-	-0-	-0-
Grants	(1,954,064)	-0-	(1,954,064)	-0-	-0-	-0-	-0-	-0-	-0-
Total nonoperating revenues (expenses)	12,309,867	-0-	12,307,861	(286)	-0-	1,392	-0-	900	-0-
Excess revenues over (under) expenses	103,963,227	7,213,511	92,149,389	(19,099,765)	6,069,028	13,879,250	3,179,470	449,800	122,544
Other changes in unrestricted net assets									
Net unrealized gain on investments	14,690,787	-0-	14,690,787	-0-	-0-	-0-	-0-	-0-	-0-
Benefit related changes other than net periodic benefit cost	7,076,110	-0-	7,076,110	-0-	-0-	-0-	-0-	-0-	-0-
Net assets released from restriction	467,009	-0-	467,009	-0-	-0-	-0-	-0-	-0-	-0-
Capital contributions	300,000	(19,424,398)	-0-	17,185,200	-0-	-0-	-0-	-0-	2,539,198
Distributions	(9,770,779)	10,526,797	-0-	-0-	(5,027,468)	(12,918,504)	(1,957,706)	(393,898)	-0-
Change in unrestricted net assets	116,726,354	(1,684,090)	114,383,295	(1,914,565)	1,041,560	960,746	1,221,764	55,902	2,661,742
Temporarily restricted net assets									
Contributions, gifts, and bequests	430,023	-0-	430,023	-0-	-0-	-0-	-0-	-0-	-0-
Net unrealized gain on investments	66,117	-0-	66,117	-0-	-0-	-0-	-0-	-0-	-0-
Investment income	60,656	-0-	60,656	-0-	-0-	-0-	-0-	-0-	-0-
Net assets released from restriction	(467,009)	-0-	(467,009)	-0-	-0-	-0-	-0-	-0-	-0-
Change in temporarily restricted net assets	89,787	-0-	89,787	-0-	-0-	-0-	-0-	-0-	-0-
Permanently restricted net assets									
Contributions, gifts, and bequests	56,362	-0-	56,362	-0-	-0-	-0-	-0-	-0-	-0-
Change in net assets	$ 116,872,503	$ (1,684,090)	$ 114,529,444	$ (1,914,565)	$ 1,041,560	$ 960,746	$ 1,221,764	$ 55,902	$ 2,661,742

See report of independent auditors on pages 1 and 2.

DEACONESS HEALTH SYSTEM

CONSOLIDATING BALANCE SHEETS – DEACONESS HEALTH SYSTEM OBLIGATED GROUP
SEPTEMBER 30, 2014

	Deaconess Health System Obligated Group	Eliminations	Deaconess Health System, Inc	Deaconess Hospital, Inc
Assets				
Current assets				
Cash and cash equivalents	$ 84,889,929	$ -0-	$ 1,154,736	$ 83,735,193
Funds held by trustee, current portion	4,351,171	-0-	-0-	4,351,171
Patient accounts receivable, net	83,450,166	-0-	-0-	83,450,166
Inventories	6,338,569	-0-	-0-	6,338,569
Prepaid expenses and other current assets	11,425,230	(192,307)	257,238	11,360,299
Total current assets	190,455,065	(192,307)	1,411,974	189,235,398
Investments limited as to use, less current portion				
Board designated funds	405,864,684	-0-	-0-	405,864,684
Board designated funds - Foundation	6,676,043	-0-	-0-	6,676,043
Donor restricted - Foundation	5,777,498	-0-	-0-	5,777,498
Total investments limited as to use	418,318,225	-0-	-0-	418,318,225
Property and equipment				
Land and improvements	19,393,279	-0-	3,460,502	15,932,777
Buildings and improvements	519,599,805	-0-	39,689,583	479,910,222
Furniture, fixtures and equipment	267,717,762	-0-	233,490	267,484,272
	806,710,846	-0-	43,383,575	763,327,271
Less allowances for depreciation	496,703,500	-0-	29,056,824	467,646,676
	310,007,346	-0-	14,326,751	295,680,595
Construction in progress	10,841,402	-0-	358,442	10,482,960
Total property and equipment, net	320,848,748	-0-	14,685,193	306,163,555
Other assets				
Deferred financing costs	1,187,388	-0-	-0-	1,187,388
Investments in joint ventures	43,229,047	-0-	1,625,273	41,603,774
Goodwill	15,785,298	-0-	-0-	15,785,298
Other	14,431,972	(73,229)	-0-	14,505,201
Total other assets	74,633,705	(73,229)	1,625,273	73,081,661
Total assets	$ 1,004,255,743	$ (265,536)	$ 17,722,440	$ 986,798,839

See report of independent auditors on pages 1 and 2.

DEACONESS HEALTH SYSTEM

CONSOLIDATING BALANCE SHEETS – DEACONESS HEALTH SYSTEM OBLIGATED GROUP
SEPTEMBER 30, 2014

	Deaconess Health System Obligated Group	Eliminations	Deaconess Health System, Inc	Deaconess Hospital, Inc
Liabilities and net assets				
Current liabilities				
Accounts payable and other accrued liabilities	$ 39,160,379	$ (192,307)	$ 1,023,492	$ 38,329,194
Salaries, wages and related liabilities	34,326,831	-0-	-0-	34,326,831
Estimated third-party payor settlements	8,440,984	-0-	-0-	8,440,984
Accrued interest	644,442	-0-	-0-	644,442
Current portion of long-term debt	6,529,004	-0-	-0-	6,529,004
Total current liabilities	89,101,640	(192,307)	1,023,492	88,270,455
Long-term liabilities				
Long-term debt, less current portion	206,778,702	-0-	-0-	206,778,702
Other long-term liabilities	53,816,309	-0-	-0-	53,816,309
Total long-term liabilities	260,595,011	-0-	-0-	260,595,011
Total liabilities	349,696,651	(192,307)	1,023,492	348,865,466
Net assets				
Unrestricted	648,781,594	(73,229)	16,698,948	632,155,875
Temporarily restricted	3,872,368	-0-	-0-	3,872,368
Permanently restricted	1,905,130	-0-	-0-	1,905,130
Total net assets	654,559,092	(73,229)	16,698,948	637,933,373
Total liabilities and net assets	$ 1,004,255,743	$ (265,536)	$ 17,722,440	$ 986,798,839

DEACONESS HEALTH SYSTEM

CONSOLIDATING STATEMENTS OF OPERATIONS – DEACONESS HEALTH SYSTEM OBLIGATED GROUP
YEAR ENDED SEPTEMBER 30, 2014

	Deaconess Health System Obligated Group	Eliminations	Deaconess Health System, Inc	Deaconess Hospital, Inc
Unrestricted revenue and other support				
Net patient service revenue	$ 649,507,328	$ -0-	$ -0-	$ 649,507,328
Less provision for bad debts	25,872,380	-0-	-0-	25,872,380
Net patient service revenue net of provision for bad debts	623,634,948	-0-	-0-	623,634,948
Other revenue (expense)	25,126,240	(1,732,087)	(16,690,934)	43,549,261
Total unrestricted revenue and other support	648,761,188	(1,732,087)	(16,690,934)	667,184,209
Expenses				
Salaries and wages	206,785,331	-0-	-0-	206,785,331
Employee benefits	62,574,275	-0-	-0-	62,574,275
Supplies	102,301,108	-0-	9,932	102,291,176
Contract services	69,078,924	-0-	1,093,440	67,985,484
Repairs and maintenance	19,955,772	-0-	435,829	19,519,943
Depreciation	41,031,467	-0-	980,147	40,051,320
Interest	8,218,047	-0-	-0-	8,218,047
Utilities	11,393,272	-0-	709,993	10,683,279
Other	47,581,464	(1,732,087)	361,236	48,952,315
Total expenses	568,919,660	(1,732,087)	3,590,577	567,061,170
Income (loss) from operations	79,841,528	-0-	(20,281,511)	100,123,039
Nonoperating revenues (expenses)				
Investment income (loss)	13,464,522	-0-	(1,800)	13,466,322
Contributions, gifts, and bequests	797,403	-0-	-0-	797,403
Grants	(1,954,064)	-0-	-0-	(1,954,064)
Total nonoperating revenues (expenses)	12,307,861	-0-	(1,800)	12,309,661
Excess revenues over (under) expenses	92,149,389	-0-	(20,283,311)	112,432,700
Other changes in unrestricted net assets				
Net unrealized gain on investments	14,690,787	-0-	-0-	14,690,787
Benefit related changes other than net periodic benefit cost	7,076,110	-0-	-0-	7,076,110
Net assets released from restriction	467,009	-0-	-0-	467,009
Transfers	-0-	-0-	17,185,200	(17,185,200)
Change in unrestricted net assets	114,383,295	-0-	(3,098,111)	117,481,406
Temporarily restricted net assets				
Contributions, gifts, and bequests	430,023	-0-	-0-	430,023
Net unrealized gain on investments	66,117	-0-	-0-	66,117
Investment income	60,656	-0-	-0-	60,656
Net assets released from restriction	(467,009)	-0-	-0-	(467,009)
Change in temporarily restricted net assets	89,787	-0-	-0-	89,787
Permanently restricted net assets				
Contributions, gifts, and bequests	56,362	-0-	-0-	56,362
Consolidated change in net assets	$ 114,529,444	$ -0-	$ (3,098,111)	$ 117,627,555

See report of independent auditors on pages 1 and 2.