Iowa Health System and Subsidiaries
d/b/a UnityPoint Health

Auditor's Report and Consolidated Financial Statements

December 31, 2013 and 2012

BKD LLP
CPAs & Advisors

Iowa Health System and Subsidiaries
d/b/a UnityPoint Health
December 31, 2013 and 2012

Contents

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Independent Auditor's Report

Board of Directors
Iowa Health System and Subsidiaries
d/b/a UnityPoint Health

We have audited the accompanying consolidated financial statements of Iowa Health System and Subsidiaries d/b/a UnityPoint Health (the System), which comprise the consolidated balance sheets as of December 31, 2013 and 2012, 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 audit 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the System as of December 31, 2013 and 2012, and the results of its operations, the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of the System and the balance sheets and statements of operations for the Colleges of Nursing within the System listed in the table of contents are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements, rather than to present the financial position, changes in net assets and cash flows of the individual entities. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

BKD, LLP

Kansas City, Missouri
April 22, 2014

Iowa Health System and Subsidiaries
d/b/a UnityPoint Health
Consolidated Balance Sheets
December 31, 2013 and 2012

Assets

	2013	2012
	(in thousands)	
Current Assets		
Cash and cash equivalents	$ 197,498	$ 140,990
Short-term investments	56,066	64,408
Assets limited as to use – required for current liabilities	14,618	14,405
Patient accounts receivable, less estimated uncollectibles; 2013 – $64,844, 2012 – $54,909	378,085	378,555
Other receivables	64,726	43,318
Inventories	56,168	50,910
Prepaid expenses	29,232	26,111
Total current assets	796,393	718,697
Assets Limited As to Use, Noncurrent		
Held by trustee under bond indenture agreements	40,577	2,925
Internally designated	1,006,149	882,472
Total assets limited as to use, noncurrent	1,046,726	885,397
Property, Plant and Equipment, Net	1,404,467	1,324,488
Other Long-term Investments	502,023	413,049
Investments in Joint Ventures and Other Investments	71,694	74,608
Contributions Receivable, Net	83,264	65,179
Other	47,404	23,941
Total assets	$ 3,951,971	$ 3,505,359

Liabilities and Net Assets

		2013		2012
		(in thousands)		
Current Liabilities				
Current maturities of long-term debt	$	47,562	$	73,022
Accounts payable		136,498		122,637
Accrued payroll		169,501		144,046
Accrued interest		10,148		8,209
Estimated settlements due to third-party payers		57,513		58,006
Other current liabilities		70,874		60,297
Total current liabilities		492,096		466,217
Long-term Debt, Net		857,485		727,585
Other Long-term Liabilities		280,328		358,835
Total liabilities		1,629,909		1,552,637
Net Assets				
Unrestricted		2,182,155		1,838,514
Temporarily restricted		85,090		64,935
Permanently restricted		54,817		49,273
Total net assets		2,322,062		1,952,722
Total liabilities and net assets	$	3,951,971	$	3,505,359

Iowa Health System and Subsidiaries
d/b/a UnityPoint Health
Consolidated Statements of Operations
Years Ended December 31, 2013 and 2012

	2013	2012
	(in thousands)	
Unrestricted Revenues		
Patient service revenue (net of contractual allowances)	$ 2,794,974	$ 2,686,008
Provision for patient uncollectible accounts	(151,387)	(131,413)
Net patient service revenue	2,643,587	2,554,595
Other operating revenue	191,323	171,263
Net assets released from restrictions used for operations	6,560	6,686
Total unrestricted revenues	2,841,470	2,732,544
Expenses		
Salaries and wages	1,037,737	1,004,380
Physician compensation and services	347,230	324,361
Employee benefits	235,185	240,868
Supplies	457,852	445,913
Other expenses	480,492	458,941
Depreciation and amortization	171,099	163,895
Interest	28,387	31,734
Provision for uncollectible accounts	877	1,054
Total expenses	2,758,859	2,671,146
Operating Income	82,611	61,398
Nonoperating Gains		
Investment income	159,341	134,815
Contribution received in affiliation with Proctor Peoria	1,012	-
Other, net	19,363	1,382
Total nonoperating gains, net	179,716	136,197
Excess of Revenues Over Expenses	262,327	197,595
Change in the fair value of interest rate swaps	17,613	1,065
Net assets released from restrictions used for capital expenditures	8,877	7,140
Change in defined benefit pension plan gains and prior costs	56,994	2,805
Contributions of or for acquisition of property and equipment	120	962
Other, net	(2,290)	1,736
Increase in Unrestricted Net Assets	$ 343,641	$ 211,303

Iowa Health System and Subsidiaries
d/b/a UnityPoint Health
Consolidated Statements of Changes in Net Assets
Years Ended December 31, 2013 and 2012

	2013	2012
	(in thousands)	
Unrestricted Net Assets		
Excess of revenues over expenses	$ 262,327	$ 197,595
Change in the fair value of interest rate swaps	17,613	1,065
Net assets released from restrictions used for capital expenditures	8,877	7,140
Change in defined benefit pension plan gains and prior costs	56,994	2,805
Contributions of or for acquisition of property and equipment	120	962
Other, net	(2,290)	1,736
Increase in unrestricted net assets	343,641	211,303
Temporarily Restricted Net Assets		
Contribution received in affiliation with Proctor Peoria	12,394	-
Contributions	11,879	15,309
Investment income	3,676	2,350
Government grants	75	871
Net assets released from restrictions used for operations	(6,560)	(6,686)
Net assets released from restrictions used for capital expenditures	(8,877)	(7,140)
Change in net unrealized gains on investments	1,893	429
Change in beneficial interest in net assets of affiliates	5,741	3,932
Other, net	(66)	(1,954)
Increase in temporarily restricted net assets	20,155	7,111
Permanently Restricted Net Assets		
Contributions	2,827	510
Contribution received in affiliation with Proctor Peoria	948	-
Investment income	901	1,032
Change in net unrealized gains on investments	359	169
Change in beneficial interest in net assets of affiliates	509	493
Increase in permanently restricted net assets	5,544	2,204
Increase in Net Assets	369,340	220,618
Net Assets, Beginning of Year	1,952,722	1,732,104
Net Assets, End of Year	$ 2,322,062	$ 1,952,722

Iowa Health System and Subsidiaries
d/b/a UnityPoint Health
Consolidated Statements of Cash Flows
Years Ended December 31, 2013 and 2012

	2013	2012
	(in thousands)	
Operating Activities		
Increase in net assets	$ 369,340	$ 220,618
Items not requiring (providing) operating cash		
Net gains on investments	(114,608)	(113,539)
Net unrealized gains on swaps	(42,600)	(5,469)
Restricted contributions, investment income and government grants received	(15,050)	(13,984)
Contributions of or for acquisition of property and equipment	(120)	(962)
Depreciation and amortization	171,099	163,895
Change in defined pension plans' liability	(56,994)	(2,805)
Contribution received in affiliation with Proctor Peoria	(14,354)	-
Amortization of debt issuance costs	579	773
Loss on disposition of assets	276	1,127
(Gain) loss on bond extinguishment	243	(1,856)
Equity in earnings of joint ventures	(20,178)	(23,468)
Change in beneficial interest in net assets of affiliates	(6,250)	(4,425)
Provision for uncollectible accounts	152,264	132,467
Changes in		
Receivables	(159,411)	(166,183)
Inventories, prepaid expenses and other assets	(12,601)	5,903
Accounts payable, accrued liabilities and other liabilities	29,781	(7,194)
Due to third-party payers	(5,845)	(9,342)
Net cash provided by operating activities	275,571	175,556
Investing Activities		
Capital expenditures	(206,382)	(227,323)
Proceeds from sale of assets	4,969	2,328
Increase in assets limited as to use, net	(79,119)	(25,937)
Cash acquired in affiliation with Proctor Peoria	1,787	-
Decrease in short-term investments	8,030	122,329
Increase in other long-term investments	(53,697)	(29,002)
Investments in joint ventures	(483)	(19,011)
Distributions received from joint ventures	21,783	25,135
Net cash used in investing activities	(303,112)	(151,481)
Financing Activities		
Proceeds from issuance of long-term debt and lines of credit	196,834	81,993
Payments of debt	(97,818)	(22,032)
Payments of financing costs	(1,517)	-
Payments on early extinguishment of debt	(28,620)	(54,528)
Proceeds from restricted contributions, investment income and government grants	15,050	13,984
Proceeds from contributions for acquisition of property and equipment	120	962
Net cash provided by financing activities	84,049	20,379
Increase in Cash and Cash Equivalents	56,508	44,454
Cash and Cash Equivalents, Beginning of Year	140,990	96,536
Cash and Cash Equivalents, End of Year	$ 197,498	$ 140,990

Iowa Health System and Subsidiaries
d/b/a UnityPoint Health
Consolidated Statements of Cash Flows (Continued)
Years Ended December 31, 2013 and 2012

	2013	2012
	(in thousands)	
Supplemental Cash Flows Information		
Interest paid (net of amount capitalized)	$ 26,831	$ 33,210
Capital lease obligations incurred for property and equipment	3,897	3,869
Property and equipment purchases in accounts payable	22,800	28,854
Affiliation with Proctor Peoria		
Assets acquired	91,495	-
Liabilities assumed	77,141	-

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Organization

Iowa Health System is an Iowa nonprofit corporation formed in December 1994. Iowa Health System and its subsidiaries provide inpatient and outpatient care and physician services from sixteen hospital facilities and various ambulatory service and clinic locations in Iowa and Illinois. Primary, secondary and tertiary care services are provided to residents of Iowa, Illinois and adjacent states.

On April 16, 2013, Iowa Health System began being publicly known as UnityPoint Health (the System). This name change reflects the transformation of clinical processes underway within the System and the adaptation to better address the health care needs of communities, including building a model of delivering health care that coordinates care around the patient while focusing on improving the quality of care and reducing costs. The legal name of the parent remains Iowa Health System, with the UnityPoint Health name reflecting a doing business as (d/b/a).

Basis of Presentation

The consolidated financial statements include the accounts of UnityPoint Health and its subsidiaries listed below:

- Central Iowa Health System and Subsidiaries (d/b/a UnityPoint Health - Des Moines) (Des Moines)
- Methodist Health Services Corporation and Subsidiaries (Peoria)
- Trinity Regional Health System and Subsidiaries (Rock Island)
- St. Luke's Healthcare and Subsidiaries (Cedar Rapids)
- Allen Health Systems, Inc. and Subsidiaries (Waterloo)
- St. Luke's Health System, Inc. (Sioux City)
- Trinity Health Systems, Inc. and Subsidiaries (Fort Dodge)
- Finley Tri-States Health Group, Inc. and Subsidiaries (Dubuque)
- Iowa Physicians Clinic Medical Foundation (d/b/a UnityPoint Clinic)
- UnityPoint at Home (formerly known as Intrust and formerly d/b/a Iowa Health Home Care)

Effective November 7, 2013, Methodist Health Services Corporation (MHSC) entered into an Affiliation agreement with Proctor Health Care Incorporated (PHCI or Proctor Peoria) under which PHCI became an affiliate of MHSC. For the period ended December 31, 2013, net revenues related to PHCI of $18,449 were recorded in the consolidated financial statements.

All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

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

Cash, Cash Equivalents and Short-term Investments

Cash equivalents consist of demand deposits, money market funds and other debt securities with original maturities of three months or less at the date of purchase, other than those included in assets limited as to use. Short-term investments consist of debt securities with maturities between 91 and 365 days of the balance sheet date and other investments held as part of deferred compensation arrangements whose distributions will occur within one year.

At times, the System's cash accounts exceeded federally insured limits. Management believes that the institutions where cash accounts are maintained are financially stable and that the credit risk related to deposits is minimal.

Assets Limited as to Use

Assets limited as to use include amounts held by trustees under bond indenture agreements and related documents and assets internally designated by the Board of Directors for identified purposes and over which the Board of Directors retains control and may, at its discretion, subsequently use for other purposes. Amounts required to meet current liabilities are classified as current assets.

Inventories

Inventories consist of supplies and are stated at the lower of cost or market.

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in fixed income securities are measured at fair value in the consolidated balance sheets. The fair values are based on quoted market prices or dealer quotes.

Investments in joint ventures and other affiliates, which are more than 20% and not more than 50% owned, are recorded using the equity method. Other investments are reported at cost, as adjusted for permanent impairment in value, if any.

Realized gains and losses from the sale of investments, interest and dividends, except those earned as a function of operations, and unrealized gains and losses on investments classified as trading securities and those carried at fair value pursuant to ASC Topic 825, are reported as non-operating gains (losses) unless restricted by a donor. Unrealized and realized gains and losses and investment income on investments restricted by donors are included as a component of the change in net assets based upon the nature of the restriction.

The System elected the fair value option for its alternative investments (including hedge funds and private equity funds) that are primarily limited liability corporations and partnerships. Management has elected the fair value option for the alternative investments because it more accurately reflects the portfolio returns and financial position of the System. Gains and losses on investments subject to the fair value option are reported in investment income in nonoperating gains (losses) in the accompanying consolidated statements of operations.

Refer to Notes 5 and 13 for additional disclosures regarding balance sheet line items and fair value of those investments carried under Topic 825.

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs), and Level 3 (significant unobservable inputs) are recognized on the actual transfer date.

Property, Plant and Equipment

Property, plant and equipment acquisitions are recorded at cost less accumulated depreciation. Depreciation is provided primarily using the straight-line method over the estimated useful lives of the assets. Depreciation of assets under capital lease is provided using the straight-line method over the shorter of the lease term or the estimated useful life of the assets. Donated property, plant and equipment are recorded at fair market value at the date of donation.

The System capitalizes interest costs as a component of construction in progress, based on interest costs of borrowing specifically for a project, net of interest earned on investments acquired with the proceeds of the borrowing. During 2013 and 2012, the System capitalized $2,324 and $950 of interest expense, respectively.

Long-lived Asset Impairment

The System evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimate future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended December 31, 2013 and 2012.

Other Assets

Other assets include certain patient records and other intangible assets that are stated at cost less accumulated amortization. In addition, other assets include goodwill. Annually, the System performs an impairment test of all goodwill and any identified impairment loss is recognized as expense. Other assets also include deferred financing costs, which are amortized over the period the obligation is expected to be outstanding. The System has $6,029 and $3,509 of goodwill at December 31, 2013 and 2012, respectively. Other intangible assets at December 31, 2013 and 2012 were $9,366 and $9,075, respectively, which are subject to amortization.

Net Assets

Net assets are classified into three mutually exclusive classes: unrestricted, temporarily restricted and permanently restricted. The three classes are based on the presence or absence of donor-imposed restrictions. Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors in perpetuity. The expiration of donor restrictions is recorded in the period in which the restrictions expire.

Temporarily restricted net assets are generally restricted for capital expenditures, passage of time or other donor specified restrictions.

Excess of Revenues Over Expenses

Excess of revenues over expense transactions affecting unrestricted net assets are reflected in the consolidated statements of operations. Consistent with industry practice, the effective portion of derivative instruments qualifying for hedge accounting carried at fair value, change in defined benefit plans, and contributions of long-lived assets (including assets acquired with donor-restricted cash contributions) are excluded from determination of the excess of revenues over expenses. Transactions related to temporarily or permanently restricted net assets are recorded as additions or deductions to net assets and reflected in the consolidated statements of changes in net assets. Non-controlling interest included as part of excess of revenues over expenses was $1,160 and $768 as of December 31, 2013 and 2012, respectively.

Net Patient Service Revenue and Accounts Receivable

Net patient service revenue is reported at the estimated net realizable amount, primarily from patients and third-party payers, for services provided, including retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period in which the related services are provided, and adjusted in future periods as final settlements are determined.

The System recognizes patient service revenue associated with services provided to patients who have third-party payer coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the System recognizes revenue on the basis of its standard rates for services provided. On the basis of historical experience, a significant portion of the System’s uninsured patients will be unable or unwilling to pay for the services provided. Thus, the System records a significant provision for uncollectible accounts related to uninsured patients in the period the services are provided. This provision for uncollectible accounts is presented on the accompanying consolidated statements of operations as a component of net patient service revenue.

(Dollars in Thousands)

As a service to the patient, the System bills third-party payers directly and bills the patient when the patient's liability is determined. Patient accounts receivable are due in full when billed. Accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectability of accounts receivable, the System analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for uncollectible accounts. Management regularly reviews data about these major payer 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 contractual allowances based on these amounts. Additionally, an allowance for uncollectible accounts is provided for expected uncollectible deductibles and copayments on accounts for which the patient is responsible. For receivables associated with self-pay patients, the System records a significant provision for uncollectible accounts 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 or provided by policy) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

The System's allowance for uncollectible accounts at December 31, 2013 and 2012 was $64,844 and $54,909, respectively. The allowance for uncollectible accounts (including a portion allowed for financial assistance) for self-pay patients was approximately 88% and 93% of self-pay accounts receivable at December 31, 2013 and 2012, respectively. The provision for patient uncollectible accounts for the year ended December 31, 2013 was $151,387 compared to $131,413 for the year ended December 31, 2012. The increase in expense was a result of negative trends experienced in the collection of long aged account balances and thus minor modifications made to current allowance estimates.

Patient service revenues at established rates less third-party payer contractual adjustments (but before the provision for uncollectible accounts), recognized in the years ended December 31 were approximately:

	2013	2012
Medicare	$ 978,591	$ 936,419
Medicaid	309,544	266,881
Wellmark	676,252	660,354
Commercial and other	686,750	692,515
Self-pay	143,837	129,839
	$ 2,794,974	$ 2,686,008

(Dollars in Thousands)

Patient accounts receivable at established rates, less contractual allowances and the allowance for uncollectible accounts, by payer class at December 31 were as follows:

	2013	2012
Medicare	$ 95,363	$ 101,560
Medicaid	34,362	45,366
Wellmark	66,769	64,972
Commercial and other	141,466	124,416
Self-pay	40,125	42,241
	$ 378,085	$ 378,555

Charity Care

The System provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates. Amounts determined to be charity care are not reported as revenue.

Functional Expenses

The System provides general health care services, including acute inpatient, outpatient, physician, ambulatory, long-term and home health care, and incurs related general and administrative expenses. Expenses related to providing these services for the years ended December 31 were as follows:

	2013	2012
General health care services	$ 2,231,543	$ 2,176,883
Management, general and administrative	522,628	491,349
Research	4,688	2,914
	$ 2,758,859	$ 2,671,146

Contributions and Beneficial Interest in Net Assets

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Donor-imposed restrictions are considered fulfilled as soon as the stipulated time has expired or the qualifying expenditure has been made. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions.

Contributions not expected to be collected within a year are recorded at the present value of expected future cash flows using a risk-free interest rate over the term of the contribution. Contributions of property are recorded at fair value when received.

Interests in charitable trusts and perpetual trusts are carried at the present value of expected future cash flows, which approximates fair value. The System's interest in the net assets (the Interest) of certain foundations that raise and hold assets on behalf of the System is accounted for in a manner similar to the equity method. The Interest is stated at fair value, and changes in the Interest are included in the change in net assets. Transfers of assets between these foundations and the System are recognized as increases or decreases in the Interest.

Estimated Malpractice Costs, Health Insurance and Workers' Compensation

An annual estimated provision is accrued for the self-insured portion of medical malpractice, health insurance, and workers' compensation claims and includes an estimate of the ultimate costs for both reported claims and claims incurred but not reported.

Claims liabilities are recorded at the gross amount, without consideration of insurance recoveries. Expected recoveries are presented separately as receivables in the consolidated balance sheets.

Interest Rate Swap Agreements

The System has entered into various interest rate-swap agreements (the Swaps) to reduce the effect of changes in cash flows primarily related to interest rate fluctuations on the System's various variable rate demand bond issues. The Swaps were entered into for the risk management purpose of reducing the variability in cash flows related to the System's variable rate debt.

As described in Note 8, the System has designated certain swaps as hedges, while other swaps have not been designated as hedging instruments. The effective portion of changes in the fair value of swaps designated as hedges is recognized as a component of other changes in net assets, while the ineffective portion of these swaps changes in fair value, and all changes in fair value of swaps not designated as hedges, is recorded as a component of nonoperating gains (losses) in excess of revenues over expenses.

The Swaps are recognized on the consolidated balance sheets at fair value. The net cash payments or receipts under the Swaps designated as hedging instruments are recorded as an increase or decrease to interest expense. The net cash payments or receipts under the Swaps not designated as hedges are recorded as an increase or decrease to other nonoperating income (loss).

Income Taxes

UnityPoint Health and most of its subsidiaries are classified as tax-exempt organizations as described in Sections 501(c)(3) and 501(c)(2) of the Internal Revenue Code (the Code). Tax-exempt organizations are not subject to federal and state income taxes on related income, pursuant to Section 501(a) of the Code. These organizations are subject to federal and state income taxes to the extent they have unrelated business income as described under provisions of Section 511 of the Code.

The System files Form 990 for substantially all of its operating entities in the U.S. federal jurisdiction and is no longer subject to examination by tax authorities for the years before 2010. The System has no material uncertain tax positions.

Certain subsidiaries are subject to federal and state income taxes. Some of these corporations have accumulated net operating loss carryforwards that are available to offset future taxable income during the carryforward period. No income tax benefit has been recognized for the net operating loss carryforwards or other potential deferred tax assets in the consolidated financial statements because the System believes realization of these benefits is unlikely.

Retirement Plans

Substantially all employees meeting age and length of service requirements participate in defined contribution plans. Certain subsidiaries also have defined benefit plans, most of which have been substantially frozen. Pension costs for the defined benefit plans, which are composed of normal costs and amortization of prior service costs related to defined benefit plans, are funded currently.

Note 2: Affiliation with Proctor Peoria

On November 7, 2013, MHSC executed an affiliation agreement with PHCI, an independent integrated healthcare provider operating in Peoria, Illinois. PHCI operates Proctor Hospital, a nonprofit 220 bed facility, and Proctor Medical Group, which offers primary and urgent care. The results of PHCI's operations have been included in the consolidated financial statements since that date. Integrating into MHSC is expected to allow for an improved patient experience by coordinating care and providing high quality services using both PHCI's north Peoria campus and MHSC's downtown Peoria campus. The affiliation was accomplished by MHSC becoming the sole member of PHCI and having the ability to appoint the board members of PHCI. No consideration was transferred for the net assets of PHCI, thus the fair value of unrestricted net assets received by the System is shown as contribution revenue in the consolidated statement of operations for the year ended December 31, 2013.

(Dollars in Thousands)

The following table summarizes the fair value of the assets acquired and liabilities assumed recognized at the affiliation date:

Recognized Fair Value of Identifiable Assets Acquired and Liabilities Assumed

Current assets	$	28,656
Property, plant and equipment		49,562
Noncurrent assets		13,277
Total assets		91,495
Current liabilities		35,408
Long-term debt		26,966
Long-term liabilities		14,767
Total liabilities		77,141
Total contribution received	$	14,354

Summary of Contribution Received by Net Asset Classification

Unrestricted contribution received	$	1,012
Temporarily restricted contribution received		12,394
Permanently restricted contribution received		948
Total contribution received	$	14,354

The affiliation resulted in an inherent contribution received of $14,354, which represents the net recognized amount of the identifiable assets acquired over the liabilities assumed. Acquisition of the unrestricted net assets is included in contribution revenue in the consolidated statement of operations for the year ended December 31, 2013. The temporarily and permanently restricted net assets are included as increases to those classes of net assets in the amounts of $12,394 and $948, respectively, for the year ended December 31, 2013.

PHCI contributed revenues of $18,449, deficiency in revenues over expenses of $1,748, a reduction in unrestricted net assets of $516, and increases in temporarily restricted and permanently restricted net assets of $115 and $10, respectively, to the System for the period from the affiliation date through December 31, 2013.

Note 3: Charity Care

The System provides charity care and financial assistance discounts for medically necessary health care services provided to persons who meet the System's policy. The policy provides a percentage discount to the patient that decreases at gradually higher income levels or higher levels of household net assets. The benchmark upon which the income level is compared to is the Federal Poverty Income Guideline and is updated annually. Patients who are already receiving benefits from certain identified government programs qualify for presumptive eligibility.

The availability of charity care is widely communicated to all patients and patients are notified prior to receiving services if their treatment does not fall within the guidelines of the policy. Amounts charged for care that is provided to individuals eligible for charity may not be more than the amounts generally billed to individuals who have insurance covering such care. Amounts billed are based on either the best, or an average of the three best, negotiated commercial rates, or Medicare rates.

Accounts that are classified by the System as charity care are not reported as net patient service revenue. In some cases, the charity care is subsidized by contributions from volunteer organizations or other donors. Charity care subsidies are not material to the consolidated financial statements.

Cost of charity care is calculated by applying hospital specific cost-to-charge ratios to the total amount of charity care deductions from gross revenue. The cost-to-charge ratio is calculated by taking the hospital total expenses and gross charges and applying adjustments to remove the cost of non-patient care activity, Medicaid provider taxes paid, identifiable community benefit expenses, as well as gross patient charges that are generated for identifiable community benefit services. The amount of charity care provided at cost was $48,416 and $49,752 for the years ended December 31, 2013 and 2012, respectively.

Community benefit is also provided through reduced price services and free programs offered throughout the year. The System provides an array of uncompensated activities and services intended to meet the community health needs. These activities include wellness programs, community education programs, and various health screening programs. The cost of providing these community benefit services is reported on Schedule H of the System's IRS Form 990.

Note 4: Third-Party Reimbursement

As a provider of health care services, the System generally grants credit to patients without requiring collateral or other security. The System routinely obtains assignments of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans or policies. These health insurance programs or providers are commonly referred to as third-party payers and include the Medicare and Medicaid programs, Wellmark and various health maintenance and preferred provider organizations.

A major portion of the System's revenue is derived from these third-party payers. Significant changes have been made, and may be made, in certain of these programs, which could have a material, adverse impact on the financial condition of the System. These changes include federal and state laws and regulations, particularly those pertaining to Medicare and Medicaid.

The System has agreements with certain third-party payers that provide for payment of services at amounts that differ from established rates. Third-party payer payment rates vary by payer and include established charges; contracted rates less than established charges; prospectively determined rates per discharge, per procedure, or per diem; retroactively determined cost-based rates.

The impact of current economic conditions on government budgets may have an adverse effect on the cash flow from government-sponsored Medicare or Medicaid programs. The State of Illinois has experienced financial difficulties as a result of the downturn in the economy, which caused payment delays for much of the last two years related to services that have been rendered under the Medicaid program. An increase to the state income tax has provided Illinois with the means to reduce a significant portion of the delayed payment. As of December 31, 2013 and 2012, the System has net accounts receivable of $10,867 and $21,205, respectively, which are owed from the State of Illinois. Management believes that these receivables are fully collectible for historical services rendered; however, the State of Illinois continues to evaluate the need to reduce Medicaid expenditures going forward. Any changes to reimbursement rates in the future could have a negative impact on cash flow for services rendered in the future.

Certain provisions of the Federal Government's *Budget Control Act of 2011* went into effect on January 1, 2013. Among these are mandatory payment reductions under the Medicare Fee-for-Service program, known as sequestration. The *American Taxpayer Relief Act of 2012* postponed sequestration for two months, but the order was issued by President Obama on March 1, 2013. Under these provisions, Medicare reimbursement was reduced by two percent on all claims with dates-of-service or dates-of-discharge on or after April 1, 2013. Under current law, sequestration is scheduled to last through 2023. The continuation of these payment cuts for an extended period of time will impact the operating results of the System and may have an adverse effect on long-term cash flows.

Value Based Contracting

Trimark Physicians Group, a 47 member multi-specialty physician group employed by Trimark, a wholly owned subsidiary of the System's Trinity Health Systems, Inc. subsidiary, and Trinity Regional Medical Center of Fort Dodge were selected to participate in the Pioneer Accountable Care Organization (ACO) Model, a transformative new initiative sponsored by the Centers for Medicare and Medicaid Services Innovation Center (CMMI). The Pioneer ACO (Trinity Pioneer ACO, L.C.) began operations on January 1, 2012 as the only physician group and hospital in Iowa participating in the model program. This agreement covers approximately 10,000 lives. Through the Pioneer ACO Model, Trimark and Trinity will work with CMMI to provide Medicare beneficiaries with higher quality care, while reducing growth in Medicare expenditures through enhanced care coordination.

Effective April 1, 2012, the System's wholly owned subsidiary, Iowa Health Accountable Care, L.C., which is included in the consolidated financial statements, and Wellmark, Inc., doing business as Wellmark Blue Cross and Blue Shield, entered into an agreement to create Iowa's first commercial health plan ACO. The new ACO focuses on coordinating care to improve quality, provide greater value, and slow increases in health care costs. This agreement covers approximately 55,000 lives, whereby the System's providers will be rewarded for lowering cost per attributed member below a target level, and covers approximately 140,000 lives, whereby the System's providers will be rewarded for their ability to meet measures regarding patient experience, chronic and follow-up care, and primary prevention.

Effective July 1, 2012, the System, again through its wholly owned subsidiary Iowa Health Accountable Care, L.C., was accepted by the Centers for Medicare and Medicaid Services (CMS) as a Medicare Shared Savings Program ACO. This ACO covers approximately 75,000 lives and will allow the System to work with CMS to provide Medicare fee-for-service beneficiaries with high quality service and care, while reducing the growth in Medicare expenditures through enhanced care coordination.

Incentives earned under these ACO contracts will be recorded as additional reimbursement and included in net patient service revenue in the consolidated statements of operations. During the years ended December 31, 2013 and 2012, $7,812 and $2,293, respectively, was recognized related to these contracts.

Iowa Medicaid State Plan

In 2011, the State of Iowa enacted a Medicaid State Plan in which an annual tax assessment is levied on certain hospital providers in order to provide funding for Medicaid to obtain federal matching funds. A portion of these additional federal funds are then redistributed to participating Iowa hospitals through increased Medicaid payments in order to help bring Medicaid reimbursement closer to the cost of providing care. The allocation of these funds to specific health care providers is based primarily on the amount of care provided to Medicaid recipients.

The System's tax assessment during 2013 and 2012 was $10,726 and $12,157, respectively, and is included in operating expenses in the consolidated statements of operations. Additional Medicaid reimbursement in the same periods was approximately $19,947 and $19,304, respectively, and is included in net patient service revenue in the consolidated statements of operations, resulting in a net increase in operating income of $9,221 and $7,147, respectively.

Illinois Medicaid State Plan

The Illinois Medicaid State Plan serves a similar purpose as the Iowa plan but has been in place since 2006. Under the amended Illinois Medicaid State Plan, proceeds from the tax assessment are used to obtain federal matching funds, all of which must be distributed to Illinois hospitals and physicians to help bring Medicaid reimbursement closer to the cost of providing care. The allocation of these funds to specific health care providers is based primarily on the amount of care provided to Medicaid recipients. The System's tax assessment relates to Trinity Regional Health System and MHSC.

In 2013 and 2012, the System's tax assessment was $28,518 and $17,483, respectively, and is included in operating expenses in the consolidated statements of operations. Additional Medicaid reimbursement in the same periods was approximately $63,012 and $34,316, respectively, and is included in net patient service revenue in the consolidated statements of operations, resulting in a net increase in operating income of $34,494 and $16,833 in 2013 and 2012, respectively.

Electronic Health Records Incentive Program

The Electronic Health Records Incentive Program, enacted as part of the *American Recovery and Reinvestment Act of 2009*, provides for one-time incentive payments under both the Medicare and Medicaid programs to eligible health systems that demonstrate meaningful use of certified electronic health records technology (EHR). Payments under both the Medicare and Medicaid programs are generally made for up to four years based on a statutory formula. The Medicaid programs are determined on a state by state basis, which are approved by the Centers for Medicare and Medicaid Services. Payment under both programs are contingent on the System initially attesting to being a meaningful user of EHR technology and then continuing to meet escalating criteria, including other specific requirements that are applicable, for consecutive reporting periods. The final amount for any payment year is determined based upon an audit by the administrative contractor. Events could occur that would cause final amounts to differ materially from initial payments under the program.

The System recognizes revenue ratably over the reporting period starting at the point when management is reasonably assured it will meet all of the meaningful use objectives and any other specific grant requirements applicable for the reporting period.

All of the System's affiliates have completed the first-year requirements under the Medicare program and many have also qualified for the second-year requirements. The System recorded revenue of $25,055 and $17,452 during 2013 and 2012, respectively, related to the program, which is included in other operating revenue in the consolidated statements of operations. This revenue also includes portions accrued related to the second-year and third-year, where applicable, of the program to the extent management is reasonably assured the applicable objectives are being met during the reporting period.

For the Medicaid program, the majority of the System's affiliates completed the first-year requirements during 2011. The second-year of the Medicaid program coincides with the requirements of the first-year of the Medicare program, and all of the System's affiliates successfully completed these requirements during 2013. Total revenue recognized during 2013 and 2012 was $6,933 and $7,235, respectively, which is included in other operating revenue in the consolidated statements of operations. This revenue includes amounts related to second year and third year, where applicable, of the program.

Revenue recorded for both the Medicare and Medicaid program EHR funds relate to the implementation of EHR technology within the System's hospitals as well as affiliated physician group practices.

(Dollars in Thousands)

Note 5: Investments

Investment Summary

A summary of short-term investments at December 31 is as follows:

	2013	2012
Cash equivalents	$ -	$ 1,151
Commercial paper	791	795
U.S. Treasury obligations	21,156	18,060
U.S. Government agency obligations	4,055	6,741
Asset-backed securities		
Home equity	-	48
Other	3,613	4,825
Mortgage-backed securities		
Government	5,139	6,091
Non-government	-	4,687
Certificates of deposit	549	440
Corporate bonds	19,164	13,392
Mutual funds		
Domestic	141	51
International	156	1,090
Emerging markets	-	149
Index	109	99
Equity	707	2,950
Fixed income	384	3,521
Other	102	49
Real estate	-	269
Total other short-term investments	$ 56,066	$ 64,408

(Dollars in Thousands)

A summary of investments reported as assets limited as to use at December 31 is as follows:

	2013	2012
Held by trustees under bond indenture agreements		
Cash equivalents	$ 40,558	$ 2,897
Mortgage-backed securities	19	28
	40,577	2,925
Internally designated		
Cash equivalents	4,506	134,714
U.S. Treasury obligations	3,347	5,071
U.S. Government agency obligations	367	2,515
Asset-backed securities		
Home equity	-	590
Other	-	57
Mortgage-backed securities		
Government	-	1,708
Non-government	-	546
Certificates of deposit	1,372	379
Corporate bonds	6,560	5,351
Equity securities		
Domestic	12,043	8,613
International	280	147
Mutual funds		
Domestic	1,343	1,050
International	243,237	112,669
Emerging markets	290	17,417
Index	848	470
Equity	324,697	268,496
Fixed income	261,493	316,490
Other	404	143
Alternative investments	119,070	-
Hedge funds	38,148	19,465
Private equity funds	2,723	871
Interest receivable	39	115
	1,020,767	896,877
Total assets limited as to use	1,061,344	899,802
Less amount required to meet current obligations	14,618	14,405
Noncurrent portion of assets limited as to use	$ 1,046,726	$ 885,397

(Dollars in Thousands)

Assets held by trustee under bond indenture agreements are required to be held in separate trust accounts. A summary of these trust accounts aggregated by their required use at December 31 is as follows:

	2013	2012
Construction accounts	$ 37,652	$ -
Collateral and other accounts	2,925	2,925
	$ 40,577	$ 2,925

Internally designated assets are summarized below based on the designation at December 31:

	2013	2012
Capital improvements	$ 985,922	$ 861,101
Self-insured reserves	33,017	35,383
Bond interest account	1,828	393
	$ 1,020,767	$ 896,877

(Dollars in Thousands)

Investments presented as other long-term investments at December 31 are summarized as follows:

	2013	2012
Cash equivalents	$ 2,274	$ 33,822
U.S. Treasury obligations	875	1,203
U.S. Government agency obligations	98	661
Asset-backed securities		
Home equity	-	155
Other	-	14
Mortgage-backed securities		
Government	-	434
Non-government	-	132
Corporate bonds	1,228	861
Equity securities		
Domestic	6,386	5,805
International	486	407
Mutual funds		
Domestic	3,352	1,273
International	90,733	48,722
Emerging markets	7,575	5,438
Index	5,619	3,936
Equity	144,737	111,008
Fixed income	148,752	152,030
Other	21,117	14,732
Alternative investments	39,166	6,447
Hedge funds	23,047	16,675
Private equity funds	726	210
Notes receivable	15	15
Interest receivable	134	159
Insurance policies	4,247	4,419
Real estate	-	1,255
Interest rate swaps *(see Note 8)*	1,456	3,236
Total other long-term investments	$ 502,023	$ 413,049

(Dollars in Thousands)

The following schedule summarizes the investment return and its classification in the consolidated statements of operations and changes in net assets for the years ended December 31:

	2013	2012
Investment return		
Interest and dividends	$ 54,403	$ 28,415
Realized gains on sales of investments	52,067	143,430
Unrealized gains (losses) on trading investments	43,298	(82,144)
Unrealized gains on other-than-trading investments	2,252	598
Equity in earnings of joint ventures	20,178	23,468
Change in fair value of investments accounted for under the fair value option of FASB ASC Topic 825	16,991	51,655
	$ 189,189	$ 165,422
Investment return classification		
Unrestricted net assets		
Other operating revenue	$ 23,019	$ 26,627
Nonoperating gains – investment income	159,341	134,815
Temporarily restricted net assets	5,569	2,779
Permanently restricted net assets	1,260	1,201
	$ 189,189	$ 165,422

Alternative Investments

At December 31, 2013 and 2012, 14% and 3%, respectively, of the System's investments were invested in alternative investment vehicles. These investments are included in either internally designated or other long-term investments in the investment summary tables (previously presented) based on the underlying investments. Due to the nature of the alternative investments and the need for the fund managers to execute on long-term strategies, many of the vehicles contain specific lock-up periods, restricted redemption timing, as well as advanced notice of redemption requests.

(Dollars in Thousands)

A summary of these details for each of the alternative investments held at December 31 is as follows:

	As of December 31, 2013					
	Fair Value		Unfunded Commitments		Redemption Frequency	Redemption Notice Period
Diversified property alternative fund	$	59,795	$	-	Quarterly	65 days
Structured credit alternative fund		49,271		-	Quarterly, 2 year lock-up	65 days
Special situations alternative fund		49,170		-	Semi-annual, 2 year lock-up	95 days
Multi-strategy offshore hedge fund		60,640		-	Quarterly, 1 year lock-up	65 days
Multi-strategy hedge fund		555		-	Semi-annual	95 days
Healthcare private equity fund		3,449		7,554	10 year lock-up	N/A
	$	222,880	$	7,554		

	As of December 31, 2012					
	Fair Value		Unfunded Commitments		Redemption Frequency	Redemption Notice Period
Diversified property alternative fund	$	6,447	$	-	Quarterly	65 days
Multi-strategy offshore hedge fund		11,969		-	Quarterly, 1 year lock-up	65 days
Multi-strategy hedge fund		24,171		-	Semi-annual	95 days
Healthcare private equity fund		1,081		8,495	10 year lock-up	N/A
	$	43,668	$	8,495		

As of December 31, 2013, the alternative investment vehicles consist of three alternative funds, two hedge funds, and one private equity fund. The investment strategy of the diversified property alternative fund is to invest in income producing real estate properties utilizing a low level of leverage. The structured credit alternative fund is a fixed income fund with an objective of generating high total returns using a strategy of investing in domestic credit markets, primarily through collateralized debt obligations and other structured credit instruments, such as loan participations and derivative instruments. The special situations alternative fund is a multi-strategy hedge fund-of-funds with the objective of achieving high returns balanced against an appropriate level of volatility and market exposure over a full market cycle. The hedge funds utilize strategies aiming to provide low return volatility through tactical investment strategies while earning a total rate of return in excess of rates achieved from a standard index. The private equity fund has a strategy of investing in early-stage companies and entrepreneurs within the health care industry. There is no public market for shares in these alternative investment vehicles. The value of the investments in the funds is determined based on the fair values of the underlying securities.

(Dollars in Thousands)

In situations when investments do not have readily determinable fair values, the fund managers provide the net asset value (NAV) per share, or its equivalent, to the System. The NAV provided by the fund managers is supported by underlying audit reports of the private investment funds. The System previously adopted ASU 2009-12, which provided a practical expedient for certain investments to use net asset value per share to measure fair value. Accordingly, the System uses the NAV as a practical expedient for fair value for each of its alternative investments.

During 2011, the System committed to investing $10,000 in the private equity fund with a lock-up period of ten years. The System's interest is nonredeemable and the System has contributed $2,446 to this investment as of December 31, 2013.

Investments in Joint Ventures

At December 31, 2013 and 2012, investments in joint ventures amounted to $58,932 and $60,054, respectively. Other investments also included in this line in the consolidated balance sheets consist primarily of investments reported at cost and real estate held for investment.

On June 22, 2012, the System purchased, through a designated physician licensed in Illinois, a 45% interest in Quincy Physicians & Surgeons Clinic, S.C., doing business as Quincy Medical Group (QMG), of Quincy, Illinois for $18,743. QMG is a multi-specialty physician practice group with over 120 physicians practicing 27 specialties. The physician relationships gained through this investment allow for strong collaboration and clinical innovation between QMG and the System's affiliated physicians. As of December 31, 2013 and 2012, the carrying value of the System's investment in QMG was $18,390 and $18,972, respectively, and is included in investment in joint ventures on the consolidated balance sheets.

The joint ventures consist of 46 privately held health care organizations in which the System's ownership interest ranges from 20% to 50%. The joint ventures collectively had the following financial information as of and for the years ended December 31:

	2013	2012
Total assets	$ 224,393	$ 247,699
Net revenues	339,471	354,057
Net income	45,022	58,992

The System's share of earnings on the investments in joint ventures is included in other operating revenue in the consolidated statements of operations. The System recorded activity related to joint ventures for the years ended December 31 as follows:

	2013	2012
Earnings on investments in joint ventures	$ 20,178	$ 23,468
New investments in joint ventures	483	19,011
Distributions received from joint ventures	21,783	25,135

(Dollars in Thousands)

The System both purchases services and sells services and supplies to several joint ventures. In 2013 and 2012, services purchased from joint ventures totaled $18,107 and $15,540, respectively. Services and supplies sold to joint ventures in 2013 and 2012 were $9,325 and $7,438, respectively. The System has loaned $1,500 to a joint venture as of December 31, 2013, with an additional commitment of up to $3,200. This loan is interest bearing and carries a rate of interest commensurate with prevailing market rates.

Note 6: Property, Plant and Equipment

Property, plant and equipment are stated at cost and are summarized at December 31 as follows:

	2013	2012
Land	$ 107,169	$ 97,434
Land improvements	53,968	52,868
Buildings, improvements and fixed equipment	1,707,240	1,606,253
Moveable equipment	1,072,883	1,147,808
	2,941,260	2,904,363
Less accumulated depreciation and amortization	1,608,855	1,644,431
	1,332,405	1,259,932
Construction/information systems installation in progress	72,062	64,556
Net property, plant and equipment	$ 1,404,467	$ 1,324,488

As of December 31, 2013 and 2012, the System has committed approximately $224,193 and $133,904, respectively, for costs related to various hospital construction and information systems projects. The System plans to fund the majority of these projects through internal funds, with supplemental debt financing for certain projects.

(Dollars in Thousands)

Note 7: Long-term Debt

Long-term debt at December 31, 2013 and 2012 is summarized as follows:

	Payable Through	Issuance Type (1)	Interest Rate (2)	2013	2012
Hospital Facility Revenue Bonds					
Series 2013A	2044	Fixed	5.25%	$ 103,175	$ -
Series 2013B	2039	VRDB	0.05%, N/A	79,120	-
Series 2011A	2021	Fixed	3.29%	47,790	52,960
Series 2011B	2041	VRDB	0.14%, 0.14%	51,220	51,220
Series 2010A	2016	VRDB	0.96%, N/A	6,986	-
Series 2009A	2035	VRDB	0.03%, 0.13%	49,810	51,255
Series 2009B	2035	VRDB	0.03%, 0.13%	49,810	51,255
Series 2009C	2035	Variable	N/A, 1.11%	-	29,450
Series 2009D	2035	Variable	0.78%, 0.78%	53,185	54,730
Series 2009E	2039	Variable	0.90%, 0.95%	41,500	43,000
Series 2008A	2037	Fixed	2.50% - 5.625%	141,720	143,910
Series 2006	2031	VRDB	0.05%, 0.25%	12,305	12,715
Series 2006A	2025	Fixed	5.12%	22,525	-
Series 2005	2031	Fixed	1.45% - 1.98%	3,402	3,517
Series 2005A	2035	Fixed	2.50% - 5.625%	181,425	186,690
Series 1985B	2015	VRDB	0.05%, 0.15%	23,000	23,000
Total hospital facility revenue bonds				866,973	703,702
Capital lease obligations	2026	Fixed	0% - 5.92%	17,563	16,117
Revolving lines of credit	2014	Variable	Various	18,743	81,993
Other notes and mortgages	2021	Fixed	2.70% - 8.00%	4,849	493
				908,128	802,305
Current maturities				(47,562)	(73,022)
Unamortized bond premium (discount)				(3,081)	(1,698)
Long-term portion				$ 857,485	$ 727,585

(1) Fixed rate, variable rate, or variable rate demand bonds (VRDB)
(2) Variable rates shown as of December 31, 2013 and 2012, respectively

On September 19, 2013, the System issued $103,175 of Iowa Finance Authority Health Facilities Revenue Bonds, Series 2013A to finance or refinance a portion of the costs of certain capital projects. On October 3, 2013, $79,120 of Iowa Finance Authority Health Facilities Revenue Bonds, Series 2013B-1 and Series 2013B-2 were issued. The purpose of these funds was to refund the Series 2009C bonds, which carried a mandatory tender date of December 1, 2013, and refinance a line of credit which was used to cover the $50,000 mandatory tender of the Series 2009F bonds on August 14, 2012.

The Series 2011 Bonds are obligations of MHSC that were issued prior to their affiliation with the System, and thus they were the sole obligor under the bond indenture. In November 2013, MHSC and The Methodist Medical Center of Illinois, a subsidiary of MHSC, became members of the System's obligated group of joint and severally liable parties to the System's master trust indenture. As a result of this transaction, the System and the obligated group became additional obligors to the Series 2011 Bonds.

The Series 2010 and Series 2006A Bonds are obligations of PHCI that were issued prior to their affiliation with the System. Shortly after the affiliation transaction, in conjunction with MHSC becoming part of the obligated group, PHCI and Proctor Hospital, a subsidiary of PHCI, also became members of the System's obligated group. As a result of this transaction, the System and the obligated group became additional obligors to the Series 2010 and Series 2006A Bonds.

The Series 2009, 2008 and 2005 Bonds (collectively "the Bonds") are general obligations of the System and its affiliates. The System is required to meet certain operating and financial ratios contained in the master bond trust indenture, bond insurance agreements and bank letter of credit agreements (related to the variable rate demand bonds). The Bonds are subject to the provisions of amended and restated master trust indentures, which generally require monthly or quarterly deposits for principal and interest payments be made, and certain funds be maintained by the trustee for interest payment and bond retirement purposes.

The variable interest rates on substantially all of the bonds are adjusted daily or weekly by remarketing agents. The bonds may be tendered by the bond holders each interest rate period. The System maintains letters of credit that can be drawn on should the bonds not be remarketed. These letters of credit expire beginning in 2014 through 2020 and are renewable, subject to trustee approval and at the option of the providers, throughout the term of the bonds. Outstanding amounts under the letters of credit are due at the earlier of expiration of the agreement or over a period of three years, commencing after an initial outstanding period of 366 days or more.

In September 2012, the System completed an interest rate mode conversion for the 2009D and 2009E bonds converting the interest rate from a daily rate to an index rate. The interest rate modification was not considered a significant modification of terms; thus, all costs incurred from the mode conversion were expensed during the year. As part of this conversion, a Direct Note Obligation for the 2009D and 2009E bonds was issued to a financial institution, eliminating the supporting letter of credit requirement.

On January 6, 2012 and August 1, 2012, the System entered into two separate revolving line of credit facilities that provide for revolving credit in an aggregate principal amount of up to $50,000 each. The interest rates applicable to loans under the credit agreements are based on LIBOR plus certain margins, as defined in the agreements. Additionally, the facilities carry a commitment fee, which is charged on the average daily undrawn portion of the facilities. These credit facilities mature on December 31, 2014 and January 5, 2016. These agreements contain various financial covenants that mirror those in the System's master bond trust indenture.

(Dollars in Thousands)

Aggregate annual maturities of long-term debt during the years ending December 31 are as follows:

	Accelerated Maturities with Letter of Credit Expirations	Scheduled Maturities Based on Loan Agreements
2014	$ 47,562	$ 47,562
2015	199,668	47,661
2016	98,596	26,044
2017	26,019	27,442
2018	22,235	27,795
Thereafter	514,048	731,624
	$ 908,128	$ 908,128

Note 8: Interest Rate Swaps

Swaps Designated as Hedging Instruments

As a risk management strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate fluctuations, the System has entered into the following interest rate swap agreements:

Trade Date	Maturity Date	Current Notional Amount	Health System Pays	Health System Receives	Accounting Treatment	Fair Value 2013	Fair Value 2012
2005	2035	$ 181,425	3.5%	62.4% of LIBOR + 29 bps	Cash Flow Hedge	$ (18,472)	$ (36,024)

In 2005, the System entered into three interest rate swap agreements, which effectively converted the Series 2005B variable rate bonds into fixed rate debt at a rate of 3.5% (4.1% including transaction costs). During 2009, these swaps were redesignated to hedge the Series 2009 A-D Bonds. During 2013, a portion of the proceeds from the issuance of the Series 2013B Bonds were used to repay the Series 2009C Bonds. As a result, the System redesignated a portion of the swaps that were hedging these Bonds to hedge the new Series 2013B Bonds. The swap agreements have an aggregate notional amount of $181,425 at December 31, 2013.

(Dollars in Thousands)

Management has designated the above interest rate swap agreements as cash flow hedging instruments, and has determined that these agreements are highly effective. The aggregate fair value of the swap agreements is recorded as a long-term liability of $(18,472) at December 31, 2013 and $(36,024) at December 31, 2012. The change in fair value of $17,552 and $1,004 for the years ended December 31, 2013 and 2012, respectively, is reported as part of the change in unrealized gains and losses on swaps. Interest, the net of what the System pays and receives under the two legs of the swaps, is settled monthly on each swap agreement and is reported as interest expense.

The System has provisions within certain interest rate swap agreements that would require it to post collateral should the negative fair value of the agreements exceed certain thresholds, which are between $25,000 and $55,000 depending on the agreement, or the System's credit rating fall below Aa3 by Moody's or AA- by S&P. As of December 31, 2013, the System has not been requested to post collateral under these agreements.

The table below presents certain information regarding the System's interest rate swap agreements designated as a cash flow hedge. The System has additional derivative instruments at December 31, 2013 and 2012 that are no longer designated as hedging instruments under ASC 815 *(Derivatives and Hedging)*, which are shown in the section below the table.

	2013	2012
Long-term Liability		
Fair value of interest rate swap agreement	$ (18,472)	$ (36,024)
Unrestricted Net Assets		
Gain recognized in changes in unrealized gains and losses on investments (effective portion)	17,552	1,004

Other Swap Agreements

The System has also entered into the following interest rate swap agreements which are no longer designated as hedging instruments. The System has elected to carry these swaps as an investing activity, until such time that satisfactory termination values can be obtained, or their respective maturity date.

					Fair Value	
Trade Date	Maturity Date	Notional Amount	System Pays	System Receives	2013	2012
2006	2030	$ 60,000	100% of SIFMA*	68.0% of 10Y LIBOR + 14.3 bps*	$ 1,456	$ 3,236
2006	2037	139,350	3.8%	61.9% of LIBOR + 31 bps	(22,399)	(40,491)
2006	2023	41,200	3.5%	61.9% of LIBOR + 31 bps	(4,593)	(7,689)
2005	2035	60,475	3.3%	62.4% of LIBOR + 29 bps	(5,447)	(11,087)
					$ (30,983)	$ (56,031)

*Through February 18, 2014, MHSC will receive payment of 1.255% of the notional amount. After that date, MHSC receives payment in accordance with contracted terms, which are stated in the table above as of December 31, 2013. A trade executed on November 1, 2013 modifies the amount received to 1.935% of notional, effective February 18, 2014. From that date through February 15, 2017, MHSC will pay 68% of 10Y LIBOR + 14.3 bps. After February 15, 2017, MHSC makes payments in accordance with contracted terms, which are stated in the table above.

(Dollars in Thousands)

The aggregate fair value of the unhedged swap agreements are recorded as long-term investments of $1,456 and $3,236 and long-term liabilities of $(32,439) and $(59,267), as of December 31, 2013 and 2012, respectively. The change in fair value of $25,048 and $4,465 is included as a component of other income as of December 31, 2013 and 2012, respectively. Interest, the net of what the System pays and receives, is settled monthly or quarterly on each swap agreement and is reported as other income (loss).

In prior years, certain swap agreements previously designated as hedges by the System were deemed to be ineffective. The effective portion of these changes in fair value, previously deemed effective, is being amortized into other income (loss) over the remaining life of the swap. As of December 31, 2013 and 2012, $(577) and $(638) of net unrealized losses remain in net assets to be amortized and $(61) was amortized into other loss in both 2013 and 2012.

Other Swaps:

	2013	2012
Other Long-term Investments		
Fair value of interest rate swap agreement	$ 1,456	$ 3,236
Other Long-term Liabilities		
Fair value of interest rate swap agreements	(32,439)	(59,267)
Unrestricted Net Assets		
Change in unrestricted net assets amortizing into Other, net	61	61
Nonoperating Other, net		
Gain recognized in income from changes in fair value of interest rate swaps	25,048	4,465
Loss recognized in income from amortization of unrecognized losses in unrestricted net assets	(61)	(61)

During 2012, the System novated several interest rate swap agreements, which were not designated as hedges, to new counterparties to alleviate the underlying insurance and collateral exposure. This novation did not modify any of the terms of the original swap agreements. Management determined that these did not constitute new hedging instruments, and therefore there was no change in the accounting for the agreements.

Note 9: Related-Party Transactions

The System leases real estate from certain companies controlled by members of the Board of Directors of the System or its subsidiaries. Minimum payments under these operating leases are $4,595 per year. The leases expire in various periods through 2022. Rent expense under these leases, including a pro rata portion of certain operating expenses of the facilities, was $4,595 and $5,567 for 2013 and 2012, respectively. At December 31, 2013 and 2012, the System also had outstanding debt with such parties related to real estate capital lease obligations of $9,983 and $10,486, respectively, and an outstanding note payable in the amount of $2,184 and $0. The System also leases real estate to physicians who may serve the System through board of director or medical director roles.

The System purchases a variety of services and products from companies affiliated with members of the Boards of Directors of the System and/or its subsidiaries. Services and products purchased from these affiliated companies during 2013 and 2012 totaled $15,781 and $16,187, respectively, of which $4,369 and $8,131, respectively, were related to construction project costs. In addition, the System purchases services from several joint ventures and sells services and supplies to several joint ventures in which the System is also an investor.

The System has recorded receivables for amounts held by nonconsolidated foundations on behalf of the System of $46,427 and $44,142 as of December 31, 2013 and 2012, respectively. Contributions received from nonconsolidated foundations and other related parties were $6,051 and $2,925 in 2013 and 2012, respectively.

The System believes these transactions are consummated under commercially reasonable business arrangements.

Note 10: Retirement Benefit Plans

Defined Contribution Retirement Plans

The System has several defined contribution benefit plans, which are available to substantially all employees meeting age and length of service requirements. Participating employers annually determine the amount, if any, of the System's contributions to the plans. Total benefit expenses under the defined contribution plans were approximately $57,352 and $53,790 for 2013 and 2012, respectively. The System also has deferred compensation plans for certain employees. Total expenses under the deferred compensation plans were $3,025 and $1,521 for 2013 and 2012, respectively.

Defined Benefit Plans

Prior to 2001, substantially all employees of four of the System's subsidiaries were covered by noncontributory defined benefit pension plans, all of which have subsequently been frozen to new participants or terminated. The System's funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as the System may determine to be appropriate from time to time.

Upon the affiliation with MHSC (Methodist Peoria) during 2011, the System inherited their noncontributory defined benefit pension plan, which has been frozen to new participants since 2007. Pension benefits are based on compensation of employees and years of service and are actuarially determined. As part of the accounting for the affiliation transaction, unrecognized pension benefit costs in unrestricted net assets were eliminated as they will not be recognized through earnings on the System's consolidated financial statements.

As of December 31, 2012, MHSC froze its defined benefit pension plan. Subsequent to this date, no additional benefits will be accrued by participants in the plan. There is currently no arrangement to terminate the plan and contributions will continue to the extent the plan remains underfunded. As a result of this plan freeze, a curtailment gain of $8,914 was recognized in the consolidated statements of operations for the year ended December 31, 2012.

Upon the affiliation with PHCI (Proctor Peoria) during the current year, the System also inherited their noncontributory defined benefit pension plan. This plan covers substantially all employees of PHCI and has been frozen with regard to the accrual of additional benefits since 2008. It has also been frozen to new participants since that same year. Similar to the MHSC plan, the unrecognized pension benefit costs in unrestricted net assets were eliminated as part of the accounting for the affiliation.

The System expects to contribute $19,522 to the plans in 2014. The System uses a December 31 measurement date for the plans.

(Dollars in Thousands)

The following tables set forth information about each defined benefit plan:

	As of December 31, 2013				
	Des Moines	Methodist Peoria	Proctor Peoria	Cedar Rapids	Waterloo
Change in benefit obligation					
Benefit obligation, beginning of year	$ 213,558	$ 231,268	$ 62,595 *	$ 133,693	$ 67,239
Service cost	-	-	-	87	485
Interest cost	9,548	10,300	540	5,972	3,007
Actuarial gain	(17,267)	(26,077)	(624)	(13,857)	(6,101)
Benefits paid	(9,962)	(7,343)	(504)	(4,727)	(2,319)
Benefit obligation, end of year	195,877	208,148	62,007	121,168	62,311
Change in fair value of plan assets					
Fair value of plan assets, beginning of year	209,622	143,843	49,837 *	105,150	61,558
Actual return on plan assets	1,485	19,730	1,220	3,864	328
Employer contributions	7,175	7,033	-	5,000	3,300
Benefits paid	(9,962)	(7,343)	(504)	(4,727)	(2,319)
Fair value of plan assets, end of year	208,320	163,263	50,553	109,287	62,867
Funded status, end of year	$ 12,443	$ (44,885)	$ (11,454)	$ (11,881)	$ 556
Accumulated benefit obligation	$ 195,877	$ 208,148	$ 62,007	$ 121,131	$ 62,311

*As of November 7, 2013

	As of December 31, 2013				
	Des Moines	Methodist Peoria	Proctor Peoria	Cedar Rapids	Waterloo
Assets and Liabilities recognized in the consolidated balance sheets					
Noncurrent assets	$ 12,443	$ -	$ -	$ -	$ 556
Current liabilities	-	(325)	-	-	-
Noncurrent liabilities	-	(44,560)	(11,454)	(11,881)	-
	$ 12,443	$ (44,885)	$ (11,454)	$ (11,881)	$ 556
Amounts recognized in unrestricted net assets but not yet recognized as components of net periodic benefit cost					
Net (gain) loss	$ 27,169	$ (33,725)	$ (1,231)	$ 35,217	$ 17,772
Net prior service credit	-	-	-	-	(3,111)
	$ 27,169	$ (33,725)	$ (1,231)	$ 35,217	$ 14,661
Amounts expected to be recognized within one year					
Net (gain) loss	$ 845	$ (1,326)	$ (253)	$ 2,686	$ 1,434
Net prior service credit	-	-	-	-	(649)
	$ 845	$ (1,326)	$ (253)	$ 2,686	$ 785
Other changes in plan assets recognized in changes in net assets					
Net gain	$ (4,181)	$ (34,308)	$ (1,231)	$ (9,145)	$ (2,011)
Amortization of					
Net loss	(1,514)	-	-	(3,923)	(1,825)
Prior service (cost) credit	-	-	-	-	649
Total recognized in changes in net assets	$ (5,695)	$ (34,308)	$ (1,231)	$ (13,068)	$ (3,187)

Iowa Health System and Subsidiaries
d/b/a UnityPoint Health
Notes to Consolidated Financial Statements
(Dollars in Thousands)
December 31, 2013 and 2012

	As of December 31, 2013				
	Des Moines	Methodist Peoria	Proctor Peoria	Cedar Rapids	Waterloo
Weighted-average assumptions used to determine benefit obligations for the year ended December 31, 2013					
Discount rate	5.40%	5.40%	5.40%	5.40%	5.40%
Rate of compensation increase	N/A	N/A	N/A	5.00%	N/A
Weighted-average assumptions used to determine benefit costs for the year ended December 31, 2013					
Discount rate	4.55%	4.55%	5.31%	4.55%	4.55%
Expected return on plan assets	7.00%	8.50%	8.00%	8.25%	7.24%
Rate of compensation increase	N/A	N/A	N/A	N/A	N/A
Components of net periodic benefit cost					
Service cost	$ -	$ -	$ -	$ 87	$ 485
Interest cost	9,548	10,300	540	5,972	3,007
Expected return on plan assets	(14,571)	(12,158)	(611)	(8,576)	(4,418)
Amortization of prior service credit	-	-	-	-	(649)
Recognized net actuarial loss	1,514	-	-	3,923	1,825
Net periodic benefit cost (benefit)	$ (3,509)	$ (1,858)	$ (71)	$ 1,406	$ 250

	As of December 31, 2012			
	Des Moines	Peoria	Cedar Rapids	Waterloo
Change in benefit obligation				
Benefit obligation, beginning of year	$ 201,605	$ 231,059	$ 124,563	$ 61,016
Service cost	-	5,046	105	459
Interest cost	9,878	11,251	6,115	3,052
Amendments	-	-	-	65
Actuarial loss	9,826	14,298	6,835	5,205
Benefits paid	(7,751)	(6,049)	(3,925)	(2,558)
Curtailment gain from freezing benefits	-	(24,337)	-	-
Benefit obligation, end of year	213,558	231,268	133,693	67,239
Change in fair value of plan assets				
Fair value of plan assets, beginning of year	189,326	124,395	94,318	55,465
Actual return on plan assets	22,897	15,342	9,863	4,351
Employer contributions	5,150	10,155	4,894	4,300
Benefits paid	(7,751)	(6,049)	(3,925)	(2,558)
Fair value of plan assets, end of year	209,622	143,843	105,150	61,558
Funded status, end of year	$ (3,936)	$ (87,425)	$ (28,543)	$ (5,681)
Accumulated benefit obligation	$ 213,558	$ 231,268	$ 133,599	$ 67,239

Iowa Health System and Subsidiaries
d/b/a UnityPoint Health
Notes to Consolidated Financial Statements
(Dollars in Thousands)
December 31, 2013 and 2012

	As of December 31, 2012			
	Des Moines	Peoria	Cedar Rapids	Waterloo
Liabilities recognized in the consolidated balance sheets				
Current liabilities	$ -	$ (568)	$ -	$ -
Noncurrent liabilities	(3,936)	(86,857)	(28,543)	(5,681)
	$ (3,936)	$ (87,425)	$ (28,543)	$ (5,681)
Amounts recognized in unrestricted net assets but not yet recognized as components of net periodic benefit cost				
Net loss	$ 32,864	$ 583	$ 48,285	$ 21,608
Net prior service credit	-	-	-	(3,760)
	$ 32,864	$ 583	$ 48,285	$ 17,848
Amounts expected to be recognized within one year				
Net loss	$ 1,514	$ -	$ 3,923	$ 1,825
Net prior service credit	-	-	-	(278)
	$ 1,514	$ -	$ 3,923	$ 1,547
Other changes in plan assets recognized in changes in net assets				
Net (gain) loss	$ (1,257)	$ 9,687	$ 4,773	$ 4,970
Prior service cost	-	-	-	65
Curtailment gain from freezing benefits	-	(15,423)	-	-
Amortization of				
Net loss	(1,994)	-	(3,882)	(1,567)
Prior service (cost) credit	(42)	26	-	651
Total recognized in changes in net assets	$ (3,293)	$ (5,710)	$ 891	$ 4,119

(Dollars in Thousands)

	As of December 31, 2012			
	Des Moines	Peoria	Cedar Rapids	Waterloo
Weighted-average assumptions used to determine benefit obligations for the year ended December 31, 2012				
Discount rate	4.55%	4.55%	4.55%	4.55%
Rate of compensation increase	N/A	N/A	5.00%	N/A
Weighted-average assumptions used to determine benefit costs for the year ended December 31, 2012				
Discount rate	5.00%	5.00%	5.00%	5.00%
Expected return on plan assets	6.30%	8.50%	8.25%	7.50%
Rate of compensation increase	N/A	3.25%	N/A	N/A
Components of net periodic benefit cost				
Service cost	$ -	$ 5,046	$ 105	$ 459
Interest cost	9,878	11,251	6,115	3,052
Expected return on plan assets	(11,814)	(10,730)	(7,801)	(4,115)
Amortization of prior service cost (credit)	42	(26)	-	(651)
Recognized net actuarial loss	1,994	-	3,882	1,567
Curtailment gain from freezing benefits	-	(8,914)	-	-
Net periodic benefit cost (benefit)	$ 100	$ (3,373)	$ 2,301	$ 312

The System has estimated the long-term rate of return on plan assets based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information.

Plan assets are held by a bank-administered trust fund, which invests the plan assets in accordance with the provisions of the plan agreement. The plan agreements permit investment in common stocks, corporate bonds and debentures, U.S. Government securities, and other specified investments, based on certain target allocation percentages.

(Dollars in Thousands)

Asset allocation is primarily based on a strategy to provide stable earnings while still permitting the plans to recognize potentially higher returns through investment in equity securities and limited exposure to alternative investments. Target asset allocation percentages for 2013 and 2012 were as follows:

	2013				
	Des Moines	Methodist Peoria	Proctor Peoria	Cedar Rapids	Waterloo
Equity securities	17%	56%	70%	30%	22%
Fixed income	73	29	30	65	72
Alternative investments	10	15	-	5	6

	2012			
	Des Moines	Methodist Peoria	Cedar Rapids	Waterloo
Equity securities	20%	50%	45%	25%
Fixed income	80	30	55	75
Alternative investments	-	20	-	-

Plan assets are re-balanced quarterly. At December 31, 2013 and 2012, plan asset allocations are as follows:

	2013					2012			
	Des Moines	Methodist Peoria	Proctor Peoria	Cedar Rapids	Waterloo	Des Moines	Methodist Peoria	Cedar Rapids	Waterloo
Cash equivalents	-	-	1%	-	-	7%	-	1%	5%
U.S. Government agency obligations	18%	-	-	17%	19%	-	-	-	-
Corporate bonds	8	-	-	-	-	9	-	-	-
Equity securities									
Domestic	-	-	23	-	-	-	-	-	-
International	-	-	4	-	-	-	-	-	-
Mutual funds									
International	-	19%	31	-	-	8	17%	18	10
Emerging markets	1	5	-	2	-	7	-	-	1
Index	10	-	-	21	3	-	-	-	-
Equity	6	34	31	11	23	13	33	27	15
Fixed income	47	27	10	44	48	56	30	54	69
Other	-	-	-	-	-	-	4	-	-
Alternative investments	10	5	-	5	7	-	5	-	-
Hedge funds	-	10	-	-	-	-	11	-	-
	100%	100%	100%	100%	100%	100%	100%	100%	100%

Defined Benefit Plan Assets

The valuation methodologies and inputs used for pension plan assets measured at fair value on a recurring basis, as well as the general classification of pension plan assets pursuant to the valuation hierarchy, are described below. There have been no significant changes in the valuation techniques during the year ended December 31, 2013.

Where quoted market prices are available in an active market, plan assets are classified within Level 1 of the valuation hierarchy. Level 1 plan assets include exchange traded equities and mutual funds as well as cash equivalents held in money market accounts. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified within Level 2 of the valuation hierarchy. Level 2 plan assets include U.S. Government obligations, corporate debt and alternative investments. In certain cases where Level 1 or Level 2 inputs are not available, plan assets are classified within Level 3 of the hierarchy. Level 3 plan assets include alternative investments.

The value of certain plan assets classified as alternative investments is determined using net asset value (or its equivalent) as a practical expedient. Plan assets for which the System expects to have the ability to redeem with the investee within 12 months after the reporting date are categorized as Level 2 and those requiring a restriction on redemptions in excess of 12 months are categorized as Level 3.

(Dollars in Thousands)

The following tables present the fair value measurements of the System's pension plans' assets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2013 and 2012:

		2013 Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents	$ 1,301	$ 1,301	$ -	$ -
U.S. Government agency obligations	68,692	-	68,692	-
Corporate bonds	16,234	-	16,234	-
Equity securities				
Domestic	11,854	11,854	-	-
International	1,946	1,946	-	-
Mutual funds				
International	46,130	46,130	-	-
Emerging markets	12,530	12,530	-	-
Index	45,456	45,456	-	-
Equity	110,716	110,716	-	-
Fixed income	225,175	225,175	-	-
Alternative investments	37,197	-	26,783	10,414
Hedge funds	16,326	-	16,326	-
Interest receivable	733	-	733	-
	$ 594,290	$ 455,108	$ 128,768	$ 10,414

		2012 Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents	$ 18,891	$ 18,891	$ -	$ -
Corporate bonds	18,273	-	18,273	-
Mutual funds				
International	66,021	66,021	-	-
Emerging markets	15,533	15,533	-	-
Equity	112,235	112,235	-	-
Fixed income	259,698	259,698	-	-
Other	6,016	6,016	-	-
Alternative investments	8,017	-	8,017	-
Hedge funds	15,489	-	15,489	-
	$ 520,173	$ 478,394	$ 41,779	$ -

(Dollars in Thousands)

Level 3 Reconciliation

The following is a reconciliation of beginning and ending plan assets of fair value measurements using significant unobservable (Level 3) inputs:

Balance, December 31, 2012	$ -
Purchases	9,695
Gain on plan assets held at reporting date	719
Balance, December 31, 2013	$ 10,414

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of December 31, 2013:

2014	$ 29,520
2015	31,425
2016	34,829
2017	35,577
2018	38,980
2019 - 2023	213,050

Note 11: Risk Management

The System's hospitals are primarily self-insured for professional and general liability for amounts of $5,000 per claim ($3,000 per claim for MHSC) and $30,000 in the aggregate annually. Professional and general liability insurance coverage is maintained on a claims-made basis, with a liability limit of $35,000. Other entities of the System maintain their professional and general liability coverage on a claims-made basis with no significant deductibles.

The System is primarily self-insured for workers' compensation and employee health care claims. Workers' compensation claims individually and in the aggregate that exceed certain amounts are covered by insurance.

Property insurance is maintained with at least 90% replacement value coverage and minimal deductibles. Business interruption insurance coverage is also maintained by the System.

(Dollars in Thousands)

The System has accrued as other liabilities of $91,306 and $71,118 for self-insured losses at December 31, 2013 and 2012, respectively. These liabilities are presented on a gross basis and the expected offsetting insurance recoveries are reported as a receivable. The accrued liabilities are based on management's evaluation of the merits of various claims, historical experience and consultation with external insurance consultants and actuaries, and include estimates for incurred but not reported claims. There can be no assurance that the accrued liabilities will be sufficient for the ultimate amounts that will be paid for claims and settlements. Also, in the ordinary course of business, the System is involved in other litigation and claims, none of which management believes will ultimately result in losses that will adversely affect the System's consolidated net assets or results of operations to a material degree.

Cash and investments have been internally designated to be held for payments of claims, if any, which may result from the self-insured or uninsured portion of liability insurance and workers' compensation claims. At December 31, 2013 and 2012, the cash and investments amounted to $33,017 and $35,383, respectively.

Note 12: Lease Commitments

Certain property and equipment is being leased under long-term noncancelable operating leases. In most cases, management expects that, in the normal course of operations, the leases will be renewed or replaced by other leases. The total rent expense under operating leases for 2013 and 2012 was $50,556 and $50,919, respectively.

The following is a schedule by year of future minimum rental payments required under noncancelable operating leases that have initial or remaining noncancelable lease terms in excess of one year as of December 31, 2013:

2014	$ 38,757
2015	31,187
2016	24,623
2017	18,784
2018	15,268
Thereafter	63,157
Total minimum payments required	$ 191,776

Note 13: Disclosures About Fair Value of Assets and Liabilities

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. An entity must maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Financial Instruments Measured at Fair Value on a Recurring Basis

The valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy, are described below. There have been no significant changes in the valuation techniques during the years ended December 31, 2013 or 2012. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include exchange traded equities and mutual funds, certificates of deposit and cash equivalents held in money market accounts. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified within Level 2 of the valuation hierarchy. Level 2 securities include U.S. Treasury obligations, U.S. Government agency obligations, collateralized mortgage and other collateralized asset obligations, corporate debt, alternative investments and certain beneficial interest in perpetual trusts. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. Level 3 financial instruments include certain alternative investments and beneficial interest in perpetual trusts, which are discussed below. Inputs and valuation techniques used for these Level 3 interests are described below.

The value of certain investments classified as alternative investments are determined using net asset value (or its equivalent) as a practical expedient. Investments for which the System expects to have the ability to redeem with the investee within 12 months after the reporting date are categorized as Level 2 and those requiring a restriction on redemption in excess of 12 months are categorized as Level 3.

Fair value determinations for Level 3 measurements of securities are the responsibility of management. Management contracts with a pricing specialist to generate fair value estimates on a monthly or quarterly basis. Management challenges the reasonableness of the assumptions used and reviews the methodology to ensure the estimated fair value complies with accounting standards generally accepted in the United States.

Interest Rate Swap Agreements

The fair value is estimated using forward-looking interest rate curves and discounted cash flows that are observable or can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

Beneficial Interest in Perpetual Trusts

The fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Trusts that have a definite duration based on the terms of the trust document, and where the System has the ability to redeem the investment for the underlying assets at some future point, are classified within Level 2 of the valuation hierarchy due to the nature of the valuation inputs. For trusts that are perpetual in nature, in which the underlying assets will never be available to the System, the interest is classified within Level 3 of the hierarchy.

(Dollars in Thousands)

Fair Value Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying consolidated balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2013 and 2012:

		2013 Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial Assets				
Cash equivalents	$ 47,338	$ 47,338	$ -	$ -
Commercial paper	791	-	791	-
U.S. Treasury obligations	25,378	-	25,378	-
U.S. Government agency obligations	4,520	-	4,520	-
Asset-backed securities				
Other	3,613	-	3,613	-
Mortgage-backed securities				
Government	5,158	-	5,158	-
Certificates of deposit	1,921	1,921	-	-
Corporate bonds	26,952	-	26,952	-
Equity securities				
Domestic	18,429	18,429	-	-
International	766	766	-	-
Mutual funds				
Domestic	4,836	4,836	-	-
International	334,126	334,126	-	-
Emerging markets	7,865	7,865	-	-
Index	6,576	6,576	-	-
Equity	470,141	470,141	-	-
Fixed income	410,629	410,629	-	-
Other	21,623	21,623	-	-
Alternative investments	158,236	-	59,795	98,441
Hedge funds	61,195	-	61,195	-
Private equity funds	3,449	-	3,449	-
Insurance policies	4,247	-	4,247	-
Beneficial interest in perpetual trusts	20,048	-	13,134	6,914
Financial Liabilities				
Interest rate swap agreements (net)	(49,455)	-	(49,455)	-
	$ 1,588,382	$ 1,324,250	$ 158,777	$ 105,355

Iowa Health System and Subsidiaries
d/b/a UnityPoint Health
Notes to Consolidated Financial Statements
(Dollars in Thousands)
December 31, 2013 and 2012

		2012 Fair Value Measurements Using		
	Fair Value	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Financial Assets				
Cash equivalents	$ 10,122	$ 10,122	$ -	$ -
Commercial paper	795	-	795	-
U.S. Treasury obligations	24,334	-	24,334	-
U.S. Government agency obligations	9,864	-	9,864	-
Asset-backed securities				
Home equity	793	-	793	-
Other	4,896	-	4,896	-
Mortgage-backed securities				
Government	8,240	-	8,240	-
Non-government	5,365	-	5,365	-
Certificates of deposit	819	819	-	-
Corporate bonds	19,325	-	19,325	-
Equity securities				
Domestic	14,201	14,201	-	-
International	501	501	-	-
Mutual funds				
Domestic	2,144	2,144	-	-
International	162,381	162,381	-	-
Emerging markets	22,991	22,991	-	-
Index	4,339	4,339	-	-
Equity	382,454	382,454	-	-
Fixed income	472,015	472,015	-	-
Other	14,760	14,760	-	-
Alternative investments	6,447	-	6,447	-
Hedge funds	36,140	-	36,140	-
Private investments funds	1,081	-	1,081	-
Insurance policies	4,419	-	4,419	-
Real estate	269	-	269	-
Beneficial interest in perpetual trusts	12,390	-	5,787	6,603
Financial Liabilities				
Interest rate swap agreements (net)	(92,055)	-	(92,055)	-
	$ 1,129,030	$ 1,086,727	$ 35,700	$ 6,603

(Dollars in Thousands)

Level 3 Reconciliation

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying consolidated balance sheets using significant unobservable (Level 3) inputs:

	Structured Credit Alternative Fund	Special Situations Alternative Fund	Beneficial Interest in Perpetual Trusts
Balance, December 31, 2011	$ -	$ -	$ 5,487
Gain on beneficial interest in perpetual trusts	-	-	1,116
Balance, December 31, 2012	-	-	6,603
Purchases	46,440	46,440	-
Unrealized gains (losses)	2,831	2,730	-
Gain on beneficial interest in perpetual trusts	-	-	311
Balance, December 31, 2013	$ 49,271	$ 49,170	$ 6,914

Unobservable (Level 3) Inputs

The following table presents quantitative information about unobservable inputs used in recurring Level 3 fair value measurements:

	Fair Value	Valuation Technique	Adjustment to NAV
Structured credit alternative fund	$ 49,271	NAV as practical expedient*	None
Special situations alternative fund	49,170	NAV as practical expedient*	None
Beneficial interest in perpetual trusts	6,914	Present value of future distributions expected to be received over term of agreement	N/A

* Unobservable valuation input

Financial Instruments Not Measured at Fair Value

The fair value for certain financial instruments approximates the carrying value because of the short-term maturity of these instruments, which include cash and cash equivalents, short-term investments, receivables, accounts payable, accrued liabilities, estimated settlements due to third-party payers and other current liabilities.

(Dollars in Thousands)

The carrying amount of the variable rate bonds and notes is assumed to approximate fair value. For the fixed-rate bonds, the estimated fair value is based on quoted prices for similar liabilities and is obtained from a financial institution that deals in these types of instruments. Other debt obligations are insignificant, and the carrying amounts are assumed to approximate fair value.

Estimates of fair values are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could affect the estimates. The fair market value of the System's financial instruments at December 31 approximates the carrying value except as follows:

		Fair Value Measurements Using		
	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2013				
Financial Liabilities				
Long-term debt, excluding capital leases and interest rate swaps	$ 887,484	$ -	$ 900,885	$ -
December 31, 2012				
Financial Liabilities				
Long-term debt, excluding capital leases and interest rate swaps	$ 784,490	$ -	$ 825,639	$ -

Note 14: Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods as of December 31:

	2013	2012
Purchase of equipment	$ 27,832	$ 18,235
Indigent care/operations	30,699	27,139
Health education	10,619	8,182
For use in future periods	15,940	10,220
Other	-	1,159
Total temporarily restricted net assets	$ 85,090	$ 64,935

(Dollars in Thousands)

Permanently restricted net assets are restricted to the following as of December 31:

	2013	2012
Investments (generally including net investment appreciation and depreciation) to be held in perpetuity (income is restricted)	$ 24,042	$ 25,150
Investments (generally including net investment appreciation and depreciation) to be held in perpetuity (income is restricted for various purposes as directed by the donors)	30,775	24,123
Total permanently restricted net assets	$ 54,817	$ 49,273

Note 15: Asset Retirement Obligation

Accounting principles generally accepted in the United States of America require that an asset retirement obligation (ARO) associated with the retirement of a tangible long-lived asset be recognized as a liability in the period in which it is incurred or becomes determinable (as defined by the standard) even when the timing and/or method of settlement may be conditional on a future event. The System's conditional asset retirement obligations primarily relate to asbestos contained in various buildings. Environmental regulations in the states where the System operates require the System to handle and dispose of asbestos in a special manner if a building undergoes major renovations or is demolished.

A summary of changes in asset retirement obligations, which are included on the accompanying consolidated balance sheets in other long-term liabilities, during 2013 and 2012 is included in the table below.

	2013	2012
Liability, beginning of year	$ 13,798	$ 12,798
Liabilities incurred	-	14
Liabilities assumed in affiliation with Proctor Peoria	347	-
Liabilities settled	(505)	(494)
Accretion expense	569	1,066
Changes in estimates, including timing	80	414
Liability, end of year	$ 14,289	$ 13,798

(Dollars in Thousands)

Note 16: Commitments and Contingencies

The health care industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Government activity has increased with respect to investigations and allegations concerning possible violations of regulations by health care providers, which could result in the imposition of significant fines and penalties as well as significant repayments of previously billed and collected revenues for patient services. The System has a corporate compliance plan intended to meet federal guidelines. As a part of this plan, the System performs periodic internal reviews of its compliance with laws and regulations. As part of the System's compliance efforts, the System investigates and attempts to resolve and remedy all reported or suspected incidents of material noncompliance with applicable laws, regulations or policies on a timely basis. The System believes that these compliance programs and procedures lead to substantial compliance with current laws and regulations.

The System is in various stages of responding to inquiries and investigations. These various inquiries and investigations could result in fines and/or financial penalties, which could be material. At this time, the System is unable to estimate the possible liability, if any, that may be incurred as a result of these inquiries and investigations, but the System does not believe it would materially affect the financial position of the System.

Guarantees

The System has guaranteed approximately $26,082 and $23,040, which is outstanding at December 31, 2013 and 2012, respectively, relating to long-term debt for the construction of a family practice residency program education facility, a managed facility's building project and debt related to joint ventures.

Employment Contracts

The System is committed for noncancelable physician employment contracts in the following amounts, prior to inflationary adjustments and bonuses based on future events:

2014	$	2,329
2015		1,315
2016		857
2017		814
2018		389
Thereafter		14

Patient Protection and Affordable Care Act

The Patient Protection and Affordable Care Act (PPACA) will substantially reform the United States health care system. The legislation impacts multiple aspects of the health care system, including many provisions that change payments from Medicare, Medicaid, and insurance companies. Starting in 2014, the legislation requires the establishment of health insurance exchanges, which will provide individuals without employer-provided health care coverage the opportunity to purchase insurance. It is anticipated that some employers currently offering insurance to employees will opt to have employees seek insurance coverage through the insurance exchanges. It is possible that the reimbursement rates paid by insurers participating in the insurance exchanges may be substantially different than rates paid under current health insurance products. Another significant component of the PPACA is the expansion of the Medicaid program to a wide range of newly eligible individuals. In anticipation of this expansion, payments under certain existing programs, such as Medicare disproportionate share, will be substantially decreased. Each state's participation in an expanded Medicaid program is optional.

Both the states of Iowa and Illinois will be participating in the expansion of the Medicaid program. It is expected that this will lead to increased reimbursement to the System related to patients eligible under the expanded scope of the program that were previously uninsured.

The PPACA is extremely complex and may be difficult for the federal government and each state to implement. While the overall impact of the PPACA cannot currently be estimated, it is possible that it will have a negative impact on the System's net patient service revenue. Additionally, it is possible the System will experience payment delays and other operational challenges during PPACA's implementation.

Note 17: Subsequent Events

Subsequent events have been evaluated through April 22, 2014, which is the date the financial statements were issued.

Effective January 1, 2014, the System entered into an Affiliation agreement with Meriter Health Services, Inc. (MHS), of Madison, Wisconsin, under which MHS became a consolidated subsidiary of the System. MHS is a nationally recognized health system comprised of Meriter Hospital, a nonprofit 448 bed community hospital; Meriter Medical Group, offering primary and specialty care; and Physicians Plus Insurance Corporation (PPIC). MHS will complement the System's current provider group and expand its service area into the South Central Wisconsin region.

The affiliation provides both the System and MHS the ability to continue to develop their population health and care coordination capabilities, while providing MHS with greater efficiencies available through the System. PPIC was subsequently transferred out of MHS and directly to the System, which is discussed further below. Excluding PPIC, at December 31, 2013, total assets of MHS were $727,375 and total liabilities were $323,813. Also excluding PPIC, for the year ended December 31, 2013, net revenues of MHS were $456,648. The affiliation was accomplished by the System becoming the sole member of MHS, and having the ability to approve and thereby elect the board members of MHS.

On February 1, 2014, PPIC was transferred from MHS to the System and became a direct subsidiary of the System. This was accomplished via an acquisition transaction occurring for fair market value consideration between the entities. PPIC is a Wisconsin based for-profit corporation that contracts with business organizations and individuals, primarily in the Madison, Wisconsin area, to provide comprehensive medical care benefits. PPIC is organized as a managed care plan under Wisconsin statutes. At December 31, 2013, total assets of PPIC were $96,079 and total liabilities were $88,713. For the year ended December 31, 2013, total revenues of PPIC were $346,500.

Iowa Health System and Subsidiaries
d/b/a UnityPoint Health
Consolidating Schedule - Balance Sheet Information
(In Thousands)
December 31, 2013

Assets

	UPHDM	MHSC	TRHS	SLHC	AHS	SLHS	THS	TRI-ST	UPC	UPAH	UPH Corp	Eliminations	Consolidated
Current Assets													
Cash and cash equivalents	$ 13,747	$ 52,133	$ 26,006	$ 20,430	$ 1,748	$ 4,609	$ 8,202	$ 7,574	$ 3,623	$ 8,412	$ 51,014	$	$ 197,498
Short-term investments	4,702		8,095	6,923	616	(185)	586	1,496	1,318	4,466	28,049		56,066
Assets limited as to use - required for current liabilities	6,086	1,866	1,600	2,852	1,170	605	439						14,618
Patient accounts receivable, less estimated uncollectibles	92,009	61,887	50,871	54,269	27,362	23,668	16,705	14,589	22,529	14,196			378,085
Other receivables	9,698	15,387	2,593	6,149	3,159	4,420	4,438	2,350	5,540	1,482	9,510		64,726
Inventories	11,288	7,646	8,915	7,966	5,859	3,986	3,201	2,521	3,150	1,566	70		56,168
Prepaid expenses	2,360	5,182	1,227	1,596	793	490	683	465	645	78	15,713		29,232
Due from affiliates	509		386	529	66	68	48	182	19,210	(20)	37,695	(58,673)	-
Total current assets	140,399	144,101	99,693	100,714	40,773	37,661	34,302	29,177	56,015	30,180	142,051	(58,673)	796,393
Assets Limited As to Use, noncurrent													
Held by trustee under bond indenture agreements	2,925										37,652		40,577
Internally designated	561,473	6,263	142,555	125,272	1,538	49,057	50,527	69,464					1,006,149
Total assets limited as to use, noncurrent	564,398	6,263	142,555	125,272	1,538	49,057	50,527	69,464			37,652		1,046,726
Property, Plant and Equipment, net	254,031	286,933	167,882	174,024	113,670	90,222	75,994	48,110	23,338	6,028	164,235		1,404,467
Other Long-term Investments	57,137	195,197	17,456	25,434	113,888	3,518	14,127	476	44,245	20,588	9,957		502,023
Investments in Joint Ventures and Other Investments	67,362	11,306	7,047	16,493	7,840	13,077	6,494	4,408		561	21,292	(84,186)	71,694
Contributions Receivable, net	7,519	17,716	5,249	34,343	3,056	3,821	3,730	7,830					83,264
Other	13,262	6,326	2,246	1,340	3,982	2,515	2,078	742	938		13,975		47,404
Due From Affiliates											465,565	(465,565)	-
Total assets	$ 1,104,108	$ 667,842	$ 442,128	$ 477,620	$ 284,747	$ 199,871	$ 187,252	$ 160,207	$ 124,536	$ 57,357	$ 854,727	$ (608,424)	$ 3,951,971

Liabilities and Net Assets

	UPHDM	MHSC	TRHS	SLHC	AHS	SLHS	THS	TRI-ST	UPC	UPAH	UPH Corp	Eliminations	Consolidated
Current Liabilities													
Current maturities of long-term debt	$ 217	$ 8,435	$ 1,219	$	$ 11	$ 2,195	$ 342	$	$ 496	$ 167	$ 34,480	$	$ 47,562
Accounts payable	24,950	31,151	14,705	14,646	10,102	8,704	3,515	4,389	6,877	3,475	13,984		136,498
Accrued payroll	32,090	18,218	16,344	23,128	11,826	8,101	8,750	5,812	25,468	5,731	14,033		169,501
Accrued interest	8	782									9,358		10,148
Estimated settlements due to third-party payers	3,629	43,406	4,501	2,978	1,422	717		164		696			57,513
Due to affiliates	17,530	1,512	12,013	9,166	6,788	5,988	1,545	1,255	37	573	2,198	(58,605)	-
Other current liabilities	9,964	24,512	6,424	6,667	2,452	2,503	1,728	1,221	6,587	1,448	7,445	(77)	70,874
Total current liabilities	88,388	128,016	55,206	56,585	32,601	28,208	15,880	12,841	39,465	12,090	81,498	(58,682)	492,096
Long-term Debt, net	26,322	120,619	17,748		5	422			8,947	183	683,239		857,485
Other Long-term Liabilities	28,470	88,272	10,616	22,243	9,145	8,557	13,497	1,854	29,722	990	66,962		280,328
Due to Affiliates	120,990		124,300	72,871	59,361	63,515	18,700	5,820				(465,557)	-
Total liabilities	264,170	336,907	207,870	151,699	101,112	100,702	48,077	20,515	78,134	13,263	831,699	(524,239)	1,629,909
Net Assets													
Unrestricted	809,264	301,238	220,575	287,934	174,360	94,989	132,796	131,733	46,402	43,745	22,955	(83,836)	2,182,155
Temporarily restricted	12,415	24,682	11,322	19,473	4,359	2,544	4,490	5,732		349	73	(349)	85,090
Permanently restricted	18,259	5,015	2,361	18,514	4,916	1,636	1,889	2,227					54,817
Total net assets	839,938	330,935	234,258	325,921	183,635	99,169	139,175	139,692	46,402	44,094	23,028	(84,185)	2,322,062
Total liabilities and net assets	$ 1,104,108	$ 667,842	$ 442,128	$ 477,620	$ 284,747	$ 199,871	$ 187,252	$ 160,207	$ 124,536	$ 57,357	$ 854,727	$ (608,424)	$ 3,951,971

Definitions

UPHDM - UnityPoint Health - Des Moines and Subsidiaries (Des Moines)
MHSC - Methodist Health Services Corp. and Subsidiaries (Peoria)
TRHS - Trinity Regional Health System and Subsidiaries (Rock Island)
SLHC - St. Luke's Healthcare and Subsidiaries (Cedar Rapids)
AHS - Allen Health Systems, Inc. and Subsidiaries (Waterloo)
SLHS - St. Luke's Health System, Inc. (Sioux City)
THS - Trinity Health Systems, Inc. and Subsidiaries (Fort Dodge)
TRI-ST - Finley Tri-States Health Group, Inc. and Subsidiaries (Dubuque)
UPC - UnityPoint Clinic
UPAH - UnityPoint at Home
UPH Corp - UnityPoint Health and other Subsidiaries

Iowa Health System and Subsidiaries
d/b/a UnityPoint Health
Consolidating Schedule - Revenue and Gains, Expenses and Losses Information
(In Thousands)
Year Ended December 31, 2013

	UPHDM	MHSC	TRHS	SLHC	AHS	SLHS	THS	TRI-ST	UPC	UPAH	UPH Corp	Eliminations	Consolidated
Revenue													
Patient service revenue (net of contractual allowances)	$ 649,701	$ 389,247	$ 413,837	$ 381,011	$ 217,351	$ 169,396	$ 135,456	$ 99,865	$ 249,940	$ 89,939	$	$ (769)	$ 2,794,974
Provision for patient uncollectible accounts	(35,407)	(20,680)	(36,408)	(18,157)	(9,691)	(14,030)	(5,381)	(4,386)	(7,247)				(151,387)
Net patient service revenue	614,294	368,567	377,429	362,854	207,660	155,366	130,075	95,479	242,693	89,939		(769)	2,643,587
Other operating revenue	31,212	29,248	12,007	19,092	16,291	9,666	10,839	8,085	25,542	3,332	204,294	(178,285)	191,323
Net assets released from restrictions used for operations	3,051	793	407	1,276	572		124	75		251	11		6,560
Total revenue	648,557	398,608	389,843	383,222	224,523	165,032	141,038	103,639	268,235	93,522	204,305	(179,054)	2,841,470
Expenses													
Salaries and wages	228,905	124,945	126,844	141,011	73,447	57,364	48,839	37,721	86,058	50,585	62,018		1,037,737
Physician compensation and services	60,177	46,849	30,042	30,902	16,584	20,883	24,672	4,409	117,767	373	16	(5,444)	347,230
Employee benefits	54,059	29,366	30,073	33,697	16,691	13,644	9,921	7,721	18,860	10,690	12,452	(1,989)	235,185
Supplies	120,333	54,422	75,203	62,648	47,977	29,075	19,384	14,421	21,303	12,913	337	(164)	457,852
Other expenses	116,644	93,276	92,065	77,349	40,320	35,157	27,172	25,722	55,506	12,647	82,891	(178,257)	480,492
Depreciation and amortization	32,566	25,719	17,477	18,169	13,203	8,177	7,154	6,117	4,602	1,765	36,150		171,099
Interest	7,158	2,482	6,114	3,663	2,893	2,963	1,071	283	485	31	26,900	(25,656)	28,387
Provision for uncollectible accounts			91	128	21	8		2		627			877
Total expenses	619,842	377,059	377,909	367,567	211,136	167,271	138,213	96,396	304,581	89,631	220,764	(211,510)	2,758,859
Operating Income (Loss)	28,715	21,549	11,934	15,655	13,387	(2,239)	2,825	7,243	(36,346)	3,891	(16,459)	32,456	82,611
Nonoperating Gains (Losses)													
Investment income	70,263	17,618	21,426	15,391	13,655	6,811	6,354	7,471	3,790	2,446	95	(5,979)	159,341
Contribution received in affiliation with Proctor Peoria		1,012											1,012
Other, net	908	(822)	239	6	21	(25)	472	65	(260)		18,759		19,363
Total nonoperating gains (losses), net	71,171	17,808	21,665	15,397	13,676	6,786	6,826	7,536	3,530	2,446	18,854	(5,979)	179,716
Revenue Over (Under) Expenses	$ 99,886	$ 39,357	$ 33,599	$ 31,052	$ 27,063	$ 4,547	$ 9,651	$ 14,779	$ (32,816)	$ 6,337	$ 2,395	$ 26,477	$ 262,327

Definitions

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THS - Trinity Health Systems, Inc. and Subsidiaries (Fort Dodge)
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UPC - UnityPoint Clinic
UPAH - UnityPoint at Home
UPH Corp - UnityPoint Health and other Subsidiaries

Iowa Health System and Subsidiaries
d/b/a UnityPoint Health
UnityPoint Health - Des Moines and Subsidiaries (Des Moines)
Consolidating Schedule - Balance Sheet Information
(In Thousands)
December 31, 2013

Assets

	UPHDM	CIHC	UPHF	CIHP	UPAH	UPC	Eliminations	Consolidated
Current Assets								
Cash and cash equivalents	$	$ 11,385	$ 1,788	$ 574	$	$	$	$ 13,747
Short-term investments		4,702						4,702
Assets limited as to use - required for current liabilities		6,086						6,086
Patient accounts receivable, less estimated uncollectibles		92,009						92,009
Other receivables		9,682	1	15				9,698
Inventories		11,241	47					11,288
Prepaid expenses	108	2,164	46	42				2,360
Due from affiliates		1,522		7,924			(8,937)	509
Total current assets	108	138,791	1,882	8,555			(8,937)	140,399
Assets Limited As to Use, noncurrent								
Held by trustee under bond indenture agreements		2,925						2,925
Internally designated		483,339	78,134					561,473
Total assets limited as to use, noncurrent		486,264	78,134					564,398
Property, Plant and Equipment, net		229,200	58	24,773				254,031
Other Long-term Investments		14,902	42,235					57,137
Investments in Joint Ventures and Other Investments		34,508	28	4,304	33,281	22,711	(27,470)	67,362
Contributions Receivable, net			7,519					7,519
Other		13,223		39				13,262
Due From Affiliates		2,371					(2,371)	-
Total assets	$ 108	$ 919,259	$ 129,856	$ 37,671	$ 33,281	$ 22,711	$ (38,778)	$ 1,104,108

Liabilities and Net Assets

	UPHDM	CIHC	UPHF	CIHP	UPAH	UPC	Eliminations	Consolidated
Current Liabilities								
Current maturities of long-term debt	$	$ 217	$	$	$	$	$	$ 217
Accounts payable		24,184	79	687				24,950
Accrued payroll		31,877	213					32,090
Accrued interest		8						8
Estimated settlements due to third-party payers		3,629						3,629
Due to affiliates		25,167	323	977			(8,937)	17,530
Other current liabilities		9,701	77	186				9,964
Total current liabilities		94,783	692	1,850			(8,937)	88,388
Long-term Debt, net		26,322						26,322
Other Long-term Liabilities		27,215	1,255					28,470
Due to Affiliates		120,470		2,891			(2,371)	120,990
Total liabilities		268,790	1,947	4,741			(11,308)	264,170
Net Assets								
Unrestricted	108	622,640	97,780	32,930	33,095	22,711		809,264
Temporarily restricted		10,003	11,870		186		(9,644)	12,415
Permanently restricted		17,826	18,259				(17,826)	18,259
Total net assets	108	650,469	127,909	32,930	33,281	22,711	(27,470)	839,938
Total liabilities and net assets	$ 108	$ 919,259	$ 129,856	$ 37,671	$ 33,281	$ 22,711	$ (38,778)	$ 1,104,108

Definitions

UPHDM - UnityPoint Health - Des Moines
CIHC - Central Iowa Hospital Corporation
UPHF - UnityPoint Health Foundation
CIHP - Central Iowa Health Properties Corporation
UPAH - UnityPoint at Home, UPHDM portion
UPC - UnityPoint Clinic, UPHDM portion

Iowa Health System and Subsidiaries
d/b/a UnityPoint Health
UnityPoint Health - Des Moines and Subsidiaries (Des Moines)
Consolidating Schedule - Revenue and Gains, Expenses and Losses Information
(In Thousands)
Year Ended December 31, 2013

	UPHDM	CIHC	UPHF	CIHP	UPAH	UPC	Eliminations	Consolidated
Revenue								
Patient service revenue (net of contractual allowances)	$	$ 649,701	$	$	$	$	$	$ 649,701
Provision for patient uncollectible accounts		(35,407)						(35,407)
Net patient service revenue		614,294						614,294
Other operating revenue		45,435		5,629	1,627	(18,104)	(3,375)	31,212
Net assets released from restrictions used for operations		3,037	14					3,051
Total revenue		662,766	14	5,629	1,627	(18,104)	(3,375)	648,557
Expenses								
Salaries and wages		227,753	1,093	59				228,905
Physician compensation and services		60,177						60,177
Employee benefits		53,774	265	20				54,059
Supplies		120,319	9	5				120,333
Other expenses	95	117,230	548	2,146			(3,375)	116,644
Depreciation and amortization		30,793	16	1,757				32,566
Interest		7,109		49				7,158
Total expenses	95	617,155	1,931	4,036			(3,375)	619,842
Operating Income (Loss)	(95)	45,611	(1,917)	1,593	1,627	(18,104)		28,715
Nonoperating Gains								
Investment income		54,161	12,878		1,259	1,965		70,263
Other, net			908					908
Total nonoperating gains, net		54,161	13,786		1,259	1,965		71,171
Revenue Over (Under) Expenses	$ (95)	$ 99,772	$ 11,869	$ 1,593	$ 2,886	$ (16,139)	$ -	$ 99,886

Definitions
UPHDM - UnityPoint Health - Des Moines
CIHC - Central Iowa Hospital Corporation
UPHF - UnityPoint Health Foundation
CIHP - Central Iowa Health Properties Corporation
UPAH - UnityPoint at Home, UPHDM portion
UPC - UnityPoint Clinic, UPHDM portion

Iowa Health System and Subsidiaries
d/b/a UnityPoint Health
Methodist Health Services Corporation and Subsidiaries (Peoria)
Consolidating Schedule - Balance Sheet Information
(In Thousands)
December 31, 2013

Assets

	MHSC	MMCI	MSI	MMCF	PH	PHCI	Belcrest	Hult	PHS	HP	Eliminations	Consolidated
Current Assets												
Cash and cash equivalents	$ 3,348	$ 42,680	$ 180	$ 345	$ 4,186	$	$ 96	$ 874	$ 419	$ 5	$	$ 52,133
Assets limited as to use - required for current liabilities					1,866							1,866
Patient accounts receivable, less estimated uncollectibles		48,392			12,213		854		428			61,887
Other receivables		10,205	168	2	4,897		3	8	104			15,387
Inventories		3,842			3,498		306					7,646
Prepaid expenses		2,483		5	2,652		25	3	14			5,182
Due from affiliates		8,359	751		16,195	5,827	604		24		(31,760)	-
Total current assets	3,348	115,961	1,099	352	45,507	5,827	1,888	885	989	5	(31,760)	144,101
Assets Limited As to Use, noncurrent												
Internally designated		4,086		2,177								6,263
Property, Plant and Equipment, net		161,125	83,608		35,656		3,741	1,227	1,576			286,933
Other Long-term Investments		174,222		20,452				523				195,197
Investments in Joint Ventures and Other Investments	384	37,808		145		17,582					(44,613)	11,306
Contributions Receivable, net		6,567		4,037	7,043			69				17,716
Other	122	6,190			13				1			6,326
Total assets	$ 3,854	$ 505,959	$ 84,707	$ 27,163	$ 88,219	$ 23,409	$ 5,629	$ 2,704	$ 2,566	$ 5	$ (76,373)	$ 667,842

Liabilities and Net Assets (Deficit)

	MHSC	MMCI	MSI	MMCF	PH	PHCI	Belcrest	Hult	PHS	HP	Eliminations	Consolidated
Current Liabilities												
Current maturities of long-term debt	$	$ 5,335	$	$	$ 3,100	$	$	$	$	$	$	$ 8,435
Accounts payable	5	22,952	421		7,452		166	102	47	6		31,151
Accrued payroll	592	13,937			3,199		282	30	178			18,218
Accrued interest		197			585							782
Estimated settlements due to third-party payers		38,450			4,956							43,406
Due to affiliates	1,019	1,512	2,340		9,318	2,143	6,290	9	9,938	703	(31,760)	1,512
Other current liabilities		13,592	1,149	34	9,208		265		264			24,512
Total current liabilities	1,616	95,975	3,910	34	37,818	2,143	7,003	141	10,427	709	(31,760)	128,016
Long-term Debt, net		93,675			26,938			6				120,619
Other Long-term Liabilities		74,817		98	13,262	95						88,272
Total liabilities	1,616	264,467	3,910	132	78,018	2,238	7,003	147	10,427	709	(31,760)	336,907
Net Assets (Deficit)												
Unrestricted	2,238	219,474	80,797	11,804	3,073	21,171	(1,374)	2,006	(7,861)	(704)	(29,386)	301,238
Temporarily restricted		17,961		11,190	6,652			69			(11,190)	24,682
Permanently restricted		4,057		4,037	476			482			(4,037)	5,015
Total net assets (deficit)	2,238	241,492	80,797	27,031	10,201	21,171	(1,374)	2,557	(7,861)	(704)	(44,613)	330,935
Total liabilities and net assets	$ 3,854	$ 505,959	$ 84,707	$ 27,163	$ 88,219	$ 23,409	$ 5,629	$ 2,704	$ 2,566	$ 5	$ (76,373)	$ 667,842

Definitions
MHSC - Methodist Health Services Corporation
MMCI - Methodist Medical Center of Illinois
MSI - Methodist Services, Inc.
MMCF - Methodist Medical Center Foundation
PH - Proctor Hospital
PHCI - Proctor Health Care, Inc.
Belcrest - Belcrest Services, Ltd.
Hult - Hult Center for Healthy Living
PHS - Proctor Health Systems
HP - HealthPlus, Inc.

Iowa Health System and Subsidiaries
d/b/a UnityPoint Health
Methodist Health Services Corporation and Subsidiaries (Peoria)
Consolidating Schedule - Revenue and Gains, Expenses and Losses Information
(In Thousands)
Year Ended December 31, 2013

	MHSC	MMCI	MSI	MMCF	PH	PHCI	Belcrest	Hult	PHS	HP	Eliminations	Consolidated
Revenue												
Patient service revenue (net of contractual allowances)	$ 219	$ 372,080	$	$	$ 16,816	$	$ 1,040	$	$ 528	$	$ (1,436)	$ 389,247
Provision for patient uncollectible accounts		(19,337)			(1,292)		(54)		3			(20,680)
Net patient service revenue	219	352,743			15,524		986		531		(1,436)	368,567
Other operating revenue	12,324	26,738	8,229	243	1,112		19	243	77		(19,737)	29,248
Net assets released from restrictions used for operations		332		403	58							793
Total revenue	12,543	379,813	8,229	646	16,694		1,005	243	608		(21,173)	398,608
Expenses												
Salaries and wages	9,966	107,680		157	6,308	31	314	114	362	13		124,945
Physician compensation and services		45,888			303		412		245	1		46,849
Employee benefits	2,458	25,494	20	41	1,249	2	105	35	66	1	(105)	29,366
Supplies		50,464	5	2	3,855		80	7	9			54,422
Other expenses	70	102,233	5,823	601	5,323	1	216	46	24	7	(21,068)	93,276
Depreciation and amortization	6	21,595	3,131		942		24	12	9			25,719
Interest		2,280			202							2,482
Total expenses	12,500	355,634	8,979	801	18,182	34	1,151	214	715	22	(21,173)	377,059
Operating Income (Loss)	43	24,179	(750)	(155)	(1,488)	(34)	(146)	29	(107)	(22)		21,549
Nonoperating Gains (Losses)												
Investment income	5	15,886		1,703	(2)			26				17,618
Contribution received in affiliation with Proctor Peoria			7,768		(2,665)	21,204	(1,228)	1,951	(7,754)	(683)	(17,581)	1,012
Other, net		(1,014)		196	(4)							(822)
Total nonoperating gains (losses), net	5	14,872	7,768	1,899	(2,671)	21,204	(1,228)	1,977	(7,754)	(683)	(17,581)	17,808
Revenue Over (Under) Expenses	$ 48	$ 39,051	$ 7,018	$ 1,744	$ (4,159)	$ 21,170	$ (1,374)	$ 2,006	$ (7,861)	$ (705)	$ (17,581)	$ 39,357

Definitions

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MMCI - Methodist Medical Center of Illinois
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MMCF - Methodist Medical Center Foundation
PH - Proctor Hospital
PHCI - Proctor Health Care, Inc.
Belcrest - Belcrest Services, Ltd.
Hult - Hult Center for Healthy Living
PHS - Proctor Health Systems
HP - HealthPlus, Inc.

Iowa Health System and Subsidiaries
d/b/a UnityPoint Health
Trinity Regional Health System and Subsidiaries (Rock Island)
Consolidating Schedule - Balance Sheet Information
(In Thousands)
December 31, 2013

Assets

	TRHS	TMC	VNHA	THF	THE	TM	UPC	Eliminations	Consolidated
Current Assets									
Cash and cash equivalents	$ 373	$ 19,017	$	$ 1,067	$ 1,062	$ 4,487	$	$	$ 26,006
Short-term investments		8,088		7					8,095
Assets limited as to use - required for current liabilities		1,600							1,600
Patient accounts receivable, less estimated uncollectibles		43,874			518	6,479			50,871
Other receivables		1,986				607			2,593
Inventories		7,226			276	1,413			8,915
Prepaid expenses		996		49	16	166			1,227
Due from affiliates	32	9,290				36		(8,972)	386
Total current assets	405	92,077		1,123	1,872	13,188		(8,972)	99,693
Assets Limited As to Use, noncurrent									
Internally designated	15,848	120,661				6,046			142,555
Property, Plant and Equipment, net		137,180			396	30,306			167,882
Other Long-term Investments		7,816		6,343		3,297			17,456
Investments in Joint Ventures and Other Investments	2,014	11,264	981		116		2,059	(9,387)	7,047
Contributions Receivable, net				3,138		2,111			5,249
Other		1,903				343			2,246
Due from Affiliates		12,292						(12,292)	-
Total assets	$ 18,267	$ 383,193	$ 981	$ 10,604	$ 2,384	$ 55,291	$ 2,059	$ (30,651)	$ 442,128

Liabilities and Net Assets

	TRHS	TMC	VNHA	THF	THE	TM	UPC	Eliminations	Consolidated
Current Liabilities									
Current maturities of long-term debt	$	$ 434	$	$	$	$ 785	$	$	$ 1,219
Accounts payable	21	12,958			51	1,675			14,705
Accrued payroll	598	13,556		15	77	2,098			16,344
Estimated settlements due to third-party payers		4,042				459			4,501
Due to affiliates	4,320	11,934		1,325	247	3,159		(8,972)	12,013
Other current liabilities	29	5,459		19		917			6,424
Total current liabilities	4,968	48,383		1,359	375	9,093		(8,972)	55,206
Long-term Debt, net		1,777				15,971			17,748
Other Long-term Liabilities		9,100		82		1,434			10,616
Due to Affiliates		124,300				12,292		(12,292)	124,300
Total liabilities	4,968	183,560		1,441	375	38,790		(21,264)	207,870
Net Assets									
Unrestricted	13,299	192,247	981	194	2,009	11,873	2,059	(2,087)	220,575
Temporarily restricted		5,972		6,608		4,628		(5,886)	11,322
Permanently restricted		1,414		2,361				(1,414)	2,361
Total net assets	13,299	199,633	981	9,163	2,009	16,501	2,059	(9,387)	234,258
Total liabilities and net assets	$ 18,267	$ 383,193	$ 981	$ 10,604	$ 2,384	$ 55,291	$ 2,059	$ (30,651)	$ 442,128

Definitions

TRHS - Trinity Regional Health System
TMC - Trinity Medical Center
VNHA - Trinity Visiting Nurses and Homemakers Association
THF - Trinity Health Foundation
THE - Trinity Health Enterprises, Inc.
TM - Trinity Muscatine
UPC - UnityPoint Clinic, TRHS portion

Iowa Health System and Subsidiaries
d/b/a UnityPoint Health
Trinity Regional Health System and Subsidiaries (Rock Island)
Consolidating Schedule - Revenue and Gains, Expenses and Losses Information
(In Thousands)
Year Ended December 31, 2013

	TRHS	TMC	VNHA	THF	THE	TM	UPC	Eliminations	Consolidated
Revenue									
Patient service revenue (net of contractual allowances)	$	$ 363,787	$	$	$ 4,738	$ 45,312	$	$	$ 413,837
Provision for patient uncollectible accounts		(31,974)			(57)	(4,377)			(36,408)
Net patient service revenue		331,813			4,681	40,935			377,429
Other operating revenue	66	22,530	1,204	1	48	1,230	(12,610)	(462)	12,007
Net assets released from restrictions used for operations				407					407
Total revenue	66	354,343	1,204	408	4,729	42,165	(12,610)	(462)	389,843
Expenses									
Salaries and wages		109,189		524	1,403	15,728			126,844
Physician compensation and services		27,214				2,828			30,042
Employee benefits		26,293		108	349	3,378		(55)	30,073
Supplies		67,535		16	2,104	5,515		33	75,203
Other expenses		79,963		801	577	11,099		(375)	92,065
Depreciation and amortization		15,252			232	1,993			17,477
Interest		6,440				200		(526)	6,114
Provision for uncollectible accounts		91							91
Total expenses		331,977		1,449	4,665	40,741		(923)	377,909
Operating Income (Loss)	66	22,366	1,204	(1,041)	64	1,424	(12,610)	461	11,934
Nonoperating Gains (Losses)									
Investment income	1,989	17,797	435	72	1	986	672	(526)	21,426
Other, net		(13)		86		166			239
Total nonoperating gains (losses), net	1,989	17,784	435	158	1	1,152	672	(526)	21,665
Revenue Over (Under) Expenses	$ 2,055	$ 40,150	$ 1,639	$ (883)	$ 65	$ 2,576	$ (11,938)	$ (65)	$ 33,599

Definitions
TRHS - Trinity Regional Health System
TMC - Trinity Medical Center
VNHA - Trinity Visiting Nurses and Homemakers Association
THF - Trinity Health Foundation
THE - Trinity Health Enterprises, Inc.
TM - Trinity Muscatine
UPC - UnityPoint Clinic, TRHS portion

Iowa Health System and Subsidiaries
d/b/a UnityPoint Health
St. Luke’s Healthcare and Subsidiaries (Cedar Rapids)
Consolidating Schedule - Balance Sheet Information
(In Thousands)
December 31, 2013

Assets

	SLMH	CARE	CC-STL	STL-HR	JONES	CARDIO LC	STEAM, INC.	UPC	Eliminations	Consolidated
Current Assets										
Cash and cash equivalents	$ 11,816	$ 1,470	$ 1,091	$ 1,341	$ 4,666	$ 46	$	$	$	$ 20,430
Short-term investments	6,885				38					6,923
Assets limited as to use - required for current liabilities	2,852									2,852
Patient accounts receivable, less estimated uncollectibles	47,490	1,304	1,107		3,338	1,030				54,269
Other receivables	5,710		2		87	280	70			6,149
Inventories	7,655		72		239					7,966
Prepaid expenses	1,446	43	7		67		33			1,596
Due from affiliates	1,276			1,498	(11)	155	105		(2,494)	529
Total current assets	85,130	2,817	2,279	2,839	8,424	1,511	208		(2,494)	100,714
Assets Limited As to Use, noncurrent										
Internally designated	125,272									125,272
Property, Plant and Equipment, net	147,019	4,195	206	1,639	12,524	3,404	4,364		673	174,024
Other Long-term Investments	24,883				482	69				25,434
Investments in Joint Ventures and Other Investments	15,460	4,864						10,250	(14,081)	16,493
Contributions Receivable, net	33,216				1,127					34,343
Other	1,002					338				1,340
Due From Affiliates	175			1,278					(1,453)	-
Total assets	$ 432,157	$ 11,876	$ 2,485	$ 5,756	$ 22,557	$ 5,322	$ 4,572	$ 10,250	$ (17,355)	$ 477,620

Liabilities and Net Assets

	SLMH	CARE	CC-STL	STL-HR	JONES	CARDIO LC	STEAM, INC.	UPC	Eliminations	Consolidated
Current Liabilities										
Current maturities of long-term debt										
Accounts payable	$ 13,022	$ 347	$ 249	$	$ 631	$ 228	$ 169	$	$	$ 14,646
Accrued payroll	20,473	348	173		985	1,149				23,128
Estimated settlements due to third-party payers	3,093		(192)		77					2,978
Due to affiliates	10,695	102	339		467	57			(2,494)	9,166
Other current liabilities	6,435	102	10	113		7				6,667
Total current liabilities	53,718	899	579	113	2,160	1,441	169		(2,494)	56,585
Other Long-term Liabilities	21,604			570		69				22,243
Due to Affiliates	74,148	176							(1,453)	72,871
Total liabilities	149,470	1,075	579	683	2,160	1,510	169		(3,947)	151,699
Net Assets										
Unrestricted	249,789	10,801	1,906	5,073	19,267	3,812	444	10,250	(13,408)	287,934
Temporarily restricted	14,384				1,130		3,959			19,473
Permanently restricted	18,514									18,514
Total net assets	282,687	10,801	1,906	5,073	20,397	3,812	4,403	10,250	(13,408)	325,921
Total liabilities and net assets	$ 432,157	$ 11,876	$ 2,485	$ 5,756	$ 22,557	$ 5,322	$ 4,572	$ 10,250	$ (17,355)	$ 477,620

Definitions

SLMH - St. Luke’s Methodist Hospital
CARE - STL Care Company
CC-STL - Continuing Care Hospital, STL
STL-HR - STL Health Resources
JONES - Jones Regional Medical Center
CARDIO LC - Cardiologists, L.C.
STEAM, INC. - St. Luke’s Coe Steam, Inc.
UPC - UnityPoint Clinic, SLHC portion

Iowa Health System and Subsidiaries
d/b/a UnityPoint Health
St. Luke’s Healthcare and Subsidiaries (Cedar Rapids)
Consolidating Schedule - Revenue and Gains, Expenses and Losses Information
(In Thousands)
Year Ended December 31, 2013

	SLMH	CARE	CC-STL	STL-HR	JONES	CARDIO LC	STEAM, INC.	UPC	Eliminations	Consolidated
Revenue										
Patient service revenue (net of contractual allowances)	$ 327,883	$ 11,730	$ 7,837	$	$ 22,686	$ 12,124	$	$	$ (1,249)	$ 381,011
Provision for patient uncollectible accounts	(16,241)		(7)		(1,300)	(609)				(18,157)
Net patient service revenue	311,642	11,730	7,830		21,386	11,515			(1,249)	362,854
Other operating revenue	21,650	252	1	789	592	799	1,426	(1,740)	(4,677)	19,092
Net assets released from restrictions used for operations	1,276									1,276
Total revenue	334,568	11,982	7,831	789	21,978	12,314	1,426	(1,740)	(5,926)	383,222
Expenses										
Salaries and wages	120,957	6,230	2,733		6,549	4,365			177	141,011
Physician compensation and services	20,444	24	14		2,347	8,519			(446)	30,902
Employee benefits	29,400	819	595		1,850	992			41	33,697
Supplies	57,828	1,264	764		1,643	1,132	84		(67)	62,648
Other expenses	66,886	2,984	2,996	268	5,257	2,896	1,326		(5,264)	77,349
Depreciation and amortization	15,497	304	82	70	1,386	594	236			18,169
Interest	3,685	24			248	73			(367)	3,663
Provision for uncollectible accounts	128									128
Total expenses	314,825	11,649	7,184	338	19,280	18,571	1,646		(5,926)	367,567
Operating Income (Loss)	19,743	333	647	451	2,698	(6,257)	(220)	(1,740)	-	15,655
Nonoperating Gains										
Investment income	13,903				1,013			475		15,391
Other, net		1			5					6
Total nonoperating gains, net	13,903	1			1,018			475		15,397
Revenue Over (Under) Expenses	$ 33,646	$ 334	$ 647	$ 451	$ 3,716	$ (6,257)	$ (220)	$ (1,265)	$ -	$ 31,052

Definitions

SLMH - St. Luke’s Methodist Hospital
CARE - STL Care Company
CC-STL - Continuing Care Hospital, STL
STL-HR - STL Health Resources
JONES - Jones Regional Medical Center
CARDIO LC - Cardiologists, L.C.
STEAM, INC. - St. Luke’s Coe Steam, Inc.
UPC - UnityPoint Clinic, SLHC portion

Iowa Health System and Subsidiaries
d/b/a UnityPoint Health
Allen Health Systems, Inc. and Subsidiaries (Waterloo)
Consolidating Schedule - Balance Sheet Information
(In Thousands)
December 31, 2013

Assets

	AHS	AMH	MFAH	AC	UPC	UPAH	Eliminations	Consolidated
Current Assets								
Cash and cash equivalents	$	$ 784	$ 964	$	$	$	$	$ 1,748
Short-term investments		614	2					616
Assets limited as to use - required for current liabilities		1,170						1,170
Patient accounts receivable, less estimated uncollectibles		27,362						27,362
Other receivables		2,753		406				3,159
Inventories		5,859						5,859
Prepaid expenses		666	1	126				793
Due from affiliates		66						66
Total current assets		39,274	967	532				40,773
Assets Limited As to Use, noncurrent								
Internally designated		1,538						1,538
Property, Plant and Equipment, net		113,670						113,670
Other Long-term Investments		107,279	6,125	484				113,888
Investments in Joint Ventures and Other Investments		1,658	1,067	5,352	4,722	1,784	(6,743)	7,840
Contributions Receivable, net		2,314	742					3,056
Other		3,982						3,982
Total assets	$ -	$ 269,715	$ 8,901	$ 6,368	$ 4,722	$ 1,784	$ (6,743)	$ 284,747

Liabilities and Net Assets

	AHS	AMH	MFAH	AC	UPC	UPAH	Eliminations	Consolidated
Current Liabilities								
Current maturities of long-term debt	$	$ 11	$	$	$	$	$	$ 11
Accounts payable		10,076		26				10,102
Accrued payroll		11,826						11,826
Estimated settlements due to third-party payers		1,422						1,422
Due to affiliates		6,788						6,788
Other current liabilities		2,415	12	25				2,452
Total current liabilities		32,538	12	51				32,601
Long-term Debt, net		5						5
Other Long-term Liabilities		8,577	36	532				9,145
Due to Affiliates		59,361						59,361
Total liabilities		100,481	48	583				101,112
Net Assets								
Unrestricted		165,314	2,107	433	4,722	1,784		174,360
Temporarily restricted		1,606	4,144	2,750			(4,141)	4,359
Permanently restricted		2,314	2,602	2,602			(2,602)	4,916
Total net assets		169,234	8,853	5,785	4,722	1,784	(6,743)	183,635
Total liabilities and net assets	$ -	$ 269,715	$ 8,901	$ 6,368	$ 4,722	$ 1,784	$ (6,743)	$ 284,747

Definitions

AHS - Allen Health System
AMH - Allen Memorial Hospital Corporation
MFAH - Memorial Foundation of Allen Hospital
AC - Allen College
UPC - UnityPoint Clinic, AHS portion
UPAH - UnityPoint at Home, AHS portion

Iowa Health System and Subsidiaries
d/b/a UnityPoint Health
Allen Health Systems, Inc. and Subsidiaries (Waterloo)
Consolidating Schedule - Revenue and Gains, Expenses and Losses Information
(In Thousands)
Year Ended December 31, 2013

	AHS	AMH	MFAH	AC	UPC	UPAH	Eliminations	Consolidated
Revenue								
Patient service revenue (net of contractual allowances)	$	$ 217,351	$	$	$	$	$	$ 217,351
Provision for patient uncollectible accounts		(9,691)						(9,691)
Net patient service revenue		207,660						207,660
Other operating revenue		10,422	36	9,135	(3,894)	590	2	16,291
Net assets released from restrictions used for operations		151		421				572
Total revenue		218,233	36	9,556	(3,894)	590	2	224,523
Expenses								
Salaries and wages		68,809	132	4,506				73,447
Physician compensation and services		16,584						16,584
Employee benefits		15,593	33	1,063			2	16,691
Supplies		47,770	4	203				47,977
Other expenses	23	38,347	136	1,814				40,320
Depreciation and amortization		13,203						13,203
Interest		2,884	9					2,893
Provision for uncollectible accounts		1		20				21
Total expenses	23	203,191	314	7,606			2	211,136
Operating Income (Loss)	(23)	15,042	(278)	1,950	(3,894)	590		13,387
Nonoperating Gains								
Investment income		12,847	105		418	285		13,655
Other, net		21						21
Total nonoperating gains, net		12,868	105		418	285		13,676
Revenue Over (Under) Expenses	$ (23)	$ 27,910	$ (173)	$ 1,950	$ (3,476)	$ 875	$ -	$ 27,063

Definitions
AHS - Allen Health System
AMH - Allen Memorial Hospital Corporation
MFAH - Memorial Foundation of Allen Hospital
AC - Allen College
UPC - UnityPoint Clinic, AHS portion
UPAH - UnityPoint at Home, AHS portion

Iowa Health System and Subsidiaries
d/b/a UnityPoint Health
St. Luke’s Health System, Inc. (Sioux City)
Consolidating Schedule - Balance Sheet Information
(In Thousands)
December 31, 2013

Assets

	SLHS	SLRMC	SLHR	PACE	Eliminations	Consolidated
Current Assets						
Cash and cash equivalents	$ 231	$ 3,308	$ 635	$ 435	$	$ 4,609
Short-term investments		(185)				(185)
Assets limited as to use - required for current liabilities		605				605
Patient accounts receivable, less estimated uncollectibles		22,846	976	(5)	(149)	23,668
Other receivables	44	4,324	13	39		4,420
Inventories		3,939	47			3,986
Prepaid expenses	21	433	22	14		490
Due from affiliates	38	47,137			(47,107)	68
Total current assets	334	82,407	1,693	483	(47,256)	37,661
Assets Limited As to Use, noncurrent						
Internally designated		49,057				49,057
Property, Plant and Equipment, net	13,354	74,815	2,017	36		90,222
Other Long-term Investments		3,518				3,518
Investments in Joint Ventures and Other Investments	12,600	477				13,077
Contributions Receivable, net		3,821				3,821
Other		2,515				2,515
Total assets	$ 26,288	$ 216,610	$ 3,710	$ 519	$ (47,256)	$ 199,871

Liabilities and Net Assets (Deficit)

	SLHS	SLRMC	SLHR	PACE	Eliminations	Consolidated
Current Liabilities						
Current maturities of long-term debt	$	$ 2,195	$	$	$	$ 2,195
Accounts payable	22	8,084	141	606	(149)	8,704
Accrued payroll		7,854	202	45		8,101
Estimated settlements due to third-party payers		552		165		717
Due to affiliates	1,913	5,268	45,790	124	(47,107)	5,988
Other current liabilities	403	1,920	180			2,503
Total current liabilities	2,338	25,873	46,313	940	(47,256)	28,208
Long-term Debt, net		422				422
Other Long-term Liabilities		8,326	231			8,557
Due to Affiliates	9,240	54,275				63,515
Total liabilities	11,578	88,896	46,544	940	(47,256)	100,702
Net Assets (Deficit)						
Unrestricted	14,710	123,534	(42,834)	(421)		94,989
Temporarily restricted		2,544				2,544
Permanently restricted		1,636				1,636
Total net assets (deficit)	14,710	127,714	(42,834)	(421)		99,169
Total liabilities and net assets	$ 26,288	$ 216,610	$ 3,710	$ 519	$ (47,256)	$ 199,871

Definitions
SLHS - St. Luke’s Health System
SLRMC - St. Luke’s Regional Medical Center
SLHR - St. Luke’s Health Resources
PACE - Souixland PACE

Iowa Health System and Subsidiaries
d/b/a UnityPoint Health
St. Luke's Health System, Inc. (Sioux City)
Consolidating Schedule - Revenue and Gains, Expenses and Losses Information
(In Thousands)
Year Ended December 31, 2013

	SLHS	SLRMC	SLHR	PACE	Eliminations	Consolidated
Revenue						
Patient service revenue (net of contractual allowances)	$	$ 149,293	$ 12,146	$ 9,255	$ (1,298)	$ 169,396
Provision for patient uncollectible accounts		(13,020)	(1,010)			(14,030)
Net patient service revenue		136,273	11,136	9,255	(1,298)	155,366
Other operating revenue	3,704	6,560	646	1	(1,245)	9,666
Total revenue	3,704	142,833	11,782	9,256	(2,543)	165,032
Expenses						
Salaries and wages	9	51,317	4,247	1,791		57,364
Physician compensation and services		13,541	7,090	252		20,883
Employee benefits		12,197	1,028	419		13,644
Supplies	3	26,902	658	1,512		29,075
Other expenses	979	28,215	2,926	5,580	(2,543)	35,157
Depreciation and amortization	1,090	6,771	300	16		8,177
Interest	523	2,440				2,963
Provision for uncollectible accounts		8				8
Total expenses	2,604	141,391	16,249	9,570	(2,543)	167,271
Operating Income (Loss)	1,100	1,442	(4,467)	(314)		(2,239)
Nonoperating Gains (Losses)						
Investment income	188	6,623				6,811
Other, net	(19)		(6)			(25)
Total nonoperating gains (losses), net	169	6,623	(6)			6,786
Revenue Over (Under) Expenses	$ 1,269	$ 8,065	$ (4,473)	$ (314)	$ -	$ 4,547

Definitions
SLHS - St. Luke's Health System
SLRMC - St. Luke's Regional Medical Center
SLHR - St. Luke's Health Resources
PACE - Souixland PACE

Iowa Health System and Subsidiaries
d/b/a UnityPoint Health
Trinity Health Systems, Inc. and Subsidiaries (Fort Dodge)
Consolidating Schedule - Balance Sheet Information
(In Thousands)
December 31, 2013

Assets

	THS	TRMC	BMHC	THF	TBC	TPG	TP ACO	UPAH	Eliminations	Consolidated
Current Assets										
Cash and cash equivalents	$ 209	$ 2,392	$ 590	$ 440	$ 761	$ 3,810	$	$	$	$ 8,202
Short-term investments		586								586
Assets limited as to use - required for current liabilities		439								439
Patient accounts receivable, less estimated uncollectibles		12,273	253			4,179				16,705
Other receivables	70	2,594	554		(1)	1,221				4,438
Inventories		2,708				493				3,201
Prepaid expenses	(2)	476	1		3	179	26			683
Due from affiliates	217	5,709	6		16	239			(6,139)	48
Total current assets	494	27,177	1,404	440	779	10,121	26		(6,139)	34,302
Assets Limited As to Use, noncurrent										
Internally designated		36,710		13,817						50,527
Property, Plant and Equipment, net	378	62,147	836		12,024	609				75,994
Other Long-term Investments	955	765		1,261		11,146				14,127
Investments in Joint Ventures and Other Investments	38,125	19,423						4,046	(55,100)	6,494
Contributions Receivable, net				3,730						3,730
Other	23	1,993				62				2,078
Due From Affiliates		52							(52)	-
Total assets	$ 39,975	$ 148,267	$ 2,240	$ 19,248	$ 12,803	$ 21,938	$ 26	$ 4,046	$ (61,291)	$ 187,252

Liabilities and Net Assets (Deficit)

	THS	TRMC	BMHC	THF	TBC	TPG	TP ACO	UPAH	Eliminations	Consolidated
Current Liabilities										
Current maturities of long-term debt	$	$ 342	$	$	$	$	$	$	$	$ 342
Accounts payable	3	2,660		19		833				3,515
Accrued payroll	442	4,473	57	30	20	3,728				8,750
Due to affiliates	620	1,550	1,038	434	18	3,585	437		(6,137)	1,545
Other current liabilities	20	1,262	(2)		384	66			(2)	1,728
Total current liabilities	1,085	10,287	1,093	483	422	8,212	437		(6,139)	15,880
Other Long-term Liabilities	950	1,367	34			11,146				13,497
Due to Affiliates		18,700	52						(52)	18,700
Total liabilities	2,035	30,354	1,179	483	422	19,358	437		(6,191)	48,077
Net Assets (Deficit)										
Unrestricted	37,940	111,490	1,061	13,822	12,381	2,580	(411)	3,883	(49,950)	132,796
Temporarily restricted		4,515		3,035				163	(3,223)	4,490
Permanently restricted		1,908		1,908					(1,927)	1,889
Total net assets (deficit)	37,940	117,913	1,061	18,765	12,381	2,580	(411)	4,046	(55,100)	139,175
Total liabilities and net assets	$ 39,975	$ 148,267	$ 2,240	$ 19,248	$ 12,803	$ 21,938	$ 26	$ 4,046	$ (61,291)	$ 187,252

Definitions

THS - Trinity Health Systems
TRMC - Trinity Regional Medical Center
BMHC - Berryhill Mental Health Clinic
THF - Trinity Health Foundation
TBC - Trinity Building Corporation
TPG - Trimark Physicians Group
TP ACO - Trinity Pioneer ACO
UPAH - UnityPoint at Home, THS portion

Iowa Health System and Subsidiaries
d/b/a UnityPoint Health
Trinity Health Systems, Inc. and Subsidiaries (Fort Dodge)
Consolidating Schedule - Revenue and Gains, Expenses and Losses Information
(In Thousands)
Year Ended December 31, 2013

	THS	TRMC	BMHC	THF	TBC	TPG	TP ACO	UPAH	Eliminations	Consolidated
Revenue										
Patient service revenue (net of contractual allowances)	$	$ 94,154	$ 2,167	$	$	$ 39,135	$	$	$	$ 135,456
Provision for patient uncollectible accounts		(4,807)	(54)			(520)				(5,381)
Net patient service revenue		89,347	2,113			38,615				130,075
Other operating revenue	3,210	6,205	106		2,083	3,720		527	(5,012)	10,839
Net assets released from restrictions used for operations		86		38						124
Total revenue	3,210	95,638	2,219	38	2,083	42,335		527	(5,012)	141,038
Expenses										
Salaries and wages	2,413	34,004	979	150	157	11,051	85			48,839
Physician compensation and services		7,311	330			17,024	7			24,672
Employee benefits	380	6,326	204	43	40	2,907	21			9,921
Supplies	3	16,377	23	1	7	2,973				19,384
Other expenses	247	20,330	473	289	1,187	9,481	177		(5,012)	27,172
Depreciation and amortization	60	5,968	94	1	782	249				7,154
Interest		1,068	3							1,071
Total expenses	3,103	91,384	2,106	484	2,173	43,685	290		(5,012)	138,213
Operating Income (Loss)	107	4,254	113	(446)	(90)	(1,350)	(290)	527		2,825
Nonoperating Gains										
Investment income		4,325		1,760	1	2		266		6,354
Other, net				472						472
Total nonoperating gains, net		4,325		2,232	1	2		266		6,826
Revenue Over (Under) Expenses	$ 107	$ 8,579	$ 113	$ 1,786	$ (89)	$ (1,348)	$ (290)	$ 793	$ -	$ 9,651

Definitions
THS - Trinity Health Systems
TRMC - Trinity Regional Medical Center
BMHC - Berryhill Mental Health Clinic
THF - Trinity Health Foundation
TBC - Trinity Building Corporation
TPG - Trimark Physicians Group
TP ACO - Trinity Pioneer ACO
UPAH - UnityPoint at Home, THS portion

Iowa Health System and Subsidiaries
d/b/a UnityPoint Health
Finley Tri-States Health Group, Inc. and Subsidiaries (Dubuque)
Consolidating Schedule - Balance Sheet Information
(In Thousands)
December 31, 2013

Assets

	TRI-ST	Finley	VNA	Eliminations	Consolidated
Current Assets					
Cash and cash equivalents	$	$ 7,227	$ 347	$	$ 7,574
Short-term investments		1,496			1,496
Patient accounts receivable, less estimated uncollectibles		14,159	430		14,589
Other receivables		2,347	3		2,350
Inventories		2,521			2,521
Prepaid expenses		462	3		465
Due from affiliates		317	11	(146)	182
Total current assets		28,529	794	(146)	29,177
Assets Limited As to Use, noncurrent					
Internally designated		69,464			69,464
Property, Plant and Equipment, net		48,013	97		48,110
Other Long-term Investments		476			476
Investments in Joint Ventures and Other Investments	14	4,394			4,408
Contributions Receivable, net		5,854	1,976		7,830
Other		742			742
Total assets	$ 14	$ 157,472	$ 2,867	$ (146)	$ 160,207

Liabilities and Net Assets

	TRI-ST	Finley	VNA	Eliminations	Consolidated
Current Liabilities					
Accounts payable	$	$ 4,378	$ 11	$	$ 4,389
Accrued payroll		5,569	243		5,812
Estimated settlements due to third-party payers		149	15		164
Due to affiliates		1,267	134	(146)	1,255
Other current liabilities		1,092	129		1,221
Total current liabilities		12,455	532	(146)	12,841
Other Long-term Liabilities		1,854			1,854
Due to Affiliates		5,820			5,820
Total liabilities		20,129	532	(146)	20,515
Net Assets					
Unrestricted	14	131,360	359		131,733
Temporarily restricted		3,756	1,976		5,732
Permanently restricted		2,227			2,227
Total net assets	14	137,343	2,335		139,692
Total liabilities and net assets	$ 14	$ 157,472	$ 2,867	$ (146)	$ 160,207

Definitions
TRI-ST - Finley Tri-States Health Group, Inc.
Finley - The Finley Hospital
VNA - Visiting Nurse Association

Iowa Health System and Subsidiaries
d/b/a UnityPoint Health
Finley Tri-States Health Group, Inc. and Subsidiaries (Dubuque)
Consolidating Schedule - Revenue and Gains, Expenses and Losses Information
(In Thousands)
Year Ended December 31, 2013

	TRI-ST	Finley	VNA	Eliminations	Consolidated
Revenue					
Patient service revenue (net of contractual allowances)	$	$ 99,380	$ 485	$	$ 99,865
Provision for patient uncollectible accounts		(4,386)			(4,386)
Net patient service revenue		94,994	485		95,479
Other operating revenue		6,051	2,034		8,085
Net assets released from restrictions used for operations		62	13		75
Total revenue		101,107	2,532		103,639
Expenses					
Salaries and wages		35,896	1,825		37,721
Physician compensation and services		4,409			4,409
Employee benefits		7,229	492		7,721
Supplies		14,379	42		14,421
Other expenses		25,510	212		25,722
Depreciation and amortization		6,095	22		6,117
Interest		283			283
Provision for uncollectible accounts		2			2
Total expenses		93,803	2,593		96,396
Operating Income (Loss)		7,304	(61)		7,243
Nonoperating Gains (Losses)					
Investment income		7,470	1		7,471
Other, net		(6)	71		65
Total nonoperating gains (losses), net		7,464	72		7,536
Revenue Over Expenses	$ -	$ 14,768	$ 11	$ -	$ 14,779

Definitions
TRI-ST - Finley Tri-States Health Group, Inc.
Finley - The Finley Hospital
VNA - Visiting Nurse Association

Iowa Health System and Subsidiaries
d/b/a UnityPoint Health
Affiliated Colleges
Balance Sheet Information
(In Thousands)
December 31, 2013

Assets

	MC	TCN	AC	SLC
Current Assets				
Cash and cash equivalents	$ 3,584	$ 113	$	$ 116
Student loan and other receivables	148	17	405	60
Inventories	5			
Prepaid expenses	103	8	126	
Total current assets	3,840	138	531	176
Property, Plant and Equipment, net	937	1,537		96
Other Long-term Investments			484	
Interest in Net Assets of Foundation	1,446	2,338	5,352	1,664
Other				245
Total assets	$ 6,223	$ 4,013	$ 6,367	$ 2,181

Liabilities and Net Assets (Deficit)

	MC	TCN	AC	SLC
Current Liabilities				
Current maturities of long-term debt	$	$ 72	$	$
Accounts payable	129	116	26	91
Accrued payroll	113	81		282
Other current liabilities	224	441	25	479
Total current liabilities	466	710	51	852
Long-term Debt, net		1,384		
Other Long-term Liabilities			531	7
Total liabilities	466	2,094	582	859
Net Assets (Deficit)				
Unrestricted	4,311	(505)	433	(703)
Temporarily restricted	713	1,097	2,750	874
Permanently restricted	733	1,327	2,602	1,151
Total net assets (deficit)	5,757	1,919	5,785	1,322
Total liabilities and net assets	$ 6,223	$ 4,013	$ 6,367	$ 2,181

Definitions

MC - Methodist College (Peoria)
AC - Allen College (Waterloo)
TCN - Trinity College of Nursing & Health Sciences (Quad Cities)
SLC - St. Luke's College (Sioux City)

Note 1: Fixed assets utilized by AC belong to their parent hospital corporation, Allen Memorial Hospital Corporation (AMH), and thus are not reflected in the balance sheet of the College. AC receives the benefit of using certain space within AMH's facilities, but donated revenue and donated expense is not reflected within the income statement of AC.

Note 2: Certain assets and liabilities, such as cash and accrued liabilities, are also not shown separately on the AC balance sheet, but rather included in AMH.

Iowa Health System and Subsidiaries
d/b/a UnityPoint Health
Affiliated Colleges
Revenue and Gains, Expenses and Losses Information
(In Thousands)
Year Ended December 31, 2013

	MC	TCN	AC	SLC
Revenue				
Tuition and student revenue	$ 9,900	$ 3,335	$ 8,740	$ 2,570
Governmental pass-thru				817
Grant revenue	41	92	386	25
Other revenue	280	14	9	72
Net assets released from restrictions used for operations			421	
Total revenue	10,221	3,441	9,556	3,484
Expenses				
Salaries and wages	4,576	1,873	4,506	2,133
Employee benefits	1,250	415	1,063	578
Supplies	265	75	203	142
Other expenses	2,503	484	1,814	1,159
Depreciation and amortization	533	120		7
Interest		60		
Provision for uncollectible accounts		90	20	
Total expenses	9,127	3,117	7,606	4,019
Operating Income (Loss)	1,094	324	1,950	(535)
Revenue Over (Under) Expenses	$ 1,094	$ 324	$ 1,950	$ (535)

Definitions
MC - Methodist College (Peoria)
TCN - Trinity College of Nursing & Health Sciences (Quad Cities)
AC - Allen College (Waterloo)
SLC - St. Luke's College (Sioux City)