

HUMILITY SIMPLICITY CHARITY

2014 Annual Stewardship Report

Prepared for the Congregation
for the Institutes of Consecrated Life
and for Societies of Apostolic Life



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Pictured on cover: A bronze statue represents our founder, Blessed Emilie Gamelin, carrying a basket of bread as a symbol of her constant generosity and lending a charitable hand to the destitute. Reproductions of this sculpture, created by artist Raoul Hunter, are located in various ministries across Providence Health & Services and at various houses of the Sisters of Providence congregation.



April 27, 2015

Cardinal Joao Braz de Aviz
Prefect, Congregation for Institutes of Consecrated Life
and for Societies of Apostolic Life
Piazza Pio XII
00193 Rome, Italy

Your Eminence,

On behalf of the members of Providence Ministries, the Sponsor of Providence Health & Services, I am pleased to present you with the fifth annual report of activities since our establishment on Jan. 1, 2010.

Providence Ministries is pleased with the progress it has made during 2014. The fifth year of activities for Providence Ministries has focused on relationship building with our founding entity, the Sisters of Providence-Mother Joseph Province, with the bishops in the dioceses in which we serve and with the leaders of Providence Health & Services and its many health, social service and education ministries. We have also devoted time to understanding how we can best carry out our roles and responsibilities in collaboration with governance and management.

We have spent considerable time in prayerful reflection and formation on our calling and on our Catholic heritage and tradition. We are especially attentive to carrying out the hopes and aspirations of the Sisters of Providence for the ministries they have entrusted to us. There are many challenges ahead, but the sponsors and people of Providence are guided by faith and seek God's blessing as they endeavor to lead Providence Health & Services into the future.

We ask your blessings for Providence Ministries and our service to the continuing legacy of the Church. Providence Ministries is truly appreciative of this opportunity to present this report to the Congregation for the Institutes of Consecrated Life and for Societies of Apostolic Life.

Yours in Peace,

Sister Juliana Casey, IHM
President, Providence Ministries



INTRODUCTION

Providence Ministries: Celebrating Our Fifth Year

In 2014, Providence Ministries celebrated its fifth anniversary of continuing the charitable works that began in 1856 when Mother Joseph of the Sacred Heart and four other Sisters of Providence arrived from Montreal, Canada, in what is now Vancouver, Washington. Providence Ministries provides an enduring foundation to:

- Continue the healing ministry of Jesus and to provide educational and social services
- Continue the heritage, hopes and aspirations of the Sisters of Providence
- Enable lay Catholic leaders to more fully participate as sponsors
- Address the increasing complexity of health care delivery in the United States

As the sponsor of Providence Health & Services, Providence Ministries oversees health, social service and educational ministries that are adapting to changing times and growing to meet the needs of the communities we serve.

Highlights of 2014 included:

- Accepting the transfer of sponsorship of Saint John's Health Center in Santa Monica, California, from Leaven Ministries, the sponsoring body of the Sisters of Charity of Leavenworth Health System. This new ministry brings to five the number of Catholic hospitals Providence Ministries now sponsors in the greater community of Los Angeles.
- Participating with members of the board and senior management in a pilgrimage to Montreal and visiting the sites where Blessed Emilie Gamelin and the first Sisters of Providence began their ministry. We also met with the General Council of the Sisters of Providence.
- Leading the Missioning ceremonies for our new president as well as new regional and local chief executives.
- Participating in a two-day retreat for all of our regional and local Mission leaders that included senior system leaders, focused on the future opportunities of Mission integration in the ministry.

History

Emilie Gamelin, a young widow living in Montreal in the 1840s, dedicated herself to the city's many poor, sick, orphaned and elderly people. She would go on to become foundress of the religious community known as the Sisters of Providence and to inspire others to carry her Mission of compassion to new worlds. Her last words as she was dying of cholera on Sept. 23, 1851, continue to guide us today: "humility, simplicity, charity." On Oct. 7, 2001, Mother Gamelin was beatified during a ceremony at St. Peter's Basilica in the Vatican. She is now known as Blessed Emilie Gamelin.

In 1856, Mother Joseph of the Sacred Heart and four other Sisters of Providence arrived in what was then Vancouver in the Washington Territory. The five pioneer

Sisters crisscrossed the Northwest and established schools, hospitals, orphanages and other institutions of care. In 1859, the Sisters incorporated their works of charity, creating the structure for the current network of health care services known as Providence Health & Services. Mother Joseph of the Sacred Heart died on Jan. 19, 1902. Her dying words were: "Sisters, whatever concerns the poor is always our affair."

Since those early days, Providence Health & Services has grown to serve many more communities across the West.

Overview of Providence Health & Services

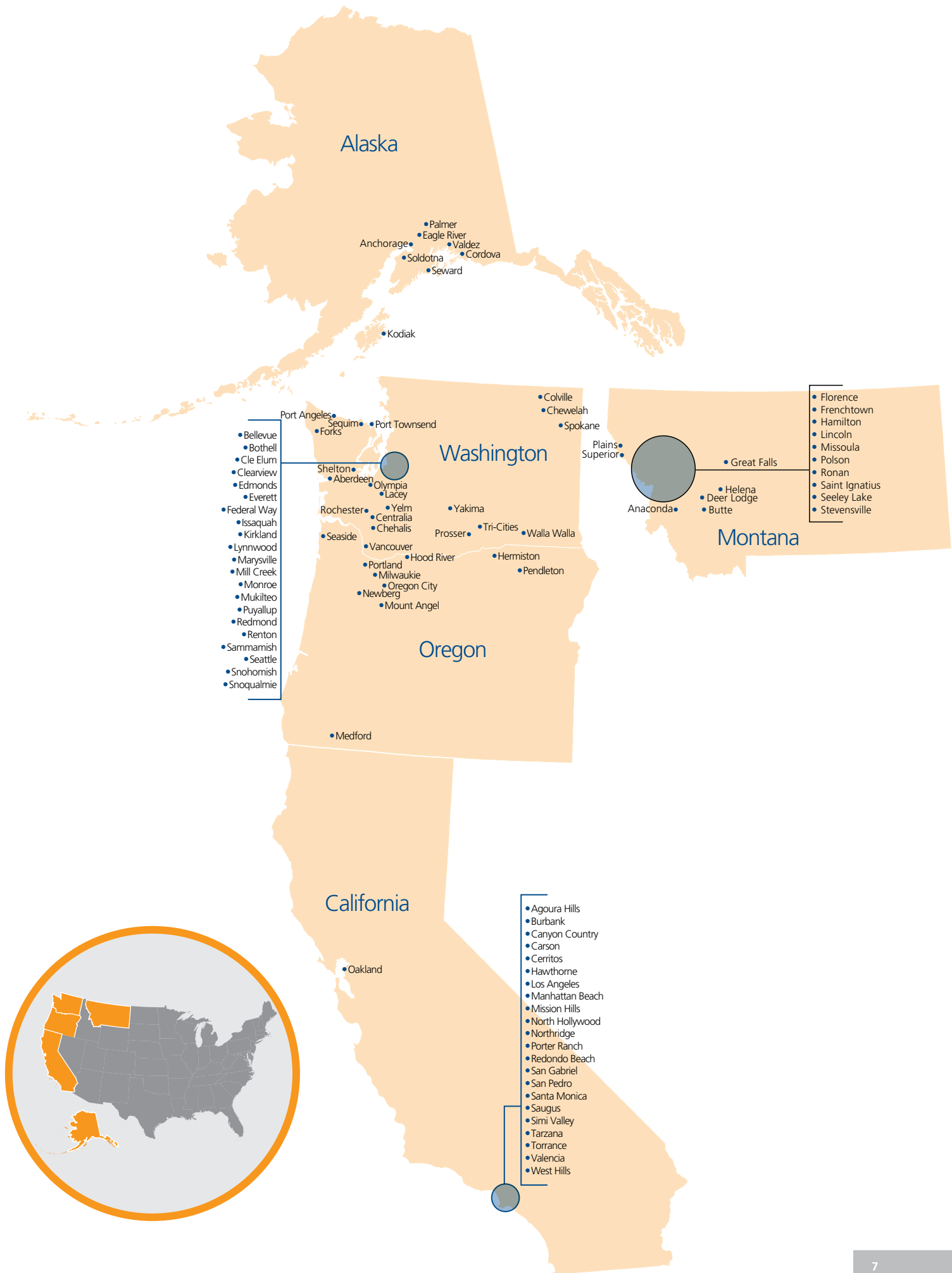
Providence Health & Services continues a tradition of caring that the Sisters of Providence began nearly 160 years ago. As the third largest not-for-profit health system in the United States, we are committed to providing for the needs of our communities – especially for those who are poor and vulnerable – across

Alaska, California, Montana, Oregon and Washington. Providence's comprehensive scope of services includes acute care, physician clinics, long-term and assisted living care, palliative and hospice care, home health, supportive housing and education.

KEY DATA FOR PROVIDENCE AND AFFILIATES*

Caregivers (all employees)	76,329
Employed Physicians	3,579
Employed Advance Practice Clinicians	1,125
Registered Nurses	25,958
Physician Clinics	475
Acute Care Hospitals	34
Acute Care Beds (licensed)	9,395
Hospice and Home Health Programs	19
Home Health Visits	597,634
Hospice Days	628,182
Assisted Living and Long-Term Care Facilities (Free Standing and Co-Located)	22
Supportive Housing	Facilities: 14, Units: 693
Unique Patients Served	3,265,653
Community Benefit and Charity Care Costs	\$843,840,000
Total Net Operating Revenue	\$12,480,978,000
Total Net Operating Income	\$219,152,000
Total Net Income	\$771,422,000
Total Net Assets	\$7,949,161,000

*Data are consolidated for Providence and its affiliates based on unaudited financial reporting.





SPONSORSHIP REPORT



FIRST ROW

Sister Juliana Casey, IHM, president and sponsor

Johnny Cox, vice president and sponsor

Sister Anita Butler, SP, treasurer and sponsor

SECOND ROW

Sister Barbara Schamber, SP, secretary and sponsor

Barbara Savage, sponsor

William Cox, sponsor

Introduction to Providence Ministries, the Sponsor of Providence Health & Services

In 2014, Providence Ministries was led by:

- Sister Juliana Casey, IHM, president and sponsor
- Johnny Cox, vice president and sponsor
- Sister Anita Butler, SP, treasurer and sponsor
- Sister Barbara Schamber, SP, secretary and sponsor
- Barbara Savage, sponsor
- William "Bill" Cox, sponsor

Responsibilities of Providence Ministries

The key responsibilities of the sponsors of Providence Ministries are to:

- Maintain Mission, heritage and Catholic identity
- Build relationships with the Church
- Act in accordance with our stated values
- Build relationships with governance and administration
- Exercise reserved powers
- Engage in education and formation

Ongoing Formation Activities

Throughout the year, time was set aside in every meeting for ongoing prayer and formation dialogue on topics such as faithfulness to the Mission, the vocation of sponsorship, reflection on our image of God and the expression of our core values. In addition, the sponsors led a pilgrimage to Montreal with the board of directors to tour archives and follow in the footsteps of our founders by visiting the places where they cared for those who were the most poor and vulnerable. The sponsors also participated in formational retreats to pray and reflect upon our call to the communities we serve and to strengthen our vision of the Church and our role as sponsor.

Meetings with the Bishops

An early commitment of the sponsors was to meet with the bishop in each diocese where Providence has sponsored ministries. The purpose of the visits was to provide the bishops with the opportunity to meet the new sponsors and to understand the focus of the sponsors and our ministries. The sponsors were accompanied in these visits by the regional chief executive and the Mission leader of the local ministries. The agendas for the meetings were organized around:

- The journey of the Sisters of Providence in forming Providence Ministries
- Responsibilities of the sponsors
- Overview of the background of each sponsor
- Our formation journey
- Service area report from local ministries
- Diocesan update

The sponsors have now met with each of the diocesan bishops where Providence serves, with the exception of recently appointed Rev. Michael C. Barber, SJ, of the Diocese of Oakland, California.

Sponsor Actions and Development

During 2014 the sponsors approved the operating budget along with the annual appointment of new members to the boards of directors, in addition to exercising our reserved powers in other areas.

Providence Ministries sponsors approved the amendments to the Articles of Incorporation of Providence Saint John's Health Center in order to conform with the articles and bylaws of Providence Health & Services. The Parameters Resolution authorized the entry of Providence Saint John's Health Center into the Providence Health & Services obligated group, along with the issuance of tax-exempt debt in the states of California and Washington.

A resolution was made to approve the proposed transaction whereby Providence Health & Services would purchase RadiantCare, LLC, to ensure that radiation oncology services continue to be available in the Southwest Washington region. The sponsors resolved to authorize amending and restating the articles and bylaws of the Department of Housing and Urban Development housing projects in Washington and Oregon. Another resolution authorized amending and restating articles and bylaws of Providence Foundation. The recommended changes will allow Providence Foundation to be repurposed to receive gifts to support system strategic initiatives, programs and services including international programs, community benefit projects, educational initiatives and scholarships consistent with the Mission and goals of the system.

The sponsors approved the reappointment of Martha Diaz Aszkenazy, Kirby McDonald, Dave Olson and Isaiah Crawford on the Providence Health & Services board of directors for their second three-year terms effective Jan. 1, 2015, and ending Dec. 31, 2017.

Special Issues and Challenges for the Sponsors

During 2014, the sponsors identified specific strategic issues that will require priority attention and ongoing discernment. These include:

- Keeping informed on the continuous and rapid changes in the United States health care environment, the resulting new opportunities that may arise to extend the Mission into new services and communities, and the challenges these changes may pose
- Working with the board of directors to strengthen our mutual formation and our understanding of the evolving role of Providence to provide services that are both excellent and compassionate, especially in service to those who are poor and vulnerable, in the context of changes in health care delivery systems and finances
- Continuing to explore models of partnering between Providence Health & Services and other Catholic and community-based organizations to serve our communities more effectively and remain faithful to our identity as a Catholic health care ministry