Dear Friends:

When the Sisters of St. Joseph of Orange began their health care ministry nearly 100 years ago, their motivation was simple: their neighbors in the logging town of Eureka, California needed their help. It was 1918: a deadly influenza epidemic was sweeping the nation, and the town, which lacked a hospital, was devastated by illness. The sisters were trained as schoolteachers, not nurses, but they responded without hesitation — going out into the neighborhoods so they could tend to the sick and the dying in their homes.

From these humble beginnings, a new ministry was born and flourished. Today, St. Joseph Health (SJH) is one of the largest and most well-respected health care organizations in the nation. Throughout our history, SJH has embraced the sisters’ original calling: to serve the “Dear Neighbor” without distinction, identify their needs and do our best to meet them — through our own efforts and in partnership with others.

Over the years, these efforts have taken many forms, as we worked hand-in-hand with our communities to tackle the factors that contribute to their health and quality of life: access to nutritious food, affordable housing, quality education, accessible health care, a safe place for children to play. Recognizing that we cannot do this alone, we have actively supported the good works of others who share these goals.

Since its founding in 1986, the SJH Community Partnership Fund has provided more than $216 million in grants — including $4.6 million in 2016 — to non-profit organizations working to improve the health and wellbeing of our neighbors, locally and throughout the world. The SJH Community Investment Fund awarded more than $11.2 million in low-interest loans in 2016 to local organizations working to promote the common good. And our hospital ministries and other non-profits provided more than $441 million in Community Benefit to address the unique needs of the most vulnerable in their communities.

As we reflect on these efforts, we want to thank our board members, leadership teams, physicians, employees, volunteers, and community partners who continue to inspire us every day with their passion, dedication and commitment. Looking toward the future, we are confident that our new partnership with Providence Health & Services will bring even more opportunities to meet the needs of our neighbors and help our communities thrive.

And while health care and the world have changed dramatically since a small group of religious women began tending to their sick neighbors, we are reminded that the legacy of the Sisters of St. Joseph of Orange remains as powerful and relevant as ever. We remain grateful for their faith, foresight and flexibility — and their legacy of caring.

"Go into the neighborhoods ... find out the disorders that exist there and try to remedy them through your own efforts, if you can, or through others who may have some influence.”

Father Jean Pierre Medaille
Founder of the Sisters of St. Joseph, 1650
Le Puy, France

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Father Jean Pierre Medaille
Founder of the Sisters of St. Joseph, 1650
Le Puy, France
A Legacy of Caring

St. Joseph Health (SJH) has a history of reaching out to those in need, working to bring hope, health and healing to the “Dear Neighbor.” These commitments are rooted in the tradition of Catholic social justice and in the legacy of our founders, the Sisters of St. Joseph of Orange, who had a vision to fund services for the poor, heal brokenness and help build vibrant, healthy communities.

The sisters’ legacy of caring continues to distinguish our health care ministry. SJH was recently ranked first in the nation among faith-based health systems for our charitable contributions* — 17 percent of our total revenue goes toward charity care and community programs, the highest share reported.

This work takes many forms, including traditional charity care (such as our Patient Financial Assistance program), as well as community programs and services that promote health and healing for our most vulnerable neighbors.

Perhaps the most visible expression of our commitment is the SJH Community Partnership Fund. Founded 30 years ago by Sr. Suzanne Sassus, CSJ, the Community Partnership Fund embodies the sisters’ vision of serving those most in need, within our local communities and throughout the world.

Each of our hospital ministries contributes 10 percent of net income to the Community Partnership Fund. Seventy-five percent of this contribution is returned to them to support Community Benefit and care for the poor programs in their local communities. The remainder goes toward Community Partnership Fund grant initiatives and fund reserves, which help us sustain support for essential programs serving the poor and vulnerable.

The Community Partnership Fund awarded its first grant in 1986 — $1,000,000 to aid survivors of a devastating earthquake in Mexico City. Since then, we have awarded grants to a variety of organizations working toward the common good, aligning our funding decisions with identified community needs.

Most recently, grant funding has focused on four priority initiatives:

- **Disaster Relief**
- **Wellness & Prevention**
- **Community Building**
- **Emergency Food & Shelter**

In the following pages, we share some of the inspiring ways our grantees are changing lives and transforming communities, as well as how our hospital ministries reach beyond their walls to meet the unique needs of the communities they serve.

Visit our website at stjoe.org/SJHLegacyofCaring for more information.

*Modern Healthcare, November 2016*
We believe we are all neighbors in the global community of humankind with a sacred obligation to care for one another, especially in times of great suffering. Through this initiative, we partner with international aid organizations who have the expertise and capacity to respond to those affected by disasters, wherever they occur. One of our most enduring partnerships is with Catholic Relief Services (CRS).

Among the world’s most respected aid organizations, CRS is the official international humanitarian agency of the U.S. Catholic community, offering hope and assistance to people in need in more than 100 countries. Over the years, SJH has contributed grant funding for numerous CRS disaster relief efforts worldwide.

“What’s very special about the sisters and SJH is their global response to the question, ‘Who is my neighbor?’” said Kevin Kostic, director of institutional giving at CRS. “The expansiveness of that vision has had an incredible impact around the world.”

HAITI
When a catastrophic earthquake struck Haiti in January 2010, the destruction included the venerable St. Francois de Sales hospital in Port-au-Prince, which had cared for the city’s most vulnerable populations for more than a century. Recognizing the hospital’s importance to the community, CRS and the Archdiocese of Port-au-Prince worked together to rebuild it. Joining their efforts were the Catholic Health Association and nearly two dozen U.S. Catholic health care organizations, including SJH, which contributed $1,000,000 through the Community Partnership Fund. The new St. Francois de Sales hospital, now a 200-bed, accredited teaching facility, re-opened in September 2015, and remains the only Catholic hospital in Port-au-Prince.

THE PHILIPPINES
SJH employees demonstrated their own generous spirit by contributing to CRS relief efforts in the wake of Typhoon Haiyan (Yolanda) in the Philippines in 2013. The Community Partnership Fund offered to match their contributions up to $25,000; our employees responded by raising more than $28,000 in cash contributions and donated vacation time. The funds helped CRS support 38,000 families (190,000 individuals) with emergency shelter, clean water and sanitation, and debris clearing.

SYRIAN REFUGEES
Throughout the Syrian conflict, now in its sixth year, CRS has aided more than 1 million war-affected Syrians across the Middle East and Europe. Support includes shelter and rent assistance, living supplies, sanitation, water and medical care, as well as education and trauma counseling for the thousands of Syrian children who have had their schooling and lives disrupted by war. The Community Partnership Fund has contributed $80,000 toward these efforts thus far, including a $30,000 grant in 2016, with additional funding approved for 2017.

“The importance of partners like SJH can’t be overstated,” said Kostic. “Their support gives us the ability to respond at a moment’s notice, to relieve human suffering and to lift up our brothers and sisters around the globe.”
Our wellness and prevention grant initiative champions community programs that promote health and well-being for our neighbors in need. Among the most vulnerable and marginalized in our community are the homeless mentally ill.

A UNIQUE APPROACH
For 30 years, the Mental Health Association of Orange County (MHA) has served this vulnerable population and their unique needs. When MHA sought to create an outreach program aimed at helping these individuals, they turned to the SJH Community Partnership Fund for support.

“The sisters and SJH are long-time supporters of our organization,” said Pam Presnall, MHA director of development and community education.

The Community Partnership Fund has awarded annual grants to support MHA’s Homeless Mentally Ill Outreach Program since the program’s creation in 2009. The grants support two of the program’s four full-time outreach workers, whose role is to locate, nurture and engage homeless, mentally ill individuals, and connect them with the services they need.

“The biggest challenge in serving this population is gaining their trust and convincing them they need help,” said Presnall.

REGAINING DIGNITY
“JT,” a 59-year-old woman who suffers from mental illness and severe depression, had been living on the streets for at least seven years when MHA outreach workers first got to know her. They eventually coaxed her to visit the MHA’s Multi-Service Center, where she could receive free meals, shower and use laundry facilities. Center staff helped her apply for housing assistance and enroll in job training programs. Today, JT is stably housed and receiving treatment for her illness and depression and has been reunited with her daughter and grandchildren. A talented artist, her work adorns the walls at the Multi-Service Center, where she teaches art classes for fellow clients.

A LASTING DIFFERENCE
“The outreach program makes a profound difference in the lives of those struggling with mental illness and homelessness,” said Presnall. “It’s the only one of its kind in the county — and we wouldn’t be able to sustain it without the support we’ve received from SJH.”
We believe that having access to affordable, nutritious food is a fundamental human right. Through our emergency food and shelter grant initiative, the Community Partnership Fund supports programs and organizations working to ensure that no one in our communities goes hungry.

Among them is the Farm Fresh Produce Pantry, a program of the Redwood Empire Food Bank in Northern California.

A HEALTHY MISSION
Open to anyone in need of food assistance, the Farm Fresh Produce Pantry provides weekly distributions of free, fresh fruits and vegetables in high-need neighborhoods where fresh produce can be costly or hard to come by. With locations in nine cities, the Produce Pantry serves 9,700 individuals and families per week.

“Our mission is to get folks as much fresh produce as possible,” said Allison Goodwin, director of programs for the Redwood Empire Food Bank. “This is what we want people eating, and we want to make it easy.”

A WELCOMING EXPERIENCE
The pantries resemble farmers’ markets, with large bins brimming with fresh fruits and vegetables. And just like a farmers’ market, customers can choose what they like. Volunteers are there to help, even handing out recipes. “We wanted to create a more dignified experience, that’s not like your typical food bank,” says Goodwin.

Even in seemingly affluent Sonoma County, hunger is a real problem. “Fresh produce is more expensive than processed foods,” says Goodwin. “Many of our clients are seniors on fixed incomes. And even for working adults, the high cost of living means healthy food is simply not affordable.”

A CRITICAL NEED
The needs aren’t going away, making programs like these — and the funding they rely on — even more essential. “The consistent support from SJH makes the work we do possible,” Goodwin said. “It gives our community a program they can count on.”

A vital resource for those struggling with food insecurity, including seniors, the Farm Fresh Produce Pantry serves about 9,700 individuals per week throughout California’s north coast.
Helping communities help themselves is the foundation of our community building initiative (CBI), and an extension of our commitment to address the broader forces — social, environmental and economic — that shape community health, particularly in low-income neighborhoods.

In the small, north coast community of Loleta, California, residents did just that, with the help of the Redwood Community Action Agency (RCAA) and a grant from the SJH Community Partnership Fund.

WORKING TOGETHER
As a community action agency, RCAA works with low-income residents to promote self-sufficiency and develop the skills they need to enact positive change in their communities. In 2011 RCAA, in collaboration with other local agencies, launched the LEARN (Loleta Engaging and Activating Residents Now) Initiative, starting with a “listening campaign” to hear residents’ concerns. The Loleta Local Organizing Committee (LOC), a resident-based group, was then formed to identify top priorities and work together to implement their ideas. “One of the LOC’s key goals was improve access to community spaces and increase recreation opportunities for youth and adults,” said Emily Sinkhorn, RCAA deputy director.

A MORE VIBRANT COMMUNITY
With the support of RCAA, the Loleta LOC worked collaboratively with civic leaders and other local agencies to solve these challenges. Today, Loleta has a community-managed, family-friendly park with a new playground; weekly fitness classes hosted by the local school and a kiosk to publicize community events. Most important, Loleta now has a vibrant, resident-based group known for getting things done, and a community that’s more cohesive and involved than ever.

A COMMUNITY APPROACH
“What’s great about the CBI approach is that it places community residents at the forefront,” said Sinkhorn. “They set the priorities, agreed on what change they wanted to see, and made it happen. That’s how you build sustainable, lasting change.”
In Sonoma County, one of the most pressing community health issues is oral health — especially for children. Nearly half of preschool children in the county are living with urgent or emerging dental problems, including tooth decay, compared to 33 percent statewide. Left untreated, tooth decay can have serious consequences, including severe pain, difficulty chewing or speaking, infection, missed school days, and can threaten children’s overall health and development.

The challenges are especially acute for children in low-income families, who suffer disproportionately from painful, untreated dental problems, and lack access to preventive care.

Santa Rosa Memorial and Petaluma Valley Hospitals have taken a leading role in addressing this major public health challenge, offering a continuum of dental health services, with a special focus on the needs of children. These include a fixed-site dental clinic in Santa Rosa, and a state-of-the-art mobile dental clinic, both of which provide basic, restorative, preventive and emergency dental care. There’s also Mighty Mouth, a school-based dental disease prevention program for kids from preschool to sixth grade, and Mommy and Me, which focuses on teaching good dental health practices to expectant mothers and their children.

Amid the stunning beauty of Humboldt County, with its redwood forests and rugged coastline, many individuals and families struggle to meet basic needs. Recent studies suggest that nearly 20 percent of Humboldt County residents are “food insecure” — meaning they lack consistent, reliable access to affordable and nutritious food. St. Joseph Hospital and Redwood Memorial Hospital (St. Joseph Health, Humboldt County) hope to change that, by supporting the work of community partners addressing these critical needs. In 2016, the hospitals granted $121,000 to 13 local organizations that provide healthy food to individuals facing food insecurity. They also co-hosted a Food Summit with the Humboldt Food Policy Council.

St. Joseph Hospital and Redwood Memorial Hospital also actively participated in county-wide efforts to increase enrollment in CalFresh — a state program designed to increase access to fresh, produce and nutritious food for low-income families and individuals — and hosted 29 free community dinners featuring fresh, healthy foods.

The CARE (Case Management, Advocacy, Resources, and Education) Network is a core component of Queen of the Valley’s community benefit commitment, bringing health, healing and empowerment to people in Napa most in need. The nationally recognized, award-winning program uses a multi-disciplinary team approach to help low-income individuals manage chronic conditions such as heart disease, HIV/AIDS, diabetes or cancer. But more than just addressing medical needs, the team helps individuals overcome the barriers that prevent them from staying healthy or accessing the services they need.

Many CARE Network clients are living in poverty; managing their health takes a back seat to meeting basic needs. The CARE Network team, which includes registered nurses, social workers, behavioral specialists and community health workers, work together to address these issues through preventive care, wellness education and behavioral support. Team members visit clients in their homes, making sure they have access to the services they need to stay healthy and improve their quality of life. Among the results: far fewer hospitalizations and emergency room visits, and clients who feel empowered and supported in managing their own wellbeing.

Each year, SJH hospital ministries invest a percentage of their annual net income and a portion of operating expenses to benefit their local communities, guided by the results of comprehensive community health needs assessments. To deepen their impact, community benefit efforts are focused on the most urgent needs. Below are just a few examples of their efforts:

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EXPANDING HEALTH CARE ACCESS

APPLE VALLEY, CA
St. Mary Medical Center
stmaryapplevalley.com

For St. Mary, expanding health care access for the most vulnerable in their communities — which includes the High Desert region of Victor Valley, Barstow and surrounding areas — is a top priority. In the hospital's most recent community health needs assessment, more than 40 percent of residents surveyed reported challenges accessing the care they need. Barriers include poverty, lack of transportation, lack of insurance, and fewer health care resources in their neighborhoods.

Those challenges are magnified by a higher prevalence of heart disease, obesity, diabetes and stroke compared to state and national benchmarks.

Responding to these challenges, St. Mary is re-opening a community clinic in the city of Hesperia, partnering with other providers and physicians to expand health care access for the most vulnerable residents, and adding a second mobile medical van in 2017. Construction has also begun on a new urgent care center on St. Mary’s Apple Valley campus for patients with primary care and non-emergency needs. And working with other community partners, the hospital helped nearly 2,500 previously uninsured individuals obtain coverage through Covered California, the state’s health insurance exchange, and Medi-Cal.

WEST TEXAS/EASTERN NEW MEXICO
Covenant Health
covenanthealth.org

Childhood obesity is among the most urgent health problems facing today’s youth — and tomorrow’s adults. A partnership between Covenant Health and Texas Tech University, the Covenant BodyMind Initiative is aimed at reducing the prevalence of childhood obesity, particularly among low-income children, using a comprehensive wellness approach that focuses on resilience, wellness and self-care. The program has four components: a school curriculum for middle school and high school students, parent and family support, research, and community activities like the Fit4Fun Kid’s Triathlon held in Lubbock last summer.

Rather than just telling kids to eat less and exercise more, the CBMI program delves into the social and emotional factors that contribute to unhealthy choices and gives young people the tools they need to create long-term, positive change. About 70 percent of the students who participate in the program are low-income; many have difficult home lives and other struggles that affect their physical and emotional health. The CBMI program helps these students improve their confidence and self-esteem, recognizing that kids who feel better about themselves are much more likely to make healthier choices, and live healthier lives.

The ability to access quality mental and behavioral health services is a growing challenge in Orange County, especially for the economically poor. Last year, St. Jude Medical Center, Mission Hospital, St. Joseph Hospital and Hoag Memorial Hospital Presbyterian launched a unique, collaborative program that offers low-income patients psychiatric consultation and treatment by a bilingual and bicultural licensed psychiatrist, as well as care coordination.

Assessment and counseling is provided at La Amistad Family Health Center and St. Jude Neighborhood Health Center — community clinics operated by the St. Jude Neighborhood Health Centers located in Orange and Fullerton, respectively — the Family Resource Centers in Lake Forest and San Juan Capistrano; the Center for Healthy Living in Costa Mesa and other locations. A clinical social worker or licensed therapist also provides cognitive behavioral therapy to patients referred by the psychiatrist at each setting, and many therapists are trained in trauma therapy.

Shame and stigma around mental health issues keep many people from seeking the help they need. That’s why Mission Hospital began hosting Faith Leader Breakfast events to give clergy tools to address mental health needs among their congregants and expanded California’s Mental Health Movement, Each Mind Matters, to reach out to community members. Launched in May 2015, the outreach effort uses social media, advertisements and public service announcements to raise awareness and encourage dialogue about mental health.

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The cost of the aforementioned programs for SJH is summarized for the fiscal year ended June 30 as follows:

<table>
<thead>
<tr>
<th>FISCAL YEAR 2016 END</th>
<th>TOTAL COMMUNITY BENEFIT EXPENSE (IN THOUSANDS)</th>
<th>DIRECT OFFSETTING REVENUE</th>
<th>NET BENEFIT</th>
<th>PERCENT OF TOTAL EXPENSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>JUNE 30, 2016</td>
<td>Community Benefit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BENEFIT FOR THE POOR</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Traditional charity care (audited)</td>
<td>$69,405</td>
<td>—</td>
<td>$69,405</td>
<td>1.1%</td>
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<tr>
<td>Community services for the poor</td>
<td>$37,704</td>
<td>$4,840</td>
<td>$32,864</td>
<td>0.5%</td>
</tr>
<tr>
<td>Unpaid cost of state and local programs</td>
<td>$885,980</td>
<td>$588,021</td>
<td>$297,959</td>
<td>4.6%</td>
</tr>
<tr>
<td>TOTAL QUANTIFIABLE BENEFIT FOR THE POOR</td>
<td>$993,089</td>
<td>$592,861</td>
<td>$400,228</td>
<td>6.2%</td>
</tr>
<tr>
<td>COMMUNITY SERVICES FOR THE BROADER COMMUNITY</td>
<td>$58,068</td>
<td>$16,582</td>
<td>$41,486</td>
<td>0.6%</td>
</tr>
<tr>
<td>GRAND TOTAL COMMUNITY BENEFIT</td>
<td>$1,051,157</td>
<td>$609,443</td>
<td>$441,714</td>
<td>6.8%</td>
</tr>
</tbody>
</table>

In addition, SJH incurred $488,816,000 in costs in excess of reimbursement from the Medicare program for the fiscal year ended June 30, 2016.

Our sincerest thanks to our board members for their unwavering dedication and commitment to the SJH Community Partnership Fund and the healing ministry of the Sisters of St. Joseph of Orange. We are also grateful to our hospital community benefit leaders for their shared commitment to serve our neighbors, improve the health and wellbeing of our communities, and continue our legacy of caring.

Gabriela Robles, MAHCM, MBA, MURP
Vice President, Community Partnerships, St. Joseph Health
President, St. Joseph Health Community Partnership Fund