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Form 990   Department of the Treasury Internal Revenue Service	<b>Return of Organization Exempt From Income Tax</b>  <b>Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)</b>  ▶ The organization may have to use a copy of this return to satisfy state reporting requirements	OMB No 1545-0047
		<b>2010</b>
		<b>Open to Public Inspection</b>

<b>A For the 2010 calendar year, or tax year beginning 06-01-2010 and ending 05-31-2011</b>		
<b>B</b> Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization St Peter's Hospital	<b>D Employer identification number</b>  81-0233121
	Doing Business As	<b>E Telephone number</b>  (406) 444-2100
	Number and street (or P O box if mail is not delivered to street address) 2475 Broadway	Room/suite
	<b>G</b> Gross receipts \$ 242,056,103	
	City or town, state or country, and ZIP + 4 Helena, MT 59601	
	<b>F</b> Name and address of principal officer Tom Gregg 2475 Broadway Helena, MT 59601	<b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  <b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) <b>H(c)</b> Group exemption number ▶
<b>I</b> Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) ◀ (Insert no ) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
<b>J Website:</b> ▶ www.stpetes.org		
<b>K</b> Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		<b>L</b> Year of formation 1883
<b>M</b> State of legal domicile MT		

Part I		Summary	
Activities & Governance	<b>1</b> Briefly describe the organization’s mission or most significant activities Provide exceptional and compassionate health care		
	<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	<b>3</b> Number of voting members of the governing body (Part VI, line 1a) . . . . .	<b>3</b>	16
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b) . . . . .	<b>4</b>	13
	<b>5</b> Total number of individuals employed in calendar year 2010 (Part V, line 2a) . . . . .	<b>5</b>	1,219
	<b>6</b> Total number of volunteers (estimate if necessary) . . . . .	<b>6</b>	92
	<b>7a</b>	645,972	
	<b>7b</b>	0	
Revenue	<b>8</b> Contributions and grants (Part VIII, line 1h) . . . . .	Prior Year	Current Year
	<b>9</b> Program service revenue (Part VIII, line 2g) . . . . .	882,438	2,080,000
	<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d ) . . . . .	134,569,173	144,987,588
	<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	3,656,103	3,813,556
	<b>12</b> Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) . . . . .	81,866	75,646
		139,189,580	150,956,790
Expenses	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1–3 ) . . . . .	0	50,458
	<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4) . . . . .	0	0
	<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	59,650,206	65,776,330
	<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e) . . . . .	0	0
	<b>b</b> Total fundraising expenses (Part IX, column (D), line 25) ▶326,920		
	<b>17</b> Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f) . . . . .	69,810,304	73,975,436
	<b>18</b> Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	129,460,510	139,802,224
	<b>19</b> Revenue less expenses Subtract line 18 from line 12 . . . . .	9,729,070	11,154,566
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	<b>20</b> Total assets (Part X, line 16) . . . . .	216,324,765	233,863,046
	<b>21</b> Total liabilities (Part X, line 26) . . . . .	74,218,407	75,498,434
	<b>22</b> Net assets or fund balances Subtract line 21 from line 20 . . . . .	142,106,358	158,364,612

<b>Part II Signature Block</b>					
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.					
Sign Here	***** Signature of officer			2012-04-09 Date	
	Tom Gregg Intern CEO Type or print name and title				
Paid Preparer Use Only	Print/Type preparer's name Kim C Hunwardsen	Preparer's signature Kim C Hunwardsen	Date 2012-04-09	Check if self-employed <input type="checkbox"/>	PTIN
	Firm's name ▶ Eide Bailly LLP				Firm's EIN ▶
	Firm's address ▶ 800 Nicollet Mall Ste 1300  Minneapolis, MN 554027033				Phone no ▶ (612) 253-6500
May the IRS discuss this return with the preparer shown above? (see instructions) . . . . . <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No					

Part III

Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III ☒

1

Briefly describe the organization’s mission

St Peter's Hospital partners with our patients, community, and medical staff to provide exceptional and compassionate health care

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☒ Yes ☐ No

If “Yes,” describe these new services on Schedule O

3

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

If “Yes,” describe these changes on Schedule O

4

Describe the exempt purpose achievements for each of the organization’s three largest program services by expenses

Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a

(Code ) (Expenses \$ 89,302,961 including grants of \$ 50,458 ) (Revenue \$ 116,885,704 )

St Peter’s Hospital is a 122-bed acute care hospital facility serving residents of Lewis and Clark County and portions of Jefferson, Broadwater, Meagher and Powell Counties St Peter’s is the sole facility in the primary service area During the year ended May 31, 2011 the Hospital provided at cost a total of \$15,538,985 in community benefit Of this total \$4,642,272 was for medical services to individuals who were determined unable to purchase such services under the Hospital’s charity care policy In addition to free care and/or subsidized care, care is also provided at below cost rates to persons covered by governmental programs The total operating loss for providing care to Medicaid patients was \$1,626,539 The Hospital provided \$8,819,976 in subsidized health services during the year, including acute patient care for medical, surgical, pediatric and behavioral health patients, outpatient pharmacy, pulmonary rehab, dialysis, clinical nutrition, anticoagulation, and hospitalists services, physician clinics and in-home nursing and oxygen services To fulfill its mission of community service, the Organization provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates Because the Organization does not pursue collection of amounts determined to qualify as charity care, they are not reported as patient service revenue

4b

(Code ) (Expenses \$ 23,999,528 including grants of \$ ) (Revenue \$ 27,455,912 )

The Hospital operates several physician clinics, employing 39 physicians Without the Hospital’s assistance, Lewis and Clark County would be without many needed medical and surgical specialties Physicians in the specialties of Family Practice, Internal Medicine, Neurology, Rheumatology, Gastroenterology, ENT, Cardiology, Radiation and Medical Oncology had approximately 79,800 patient encounters

4c

(Code ) (Expenses \$ including grants of \$ ) (Revenue \$ )

4d

Other program services (Describe in Schedule O )



















(Expenses \$ including grants of \$ ) (Revenue \$ )

4e

Total program service expenses \$ 113,302,489

Part IV

Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A.</i> 	1	Yes
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)? 	2	Yes
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I.</i> 	3	No
4	<b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II.</i> 	4	Yes
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III.</i>	5	
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I.</i> 	6	No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? <i>If "Yes," complete Schedule D, Part II.</i> 	7	No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i> 	8	No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV.</i> 	9	No
10	Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i> 	10	Yes
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI.</i> 	11a	Yes
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII.</i> 	11b	Yes
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII.</i> 	11c	No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX.</i> 	11d	No
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i> 	11e	Yes
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X.</i> 	11f	Yes
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i> 	12a	No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i> 	12b	Yes
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>	13	No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? <i>If "Yes," complete Schedule F, Parts I and IV.</i>	14b	No
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S ? <i>If "Yes," complete Schedule F, Parts II and IV.</i>	15	No
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S ? <i>If "Yes," complete Schedule F, Parts III and IV.</i>	16	No
17	Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I (see instructions).</i>	17	No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II.</i>	18	No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i>	19	No
20a	Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i> 	20a	Yes
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? <b>Note.</b> Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions).	20b	Yes

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II . . . . .	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III . . . . .	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J . . . . .	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b-24d and complete Schedule K. If "No," go to line 25 . . . . .	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . .	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . .	24d		No
25a	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I . . . . .	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I . . . . .	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II . . . . .	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? If "Yes," complete Schedule L, Part III . . . . .	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV . . . . .	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV . . . . .	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV . . . . .	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M . . . . .	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M . . . . .	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I . . . . .	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II . . . . .	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I . . . . .	33		No
34	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1 . . . . .	34	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)? . . . . .	35	Yes	
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2 . . . . .			
36	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2 . . . . .	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI . . . . .	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . . .	38	Yes	

Part V

Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V

☐

			Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	1a124		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes	
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return.	2a1,219		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b		
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes	
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a		No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.			
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b		
7	<b>Organizations that may receive deductible contributions under section 170(c).</b>			
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d		
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h		
8	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8		
9	<b>Sponsoring organizations maintaining donor advised funds.</b>			
a	Did the organization make any taxable distributions under section 4966?	9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b		
10	<b>Section 501(c)(7) organizations.</b> Enter			
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a		
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b		
11	<b>Section 501(c)(12) organizations.</b> Enter			
a	Gross income from members or shareholders.	11a		
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b		
12a	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b		
13	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>			
a	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.	13a		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b		
c	Enter the amount of reserves on hand.	13c		
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a		No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b		

Part VI

Governance, Management, and Disclosure

For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.  
Check if Schedule O contains a response to any question in this Part VI

Section A. Governing Body and Management			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a16		
b	Enter the number of voting members included in line 1a, above, who are independent	1b13		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5		No
6	Does the organization have members or stockholders?	6		No
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a	Yes	
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	8a	Yes	
b	Each committee with authority to act on behalf of the governing body?	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		No

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)			Yes	No
10a	Does the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?	10b		
11a	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990			
12a	Does the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes	
b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	12c	Yes	
13	Does the organization have a written whistleblower policy?	13	Yes	
14	Does the organization have a written document retention and destruction policy?	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a	Yes	
b	Other officers or key employees of the organization	15b	Yes	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (See instructions )			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	Yes	
b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?	16b	Yes	

Section C. Disclosure	
17	List the States with which a copy of this Form 990 is required to be filed
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you make these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request
19	Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization. John Green CFO 2475 Broadway Helena, MT 59601 (406) 444-2100

Part VII

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

Check if Schedule O contains a response to any question in this Part VII

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O )	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Tom Harlen Chair	1 00	X		X				0	0	0
(2) Peter Johnson Vice Chair	1 00	X		X				0	0	0
(3) Patty Nelson Treasurer	1 00	X		X				0	0	0
(4) Candace Cain Secretary	1 00	X		X				0	0	0
(5) John Solheim President/CEO	40 00	X		X				485,191	0	96,902
(6) Rick Hayes Board Member	1 00	X						0	0	0
(7) Dr Thomas Weiner Board/Chief of Staff/Physician	40 00	X						1,330,645	0	44,004
(8) Dr David Lechner Board Member/Physician	40 00	X						214,978	0	28,739
(9) Kate McIvor Board Member	1 00	X						0	0	0
(10) Mary Sheehy-Moe Board Member	1 00	X						0	0	0
(11) John Flink Board Member	1 00	X						0	0	0
(12) Mathew Rude Board Member	1 00	X						0	0	0
(13) Andrew O'Neill Board Member	1 00	X						0	0	0
(14) Tom Strizich Board Member	1 00	X						0	0	0
(15) Mana Braman Board Member	1 00	X						0	0	0
(16) Roger Stone Board Member	1 00	X						0	0	0



Part VII

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(17) Dr John Michelotti Board Member	1 00	X						0	0	0
(18) John Green CFO	40 00			X				217,054	0	31,969
(19) Dr Michael Lee Physician	40 00					X		715,721	0	27,760
(20) Dr John Ribic Physician	40 00					X		499,698	0	16,993
(21) Dr Carla Kingsley Physician	40 00					X		463,785	0	28,324
(22) Dr Scott Pargot Physician	40 00					X		636,368	0	28,554
(23) Dr Kns Godlewski Physician	40 00					X		547,807	0	10,505
<b>1b Sub-Total</b>										
<b>c Total from continuation sheets to Part VII, Section A</b>										
<b>d Total (add lines 1b and 1c)</b>								5,111,247	0	313,750

2

Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization▶61

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

Section B. Independent Contractors

1

Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization

(A) Name and business address	(B) Description of services	(C) Compensation
Horizon Mental Health Management PO Box 840839 Dallas, TX 75284	Management Services	1,561,712
Capital Medical Anesthesia PO Box 5179 Helena, MT 59601	Anesthesia Services	705,000
Dick Anderson Construction 3424 Highway 12 E Helena, MT 59601	General Contractor	558,144
Arup Laboratories 500 Chipeta Way Salt Lake City, UT 84108	Lab Testing Services	500,798
Medical Information Technology Meditech Circle Westwood, MA 02090	Software Support	340,409
2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization ▶29		

Part VIII

Statement of Revenue

			(A)	(B)	(C)	(D)	
			Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections  512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . . . .	1a				
	b	Membership dues . . . . .	1b				
	c	Fundraising events . . . . .	1c				
	d	Related organizations . . . . .	1d	1,975,000			
	e	Government grants (contributions)	1e	90,000			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	15,000			
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f . . . . .		2,080,000			
Program Service Revenue			Business Code				
	2a	Patient service revenu	622110	96,161,731	96,161,731		
	b	Pharmacy	446110	46,001,821	46,001,821		
	c	Income from joint vent	900099	648,547	685,870	-37,323	
	d	Cafeteria	722210	581,619	569,408	12,211	
	e	Other services	900099	567,504		567,504	
	f	All other program service revenue		1,026,366	922,786	103,580	
	g	Total. Add lines 2a-2f . . . . .		144,987,588			
Other Revenue	3		Investment income (including dividends, interest and other similar amounts) . . . . .		1,261,489		1,261,489
	4		Income from investment of tax-exempt bond proceeds . . .				
	5		Royalties . . . . .				
	6a	Gross Rents		(i) Real	(ii) Personal		
				211,961	123,056		
		b Less rental expenses		201,991	57,380		
		c Rental income or (loss)		9,970	65,676		
	d	Net rental income or (loss) . . . . .			75,646		75,646
	7a	Gross amount from sales of assets other than inventory		(i) Securities	(ii) Other		
				93,392,009			
		b Less cost or other basis and sales expenses		90,734,749	105,193		
		c Gain or (loss)		2,657,260	-105,193		
	d	Net gain or (loss) . . . . .			2,552,067		2,552,067
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . .		a			
		b Less direct expenses . . . . .		b			
		c Net income or (loss) from fundraising events . . .					
	9a	Gross income from gaming activities See Part IV, line 19 . . .		a			
		b Less direct expenses . . . . .		b			
		c Net income or (loss) from gaming activities . . .					
	10a	Gross sales of inventory, less returns and allowances . . . . .		a			
b Less cost of goods sold . . . . .		b					
c Net income or (loss) from sales of inventory . . .							
Miscellaneous Revenue		Business Code					
11a							
	b						
	c						
	d All other revenue . . . . .						
	e Total. Add lines 11a-11d . . . . .						
12		Total revenue. See Instructions . . . . .		150,956,790	144,341,616	645,972	3,889,202

Part IX

Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the U S See Part IV, line 21	50,458	50,458		
2	Grants and other assistance to individuals in the U S See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees . . . . .	2,457,332	1,482,234	975,098	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . .				
7	Other salaries and wages	49,925,772	40,475,002	9,234,599	216,171
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions) . . . . .	3,750,133	2,839,919	897,423	12,791
9	Other employee benefits . . . . .	6,331,155	4,777,305	1,509,358	44,492
10	Payroll taxes . . . . .	3,311,938	2,553,129	743,778	15,031
a	Fees for services (non-employees)				
	Management . . . . .	1,329,952	1,329,952		
b	Legal . . . . .	244,970	51,073	193,897	
c	Accounting . . . . .	66,105		66,105	
d	Lobbying . . . . .	36,000		36,000	
e	Professional fundraising services See Part IV, line 17 . . . . .				
f	Investment management fees . . . . .	394,972		394,972	
g	Other . . . . .	8,757,352	6,036,812	2,714,743	5,797
12	Advertising and promotion . . . . .	229,538	25,953	188,842	14,743
13	Office expenses . . . . .	1,592,926	655,878	929,344	7,704
14	Information technology . . . . .	1,080,677	258,112	822,565	
15	Royalties . . . . .				
16	Occupancy . . . . .	2,068,166	559,541	1,504,995	3,630
17	Travel . . . . .	227,815	85,670	140,588	1,557
18	Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .				
19	Conferences, conventions, and meetings . . . . .	223,222	95,819	127,403	
20	Interest . . . . .	2,137,292		2,137,292	
21	Payments to affiliates . . . . .				
22	Depreciation, depletion, and amortization . . . . .	8,758,025	6,109,581	2,648,444	
23	Insurance . . . . .	2,204,368	1,971,850	232,518	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O )				
a	Medical Supplies, other	35,442,794	34,875,154	562,636	5,004
b	Bad Debt Expense	7,732,051	7,732,051		
c	Bed Tax	1,138,250	1,138,250		
d	Other Taxes	221,219	162,810	58,409	
e					
f	All other expenses	89,742	35,936	53,806	
25	Total functional expenses. Add lines 1 through 24f	139,802,224	113,302,489	26,172,815	326,920
26	Joint costs. Check here <input checked="" type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing . . . . .				1	
	2	Savings and temporary cash investments . . . . .			13,010,037	2	18,987,821
	3	Pledges and grants receivable, net . . . . .				3	
	4	Accounts receivable, net . . . . .			17,824,816	4	16,266,602
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L . . . . .				5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Schedule L . . . . .				6	
	7	Notes and loans receivable, net . . . . .				7	
	8	Inventories for sale or use . . . . .			3,039,728	8	3,544,429
	9	Prepaid expenses and deferred charges . . . . .			2,574,744	9	2,546,358
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D.	10a	170,377,521			
	b	Less: accumulated depreciation . . . . .	10b	71,675,407	95,238,018	10c	98,702,114
	11	Investments—publicly traded securities . . . . .			65,080,629	11	69,687,326
	12	Investments—other securities. See Part IV, line 11 . . . . .			19,094,926	12	23,688,744
	13	Investments—program-related. See Part IV, line 11 . . . . .				13	
	14	Intangible assets . . . . .			0	14	
	15	Other assets. See Part IV, line 11 . . . . .			461,867	15	439,652
16	Total assets. Add lines 1 through 15 (must equal line 34) . . . . .			216,324,765	16	233,863,046	
Liabilities	17	Accounts payable and accrued expenses . . . . .			10,376,622	17	14,234,992
	18	Grants payable . . . . .				18	
	19	Deferred revenue . . . . .				19	
	20	Tax-exempt bond liabilities . . . . .			47,537,585	20	44,942,031
	21	Escrow or custodial account liability. Complete Part IV of Schedule D . . . . .				21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L . . . . .				22	
	23	Secured mortgages and notes payable to unrelated third parties . . . . .				23	
	24	Unsecured notes and loans payable to unrelated third parties . . . . .				24	
	25	Other liabilities. Complete Part X of Schedule D . . . . .			16,304,200	25	16,321,411
	26	Total liabilities. Add lines 17 through 25 . . . . .			74,218,407	26	75,498,434
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets . . . . .			130,700,567	27	147,252,230
	28	Temporarily restricted net assets . . . . .			3,752,011	28	3,384,821
	29	Permanently restricted net assets . . . . .			7,653,780	29	7,727,561
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds . . . . .				30	
	31	Paid-in or capital surplus, or land, building or equipment fund . . . . .				31	
	32	Retained earnings, endowment, accumulated income, or other funds . . . . .				32	
	33	Total net assets or fund balances . . . . .			142,106,358	33	158,364,612
34	Total liabilities and net assets/fund balances . . . . .			216,324,765	34	233,863,046	

**Part XI Reconciliation of Net Assets**

Check if Schedule O contains a response to any question in this Part XI ☒

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12)	<b>1</b>	150,956,790
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25)	<b>2</b>	139,802,224
<b>3</b>	Revenue less expenses Subtract line 2 from line 1	<b>3</b>	11,154,566
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	<b>4</b>	142,106,358
<b>5</b>	Other changes in net assets or fund balances (explain in Schedule O)	<b>5</b>	5,103,688
<b>6</b>	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	<b>6</b>	158,364,612

**Part XII Financial Statements and Reporting**

Check if Schedule O contains a response to any question in this Part XII ☐

		Yes	No
<b>1</b>	Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
<b>2a</b>	Were the organization's financial statements compiled or reviewed by an independent accountant?		No
<b>b</b>	Were the organization's financial statements audited by an independent accountant?	Yes	
<b>c</b>	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
<b>d</b>	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separated basis		
<b>3a</b>	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		No
<b>b</b>	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

SCHEDULE A  
(Form 990 or 990EZ)

Department of the Treasury  
Internal Revenue Service

Public Charity Status and Public Support

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

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization  
St Peter's Hospital

Employer identification number  
81-0233121

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

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

1

☐

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

2

☐

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

3

☒

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

4

☐

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

5

☐

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

6

☐

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

7

☐

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

8

☐

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

9

☐

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

10

☐

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

11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

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

(i)

a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?

(ii)

a family member of a person described in (i) above?

(iii)

a 35% controlled entity of a person described in (i) or (ii) above?

h

Provide the following information about the supported organization(s)

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

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

Part II

Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public Support. Subtract line 5 from line 4						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV )						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (See instructions )					12	
13 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage						
14 Public Support Percentage for 2010 (line 6 column (f) divided by line 11 column (f))			14			
15 Public Support Percentage for 2009 Schedule A, Part II, line 14			15			
16a 33 1/3% support test—2010. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶						
b 33 1/3% support test—2009. If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶						
17a 10%-facts-and-circumstances test—2010. If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶						
b 10%-facts-and-circumstances test—2009. If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶						
18 Private Foundation If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions ▶						

Part IIIPart III

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) 	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public Support (Subtract line 7c from line 6 )						

Section B. Total Support						
Calendar year (or fiscal year beginning in) 	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support (Add lines 9, 10c, 11 and 12.)						
14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here</b> 						

Section C. Computation of Public Support Percentage		
15 Public Support Percentage for 2010 (line 8 column (f) divided by line 13 column (f))	15	
16 Public support percentage from 2009 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2010 (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from 2009 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2010. If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization 		
b 33 1/3% support tests—2009. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization 		
20 Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions 		



Part IV

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

Facts And Circumstances Test

SCHEDULE C  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527  
▶ **Complete if the organization is described below.**  
▶ **Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.**

OMB No 1545-0047

2010

Open to Public Inspection

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

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

**If the organization answered “Yes,” to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then**

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

**If the organization answered “Yes,” to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35a (Proxy Tax), then**

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

Name of the organization St Peter's Hospital	Employer identification number 81-0233121
---	--

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

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

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

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

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

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

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

Part II-A

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

A

Check

☐

if the filing organization belongs to an affiliated group

B

Check

☐

if the filing organization checked box A and "limited control" provisions apply

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

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
	a Volunteers?		No	
	b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
	c Media advertisements?		No	
	d Mailings to members, legislators, or the public?	Yes		500
	e Publications, or published or broadcast statements?		No	
	f Grants to other organizations for lobbying purposes?		No	
	g Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		1,000
	h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
	i Other activities? If "Yes," describe in Part IV	Yes		29,500
j Total lines 1c through 1i				31,000
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

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

Part III-B

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

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

Part IV

Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, and Part II-B, line 1i. Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
Explanation of Other Lobbying Activities	Part II-B, Line 1i	The hospital hired a consultant to provide lobbying services in connection with governmental affairs representation to ensure hospital, community, and employee interests and needs are represented

SCHEDULE D  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990,  
Part IV, line 6, 7, 8, 9, 10, 11, or 12.  
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public  
Inspection

Name of the organization  
St Peter's Hospital

Employer identification number  
81-0233121

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

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	

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

1

Purpose(s) of conservation easements held by the organization (check all that apply)

☐ Preservation of land for public use (e g , recreation or pleasure)

☐ Preservation of an historically importantly land area

☐ Protection of natural habitat

☐ Preservation of a certified historic structure

☐ Preservation of open space

2

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

	Held at the End of the Year
a	Total number of conservation easements
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06

3

Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶ \_\_\_\_\_

4

Number of states where property subject to conservation easement is located ▶ \_\_\_\_\_

5

Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

☐ Yes ☐ No

6

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

7

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

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)?

☐ Yes ☐ No

9

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

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

1a

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

b

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

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

▶ \$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ \_\_\_\_\_

b

Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

For Privacy Act and Paperwork Reduction Act Notice, see the Intructions for Form 990

Cat No 52283D

Schedule D (Form 990) 2010

Part III

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

Part IV

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

1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No

b

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

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

2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

	(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a Beginning of year balance . . . . .	9,692,852	7,514,363	9,393,554		
b Contributions . . . . .	127,911	1,405,761	630,667		
c Investment earnings or losses . . . . .	1,052,329	928,225	-2,297,705		
d Grants or scholarships . . . . .					
e Other expenditures for facilities and programs . . . . .	163,165	155,497	212,153		
f Administrative expenses . . . . .					
g End of year balance . . . . .	10,709,927	9,692,852	7,514,363		

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶ 79 000 %

c

Term endowment ▶ 21 000 %

3a

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

	Yes	No
(i) unrelated organizations . . . . .	3a(i)	No
(ii) related organizations . . . . .	3a(ii)	Yes

b

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

3b

Yes

4

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

Part VI

Investments—Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of investment	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land . . . . .		3,751,023		3,751,023
b Buildings . . . . .		95,186,658	22,177,354	73,009,304
c Leasehold improvements . . . . .				
d Equipment . . . . .		67,334,001	48,207,982	19,126,019
e Other . . . . .		4,105,839	1,290,071	2,815,768
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) . . . . .				98,702,114

Schedule D (Form 990) 2010

Part VII

Investments—Other Securities.

See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A) Investment in Joint Ventures	6,971,208	F
(B) Interest in St Peter's Foundation	11,355,818	F
(C) LTD Class Investments	3,802,241	F
(D) Partnership Investments	1,559,477	F
Total. (Column (b) should equal Form 990, Part X, col (B) line 12 )	23,688,744	

Part VIII

Investments—Program Related.

See Form 990, Part X, line 13.

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

Part IX

Other Assets.

See Form 990, Part X, line 15.

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

Part X

Other Liabilities.

See Form 990, Part X, line 25.

1 (a) Description of Liability	(b) Amount	
Federal Income Taxes		
Estimated third-party settlements	2,132,312	
Liability for Pension benefits	14,189,099	
Total. (Column (b) should equal Form 990, Part X, col (B) line 25 )	16,321,411	

2. Fin 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740)

Part XI

Reconciliation of Change in Net Assets from Form 990 to Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	

Part XII

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

Part XIII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

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

Part XIV

Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

Identifier	Return Reference	Explanation
Description of Intended Use of Endowment Funds	Part V, Line 4	Endowment funds are restricted for support of hospital programs and services and for capital purchases and improvements in accordance with board policies and/or donor restrictions
Description of Uncertain Tax Positions Under FIN 48	Part X	The Organization undergoes an annual analysis of its various tax positions for all entities, assessing the likelihood of those positions being upheld upon examination with relevant tax authorities. As of May 31, 2011 and 2010, the unrecognized tax accrual benefit is zero. The Organization will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense, if incurred. The Organization is no longer subject to Federal or state tax examinations by tax authorities for years before 2008.



SCHEDULE H  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Hospitals

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, question 20.**  
▶ **Attach to Form 990.** ▶ **See separate instructions.**

OMB No 1545-0047

2010

Open to Public  
Inspection

**Name of the organization**  
St Peter's Hospital

**Employer identification number**  
81-0233121

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
<b>a</b> Financial Assistance at cost (from Worksheets 1 and 2)		15,829	5,069,301	427,029	4,642,272	3 320 %
<b>b</b> Unreimbursed Medicaid (from Worksheet 3, column a) . . . . .		13,493	7,620,761	5,994,222	1,626,539	1 160 %
<b>c</b> Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b) . . . . .						
<b>d Total</b> Financial Assistance and Means-Tested Government Programs . . . . .		29,322	12,690,062	6,421,251	6,268,811	4 480 %
<b>Other Benefits</b>						
<b>e</b> Community health improvement services and community benefit operations (from Worksheet 4) . . . . .		53,121	671,153	297,995	373,158	0 270 %
<b>f</b> Health professions education (from Worksheet 5) . . . . .		210	77,040		77,040	0 060 %
<b>g</b> Subsidized health services (from Worksheet 6) . . . . .			39,542,933	30,722,957	8,819,976	6 310 %
<b>h</b> Research (from Worksheet 7)						
<b>i</b> Cash and in-kind contributions to community groups (from Worksheet 8) . . . . .			47,479		47,479	0 030 %
<b>j Total</b> Other Benefits . . . . .		53,331	40,338,605	31,020,952	9,317,653	6 670 %
<b>k Total.</b> Add lines 7d and 7j . . . . .		82,653	53,028,667	37,442,203	15,586,464	11 150 %

Part II

Community Building Activities during the tax year, and describe in Part VI how its community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing					
2	Economic development					
3	Community support					
4	Environmental improvements					
5	Leadership development and training for community members					
6	Coalition building					
7	Community health improvement advocacy					
8	Workforce development					
9	Other					
10	Total					

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

			Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1	Yes	
2	Enter the amount of the organization's bad debt expense (at cost)	2	2,977,667	
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy	3	0	
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit			

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	44,312,057	
6	Enter Medicare allowable costs of care relating to payments on line 5	6	49,864,969	
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7	-5,552,912	
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input checked="" type="checkbox"/> Other			

Section C. Collection Practices

9a	Does the organization have a written debt collection policy?	9a	Yes	
b	If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI	9b	Yes	

Part IV

Management Companies and Joint Ventures

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1 1 Helena Surgicenter LLC	Surgery Center	50.000 %	9.150 %	5.290 %
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

## Section A. Hospital Facilities

How many hospital facilities did the organization operate during the tax year? 1

**Schedule H (Form 990) 2010**

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

(list in order of size, measured by total revenue per facility, from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? 2

Name and address		Type of Facility (Describe)
1	Hospice and Homelink of St Peter's Hosp 201 South California Helena, MT 59601	Hospice and home health
2	Hospice and Homelink of St Peter's Hosp 201 South California Helena, MT 59601	Hospice and home health
3		
4		
5		
6		
7		
8		
9		
10		

Part VI

Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the description required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2
- Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g, open medical staff, community board, use of surplus funds, etc )
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
		Part I, Line 6a The organization's community benefit report can be found on its website at <a href="http://www.stpetes.org">www.stpetes.org</a>

Identifier	ReturnReference	Explanation
		Part I, Line 7 Charity Care, Unreimbursed Medicaid and Subsidized Health Services are converted to cost using the cost to charge ratio derived from the Hospital's cost allocation system The cost allocation system addresses all patient segments The costs are estimated by allocating departmental costs based on direct costs less any other operating revenue then an allocation of benefits, depreciation and other overhead costs Community health improvement services, health professions education and cash and in-kind contributions is derived from the CBISA program

Identifier	ReturnReference	Explanation
		Part I, Line 7g Subsidized health services includes \$23,976,079 of costs attributable to a physician clinic

Identifier	ReturnReference	Explanation
		Part I, L7 Col(f) The amount of bad debt expense removed from the denominator of the calculations was \$7,732,051



Identifier	ReturnReference	Explanation
		<p>Part III, Line 4 Bad debt expense is calculated at cost using the cost of charge ratio derived from Worksheet 2 Bad debt expense is reported net of discounts and contractual allowances A payment on an account previously written off reduces bad debt expense in the current year Financial statement footnote Patient receivables are uncollateralized patient and third-party payor obligations The Organization charges interest at 10 percent per annum on past due accounts after 90 days Payments of patient receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim The carrying amount of patient receivables is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected from patients and third-party payors Management reviews patient receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts Management considers historical write off and recovery information in determining the estimated bad debt provision</p>

Identifier	ReturnReference	Explanation
		Part III, Line 8 These expenses represent an overall shortfall of the direct Medicare patient population The costs themselves are therefore a community benefit as the community would not receive these services if we did not provide them Total Medicare revenue and Medicare allowable costs of care are calculated using a cost allocation method

Identifier	ReturnReference	Explanation
		Part III, Line 9b St Peter's Hospital recognizes its responsibility to render necessary health care services to all persons in need of such care, regardless of race, creed, color or economic circumstances St Peter's Hospital recognizes that payment for services rendered is due and payable at the time of service The hospital accepts insurance assignments and some other approved arrangements for delayed payment Financial assistance is available for all qualified patients Patients not covered by insurance or unable to pay in full for services rendered must contact the appropriate Patient Account Representative who will assist the patient and/or family in determining if he/she qualifies for patient assistance Collection activity will be suspended while a financial assistance application is under review

Identifier	ReturnReference	Explanation
		Part VI, Line 2 St Peter's Hospital conducts a Community Survey every two years The Community Survey is performed by an independent contractor that selects an adequate sample size for the area The homes of St Peter's Hospital employees are excluded from the survey The survey includes questions related to evaluating the community's experience and ability to access Healthcare The survey helps to identify specialty areas of concern The results of the surveys are reviewed by the Senior Management team as well as the Board to identify the areas of focus

Identifier	ReturnReference	Explanation
		Part VI, Line 3 St Peter's Hospital (1) posts its charity care policy on its web site as well as at the Admitting Desk, Emergency Room and Cashier areas in which eligible patients are likely to be present, (2) offers a summary of our policy and application to self pay patients with contact information to patients as part of the intake process, (3) provides a copy of financial assistance contact information to patients with discharge materials, (4) Financial counselors discuss with patients expecting to owe more than \$500 the availability of patient assistance and various government benefits, such as Medicaid or state programs, and assists the patient with qualification for such programs, where applicable

Identifier	ReturnReference	Explanation
		Part VI, Line 4 St Peter's Hospital is a 122-bed acute care hospital facility serving residents of Lewis and Clark County and portions of Jefferson, Broadwater, Meagher and Powell Counties St Peter's is the sole facility in the primary services area The hospital financial payor mix consisted of 6 4% self pay patients, 6 9% of Medicaid patients and 44 4% Medicare patients Approximately 15 6% of the population is age 65 and older The average per capita income is \$27,583 and approximately 12 1% of the population is below the federal poverty level The nearest hospital in the area is approximately 35 miles from St Peter's campus

Identifier	ReturnReference	Explanation
		<p>Part VI, Line 6 The organization's governing body members reside in the community Medical staff privileges are extended to all qualified physicians in the community Surplus funds are used to make capital purchases and upgrades to the facilities St Peter's Hospital is the sole acute care provider in the primary service area made up of Lewis &amp; Clark County and the northern portion of Jefferson County There is a population of approximately 74,800 Out-migration is generally limited to tertiary services not available at St Peter's Hospital including cardiac surgery and neo-natal care St Peter's Hospital provides care to all patients regardless of their ability to pay St Peter's Hospital maintains charges as one of the lowest Hospitals within the State depending on the services being provided St Peter's Hospital sponsors several wellness screenings, health fairs and educational lectures, classes, and events throughout the year to promote better living, nutrition and good health Continuing education is also provided to the members of the medical community on an on-going basis In addition, St Peter's Hospital had 14,037 volunteer hours from the community assisting in a variety of roles within the organization St Peter's Hospital made \$47,479 of cash and in-kind donations to a variety of organizations within the community This includes but is not limited to CR Anderson Middle School for its honor student program, Angel Fund to purchase clothing and school supplies for youth, Helena High School for Soccer Tent, Healthy Mother's/Healthy Babies, HO SA, Friendship Center, Florence Crittenton, YMCA, God's Love, Carroll College Athletics with emergency services at events, Carroll College Nursing Department with medical supplies needed for learning labs, Exploration Works with medical supplies needed for student science experiments, United Way to assist low-income and homeless residents with basic needs, Spirit of Service Campaign by providing supplies and volunteers to help elderly residents and others with special needs improve their homes and yards, Kay McKenna Youth Foundation to provide safe summer youth activities, Archie Bray Foundation, Helena Food Share program for back pack program in the schools and Big Brothers and Sisters The donations were made to assist these Community Sponsors in their various programs</p>

Schedule I  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Name of the organization  
St Peter's Hospital

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

Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.  
▶ Attach to Form 990

OMB No 1545-0047

2010

Open to Public  
Inspection

Employer identification number  
81-0233121

Part I

General Information on Grants and Assistance

- 1

Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . .

☒ Yes ☐ No
- 2

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

Part II

Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. Part II can be duplicated if additional space is needed. . . . . ▶ ☒

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

2

Enter total number of section 501(c)(3) and government organizations . . . . .

▶

3

Enter total number of other organizations . . . . .

▶



**Part III**

**Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22.  
Use Schedule I-1 (Form 990) if additional space is needed.

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

**Part IV**

**Supplemental Information.** Complete this part to provide the information required in Part I, line 2, and any other additional information.

Identifier	Return Reference	Explanation
Procedure for Monitoring Grants in the U S	Part I, Line 2	Schedule I, Part I, Line 2 As determined by the Public Relations Director and the CEO, the organization financially supports other community organizations in support of their programs that enrich health and safety to the community Due to knowledge of the recipients and the purpose of the grants, further monitoring on the use of the funds was not deemed necessary

Schedule J  
(Form 990)

Compensation Information

OMB No 1545-0047

2010

Open to Public Inspection

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

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization St Peter's Hospital	Employer identification number 81-0233121
---	--

Part I

Questions Regarding Compensation

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

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

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

**Note.** The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) John Solheim	(i)	342,270	114,987	27,934	61,925	34,977	582,093	0
	(ii)	0	0	0	0	0	0	0
(2) Dr Thomas Weiner	(i)	1,328,490	0	2,155	14,700	29,304	1,374,649	0
	(ii)	0	0	0	0	0	0	0
(3) Dr David Lechner	(i)	204,424	10,000	554	13,406	16,827	245,211	0
	(ii)	0	0	0	0	0	0	0
(4) John Green	(i)	169,414	37,572	10,068	13,435	26,634	257,123	0
	(ii)	0	0	0	0	0	0	0
(5) Dr Michael Lee	(i)	714,887	0	834	14,700	14,780	745,201	0
	(ii)	0	0	0	0	0	0	0
(6) Dr John Ribic	(i)	497,718	0	1,980	14,700	3,160	517,558	0
	(ii)	0	0	0	0	0	0	0
(7) Dr Carla Kingsley	(i)	462,771	0	1,014	14,700	14,541	493,026	0
	(ii)	0	0	0	0	0	0	0
(8) Dr Scott Pargot	(i)	630,368	6,000	0	14,700	14,856	665,924	0
	(ii)	0	0	0	0	0	0	0
(9) Dr Kris Godlewski	(i)	486,935	60,000	872	0	11,162	558,969	0
	(ii)	0	0	0	0	0	0	0
( 10 )								
( 11 )								
( 12 )								
( 13 )								
( 14 )								
( 15 )								
( 16 )								

**Part III**   **Supplemental Information**

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
	Part I, Line 1a	President/CEO receives reimbursement for membership dues paid to a social club, an annual community support allowance and a car allowance. The President/CEO is taxed on the personal mileage that he uses. All amounts are reported as taxable compensation.
	Part I, Line 4b	John Solheim, Tom Weiner, and Kris Godlewski participate in a nonqualified retirement plan under 457(f). Amounts from their base wages were deferred into their plan at their discretion. The organization did not contribute money into the plan on behalf of the individuals named above.

Schedule K  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990).  
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public  
Inspection

Name of the organization  
St Peter's Hospital

Employer identification number  
81-0233121

Part I

Bond Issues

(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A Montana Facility Finance Authority	81-0302402	61204JBR4	05-06-2004	29,748,183	To fund expansion and renovation of existing Hospital facility		X		X		X
B Montana Facility Finance Authority	81-0302402	61204JBY9	03-22-2007	22,826,511	To fund new Medical Office Building and Women and Children's Unit Bed Wing		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired	2,720,000		5,245,000					
2	Amount of bonds legally defeased								
3	Total proceeds of issue	29,748,183		22,826,511					
4	Gross proceeds in reserve funds	2,242,316		2,509,328					
5	Capitalized interest from proceeds	2,973,582		465,447					
6	Proceeds in refunding escrow	7,154,609		7,154,609					
7	Issuance costs from proceeds	422,346		353,863					
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	27,111,925		14,743,608					
11	Other spent proceeds								
12	Other unspent proceeds								
13	Year of substantial completion	2008		2009					
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X	X					
15	Were the bonds issued as part of an advance refunding issue?		X		X				
16	Has the final allocation of proceeds been made?	X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III

Private Business Use

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

Part IIIPrivate Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?		X		X				
b	Are there any research agreements that may result in private business use of bond-financed property?		X		X				
c	Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0 %		0 %					
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	0 %		0 150 %					
6	Total of lines 4 and 5	0 %		0 150 %					
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X					

Part IVArbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X				
2	Is the bond issue a variable rate issue?		X		X				
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X				
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		X		X				
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X		X				
6	Did the bond issue qualify for an exception to rebate?		X		X				

Part VSupplemental Information

Complete this part to provide additional information for responses to questions on Schedule K (see instructions)

Identifier	Return Reference	Explanation

Schedule L  
(Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization  
St Peter's Hospital

Employer identification number  
81-0233121

Part I

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

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

1	(a) Name of disqualified person	(b) Description of transaction	(c) Corrected?	
			Yes	No

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 . . . . . ▶ \$

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

Part II

Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

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

Part III

Grants or Assistance Benefitting Interested Persons.

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

(a) Name of interested person	(b)Relationship between interested person and the organization	(c)Amount of grant or type of assistance

**Part IV**

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) New West Healthcare Services	Mr. Solheim is Hospital representative on the New West Board	5,690,718	Hospital pays health insurance premiums to New West		No

**Part V**

**Supplemental Information**  
Complete this part to provide additional information for responses to questions on Schedule L (see instructions)

Identifier	Return Reference	Explanation
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SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on  
Form 990 or to provide any additional information.  
▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2010

Open to Public  
Inspection

Name of the organization St Peter's Hospital	Employer identification number 81-0233121
---	--

Identifier	Return Reference	Explanation
New Program Services	Form 990, Part III, line 2	During the current year two Orthopedic Surgeons from the Helena area, sought employment with St Peter's Hospital One of the surgeon's is a pediatric surgeon In addition, St Peter's Hospital recruited a Pain Management Physician

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 1		The Executive Committee consists of the officers of the Board of Directors, Past Chair of the Board provided he/she continues to be a Director, and the Chief of Staff. If the Past Chair of the Board is unable to serve, the Board Chair may appoint another member to the Executive Committee. The Executive Committee has the power to transact all regular business of the Hospital during the interim between meetings of the Board of Directors, provided that any action does not conflict with the policies of the Board of Directors and all matters of major importance are referred to the Board of Directors. Should any matter of extreme urgency arise between the regular meetings of the Board of Directors, it is the duty of the Executive Committee to request the President call a special meeting of the Board of Directors. Minutes of the Executive Committee are submitted to the Board of Directors and its actions are subject to approval or disapproval at the next regular Board meeting. The Committee is responsible for conducting the President's evaluation, setting the President's compensation and negotiating the terms of the President's employment contract.

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 7a		The Nominating Committee solicits qualified candidates for membership on the Board of Directors and presents a slate to the Board of Directors with one candidate for each position to be filled. Members of the Board of Directors may submit the names of potential candidates to the Nominating Committee for the Committee's consideration. The Nominating Committee's slate of potential candidates is submitted to the Board at the Board of Director's Annual Meeting. Six members of the Board of Directors serve by virtue of the offices and for the duration of the time they remain in office, The Bishop of the Episcopal Diocese of Montana or his designee, the President and Chief Executive Officer of the Hospital, the Chief-of-Staff of the Hospital, the St. Peter Medical Group President, and the St. Peter's Foundation Chair.

Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 11		A rough draft of the Form 990 is review ed by the CEO and CFO as w ell as the Finance Committee prior to full board approval of the final Form 990 prior to filing

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 12c	The conflict of interest policy covers all board members, officers, senior administration and key employees The Board identifies potential conflicts and determines if voting on related items would be a conflict of interest If a conflict is determined to exist, the conflicted individual is excluded from voting on the conflicted item

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 15	An independent compensation consultant performs a review of salaries and benefits using data from comparable healthcare facilities. A report is prepared and presented to the Executive Committee of the Board of Directors, which uses the report to determine officer and senior management compensation. The information is then reviewed with the Board of Directors. The annual process was performed during 2010.

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section C, line 19	The governing documents, conflict of interest policy, and financial statements are made available to the public upon request

Identifier	Return Reference	Explanation
	Form 990, Part VII	Mathew Rude and John Solheim serve a related organization 1 hour per week



Identifier	Return Reference	Explanation
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 5	Net unrealized gains on investments 6,191,541 Minimum pension liability adjustment -474,876 Change in permanently and temporarily restricted net assets of foundation -293,409 Book/Tax adjustment for partnerships -319,568 Total to Form 990, Part XI, Line 5 5,103,688

Identifier	Return Reference	Explanation
Listing of all CUSIP#s associated with bond issuance	Schedule K, Part I, Bond A, CUSIP#s for Series 2007 Bond	61204J BY9, 61204J BS2, 61204J BTO, 61204J BU7, 61204J BV5, 61204J BW3

Identifier	Return Reference	Explanation
Listing of all CUSIP#’s associated with bond issuance	Schedule K, Part I, Bond A, CUSIP#’s for Series 2004 Bond	61204J BR4, 61204J AX2, 61204J AY0, 61204J AZ7, 61204J BA1, 61204J BB9, 61204J BC7, 61204J BD5, 61204J BE3, 61204J BF0, 61204J BG8, 61204J BH6, 612047J BL7

SCHEDULE R  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.  
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization  
St Peter's Hospital

Employer identification number  
81-0233121

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) St Peter's Hospital Foundation  2475 Broadway  Helena, MT 59601 81-0392270	Raise funds to support St Peter's Hospital	MT	501(c)(3)	Line 11a, I	St Peter's Hospital	Yes	

Part III

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) Peak Health LLC  2475 Broadway Avenue Helena, MT59601 27-1863807	Health club	MT	N/A	Unrelated	1,768	1,989,117		No	1,768		No	65 000 %
(2) Peak Health Realty LLC  2475 Broadway Avenue Helena, MT59601 27-2492966	Rental property	MT	N/A	Unrelated	-20,754	62,437		No	-20,754		No	65 000 %
(3) Peak Health Helena LLC  2475 Broadway Avenue Helena, MT59601 27-1863807	Health club	MT	N/A	Unrelated	-18,337	-16,042		No	-18,337		No	65 000 %

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership

Part V

Transactions With Related Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, 35A, or 36.)

Note. Complete line 1 if any entity is listed in Parts II, III or IV

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity

b Gift, grant, or capital contribution to other organization(s)

c Gift, grant, or capital contribution from other organization(s)

d Loans or loan guarantees to or for other organization(s)

e Loans or loan guarantees by other organization(s)

f Sale of assets to other organization(s)

g Purchase of assets from other organization(s)

h Exchange of assets

i Lease of facilities, equipment, or other assets to other organization(s)

j Lease of facilities, equipment, or other assets from other organization(s)

k Performance of services or membership or fundraising solicitations for other organization(s)

l Performance of services or membership or fundraising solicitations by other organization(s)

m Sharing of facilities, equipment, mailing lists, or other assets

n Sharing of paid employees

o Reimbursement paid to other organization for expenses

p Reimbursement paid by other organization for expenses

q Other transfer of cash or property to other organization(s)

r Other transfer of cash or property from other organization(s)

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

No

No

Yes

No

No

No

No

No

Yes

No

No

Yes

No

Yes

Yes

No

Yes

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds			
(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) St Peter's Hospital Foundation	C	1,975,000	Contributions received
(2) St Peter's Hospital Foundation	N	288,485	Employee compensation and benefit
(3) Peak Health LLC	N	144,270	Employee compensation and benefit
(4) Peak Health Realty LLC			
(5) Peak Health Helena LLC			
(6)			

Schedule R (Form 990) 2010

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

[illegible]

**Part VII**   **Supplemental Information**

Complete this part to provide additional information for responses to questions on Schedule R (see instructions)

Identifier	Return Reference	Explanation
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Consolidated Financial Statements  
May 31, 2011 and 2010

# St. Peter's Hospital and Affiliates

# St. Peter's Hospital and Affiliates

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May 31, 2011 and 2010

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## Independent Auditor's Report

The Board of Trustees  
St. Peter's Hospital and Affiliates  
Helena, Montana

We have audited the accompanying consolidated balance sheets of St. Peter's Hospital and Affiliates as of May 31, 2011 and 2010, and the related statements of operations, changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of St. Peter's Hospital and Affiliate as of May 31, 2011 and 2010, and the results of its operations, changes in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads 'Eide Bailly LLP'.

Billings, Montana  
August 25, 2011

[www.eidebailly.com](http://www.eidebailly.com)

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	2011	2010
Assets		
Current Assets		
Cash and cash equivalents	\$ 20,057,105	\$ 15,865,772
Receivables		
Patient, net of estimated uncollectible accounts of \$17,951,000 in 2011 and \$20,221,000 in 2010	15,783,269	17,034,002
Other	404,597	945,267
Assets limited as to use	3,776,083	3,718,201
Inventory of supplies and drugs	3,549,678	3,039,728
Prepaid expenses and deposits	2,546,358	2,574,744
Total current assets	46,117,090	43,177,714
Assets Limited as to Use		
By board for capital improvements	26,818,480	23,534,431
By board for debt repayment	15,218,883	10,358,794
Endowment funds	10,709,927	9,692,852
Under indenture agreements, held by trustee	8,751,149	8,529,343
	61,498,439	52,115,420
Less current portion	(3,776,083)	(3,718,201)
Total noncurrent assets limited as to use	57,722,356	48,397,219
Property and Equipment	106,338,433	96,696,240
Other Assets		
Investments	26,060,413	24,853,823
Joint venture investments	5,105,628	5,606,510
Deferred financing costs, net of amortization	1,067,321	461,867
Notes receivable	3,057,460	-
Total other assets	35,290,822	30,922,200
Total assets	\$ 245,468,701	\$ 219,193,373

See Notes to Consolidated Financial Statements

St. Peter's Hospital and Affiliates  
Consolidated Balance Sheets  
May 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	\$ 2,710,555	\$ 2,595,555
Accounts payable		
Trade	5,376,042	3,021,653
Estimated third-party payor settlements	2,132,312	1,459,191
Accrued expenses	8,952,313	7,354,969
Estimated liability to beneficiaries	<u>235,979</u>	<u>245,285</u>
Total current liabilities	19,407,201	14,676,653
Long-Term Liabilities		
Long-term debt, less current maturities	51,161,476	44,942,030
Liability for pension benefits	14,189,099	14,845,009
Estimated liability to beneficiaries, less current portion	<u>1,341,771</u>	<u>1,387,462</u>
Total liabilities	<u>86,099,547</u>	<u>75,851,154</u>
Net Assets		
St. Peter's Hospital and Affiliates		
Unrestricted	147,252,230	130,700,567
Temporarily restricted	3,384,821	3,752,011
Permanently restricted	<u>7,727,561</u>	<u>7,653,780</u>
	158,364,612	142,106,358
Noncontrolling Interest	<u>1,004,542</u>	<u>1,235,861</u>
Total net assets	<u>159,369,154</u>	<u>143,342,219</u>
Total liabilities and net assets	<u><u>\$ 245,468,701</u></u>	<u><u>\$ 219,193,373</u></u>

St. Peter's Hospital and Affiliates  
Consolidated Statements of Operations  
Years Ended May 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Unrestricted Revenues, Gains, and Other Support		
Net patient service revenue	\$ 142,015,779	\$ 131,160,667
Other revenue	2,686,697	2,688,956
Net assets released from restrictions used for operations	<u>556,131</u>	<u>430,829</u>
Total unrestricted revenues, gains, and other support	<u>145,258,607</u>	<u>134,280,452</u>
Expenses		
Salaries	52,484,238	47,926,657
Employee benefits	13,600,862	11,721,989
Drugs	19,295,759	18,979,189
Supplies	15,702,323	13,260,067
Depreciation and amortization	8,810,225	9,084,994
Purchased services	7,857,035	7,299,953
Provision for bad debts	7,732,051	7,393,637
Non-medical fees	4,893,456	4,766,430
Insurance	2,213,748	2,076,845
Interest and amortization	2,186,426	2,251,530
Rent	887,637	962,754
Physician fees	2,069,289	1,542,557
Travel and education	417,450	386,485
Miscellaneous	<u>2,506,401</u>	<u>2,023,890</u>
Total expenses	<u>140,656,900</u>	<u>129,676,977</u>
Operating Income	<u>4,601,707</u>	<u>4,603,475</u>
Other Income (Expense)		
Net investment income	3,845,999	3,696,275
Income from joint venture investments	539,813	1,463,238
Loss on sale of property and equipment	<u>(105,193)</u>	<u>(213,519)</u>
Total other income, net	<u>4,280,619</u>	<u>4,945,994</u>
Revenues in Excess of Expenses	8,882,326	9,549,469
Change in Net Assets Attributable to Noncontrolling Interest	113,527	(6,287)
Net assets released from restrictions used for capital expenditures	1,427,780	-
Unrealized Gains on Marketable Securities	6,602,906	3,463,863
Minimum Pension Liability Adjustment	<u>(474,876)</u>	<u>(2,983,278)</u>
Change in Unrestricted Net Assets Attributable to St. Peter's Hospital and Affiliates	<u><u>\$ 16,551,663</u></u>	<u><u>\$ 10,023,767</u></u>

St. Peter's Hospital and Affiliates  
Consolidated Statements of Changes in Net Assets  
Years Ended May 31, 2011 and 2010

	2011	2010
Unrestricted Net Assets		
Revenues in excess of expenses	\$ 8,882,326	\$ 9,549,469
Unrealized gains on marketable securities	6,602,906	3,463,863
Net assets released from restrictions used for capital expenditures	1,427,780	-
Minimum pension liability adjustment	(474,876)	(2,983,278)
	<u>16,438,136</u>	<u>10,030,054</u>
Change in unrestricted net assets attributable to noncontrolling interest	<u>113,527</u>	<u>(6,287)</u>
Increase in unrestricted net assets attributable to St Peter's Hospital and Affiliates	<u>16,551,663</u>	<u>10,023,767</u>
Temporarily Restricted Net Assets		
Contributions, investment and grant income	878,207	781,547
Unrealized gains on marketable securities	738,514	592,644
Net assets released from donor restrictions	(1,983,911)	(430,829)
	<u>(367,190)</u>	<u>943,362</u>
Permanently Restricted Net Assets		
Contributions	90,608	1,378,624
Change in value of split interest agreements	(39,692)	38,684
Unrealized gains on marketable securities	22,865	13,705
	<u>73,781</u>	<u>1,431,013</u>
Change in Net Assets	16,258,254	12,398,142
Net Assets, Beginning of Year	<u>142,106,358</u>	<u>129,708,216</u>
Net Assets, End of Year	<u>\$ 158,364,612</u>	<u>\$ 142,106,358</u>



St. Peter's Hospital and Affiliates  
Consolidated Statements of Cash Flows  
Years Ended May 31, 2011 and 2010

	2011	2010
Operating Activities		
Change in net assets	\$ 16,258,254	\$ 12,398,142
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	8,810,225	9,084,994
Amortization of deferred financing costs	46,355	22,215
Amortization of bond discounts and premiums	(60,554)	(60,555)
Loss on sale of property and equipment	105,193	213,519
Realized gain on investments	(3,018,995)	(2,635,329)
Income from joint venture investments	(539,813)	(1,463,238)
Net unrealized gains on marketable securities	(7,364,285)	(4,070,212)
Contributions and investments restricted by donors	(1,730,194)	(2,766,520)
Changes in assets and liabilities		
Receivables	1,791,403	(1,160,696)
Supplies	(509,950)	(540,996)
Prepaid expenses and other	28,386	(123,247)
Accounts payable	2,354,389	(1,626,849)
Estimated third party settlements	673,121	684,191
Accrued expenses	1,597,344	(153,780)
Pension liability	(655,910)	3,442,866
Estimated liability to beneficiaries	(54,997)	(122,168)
Noncontrolling interest	(231,319)	6,287
Net Cash from Operating Activities	<u>17,498,653</u>	<u>11,128,624</u>
Investing Activities		
Purchase of investments	(84,268,249)	(91,594,375)
Proceeds from maturities and sale of investments	93,444,939	94,359,590
Proceeds from sale of equipment	-	800
Purchase of property and equipment	(18,557,611)	(6,536,622)
Change in assets limited as to use	(9,383,019)	(5,544,537)
Advances on notes receivable	(3,057,460)	-
Cash received from joint venture investments	1,040,695	1,467,980
Net Cash Used for Investing Activities	<u>(20,780,705)</u>	<u>(7,847,164)</u>
Financing Activities		
Equity contributed by minority interest	-	1,229,574
Contributions and investments restricted by donors	1,730,194	2,766,520
Payment for deferred financing costs	(651,809)	-
Borrowing on long-term debt	8,930,000	-
Repayment of long-term debt	(2,535,000)	(2,440,000)
Net Cash From Financing Activities	<u>7,473,385</u>	<u>1,556,094</u>
Net Change in Cash and Cash Equivalents	4,191,333	4,837,554
Cash and Cash Equivalents, Beginning of Year	15,865,772	11,028,218
Cash and Cash Equivalents, End of Year	<u>\$ 20,057,105</u>	<u>\$ 15,865,772</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	<u>\$ 1,836,767</u>	<u>\$ 2,357,135</u>

## **Note 1 - Organization and Significant Accounting Policies**

### **Organization**

The consolidated financial statements include the accounts of St. Peter's Hospital (Hospital), St. Peter's Foundation (Foundation) and Peak Health Helena, LLC (Peak), a 65 percent owned affiliate. The Hospital is a non-profit corporation, which operates a private, general acute care, community hospital facility in Helena, Montana. The Hospital is licensed to operate 99 medical-surgical, obstetrical and intensive/cardiac care beds and 23 behavioral health beds. The Hospital is accredited by the Joint Commission on Accreditation of Health Care Organizations.

The Hospital provides medical and surgical services, including emergency care, obstetrics, intensive care, and coronary care. Supporting these services is a range of diagnostic and therapeutic departments. The Foundation performs fund-raising activities for the Hospital and supports health care activities throughout the community. Peak operates a health and fitness center in Helena, Montana. Operation of the health and fitness center began April 2011. Included in net assets is a noncontrolling interest which represents the minority LLC member's proportionate share of equity in Peak.

All significant inter-company accounts and transactions have been eliminated.

### **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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Cash and Cash Equivalents**

Cash and cash equivalents include highly liquid investments with a maturity of three months or less, excluding assets limited as to use.

### **Patient Receivables and Credit Policy**

Patient receivables are uncollateralized patient and third-party payor obligations. The Organization charges interest at 10 percent per annum on past due accounts after 90 days. Payments of patient receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim. The carrying amount of patient receivables is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected from patients and third-party payors. Management reviews patient receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts. Management considers historical write off and recovery information in determining the estimated bad debt provision.

### **Inventory of Supplies and Drugs**

Supplies and drugs are stated at lower of cost (average) or market.

### **Investments and Investment Income**

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in revenues in excess of expenses unless donor or law restricts the income or loss. Unrealized gains and losses on investments are excluded from revenues in excess of expenses unless the investments are trading securities. Gains or losses on the sale of securities are determined using the specific-identification method.

### **Assets Limited as to Use**

Assets limited as to use include assets set aside by the Board of Trustees for future capital improvements and debt repayment, over which the Board retains control and may at its discretion subsequently use for other purposes; assets held by trustees under indenture agreements and assets set aside for donor specific purposes and endowment funds. Assets limited as to use that are available for obligations classified as current liabilities are reported in current assets.

### **Fair Value Measurements**

The Organization has determined the fair value of certain assets and liabilities in accordance with the provisions of Accounting Standards Codification 820, *Fair Value Measurements* (ASC 820), which provides a framework for measuring fair value under generally accepted accounting principles.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The valuation techniques utilized maximize the use of observable inputs and minimize the use of unobservable inputs. In accordance with the fair value hierarchy, the valuation inputs are prioritized into three broad levels.

Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

### **Property and Equipment**

Property and equipment acquisitions in excess of \$1,000 are capitalized at cost, or if donated, at fair value at the date of receipt. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. The estimated useful lives of property and equipment are as follows:

Land improvements	2-25 years
Buildings and improvements	10-40 years
Furniture, fixtures and equipment	2-20 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to unrestricted net assets, and are excluded from revenues in excess of expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted net assets. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when donated or when acquired long-lived assets are placed in service.

### **Deferred Financing Costs**

Deferred financing costs are amortized over the period the related obligation is outstanding using the straight-line method, which does not differ materially from results that would be produced under the interest method. The estimated annual amortization of deferred financing costs is approximately \$50,000 for each of the years 2012 through 2016.

### **Notes Receivable**

Notes receivable represents advances made to a community development investment fund in connection with a financing arrangement for construction of the Peak health and fitness center. The terms of the notes are the same as two corresponding notes payable. See Note 8.

### **Estimated Liability to Beneficiaries**

The Organization is party to a number of charitable gift annuities in which the donor has contributed assets to the Organization in exchange for a promise by the Organization to pay a fixed amount for a specified period of time to the donor or to individuals or organizations designated by the donor. The liability to beneficiaries is determined using actuarial assumptions and discount rates prescribed by the Internal Revenue Service. Revenue recognized from new charitable gift annuity contributions was \$74,003 in 2011 and \$71,563 in 2010. The contributions are recorded as increases to temporarily or permanently restricted net assets, pursuant to donor restrictions.

### **Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Organization in perpetuity.

### **Revenues in Excess of Expenses**

Revenues in excess of expenses excludes unrealized gains and losses on investments other than trading securities, transfers of assets to and from related parties for other than goods and services, minimum pension liability adjustments, and contributions of long-lived assets, including assets acquired using contributions which were restricted by donors.

### **Net Patient Service Revenue**

The Organization has agreements with third-party payors that provide for payments to the Organization at amounts different from its established rates. Payment arrangements include prospectively determined rates, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

### **Charity Care**

To fulfill its mission of community service, the Organization provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Organization does not pursue collection of amounts determined to qualify as charity care, they are not reported as patient service revenue.

### **Donor-Restricted Gifts**

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When donor stipulated time restrictions or purpose restrictions are met or accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as net assets released from restrictions.

### **Advertising Costs**

The Organization expenses advertising costs as incurred.

### **Income Taxes**

The Hospital and Foundation are not-for-profit corporations, which are exempt from Federal income taxes pursuant to Section 501 (c) (3) of the Internal Revenue Code. The Hospital and Foundation are also exempt from state income taxes.

Peak Health Helena, LLC is a limited liability company and is treated as a corporation for federal and state income tax purposes. There was no taxable income in 2011 and 2010.

The Organization undergoes an annual analysis of its various tax positions for all entities, assessing the likelihood of those positions being upheld upon examination with relevant tax authorities. As of May 31, 2011 and 2010, the unrecognized tax benefit accrual is zero. The Organization will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense, if incurred. The Organization is no longer subject to Federal or state tax examinations by tax authorities for years before 2008.

### **Subsequent Events**

The Organization has evaluated subsequent events through August 25, 2011, the date which the financial statements were available to be issued.

### **Reclassifications**

Certain reclassifications have been made to the prior year consolidated financial statements to conform to the current year presentation. These reclassifications had no effect on the change in net assets.

## Note 2 - Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare: (Approximately 44 percent and 43 percent of gross patient service revenues for the years ended May 31, 2011 and 2010). Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates varied according to a patient classification system that was based on clinical, diagnostic, and other factors. The majority of Medicare outpatient services are paid under a prospective payment methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through the year ended May 31, 2007.

Medicaid: (Approximately 6 percent of gross patient service revenues for the years ended May 31, 2011 and 2010). Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Outpatient services and capital costs related to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and settlements thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been settled by the Medicaid fiscal intermediary through May 31, 2007.

Other: The Hospital has also entered into payment agreements with certain commercial insurance carriers and other organizations, which include discounts from established charges.

Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

The Centers for Medicare and Medicaid Services (CMS) has implemented a Recovery Audit Contractor (RAC) program under which claims subsequent to October 1, 2007 are reviewed by contractors for validity, accuracy, and proper documentation. A demonstration project completed in several other states resulted in the identification of potential overpayments, some being significant. The potential exists that the Organization may incur a liability for a claims overpayment at a future date.

A summary of patient service revenue and contractual adjustments is as follows:

	2011	2010
Inpatient	\$ 84,642,034	\$ 74,096,030
Outpatient and ancillary	147,325,990	141,153,425
	<u>231,968,024</u>	<u>215,249,455</u>
Contractual adjustments	<u>(89,952,245)</u>	<u>(84,088,788)</u>
Net patient service revenue	<u><u>\$ 142,015,779</u></u>	<u><u>\$ 131,160,667</u></u>

### Note 3 - Investments

#### Assets Limited as to Use

Assets limited as to use are stated at fair value and include the following at May 31, 2011 and 2010:

	2011	2010
Cash and cash equivalents	\$ 13,721,436	\$ 13,662,914
Common stock	31,242,184	24,078,174
U.S. Treasury and government obligations	3,942,661	3,157,813
Corporate bonds	2,920,297	4,266,958
Mutual funds	5,057,804	2,792,505
Alternative investments	3,702,755	3,367,294
Beneficial interests in managed trusts	911,302	789,762
	<u>\$ 61,498,439</u>	<u>\$ 52,115,420</u>

#### Investments

Investments are stated at fair value and include the following at May 31, 2011 and 2010:

	2011	2010
Common stock	\$ 16,311,479	\$ 14,026,882
Mutual funds	3,731,555	3,830,014
U.S. Treasury and government obligations	2,058,456	1,889,745
Corporate bonds and certificates of deposit	1,817,709	2,955,499
Alternative investments	1,933,201	1,961,635
Beneficial interests in managed trusts	208,013	190,048
	<u>\$ 26,060,413</u>	<u>\$ 24,853,823</u>

#### Investment Income

Investment income and gains and losses on assets limited as to use and investments consist of the following:

	2011	2010
Unrestricted Net Assets		
Interest and dividend income	\$ 1,015,000	\$ 1,017,177
Realized gains on marketable securities	2,830,999	2,679,098
	<u>\$ 3,845,999</u>	<u>\$ 3,696,275</u>
Temporarily Restricted Net Assets		
Interest and dividend income	\$ 144,340	\$ 330,086
Realized gains (losses) on marketable securities	187,996	(43,769)
	<u>\$ 332,336</u>	<u>\$ 286,317</u>

The Organization has determined the fair values in accordance with the provisions of Accounting Standards Codification 820, *Fair Value Measurements* (ASC 820), which provides a framework for measuring fair value under generally accepted accounting principles.

The following table sets forth by level, within the fair value hierarchy, the fair values of investments and assets limited as to use as of May 31, 2011 and 2010:

	Quoted Prices in Active Markets (Level 1)	Other Observable (Level 2)	Unobservable Inputs (Level 3)
2011:			
Common stock			
Large Cap Growth	\$ 17,156,198	\$ -	\$ -
Large Cap Value	11,867,786	-	-
International Equity	8,349,132	-	-
Small/Mid Cap Growth	4,335,166	-	-
Small/Mid Cap Value	3,579,984	-	-
Equities Blend	2,265,399	-	-
Mutual funds			
Bond	4,881,238	-	-
Allocation	1,780,225	-	-
Real Estate	739,816	-	-
Growth	667,520	-	-
Commodities	537,500	-	-
Blend	84,568	-	-
Stock	64,215	-	-
Loan	24,423	-	-
Value	9,852	-	-
U.S. Treasury and government obligations	-	6,001,117	-
Corporate bonds and certificates of deposit	-	4,738,006	-
Alternative investments	-	5,635,956	-
Beneficial interests in managed trusts	-	-	1,119,315
	<u>\$ 56,343,022</u>	<u>\$ 16,375,079</u>	<u>\$ 1,119,315</u>



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	Quoted Prices in Active Markets (Level 1)	Other Observable (Level 2)	Unobservable Inputs (Level 3)
2010:			
Common stock			
Large Cap Growth	\$ 14,505,378	\$ -	\$ -
Large Cap Value	9,468,819	-	-
International Equity	5,977,364	-	-
Small/Mid Cap Growth	3,257,171	-	-
Small/Mid Cap Value	2,878,751	-	-
Equities Blend	2,017,573	-	-
Mutual funds			
Bond	4,321,597	-	-
Allocation	1,611,515	-	-
Real Estate	3,110	-	-
Growth	535,904	-	-
Blend	67,742	-	-
Stock	51,527	-	-
Loan	23,093	-	-
Value	8,031	-	-
U.S. Treasury and government obligations	-	5,047,558	-
Corporate bonds and certificates of deposit	-	7,222,457	-
Alternative investments	-	5,328,929	-
Beneficial interests in managed trusts	-	-	979,810
	<u>\$ 44,727,575</u>	<u>\$ 17,598,944</u>	<u>\$ 979,810</u>

Following is a reconciliation of activity for 2011 and 2010 for assets measured at fair value based upon significant unobservable information (Level 3):

	2011	2010
Balance, beginning of year	\$ 979,810	\$ 817,106
Unrealized gains	<u>139,505</u>	<u>162,704</u>
Balance, end of year	<u>\$ 1,119,315</u>	<u>\$ 979,810</u>

The fair values and gross unrealized losses of assets limited as to use and investments for individual securities that have been in a continuous unrealized loss position as of May 31, 2011 and 2010 are as follows:

2011				
	Less Than Twelve Months		More Than Twelve Months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
Common stock	\$ 452,700	\$ 5,398,500	\$ 408,141	\$ 2,503,465
Mutual funds	12,161	163,080	108,078	3,090,604
U.S. Treasury and government obligations	2,339	280,781	1,089	34,474
Corporate bonds	30,798	1,064,191	14,512	216,358
Alternative investments	6,228	96,021	80,222	835,091
	<u>\$ 504,226</u>	<u>\$ 7,002,573</u>	<u>\$ 612,042</u>	<u>\$ 6,679,992</u>
2010				
	Less Than Twelve Months		More Than Twelve Months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
Common stock	\$ 1,511,202	\$ 12,530,294	\$ 817,278	\$ 3,651,139
Mutual funds	77,645	710,059	319,204	5,196,675
U.S. Treasury and government obligations	1,008	223,181	2,881	70,522
Corporate bonds	25,494	1,540,880	904	10,327
Alternative investments	10,731	309,269	267,336	939,859
	<u>\$ 1,626,080</u>	<u>\$ 15,313,683</u>	<u>\$ 1,407,603</u>	<u>\$ 9,868,522</u>

The gross unrealized losses on these investments were primarily due to interest rate fluctuations and market-price movements. The Organization has reviewed the investment portfolio and determined that the gross unrealized losses on these investments at May 31, 2011 and 2010 were temporary in nature. The Organization has the ability and intent to hold these investments until recovery of their carrying values.

As of May 31, 2011 and 2010, the fair value of investments and assets limited as to use exceeded cost by \$10,581,011 and \$3,216,726, respectively.

### **Joint Venture Investments**

The Organization owns interests in various joint ventures. Joint venture investments include the following:

#### *Helena Surgi Center*

The Helena Surgi Center (the Surgi Center) is a 50/50 joint venture between the Hospital and local surgeons. It is estimated that approximately 75 percent of all current hospital outpatient surgery is performed at the Surgi Center. The Surgi Center strengthens the hospital/physician partnership relationship by aligning hospital and physician interests with both parties striving to provide quality, cost effective ambulatory surgical services. The Surgi Center is accounted for by the Hospital using the equity method and is stated at \$520,000, as of May 31, 2011 and 2010. Income from the Surgi Center, included in other income, was \$845,833 and \$1,137,604 for the years ended May 31, 2011 and 2010, respectively.

#### *VHA Mountain States (a risk retention group)*

The Hospital has an interest in VHA Mountain States of approximately 6.25 percent. As a group member the Hospital is obligated to purchase its malpractice insurance through VHA Mountain States. The Hospital accounts for its investment and related advances to VHA Mountain States using the cost method. Total investment was \$205,148 as of May 31, 2011 and 2010.

#### *New West Health Services*

The Hospital has an investment ownership of approximately 22 percent in New West Health Services (NWHS), a mutual benefit corporation that provides health insurance. NWHS is accounted for by the Hospital using the equity method and is stated at \$4,380,480 and \$4,881,362 as of May 31, 2011 and 2010, respectively. The Hospital is a class N member of NWHS and has one member on the NWHS board of directors. NWHS has a calendar year end of December 31 and the Hospital follows the practice of stating its investment in NWHS as of this date. Therefore, the operating result of NWHS which is reported in the Hospital's consolidated statement of operations is for NWHS' year ending the previous December 31. Income (loss) from NWHS, included in other income, was (\$306,020) and \$325,634 for the years ended May 31, 2011 and 2010, respectively.

### **Note 4 - Endowments**

The Organization's endowment consists of individual funds established for a variety of purposes. Its endowment may include both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by Generally Accepted Accounting Principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization.

The composition of endowment net assets by fund as of May 31, 2011 and 2010, respectively, is as follows:

May 31, 2011				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 2,982,366	\$ 7,727,561	\$ 10,709,927
Board-designated funds	-	-	-	-
	<u>\$ -</u>	<u>\$ 2,982,366</u>	<u>\$ 7,727,561</u>	<u>\$ 10,709,927</u>
May 31, 2010				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 2,039,072	\$ 7,653,780	\$ 9,692,852
Board-designated funds	-	-	-	-
	<u>\$ -</u>	<u>\$ 2,039,072</u>	<u>\$ 7,653,780</u>	<u>\$ 9,692,852</u>

Changes in endowments net assets for the years ended May 31, 2011 and 2010, respectively, are as follows:

2011	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of year	\$ -	\$ 2,039,072	\$ 7,653,780	\$ 9,692,852
Investment return:				
Investment income	-	330,642	-	330,642
Net appreciation	-	738,514	22,865	761,379
Contributions	-	37,303	90,608	127,911
Appropriation of endowment assets for expenditure	-	(163,165)	-	(163,165)
Change in split value interests	-	-	(39,692)	(39,692)
End of year	<u>\$ -</u>	<u>\$ 2,982,366</u>	<u>\$ 7,727,561</u>	<u>\$ 10,709,927</u>
2010	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of year	\$ -	\$ 1,291,596	\$ 6,222,767	\$ 7,514,363
Investment return:				
Investment income	-	284,465	-	284,465
Net appreciation	-	591,371	13,705	605,076
Contributions	-	27,137	1,378,624	1,405,761
Appropriation of endowment assets for expenditure	-	(155,497)	-	(155,497)
Change in split value interests	-	-	38,684	38,684
End of year	<u>\$ -</u>	<u>\$ 2,039,072</u>	<u>\$ 7,653,780</u>	<u>\$ 9,692,852</u>

From time to time, the fair value of assets associated with individual endowment funds may fall below the level that the donor or UPMIFA requires the Organization to maintain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the fair value of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as

approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to provide both a reasonably predictable income stream and principal appreciation that exceeds inflation. The Organization expects its endowment funds, over time, to provide a level of return higher than the “market” as represented by a benchmark index or mix of indices reflective of the fund’s asset mixture.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

#### **Note 5 - Property and Equipment**

	2011		2010	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	\$ 4,251,023	\$ -	\$ 1,104,574	\$ -
Land improvements	1,866,488	1,290,071	1,846,167	1,206,862
Buildings and improvements	101,808,156	22,212,176	92,486,030	19,060,057
Furniture, fixtures and equipment	67,901,023	48,225,361	65,072,376	43,787,560
Construction in progress	2,239,351	-	241,572	-
	<u>\$ 178,066,041</u>	<u>\$ 71,727,608</u>	<u>\$ 160,750,719</u>	<u>\$ 64,054,479</u>
Net property and equipment		<u>\$ 106,338,433</u>		<u>\$ 96,696,240</u>

Construction in progress consists of various expansion and remodel projects within the Organization’s facilities. There are no contractual commitments related to these projects.

#### **Note 6 - Leases**

The Organization leases certain office space and equipment under non-cancelable long-term lease agreements. These leases have been recorded as operating leases. Total lease expense for the years ended May 31, 2011 and 2010 for all operating leases was approximately \$887,600 and \$962,800, respectively. Minimum lease payments for operating leases in future years are as follows:

<u>Year Ending May 31,</u>	<u>Amount</u>
2012	\$ 430,812
2013	331,644
2014	323,888
2015	304,745
2016	72,705
	<u>\$ 1,463,794</u>

**Note 7 - Accrued Expenses**

Accrued expenses as of May 31, 2011 and 2010 consist of the following:

	2011	2010
Compensation	\$ 3,174,015	\$ 2,199,708
Personal leave	2,449,453	2,195,116
Payroll and other taxes	1,509,815	1,099,602
Interest	1,081,134	1,122,647
Malpractice insurance	711,469	711,469
Other	26,427	26,427
	<u>\$ 8,952,313</u>	<u>\$ 7,354,969</u>

**Note 8 - Long-Term Debt**

	2011	2010
2004 Series Bonds, due June 1 of each year through 2024 with interest from 2.5% to 5.25%, secured by real estate, equipment and patient receivables	\$ 26,985,000	\$ 27,755,000
2007 Series Bonds, due June 1 of each year through 2036 with interest from 4.375% to 5%, secured by real estate, equipment and patient receivables	16,855,000	18,620,000
Peak Health Helena, LLC notes payable (A)	8,930,000	-
Unamortized bond premium	1,102,031	1,162,585
	<u>53,872,031</u>	<u>47,537,585</u>
Less current maturities	<u>(2,710,555)</u>	<u>(2,595,555)</u>
Long-term debt, less current maturities	<u>\$ 51,161,476</u>	<u>\$ 44,942,030</u>

Under the terms of the trust indentures, the Hospital is required to maintain certain deposits with a trustee. Such deposits are included in these financial statements as assets limited as to use. In accordance with the debt agreement provisions, the Hospital is entitled to collect and expend its gross receipts until the event of default where all gross receipts shall be payable directly to U.S. Bank National Association. The trust indenture also places limits on the occurrence of additional borrowings in addition to the reserve requirements as long as the bonds are outstanding. Management believes the Hospital is in compliance with these restrictions as of May 31, 2011.

**Peak Health Helena, LLC Notes Payable**

(A) Peak Health Helena, LLC notes payable consists of six promissory notes. The six promissory notes were issued to finance the construction of a building Peak Health Helena, LLC occupies to operate a health and fitness center in Helena, Montana. The promissory notes are associated with New Market Tax Credits (NMTC) available to two participating lending institutions. Each of the promissory notes require monthly interest only payments through May 2017, with principal and interest payments commencing June 2017 through June 2037, and are secured by real estate.

Terms specific to each note are as follows:

NMTC Loan A1 and NMTC Loan A2 each has an outstanding balance of \$1,906,500 at May 31, 2011 and bear interest at 6.72%. Monthly interest only payments will be \$10,676 through May 2017 for each note. Monthly principal and interest payments commencing June 2017 through June 2037 will be \$14,462 for each note.

NMTC Loan B1 and NMTC Loan B2 each has an outstanding balance of \$1,528,730 at May 31, 2011 and bear interest at .50%. Monthly interest only payments will be \$637 through May 2017 for each note. Monthly principal and interest payments commencing June 2017 through June 2037 will be \$6,695 for each note. Notes receivable of \$3,057,460 are included on the balance sheet as a long-term asset. The terms of the notes receivable to a community development investment fund are the same as the terms of Loan B1 and Loan B2.

NMTC Loan C1 and NMTC Loan C2 each has an outstanding balance of \$1,029,770 at May 31, 2011 and bear interest at 1.70%. Monthly interest only payments will be \$1,459 through May 2017 for each note. Monthly principal and interest payments commencing June 2017 through the June 2037 will be \$5,296 for each note.

Long-term debt maturities, net of amortization of premium on bonds, are as follows:

<u>Year Ending May 31,</u>	<u>Amount</u>
2012	\$ 2,710,555
2013	1,570,555
2014	1,630,555
2015	1,690,555
2016	1,760,555
Thereafter	44,509,256
Total	<u>\$ 53,872,031</u>

#### **Note 9 - Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets at May 31, 2011 and 2010 are restricted to:

	<u>2011</u>	<u>2010</u>
Charitable gift annuities	\$ 1,540,541	\$ 1,065,300
Jane Hibbard Endowment Fund	618,320	530,240
Allen Cancer Center Endowment Fund	305,468	225,923
Allen Cardiac Catheterization Special Project Fund	237,163	104,980
Mandy Bell Endowment Fund	137,626	94,249
Hospice Memorials	124,423	95,514
Ludlow Endowment Fund	61,893	35,548
Cancer Center Fund	-	1,392,087
Other	359,387	208,170
	<u>\$ 3,384,821</u>	<u>\$ 3,752,011</u>

In 2011 and 2010, net assets were released from donor restrictions by incurring expenditures satisfying the restricted purpose in the amounts of \$1,983,911 and \$430,829, respectively.



Permanently restricted net assets at May 31, 2011 and 2010 are restricted to:

	<u>2011</u>	<u>2010</u>
St. Peter's Hospital Foundation holdings, net of annuity liabilities	\$ 5,612,014	\$ 5,538,233
Curtin Endowment Fund	1,627,961	1,627,961
Caird Endowment Fund	<u>487,586</u>	<u>487,586</u>
	<u><u>\$ 7,727,561</u></u>	<u><u>\$ 7,653,780</u></u>

#### **Note 10 - Concentrations of Credit Risk**

The Organization grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. The mix of receivables from third-party payors and patients at May 31, 2011 and 2010 was as follows:

	<u>2011</u>	<u>2010</u>
Medicare	35%	30%
Medicaid	6%	6%
Blue Cross/Blue Shield	13%	15%
Other third party payors	21%	20%
Private pay	<u>25%</u>	<u>29%</u>
	<u><u>100%</u></u>	<u><u>100%</u></u>

The Organization's cash balances are maintained in various financial institutions. At May 31, 2011, the balance of these deposits was in excess of federally insured limits and other collateral by approximately \$497,000. Management believes the financial institutions have strong credit ratings and that the credit risk related to these deposits is minimal.

## **Note 11 - Retirement Plans**

### **Defined Contribution Plan**

During the year ended May 31 2011, the Organization established a Tax Deferred Savings Plan covering new employees that are not participating in the defined benefit plan. Employer contributions consist of 3 percent of the employee's compensation plus a 100 percent match of employee contributions up to 3 percent of the employee's compensation. Total pension plan expense for this plan for the year ended May 31, 2011 was approximately \$4,000.

### **Defined Benefit Plan**

The Organization has established the St. Peter's Hospital CashPlus Retirement Plan (Plan) to provide retirement benefits to its qualifying employees. Employees who have completed a year of service and have worked 832 hours or more are eligible for coverage under the plan on the first day of the month following the date they met this requirement. Effective for all periods after March 31, 2011, the Board of Trustees closed participation in the Plan to all employees who are not yet participants in the Plan and to any rehired employees.

Generally accepted accounting principles require plan sponsors of defined benefit pension plans to recognize the overfunded or underfunded status of their pension plans in the statement of financial position, and measure the fair value of plan assets and benefit obligations as of the date of the fiscal year-end statement of financial position, and provide additional disclosures.

	<u>2011</u>	<u>2010</u>
Weighted-average assumptions used to determine benefit obligations		
Discount rate	4.77%	5.31%
Expected long term return on plan assets	8.00%	8.00%
Rate of compensation increase	4.00%	4.00%

Calculation of the items below is based on a measurement date and plan asset information as of May 31, 2011 and 2010 and employee census data at January 1, 2011 and 2010.

	2011	2010
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 32,764,010	\$ 26,446,509
Service cost	2,348,954	1,871,498
Interest cost	1,667,664	1,705,412
Actuarial (gain) loss	2,126,437	(990,718)
Effects of actuarial assumptions change	1,890,380	4,893,054
Benefits paid	(1,794,780)	(1,161,745)
Benefit obligation at end of year	<u>\$ 39,002,665</u>	<u>\$ 32,764,010</u>
Accumulated benefit obligation end of year	<u>\$ 32,607,205</u>	<u>\$ 27,009,207</u>
Change in fair value of plan assets:		
Fair value of plan assets at beginning of year	\$ 17,919,001	\$ 15,044,366
Actual return on plan assets	3,872,363	1,915,343
Employer contribution	4,816,982	2,121,037
Benefits paid	(1,794,780)	(1,161,745)
Fair value of plan assets at end of year	<u>\$ 24,813,566</u>	<u>\$ 17,919,001</u>
Funded status (underfunded)	<u>\$ (14,189,099)</u>	<u>\$ (14,845,009)</u>
Amounts recognized in the consolidated balance sheets:		
Liability for pension benefits-long term liability	<u>\$ (14,189,099)</u>	<u>\$ (14,845,009)</u>
Components of net periodic benefit cost:		
Service cost	\$ 2,348,954	\$ 1,871,498
Interest cost	1,667,664	1,705,412
Expected return on plan assets	(1,610,156)	(1,569,313)
Amortization of prior service cost	48,490	48,490
Amortization of net (gain) loss	1,201,244	521,938
Net periodic benefit cost	<u>\$ 3,656,196</u>	<u>\$ 2,578,025</u>

### Investment Objectives

The expected long term rate of return on plan assets was 8 percent in 2011 and 2010, derived using the plan's asset mix, historical returns by asset category, expectations for future capital market performance, and the fund's past experience. Both the plan's investment policy and the expected long term rate of return assumptions are reviewed periodically. The Organization's strategy is to focus on a one to three year investment horizon, maintaining equity securities at 50-80 percent of total assets while keeping an average duration in debt securities, extending that duration as interest rates rise and maintaining cash funds at appropriate levels relating to the current economic environment.

### Plan Assets

The following table provides fair value measurement information for the Hospital's major categories of Plan assets of May 31, 2011 and 2010:

	Quoted Prices in Active Markets (Level 1)	Other Observable (Level 2)	Unobservable Inputs (Level 3)
2011:			
Mutual funds			
Large Cap Growth	\$ 4,987,486	\$ -	\$ -
Large Cap Value	3,719,697	-	-
International Equity	4,073,604	-	-
Small/Mid Cap Growth	622,955	-	-
Small/Mid Cap Value	623,285	-	-
Small/Mid Cap Equity	2,473,656	-	-
Bond Funds	7,994,102	-	-
Cash equivalents	318,781	-	-
	<u>\$ 24,813,566</u>	<u>\$ -</u>	<u>\$ -</u>
	Quoted Prices in Active Markets (Level 1)	Other Observable (Level 2)	Unobservable Inputs (Level 3)
2010:			
Common stock			
Industrials	\$ 1,602,214	\$ -	\$ -
Consumer	2,094,288	-	-
Energy	907,654	-	-
Financials	1,305,466	-	-
Information Technology	1,764,047	-	-
Utilities	338,390	-	-
Healthcare	1,049,986	-	-
Telecommunications	245,048	-	-
Mutual funds			
International Equity	2,066,943	-	-
Small/Mid Cap Value	806,870	-	-
U.S. Treasury and government obligations	-	1,771,700	-
Corporate bonds	-	1,664,023	-
Alternative investments	-	947,847	-
Cash equivalents	1,354,525	-	-
	<u>\$ 13,535,431</u>	<u>\$ 4,383,570</u>	<u>\$ -</u>

### Cash flows - Contributions

St. Peter's Hospital expects to contribute \$2,835,763 to the CashPlus Retirement Plan in fiscal year 2012.

### Estimated Future Benefit Payments

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

<u>Year Ending May 31,</u>	<u>Benefits</u>
2012	\$ 2,298,675
2013	1,788,898
2014	2,643,269
2015	2,513,780
2016	2,788,731
2017-2021	<u>16,569,847</u>
	<u><u>\$ 28,603,200</u></u>

### Note 12 - Related Party Transactions

#### St. Peter's Hospital Foundation

The Foundation was established to raise funds to support the operation of the Hospital. The Foundation's bylaws provide that all funds raised, except for funds required for operation of the Foundation, be distributed to or be held for the benefit of the Hospital. The Foundation's bylaws also provide the Hospital with the authority to direct its activities, management and policies. The Foundation's general funds, which represent the Foundation's unrestricted resources, are distributed to the Hospital in amounts and in periods determined by the Foundation's Board of Directors, who may also restrict the use of general funds for Hospital plant replacement or expansion funds. Specific-purpose funds and income from endowment funds of the Foundation are distributed to the Hospital as required to comply with the purpose specified by donors. As stated in Note 1, the Foundation's financial statements have been consolidated with the Hospital's financial statements.

#### Peak Health Helena, LLC

Peak Health Helena, LLC purchased real property from its noncontrolling owner totaling \$1,458,222 during 2010.

### Note 13 - Fair Value Of Financial Instruments

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

*Financial Assets:* Due to the liquid nature of the instruments, the carrying value of cash and cash equivalents approximates fair value. For all investments and assets limited as to use, the fair value is based upon quoted market prices. The fair value of accounts and notes receivable and accrued interest and other receivables approximates carrying value since the Organization expects receipt in the near-term.

*Financial Liabilities:* The fair value of accounts payable, accrued expenses and estimated settlements with third party payors approximates carrying value due to expected payment in the near term. The fair value of long-term debt at May 31, 2011 and 2010 is approximately \$1,555,000 and \$1,184,000 less than carrying value, respectively. The estimated liability to beneficiaries approximates carrying value.

## **Note 14 - Contingencies**

### **Malpractice Insurance**

The Organization has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of \$1,000,000 per claim and \$3,000,000 annual aggregate limit. The Organization also carries an umbrella policy subject to a limit of \$5,000,000 per claim and \$15,000,000 annual aggregate limit. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured.

### **Pending Litigation**

The Organization is a defendant in various claims arising in the normal course of business, all of which are covered by insurance. While it is not possible to determine the ultimate liability, if any, with respect to these matters, management believes there will be no material adverse effect on the financial position or results of operations of the Organization.

### **Regulations**

The health care industry is subject to numerous laws and regulations including, but not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government agencies are actively conducting investigations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs, together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Organization is in compliance with the fraud and abuse regulations, as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

### **Self Insurance Plans**

The Hospital maintains a self-insured unemployment insurance program whereby the Hospital reimburses the Employment Security Division of the State of Montana for actual unemployment claims chargeable to the Hospital.

During the year ended May 31, 2011, the Hospital provides for workers' compensation through a self insurance plan administered by a private insurance carrier. The Hospital makes payments to the self insurance plan based on claims made. The Hospital's liability is limited to \$250,000 per claim and aggregate claims of \$1,700,000 per year. An estimated liability for claims incurred but not paid as of May 31, 2011 of approximately \$590,000 is included in accrued expenses.

**Note 15 - Functional Expenses**

Functional expenses for the years ended May 31, 2011 and 2010 are as follows:

	2011	2010
Healthcare services	\$ 113,304,410	\$ 104,835,153
Supporting services	26,684,833	24,130,426
Fundraising	667,657	711,398
	<u>\$ 140,656,900</u>	<u>\$ 129,676,977</u>

**Note 16 - Un-sponsored Community Benefits (Unaudited)**

The Hospital has policies that provide for serving those without the ability to pay. In addition to direct charity, the Hospital provides services that benefit the poor and others in the community. The cost of providing these community benefits can exceed the revenue source available. Records are maintained to identify and monitor the cost of charity and other sponsored services. These costs are offset by contributions and other amounts received as direct assistance. Information for the year ended May 31, 2011 is summarized below:

	Persons Served	Community Benefit at Cost	Direct Offsetting Reimbursement	Un-sponsored Community Benefit
Benefits for the Poor:				
Traditional charity care	15,829	\$ 5,069,301	\$ 427,029	\$ 4,642,272
Unpaid cost of Medicaid	13,493	7,620,761	5,994,222	1,626,539
		<u>12,690,062</u>	<u>6,421,251</u>	<u>6,268,811</u>
Benefits for the Broader Community:				
Subsidized health services		39,542,933	30,722,957	8,819,976
Cash and in-kind donations	116,230	47,479	-	47,479
Community education outreach	52,923	520,199	297,995	222,204
Medical education	210	77,040	-	77,040
Community building activities	588	140,567	-	140,567
Community benefit operations		10,387	-	10,387
		<u>40,338,605</u>	<u>31,020,952</u>	<u>9,317,653</u>
Unpaid Cost of Medicare	52,793	49,864,969	44,312,057	5,552,912
		<u>\$ 102,893,636</u>	<u>\$ 81,754,260</u>	<u>\$ 21,139,376</u>



Consolidating Information  
May 31, 2011 and 2010

# St. Peter's Hospital and Affiliates





## Independent Auditor's Report on Consolidating Information

The Board of Directors  
St. Peter's Hospital and Affiliates  
Helena, Montana

We have audited the consolidated financial statements of St Peter's Hospital and Affiliates as of and for the years ended May 31, 2011 and 2010, and our report thereon dated August 25, 2011, which expressed an unqualified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements, rather than to present financial position, results of operations, and cash flows of the individual entities, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Billings, Montana  
August 25, 2011

[www.eidebailly.com](http://www.eidebailly.com)

St. Peter's Hospital and Affiliates  
Consolidating Schedules of Assets  
May 31, 2011 and 2010

	2011					2010				
	Hospital	Foundation	Peak	Eliminations	Total	Hospital	Foundation	Peak	Eliminations	Total
Current Assets										
Cash and cash equivalents	\$ 18,987,821	\$ 547,786	\$ 521,498	\$ -	\$ 20,057,105	\$ 13,010,037	\$ 782,925	\$ 2,072,810	\$ -	\$ 15,865,772
Receivables										
Patient net	15,783,269	-	-	-	15,783,269	17,034,002	-	-	-	17,034,002
Other	483,333	63,974	500	(143,210)	404,597	790,814	154,453	-	-	945,267
Assets limited as to use	3,776,083	-	-	-	3,776,083	3,718,201	-	-	-	3,718,201
Inventories of supplies and drugs	3,544,429	-	5,249	-	3,549,678	3,039,728	-	-	-	3,039,728
Prepaid expenses and deposits	2,546,358	-	-	-	2,546,358	2,574,744	-	-	-	2,574,744
Total current assets	<u>45,121,293</u>	<u>611,760</u>	<u>527,247</u>	<u>(143,210)</u>	<u>46,117,090</u>	<u>40,167,526</u>	<u>937,378</u>	<u>2,072,810</u>	<u>-</u>	<u>43,177,714</u>
Assets Limited as to Use										
By board for capital improvements	26,818,480	-	-	-	26,818,480	23,534,431	-	-	-	23,534,431
By board for debt repayment	15,218,883	-	-	-	15,218,883	10,358,794	-	-	-	10,358,794
Endowment funds	2,115,547	8,594,380	-	-	10,709,927	2,115,547	7,577,305	-	-	9,692,852
Under indenture agreements held by trustee	8,563,149	-	188,000	-	8,751,149	8,529,343	-	-	-	8,529,343
Less current portion	(3,776,083)	-	-	-	(3,776,083)	(3,718,201)	-	-	-	(3,718,201)
Total noncurrent assets limited as to use	<u>48,939,976</u>	<u>8,594,380</u>	<u>188,000</u>	<u>-</u>	<u>57,722,356</u>	<u>40,819,914</u>	<u>7,577,305</u>	<u>-</u>	<u>-</u>	<u>48,397,219</u>
Property and Equipment	<u>98,702,114</u>	<u>-</u>	<u>7,636,319</u>	<u>-</u>	<u>106,338,433</u>	<u>95,238,018</u>	<u>-</u>	<u>1,458,222</u>	<u>-</u>	<u>96,696,240</u>
Other Assets										
Investments	22,332,985	3,727,428	-	-	26,060,413	20,542,514	4,311,309	-	-	24,853,823
Joint venture investments	6,971,208	-	-	(1,865,580)	5,105,628	7,901,681	-	-	(2,295,171)	5,606,510
Deferred financing costs net of amortization	439,652	-	627,669	-	1,067,321	461,867	-	-	-	461,867
Notes receivable	-	-	3,057,460	-	3,057,460	-	-	-	-	-
Interest in net assets of Foundation	11,355,818	-	-	(11,355,818)	-	11,193,245	-	-	(11,193,245)	-
Total other assets	<u>41,099,663</u>	<u>3,727,428</u>	<u>3,685,129</u>	<u>(13,221,398)</u>	<u>35,290,822</u>	<u>40,099,307</u>	<u>4,311,309</u>	<u>-</u>	<u>(13,488,416)</u>	<u>30,922,200</u>
Total assets	<u>\$ 233,863,046</u>	<u>\$ 12,933,568</u>	<u>\$ 12,036,695</u>	<u>\$ (13,364,608)</u>	<u>\$ 245,468,701</u>	<u>\$ 216,324,765</u>	<u>\$ 12,825,992</u>	<u>\$ 3,531,032</u>	<u>\$ (13,488,416)</u>	<u>\$ 219,193,373</u>

St. Peter's Hospital and Affiliates  
Consolidating Schedules of Liabilities and Net Assets  
May 31, 2011 and 2010

	2011					2010				
	Hospital	Foundation	Peak	Eliminations	Total	Hospital	Foundation	Peak	Eliminations	Total
<b>Current Liabilities</b>										
Current maturities of long-term debt	\$ 2,710,555	\$ -	\$ -	\$ -	\$ 2,710,555	\$ 2,595,555	\$ -	\$ -	\$ -	\$ 2,595,555
Accounts payable										
Trade	5,298,285	-	220,967	(143,210)	5,376,042	3,021,653	-	-	-	3,021,653
Estimated third-party payor settlements	2,132,312	-	-	-	2,132,312	1,459,191	-	-	-	1,459,191
Accrued expenses	8,936,707	-	15,606	-	8,952,313	7,354,969	-	-	-	7,354,969
Estimated liability to beneficiaries	-	235,979	-	-	235,979	-	245,285	-	-	245,285
<b>Total current liabilities</b>	<b>19,077,859</b>	<b>235,979</b>	<b>236,573</b>	<b>(143,210)</b>	<b>19,407,201</b>	<b>14,431,368</b>	<b>245,285</b>	<b>-</b>	<b>-</b>	<b>14,676,653</b>
<b>Long-Term Liabilities</b>										
Long-term debt less current maturities	42,231,476	-	8,930,000	-	51,161,476	44,942,030	-	-	-	44,942,030
Liability for pension benefits	14,189,099	-	-	-	14,189,099	14,845,009	-	-	-	14,845,009
Estimated liability to beneficiaries	-	1,341,771	-	-	1,341,771	-	1,387,462	-	-	1,387,462
<b>Total liabilities</b>	<b>75,498,434</b>	<b>1,577,750</b>	<b>9,166,573</b>	<b>(143,210)</b>	<b>86,099,547</b>	<b>74,218,407</b>	<b>1,632,747</b>	<b>-</b>	<b>-</b>	<b>75,851,154</b>
<b>Net Assets</b>										
St. Peter's Hospital and Affiliates										
Unrestricted	147,252,230	2,358,984	1,865,580	(4,224,564)	147,252,230	130,700,567	1,903,002	3,531,032	(5,434,034)	130,700,567
Temporarily restricted	3,384,821	3,384,821	-	(3,384,821)	3,384,821	3,752,011	3,752,011	-	(3,752,011)	3,752,011
Permanently restricted	7,727,561	5,612,013	-	(5,612,013)	7,727,561	7,653,780	5,538,232	-	(5,538,232)	7,653,780
	158,364,612	11,355,818	1,865,580	(13,221,398)	158,364,612	142,106,358	11,193,245	3,531,032	(14,724,277)	142,106,358
Noncontrolling interest	-	-	1,004,542	-	1,004,542	-	-	-	1,235,861	1,235,861
<b>Total net assets</b>	<b>158,364,612</b>	<b>11,355,818</b>	<b>2,870,122</b>	<b>(13,221,398)</b>	<b>159,369,154</b>	<b>142,106,358</b>	<b>11,193,245</b>	<b>3,531,032</b>	<b>(13,488,416)</b>	<b>143,342,219</b>
<b>Total liabilities and net assets</b>	<b>\$ 233,863,046</b>	<b>\$ 12,933,568</b>	<b>\$ 12,036,695</b>	<b>\$ (13,364,608)</b>	<b>\$ 245,468,701</b>	<b>\$ 216,324,765</b>	<b>\$ 12,825,992</b>	<b>\$ 3,531,032</b>	<b>\$ (13,488,416)</b>	<b>\$ 219,193,373</b>

St. Peter's Hospital and Affiliates  
Consolidating Schedules of Operations  
Years Ended May 31, 2011 and 2010

	2011					2010				
	Hospital	Foundation	Peak	Eliminations	Total	Hospital	Foundation	Peak	Eliminations	Total
Unrestricted Revenues, Gains, and Other Support										
Net patient service revenue	\$ 142,015,779	\$ -	\$ -	\$ -	\$ 142,015,779	\$ 131,160,667	\$ -	\$ -	\$ -	\$ 131,160,667
Other revenue	4,282,297	70,468	308,932	(1,975,000)	2,686,697	3,377,204	59,929	23,061	(771,238)	2,688,956
Net assets released from restrictions used for operations	-	556,131	-	-	556,131	-	430,829	-	-	430,829
Total unrestricted revenues, gains, and other support	146,298,076	626,599	308,932	(1,975,000)	145,258,607	134,537,871	490,758	23,061	(771,238)	134,280,452
Expenses										
Salaries	52,291,965	-	192,273	-	52,484,238	47,926,657	-	-	-	47,926,657
Employee benefits	13,576,800	-	24,062	-	13,600,862	11,721,989	-	-	-	11,721,989
Drugs	19,295,759	-	-	-	19,295,759	18,979,189	-	-	-	18,979,189
Supplies	15,675,818	-	26,505	-	15,702,323	13,260,067	-	-	-	13,260,067
Depreciation and amortization	8,758,024	-	52,201	-	8,810,225	9,084,994	-	-	-	9,084,994
Purchased services	7,857,035	-	-	-	7,857,035	7,299,953	-	-	-	7,299,953
Provision for bad debts	7,732,051	-	-	-	7,732,051	7,393,637	-	-	-	7,393,637
Non-medical fees	4,893,456	-	-	-	4,893,456	4,766,430	-	-	-	4,766,430
Insurance	2,204,368	-	9,380	-	2,213,748	2,076,845	-	-	-	2,076,845
Interest and amortization	2,137,292	-	49,134	-	2,186,426	2,251,530	-	-	-	2,251,530
Rent	887,637	-	-	-	887,637	962,754	-	-	-	962,754
Physician fees	2,069,289	-	-	-	2,069,289	1,542,557	-	-	-	1,542,557
Travel and education	417,450	-	-	-	417,450	386,485	-	-	-	386,485
Miscellaneous	1,869,679	2,315,737	295,985	(1,975,000)	2,506,401	1,708,041	1,081,989	5,098	(771,238)	2,023,890
Total expenses	139,666,623	2,315,737	649,540	(1,975,000)	140,656,900	129,361,128	1,081,989	5,098	(771,238)	129,676,977
Operating Income (Loss)	6,631,453	(1,689,138)	(340,608)	-	4,601,707	5,176,743	(591,231)	17,963	-	4,603,475
Other Income (Expense)										
Net investment income (loss)	3,523,777	305,975	16,247	-	3,845,999	3,526,336	169,939	-	-	3,696,275
Equity in income (loss) of Foundation	455,982	-	-	(455,982)	-	(235,405)	-	-	235,405	-
Equity in income (loss) of Peak	(210,834)	-	-	210,834	-	11,676	-	-	(11,676)	-
Income from joint venture investments	539,813	-	-	-	539,813	1,463,238	-	-	-	1,463,238
Loss on sale of property and equipment	(105,193)	-	-	-	(105,193)	(213,519)	-	-	-	(213,519)
Total other income, net	4,203,545	305,975	16,247	(245,148)	4,280,619	4,552,326	169,939	-	223,729	4,945,994
Revenues in Excess of (Less Than) Expenses	10,834,998	(1,383,163)	(324,361)	(245,148)	8,882,326	9,729,069	(421,292)	17,963	223,729	9,549,469
Less Change in Net Assets Attributable to Noncontrolling Interest	-	-	-	113,527	113,527	-	-	-	(6,287)	(6,287)
Net assets released from restrictions for capital expenditures	-	1,427,780	-	-	1,427,780	-	-	-	-	-
Contributed (Return of) Capital	-	-	(336,549)	336,549	-	-	-	3,513,069	(3,513,069)	-
Unrealized Gains on Marketable Securities	6,191,541	411,365	-	-	6,602,906	3,277,976	185,887	-	-	3,463,863
Minimum Pension Liability Adjustment	(474,876)	-	-	-	(474,876)	(2,983,278)	-	-	-	(2,983,278)
Change in Unrestricted Net Assets Attributable to St. Peter's Hospital and Affiliates	\$ 16,551,663	\$ 455,982	\$ (660,910)	\$ 204,928	\$ 16,551,663	\$ 10,023,767	\$ (235,405)	\$ 3,531,032	\$ (3,295,627)	\$ 10,023,767