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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2010

Open to Public Inspection

A For the 2010 calendar year, or tax year beginning 07-01-2010 and ending 06-30-2011

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

C Name of organization
Sartori Memorial Hospital Inc

Doing Business As

Number and street (or P O box if mail is not delivered to street address)
515 College Street

Room/suite

City or town, state or country, and ZIP + 4
Cedar Falls, IA 50613

D Employer identification number
42-0758901

E Telephone number
(319) 272-8000

G Gross receipts $ 36,160,427

F Name and address of principal officer
Jack Dusenbery
3421 West Ninth Street
Waterloo, IA 507025499

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

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

H(c) Group exemption number ▶ 0928

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

J Website: ▶ www wheatoniowa org

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

L Year of formation 1954 **M** State of legal domicile IA

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities
General inpatient and outpatient acute health care services

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

3	Number of voting members of the governing body (Part VI, line 1a)	3	8
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	6
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	5	312
6	Total number of volunteers (estimate if necessary)	6	189
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b	Net unrelated business taxable income from Form 990-T, line 34	7b	0

			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)	525,243	422,029
	9	Program service revenue (Part VIII, line 2g)	34,522,517	34,477,974
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	15,855	18,269
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	502,839	547,013
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	35,566,454	35,465,285
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	35,301,168	88,050
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	12,344,674	12,844,864
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	15,498,450	16,115,866
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	63,144,292	29,048,780
	19	Revenue less expenses Subtract line 18 from line 12	-27,577,838	6,416,505

			Beginning of Current Year	End of Year
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	13,750,437	16,032,649
	21	Total liabilities (Part X, line 26)	2,576,110	2,615,413
	22	Net assets or fund balances Subtract line 21 from line 20	11,174,327	13,417,236

Part II Signature Block

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

****** | 2012-05-15
Signature of officer | Date

MICHELE M PANICUCCI Senior VP and CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed ▶ ☐	PTIN
Firm's name ▶				Firm's EIN ▶
Firm's address ▶				Phone no ▶

May the IRS discuss this return with the preparer shown above? (see instructions) ☐ Yes ☐ 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

AS A MEMBER OF WHEATON FRANCISCAN HEALTHCARE, OUR AFFILIATES STRIVE TO LIVE OUT THE HEALING MINISTRY OF THE JUDEO-CHRISTIAN TRADITION WHILE PROVIDING EXCEPTIONAL AND COMPASSIONATE HEALTHCARE SERVICES THAT PROMOTE THE DIGNITY AND WELL BEING OF THE PATIENTS AND COMMUNITIES WE SERVE OUR VISION IS TO BE RECOGNIZED FOR SUPERIOR HEALTHCARE SERVICE, CLINICAL EXCELLENCE, AS THE HEALTHCARE EMPLOYER OF CHOICE, AND THE PREFERRED PARTNER OF PHYSICIANS

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 $ 24,026,054 including grants of $ 88,050) (Revenue $ 34,634,031)

WHEATON FRANCISCAN SERVICES, INC (WFSI) is a Catholic, not-for-profit health care and housing organization serving at sites in Wisconsin, Iowa, Illinois, and Colorado The System includes 18 hospital sites, three transitional and extended-care facilities, two home health agencies, nearly 3,500 physicians, more than 70 clinic sites with 770 employed physicians, and approximately 2,800 units of assisted living and other housing, and the corporate services offices in Wheaton, Illinois, and Glendale, Wisconsin Started more than 125 years ago and formally incorporated in 1983, WFSI is committed to living out the Mission and Values of its Sponsors, the Wheaton Franciscan Sisters, by providing excellent and compassionate health care and housing services to all, regardless of their ability to pay WFSI was incorporated in 1983 to preserve and strengthen Judeo-Christian values, provide a framework for lay expertise and involvement, respond to an increasingly complex environment, ensure continuity of Franciscan sponsorship, and assure viability and excellence throughout the organization As a not-for-profit organization, WFSI reinvests all net income into the communities it serves Its multiple entities are dedicated to delivering quality health care to patients and residents through highly-trained staff, advanced technology, and superior and compassionate service, caring for each person's body, mind, and spirit with respect and dignity, working to improve the health of the communities, and ensuring health care access for everyone WFSI is organized into market-based regional holding companies organized in the Southeast, Wisconsin region, the Fox Valley, Wisconsin region, as well as other regional holding companies conducting services in Illinois, Iowa, and Colorado The System's housing and spiritual development services are organized under the holding company name of Franciscan Ministries, Inc Since 2006, the "doing business as" name for WFSI's health care ministry has been Wheaton Franciscan Healthcare (WFH) In 2011 Wheaton Franciscan Healthcare in Southeast Wisconsin was recognized as one of the nation's top 25 most efficient, best-performing health care networks by SDI, the nation's premier integrated health network evaluation system Wheaton Franciscan Healthcare ranked as the top integrated system in Southeast Wisconsin, is among the top 10 in the Midwest, and ranked 23 nationally Other national recognitions include being named one of the best performing 50 systems in Thompson Reuters' 100 Top Hospitals Health Systems Quality/Efficiency Study in 2009 Wheaton Franciscan Healthcare also received a 2009 VIP Award from McKesson Technology Solutions for its success in using information technology to enhance patient safety across nine hospital sites and more than 100 physician offices The VIP Awards are presented annually to organizations that demonstrate vision, innovation and performance in the use of healthcare IT Wheaton Franciscan Healthcare was one of five health care organizations selected by a panel of experts in the field of health care IT use to receive the award Please see our full 2011 Annual Report online at http //www wfhealthcare org/Wheaton/Documents/2011AnnualReport pdf CORPORATE STRUCTURE Parent Company Wheaton Franciscan Services, Inc DBA Wheaton Franciscan Healthcare Health care ministry Wheaton Franciscan Healthcare Housing ministry Franciscan Ministries, Inc Health Care Mission Wheaton Franciscan Healthcare is committed to living out the healing ministry of Jesus by providing exceptional and compassionate health care service that promotes the dignity and well being of the people we serve Health Care Vision Our health ministries will be recognized in each community we serve for superior and compassionate patient service, clinical excellence, as the health care employer of choice, and the preferred partner of physicians Housing Mission Franciscan Ministries is committed to providing quality and affordable housing in a compassionate environment that promotes wholeness of life within ourselves and the communities we serve Housing Vision Our housing ministries will be recognized for excellence in property management and a well-integrated network of support services that provide hope, growth, and opportunity Values Our common Values, which flow from our Mission and Catholic tradition, must have meaning for every one of us Through them we put the healing ministry of Jesus into practice throughout the Wheaton Franciscan System Respect We value each person as sacred, created in the image and likeness of God, which gives worth and meaning to each person's life Integrity We value honesty and words and actions that build trust Development We value personal and professional growth that combines the physical, emotional, spiritual and relational aspects of life and work Excellence We value superior performance in our work and service Stewardship We value our responsibility to use human, financial, and natural resources entrusted to us for the common good, with special concern for those who are poor WHEATON FRANCISCAN HEALTHCARE Wheaton Franciscan Services, Inc 's health care division, doing business as Wheaton Franciscan Healthcare (WFH), consists of facilities in Illinois, Iowa, and Wisconsin SYSTEM STATISTICS Hospital Sites 18 Staffed Hospital beds 2,114 Long-term Care Facilities 3 Home Health Agencies 2 Units of Housing 2,681 Associates 21,005 Affiliated Physicians 2,710 Employed Physicians 770 Emergency Room Visits 374,436 Newborns 10,519 Hospital Admissions 84,924 Hospital Patient Days 403,808 Skilled Nursing Unit Patient Days 24,120 Long-term Care Facility Patient Days 82,110 Hospital Outpatient Visits 1,972,764 Hospice Days 19,860 Home Health Visits 115,253 Medical Group Physician Visits 2,000,423 WFH ORGANIZATIONS Iowa Covenant Medical Center, Inc Mercy Hospital of Franciscan Sisters, Inc Sartori Memorial Hospital, Inc Covenant Clinic Covenant Foundation, Inc Sartori Health Care Foundation, Inc Covenant Regional Services, Inc Illinois Marianjoy Rehabilitation Hospital and Clinics Marianjoy Medical Group Marianjoy Foundation RUSH OAK PARK HOSPITAL, Inc OSF Services Canticle Ministries Clara Pfaender Fund Wisconsin Wheaton Franciscan - St Joseph and The Wisconsin Heart Hospital Campuses All Saints Elmbrook Memorial St Francis Franklin Franciscan Woods The Terrace at St Francis Wheaton Franciscan Home Health Wheaton Franciscan Hospice Wheaton Franciscan Laboratories Wheaton Franciscan Medical Group All Saints Foundation Volunteers in Partnership with Wheaton Franciscan Healthcare-All Saints St Joseph Foundation Elmbrook Memorial Foundation Circle of Life Foundation The Foundation for St Francis and Franklin AFFILIATIONS INCLUDE Midwest Orthopedic Specialty Hospital - Franklin, WI Affinity Health System - Menasha, Wisconsin St Elizabeth Hospital Mercy Medical Center of Oshkosh Calumet Medical Center Network Health Plan of Wisconsin Affinity Medical Group St Elizabeth Hospital Foundation Mercy Health Foundation United Hospital System - Kenosha, Wisconsin St Catherine's Medical Center and Kenosha Medical Center Campuses WHEATON FRANCISCAN HEALTHCARE COMMUNITY IMPACT FOR SYSTEM / 2011 Charity Care $29,311,248 Charity Care is defined as free or discounted health services provided to those who cannot afford to pay and who meet all criteria for financial assistance Charity care is based on actual costs, not charges, and does not include bad debt Unreimbursed cost of public programs $89,193,180 Unreimbursed cost of public programs is defined as the shortfall experienced when payments received are below the cost of treating public beneficiaries through Medicaid and other local public programs Community Health Improvement Services $2,921,540 Community Health Improvement Services are defined as clinical and non-clinical services designed to improve community health, which are provided to the community for free or for fees that did not cover costs Financial contributions $3,461,030 Financial contributions are defined as contributions, including cash, non-cash items such as food, furniture, equipment, supplies, and loaned staff for volunteer and charitable purposes, made to individuals, community groups, or nonprofit organizations for charitable purposes Health professions education $8,788,076 Health professions education is defined as direct costs incurred for accredited training and education programs for physicians, nurses, allied health professionals and technicians (does not include ongoing education for staff) Community building activities $820,333 Community building activities are defined as programs that, while not directly related to health care, provide opportunities to address the root causes of health problems, such as poverty, homelessness, and environmental issues Costs for these activities include cash and in-kind donations Communit

4b (Code) (Expenses $ including grants of $) (Revenue $)

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** ▶$ 24,026,054

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see 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? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		
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? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
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, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e		No
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18	Yes	
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** 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)*

			Yes	No
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		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
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		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	25b		No
26	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		No
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* ☑ **Yes** ☐ **No**			
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response 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 . .	1a	0			
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c		
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	2a	312			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			2b	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			3a		No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			3b		
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	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			7a	Yes	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			7b	Yes	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			7f		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			8		
9	**Sponsoring organizations maintaining donor advised funds.**					
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	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O			13a		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b				
c	Enter the amount of reserves on hand	13c				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			14a		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O*			14b		

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

Check if Schedule O contains a response 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	1a 8			
b	Enter the number of voting members included in line 1a, above, who are independent	1b 6			
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	Yes	
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	Yes	
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	Yes	
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	Yes	
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		No
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		

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

☐ Own website ☐ Another's website ☑ 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 ▶

TIMOTHY HUBER
3421 WEST NINTH STREET
WATERLOO,IA 507025499
(319) 272-7607

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): Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(1) Nick Evens Director	1 0	X								
(2) Noreen Hermansen Director	1 0	X								
(3) Tom Strub DDS Director	1 0	X								
(4) Tayna Warren Director	1 0	X								
(5) Ann Jones-Lyons ViceChair - Director	1 0	X		X						
(6) John Jorgensen DVM Chair - Director	1 0	X		X						
(7) Jack Dusenbery President - Director	40 0	X		X					568,344	67,280
(8) Diane Heindl MD Secretary/Treasurer - Director	40 0	X		X					172,581	29,114
(9) Michele Panicucci Asst Treas	40 0			X					383,842	62,871
(10) Rose Fowler Admin VP Operations Site Ad	40 0			X				117,214	64,592	41,958
(11) Paul Franke MD VP Medical Affairs	40 0				X				380,259	29,685
(12) Christopher Hyers VP Business Development	40 0				X				236,411	43,958
(13) Nancy Weber SVP - CHIEF NURSING OFFICER	40 0				X				275,762	168,392
(14) Carl Vanderkooi MD PHYSICIAN EMPLOYEE	40 0						X		209,266	27,515
(15) Diane Jorgensen Admin Assistant	40 0						X	33,764		3,386
(16) Sherri Greenwood Site Administrator	40 0						X	21,123		3,696

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): Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations

1b	**Sub-Total** . . . . ▶			
c	**Total from continuation sheets to Part VII, Section A** . . . . ▶			
d	**Total (add lines 1b and 1c)** . . . . ▶	172,101	2,291,057	477,855

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 ▶1

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Emergency Practice Associates Inc PO Box 1260 WATERLOO, IA 507041260	Physician Services	1,205,389
Xygent Inc 9961 Valley View Road EDEN PRAIRIE, MN 55344	Surgical Services	355,420
Cardinal Construction 501 Sycamore WATERLOO, IA 50703	Construction	235,014
GE Medical Systems PO Box 96483 CHICAGO, IL 60693	Medical Testing	205,567
American Red Cross PO Box 73013 CHICAGO, IL 606737013	Medical Testing	134,948

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 ▶5

Part VIII Statement of Revenue

Section	Line	Description	Ref	Amount / Business Code	(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) 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	93,329				
	d	Related organizations	1d	296,013				
	e	Government grants (contributions)	1e					
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	32,687				
	g	Noncash contributions included in lines 1a-1f $						
	h	**Total.** Add lines 1a-1f ▶			422,029			
Program Service Revenue				Business Code				
	2a	NET PROGRAM SERVICE REVENUE		900099	16,673,462	16,673,462		
	b	MEDICARE/MEDICAID PAYMENTS		900099	17,804,512	17,804,512		
	c							
	d							
	e							
	f	All other program service revenue						
	g	**Total.** Add lines 2a–2f ▶			34,477,974			
Other Revenue	3	Investment income (including dividends, interest and other similar amounts) ▶			18,402			18,402
	4	Income from investment of tax-exempt bond proceeds ▶			0			
	5	Royalties ▶			0			

Line	Description	(i) Real	(ii) Personal
6a	Gross Rents	455,157	
b	Less rental expenses	267,467	
c	Rental income or (loss)	187,690	

Line	Description	(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
6d	Net rental income or (loss) ▶	187,690	17,696		169,994

Line	Description	(i) Securities	(ii) Other
7a	Gross amount from sales of assets other than inventory		374,675
b	Less cost or other basis and sales expenses		374,808
c	Gain or (loss)		-133

Line	Description	Ref	Amount / Business Code	(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
7d	Net gain or (loss) ▶			-133			-133
8a	Gross income from fundraising events (not including $ 93,329 of contributions reported on line 1c) See Part IV, line 18	a	55,832				
b	Less direct expenses	b	52,867				
c	Net income or (loss) from fundraising events ▶			2,965			2,965
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 ▶			0			
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 ▶			0			
	Miscellaneous Revenue		Business Code				
11a	MOBILE MRI		900099	138,361	138,361		
b	GIFT SHOP		453220	44,626			44,626
c	CAFETERIA		900099	74,045			74,045
d	All other revenue			99,326			99,326
e	**Total.** Add lines 11a–11d ▶			356,358			
12	**Total revenue.** See Instructions ▶			35,465,285	34,634,031		409,225

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	88,050	88,050		
2	Grants and other assistance to individuals in the U S See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	132,393		132,393	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	61,969		61,969	
7	Other salaries and wages	9,991,633	9,788,200	203,433	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	709,951	695,496	14,455	
9	Other employee benefits	1,235,832	1,210,670	25,162	
10	Payroll taxes	713,086	713,086		
a	Fees for services (non-employees) Management	0			
b	Legal	0			
c	Accounting	0			
d	Lobbying	0			
e	Professional fundraising services *See Part IV, line 17*	0			
f	Investment management fees	0			
g	Other	2,600,967	2,495,645	105,322	
12	Advertising and promotion	0			
13	Office expenses	5,693,404	5,669,720	23,684	
14	Information technology	0			
15	Royalties	0			
16	Occupancy	627,832	627,832		
17	Travel	16,187	14,022	2,165	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	7,847	7,322	525	
20	Interest	22,980		22,980	
21	Payments to affiliates	292,950	292,950		
22	Depreciation, depletion, and amortization	1,417,906	1,415,976	1,930	
23	Insurance	0			
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	DUES AND SUBSCRIPTIONS	49,777	16,559	33,218	
b	AUXILIARY	53,355	53,355		
c	BAD DEBT EXPENSE	927,589	927,589		
d	CORPORATE SERVICES ALLOCATION	4,392,741		4,392,741	
e	MISCELLANEOUS	10,028	7,279	2,749	
f	All other expenses	2,303	2,303		
25	**Total functional expenses.** Add lines 1 through 24f	29,048,780	24,026,054	5,022,726	0
26	**Joint costs.** Check here ► ☐ 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

Section	Line	Description			(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing				1	
	2	Savings and temporary cash investments				2	
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			4,139,344	4	4,494,476
	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			268,959	8	278,533
	9	Prepaid expenses and deferred charges				9	
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a	24,534,946			
	b	Less accumulated depreciation	10b	13,276,919	9,280,082	10c	11,258,027
	11	Investments—publicly traded securities				11	
	12	Investments—other securities See Part IV, line 11				12	
	13	Investments—program-related See Part IV, line 11				13	
	14	Intangible assets				14	
	15	Other assets See Part IV, line 11			62,052	15	1,613
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)			13,750,437	16	16,032,649
Liabilities	17	Accounts payable and accrued expenses			2,575,457	17	2,615,413
	18	Grants payable				18	
	19	Deferred revenue				19	
	20	Tax-exempt bond liabilities				20	
	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			653	25	0
	26	**Total liabilities.** Add lines 17 through 25			2,576,110	26	2,615,413
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**					
	27	Unrestricted net assets			11,174,327	27	13,417,236
	28	Temporarily restricted net assets				28	
	29	Permanently restricted net assets				29	
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds				30	
	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other funds				32	
	33	Total net assets or fund balances			11,174,327	33	13,417,236
	34	Total liabilities and net assets/fund balances			13,750,437	34	16,032,649

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	35,465,285
2	Total expenses (must equal Part IX, column (A), line 25)	2	29,048,780
3	Revenue less expenses Subtract line 2 from line 1	3	6,416,505
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	11,174,327
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-4,173,596
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	13,417,236

Part XII Financial Statements and Reporting

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

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☑ Accrual ☐ Other ______ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		No
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
c	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	2c	Yes	
d	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 ☐ Separate basis ☑ Consolidated basis ☐ Both consolidated and separated basis			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b		

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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
Sartori Memorial Hospital Inc

Employer identification number
42-0758901

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?

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

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

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section **(see instructions)**)	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of 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 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 section501(c)(3) organization, check this box and **stop here** ▶☐

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 **stop here.** 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 **stop here.** The organization qualifies as a publicly supported organization ▶☐

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

Part IV **Supplemental Information.** 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).

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ Complete if the organization is described below.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

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	Employer identification number
Sartori Memorial Hospital Inc	42-0758901

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

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV

2 Political expenditures ▶ $

3 Volunteer hours

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

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt 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 **Form 1120-POL** for this year? ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

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

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

A Check ☐ if the filing organization belongs to an affiliated group
B Check ☐ if the filing organization checked box A and "limited control" provisions apply

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

If the amount on line 1e, column (a) or (b) is:	**The lobbying nontaxable amount is:**
Not over $500,000	20% of the amount on line 1e
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

	(a) Filing Organization's Totals	**(b)** Affiliated Group Totals
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ **Yes** ☐ **No**

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	**(a)** 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) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?	Yes		5,146
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		0
j	Total lines 1c through 1i			5,146
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
Schedule C Disclosures	Part II-B Line 1i	Wheaton Franciscan Healthcare and Franciscan Ministries are part of a controlled group of healthcare and housing organizations that are related through a common parent organization Certain entities within this controlled group engage in limited lobbying activities that benefit each organization collectively Wheaton Franciscan Healthcare employs one full time Vice President of Strategic Planning and Government Relations whose duties include a portion of lobbying activities These lobbying activities approximate 20% of total annual salary A benefits factor of 25% is added, and the total is allocated amongst the organizations receiving the benefit of these services The lobbying activities include such things as preservation of Medicare and Medicaid funding, monitoring federal legislation that may impact the organization, participating in and coordinating visits with elected officials, coordinating advocacy activities in conjunction with relevant trade associations, and providing awareness on specific state related legislative issues when the need arises (e g state hospital assessment legislation in Wisconsin) The portion of direct expenses related to annual employee business travel to Washington DC or other locations, in order to lobby for issues important to healthcare providers and patients, have been included if applicable Finally, any trade association dues containing a percentage portion allocable to lobbying activities, has been added or estimated, as appropriate Lobbying expenses incurred by each organization directly, are reflected on their respective IRS Form 990, and can be summarized as follows Wheaton Franciscan Services, Inc #36-3262111 $72,014 Wheaton Franciscan Healthcare - Southeast Wisconsin, Inc #39-1566865 $32,020 Wheaton Franciscan, Inc (formerly Wheaton Franciscan Healthcare - St Joseph, Inc and The Wisconsin Heart Hospital, Inc) #39-0816857 $10,381 Wheaton Franciscan Healthcare - St Francis, Inc #39-0907740 $7,924 Wheaton Franciscan Healthcare - Elmbrook Memorial, Inc #39-0853528 $4,012 Wheaton Franciscan Healthcare - All Saints, Inc #39-1264986 $8,234 Wheaton Franciscan Healthcare - Franklin, Inc #56-2592868 $1,516 Wheaton Franciscan Home Health and Hospice, Inc #39-1559428 $ 962 Marianjoy, Inc #36-3483589 $3,746 Marianjoy Rehabilitation Hospitals and Clinics, Inc #36-2680776 $11,814 Wheaton Franciscan Healthcare - Iowa, Inc #42-1177001 $3,746 Covenant Medical Center, Inc #42-1264647 $27,090 Sartori Hospital, Inc #42-0758901 $5,146 Mercy Hospital, Inc #42-1178403 $2,400 TOTAL LOBBYING EXPENSES $191,005

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
Sartori Memorial Hospital Inc

Employer identification number
42-0758901

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

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

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

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds 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 ☐ Yes ☐ No

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)
- ☐ Preservation of land for public use (e g , recreation or 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	2a	
b	Total acreage restricted by conservation easements	2b	
c	Number of conservation easements on a certified historic structure included in (a)	2c	
d	Number of conservation easements included in (c) acquired after 8/17/06	2d	

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 ▶ $ ____________

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

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

b If "Yes," explain the arrangement in Part 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					
b Contributions					
c Investment earnings or losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the year end balance held as

a Board designated or quasi-endowment ▶

b Permanent endowment ▶

c Term endowment ▶

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

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				
b Buildings		7,686,865	2,311,515	5,375,350
c Leasehold improvements		22,567		22,567
d Equipment		14,199,823	9,565,115	4,634,708
e Other		2,625,691	1,400,289	1,225,402
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				11,258,027

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		
Other		
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶		

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	
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	

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 (ASC740)

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

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SCHEDULE G
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than $15,000 on Form 990-EZ, line 6a.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Sartori Memorial Hospital Inc

Employer identification number
42-0758901

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.

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

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

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

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least $5,000 by the organization Form 990-EZ filers are not required to complete this table

(i) Name and address of individual or entity (fundraiser)	**(ii)** Activity	**(iii)** Did fundraiser have custody or control of contributions?		**(iv)** Gross receipts from activity	**(v)** Amount paid to (or retained by) fundraiser listed in col **(i)**	**(vi)** Amount paid to (or retained by) organization
		Yes	**No**			
Total . . . . ▶						

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

Part II **Fundraising Events.** Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than $15,000 on Form 990-EZ, line 6a. List events with gross receipts greater than $5,000.

			(a) Event #1 Fstvl of Trees (event type)	(b) Event #2 May Breakfast (event type)	(c) Other Events 0 (total number)	(d) Total Events (Add col (a) through col (c))
Revenue	1	Gross receipts	134,164	14,997		149,161
	2	Less Charitable contributions	87,107	6,222		93,329
	3	Gross income (line 1 minus line 2)	47,057	8,775		55,832
Direct Expenses	4	Cash prizes				
	5	Non-cash prizes				
	6	Rent/facility costs	7,263	418		7,681
	7	Food and beverages				
	8	Entertainment				
	9	Other direct expenses	44,043	1,143		45,186
	10	Direct expense summary Add lines 4 through 9 in column (d) ▶				52,867
	11	Net income summary Combine lines 3 and 10 in column (d). ▶				2,965

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

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

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

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

b If "No," Explain ____________

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

b If "Yes," Explain ____________

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

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

13 Indicate the percentage of gaming activity operated in

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

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

Name ▶

Address ▶

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

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

c If "Yes," enter name and address

Name ▶

Address ▶

16 Gaming manager information

Name ▶

Gaming manager compensation ▶ $

Description of services provided ▶

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

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

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

Part IV Complete this part to provide additional information for responses to question on Schedule G (see instructions.)

Identifier	ReturnReference	Explanation

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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
Sartori Memorial Hospital Inc

Employer identification number
42-0758901

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a finnancial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	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 ☐ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ 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			
a	Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☐ 150% ☑ 200% ☐ Other _____ %	3a	Yes	
b	Does the organization use FPG to determine eligibility for providing *discounted* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☑ 400% ☐ Other _____ %	3b	Yes	
c	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			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4		No
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Does the organization prepare a community benefit report during the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	

Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			300,372		300,372	1 070 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			1,269,327	1,073,219	196,108	0 700 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			1,569,699	1,073,219	496,480	1 770 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			2,478		2,478	0 010 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)			26,727		26,727	0 090 %
j **Total** Other Benefits			29,205		29,205	0 100 %
k **Total.** Add lines 7d and 7j			1,598,904	1,073,219	525,685	1 870 %

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 Heathcare Financial Management Association Statement No 15?			1	Yes	
2	Enter the amount of the organization's bad debt expense (at cost)	2	927,589			
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	8,668,678
6	Enter Medicare allowable costs of care relating to payments on line 5	6	9,522,560
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-853,882

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

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

			Yes	No
9a	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					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities
(list in order of size, measured by total revenue per facility, from largest to smallest)

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

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	Sartori Memorial Hospital Inc 515 College Street Cedar Falls, IA 50613	X	X					X		

Part V **Facility Information** *(continued)*

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?

	Name and address	Type of Facility (Describe)
1		
1		
2		
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
Schedule H Supplemental Information	Various - see the following references	Schedule H Part 1 Line 4 Sartori Memorial Hospital policy is to provide free or discounted care to underinsured and uninsured patients whose annual income falls below 300 to 400% o f the federal poverty guidelines In addition, for these same patients, Sartori Memorial H ospital provides further discounts in order that the patient's maximum out of pocket liabi lity for medically necessary services does not exceed 15% of their gross household income Sartori Memorial Hospital refers to this policy as the Financial Assistance/Community Car e Policy In practice, for patients who have applied for but did not qualify under the Com munity Care Policy, Sartori Memorial Hospital has provided financial relief in order that the patient's maximum out of pocket liability for medically necessary services did not exc eed 15% of their gross household income Schedule H Part 1 Line 6a The Annual Report that outlines the Hospital's community benefit information is contained in a report prepared by the system, Wheaton Franciscan Services, Inc which is the ultimate parent organization o f an integrated health care system operated in Wisconsin, Illinois, and Iowa For more inf ormation, please see our annual report at www mywheaton org It is available under "About Us" by clicking on "Community Impact," and scrolling down to "For more information " Sched ule H Part 1 Line 7 Community Benefit amounts are reported using total actual costs per th e hospital's managerial accounting system in use, which includes all patient segments incl uding inpatient, outpatient, emergency room, private insurance, Medicaid, Medicare, Medica re HMO, uninsured, and self pay patients Medicare is reported per the most recently filed cost report Amounts are compiled using a software application recommended by the Catholi c Health Association because it has the ability to provide the information in a format sui table for Schedule H presentation After the data is entered by the Site Finance Directors , it's accuracy is verified by employees who are trained in community benefit reporting T he Manager of Strategic Planning and Community Benefit and the Vice President of Governmen t Relations then review the community benefit amounts with the Chief Financial Officer and the President/CEO of the organization Once amounts are verified and approved, community benefit amounts become finalized Wheaton Franciscan Healthcare complies with Illinois sta te law which requires reporting to the Attorney General's Office Additionally, Wheaton Fr anciscan Healthcare voluntarily reports community benefit information in Wisconsin and Iow a by making the information readily available on certain websites Finally, the informatio n is compiled with the assistance of the software, for presentation in IRS Forms 990 Sched ule H and Statement of Program Service Accomplishments Part III Schedule H Part 1 Line 7 Column f Wheaton Franciscan Healthcare organizations follow guidelines established by the Catholic Health Association, which recommends that bad debt expense not be included in com munity benefit amounts As a result of this applied methodology, a total amount of $927,58 9 has not been included in the calculation of the percentages reported on Schedule H Line 7 Column f Schedule H Part 1 Line 7g In Southeast Wisconsin, physician clinics are operat ed by a separate legal entity, Iowa region clinic operations are included as a department of the hospital, Covenant Medical Center, Inc Clinic operations for the Iowa clinics are included only in the community benefit reporting of charity care, government sponsored hea lth care, and Medicare shortfall Therefore, for all entities, including Covenant Medical Center, Inc , costs related to physician clinics are not included in subsidized health ser vices reported on Schedule H Part I Line 7g Schedule H Part III Section A Line 4 As part of an annual process, affiliates of Wheaton Franciscan Healthcare complete a consolidated audit each year which does not provide any specific information as to the calculation and recording of bad debt expense However, it is the practice of Wheaton Franciscan Healthcar e to record actual bad debt expense for each organization at the time the amount due is de termined to be uncollectible, and thus written off Since the organization follows guideli nes established by the Catholic Health Association and the related state counterpart in Wi sconsin, Iowa, or Illinois as appropriate, Wheaton Franciscan Healthcare does not include any form of bad debt expense in its annual reporting of community benefit amounts It is a lso the position of Wheaton Franciscan Healthcare that none of the patients resulting in u ncollectible accounts would have qualified as charity care patients as this determination is made at the time of admission Bad debt expense is determined after many months of coll ection efforts, and for this reason Part III Section A Line 3 is reported as none (ie at z ero) Schedule H Part III Section B Line 8 Schedul

Identifier	ReturnReference	Explanation
Schedule H Supplemental Information	Various - see the following references	e H Part III Section B Line 6 reports "allowable costs of care" as taken from the most rec ently completed as-filed Medicare cost report The Medicare cost report calculates its all owable total costs based on applicable Medicare regulations Medicare and Medicaid cost is determined using individual cost center cost-to-charge ratios This cost to charge ratio is determined using all payer cost and all payer charges The cost to charge ratio is appl ied to the actual Medicare and Medicaid charges to determine the Medicare and Medicaid cos t Note this cost can be substantially different than the Medicare shortfall amounts that are footnoted in our annual community benefit report, because costs for this purpose are c omputed by using total actual costs per the managerial accounting system in use, which inc ludes Medicare HMO (in addition to straight Medicare) among other differences This organi zation has adopted the cost and charge practices as recommended by the Catholic Health Ass ociation and the Wisconsin, Iowa, or Illinois Hospital Association as applicable, and ther efore, does not count any Medicare shortfall numbers, regardless of the method upon which the shortfall numbers were determined, in its annual reporting of Community Benefit amount s Schedule H Part III Section C Line 9b Wheaton Franciscan Healthcare's Payment for Servi ces Policy outlines all collection practices for patients who are known to qualify for gov ernment programs and for our charity care program We make every attempt to assist the pat ient in enrolling in government insurance plans or our own charity care program allowing f or free or discounted care If the patient does not qualify for any type of aid or charity care, declines to establish a reasonable payment plan or pay the liability, the patient w ill be moved into a bad debt status, and the account is sent to a collection agency This does not occur before the patient has received several notices and a final written warning Schedule H Part V Section A and Section C Affiliates of Wheaton Franciscan Healthcare ha ve defined and reported "hospital facilities" to include only those bricks and mortar buil dings that actually have inpatient beds, in addition to meeting all other criteria under W isconsin, Iowa, or Illinois state laws, as applicable, required for hospital licensing Al though there are other facilities within our system built to hospital standards, performin g hospital-based billing, and conforming to other "hospital" standards under state law, un til there is further guidance from the IRS, these facilities have been reported in Section C, due to their lack of having state certified inpatient beds Schedule H Part VI Line 2 Wheaton Franciscan Healthcare assesses the needs of the communities it serves by reviewing admission and discharge data, analyzing information from the community health departments and other community leaders, and by aligning our services with the Healthy People 2020 an d other current year initiatives Schedule H Part VI Line 3 Wheaton Franciscan Healthcare provides its patients with several opportunities to gain knowledge and awareness of its Co mmunity Care (Charity Care/Financial Assistance) program Notices regarding the availabili ty of financial assistance are displayed in highly visible locations where there is a sign ificant volume of inpatient or outpatient traffic such as patient admitting and registrat ion areas in both inpatient and outpatient settings, physician offices, and emergency depa rtments Additionally, brochures describing the policy are available upon request in the s ame locations and on Wheaton Franciscan Healthcare's website The policy is also discussed at the time of registration or pre-registration for all inpatient procedures Schedule H Part VI Line 4 Please see detailed information provided at Schedule H Part VI Line 5 Sched ule H Part VI Line 5 WHEATON FRANCISCAN HEALTHCARE IN IOWA Covenant Medical Center in Wate rloo, Iowa was founded in 1986 when Whea

Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Sartori Memorial Hospital Inc

Employer identification number
42-0758901

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
(1) Sartori Healthcare Foundation Inc3421 West 9th St Waterloo,IA 507025499	42-1240996	501(c)(3)	88,050		Book		Support

2 Enter total number of section 501(c)(3) and government organizations . . . . . ▶ 1

3 Enter total number of other organizations . . . . . ▶ 0

Part III Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22. 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
Schedule I Disclosures	Schedule I Part 1 Line 2	Wheaton Franciscan Healthcare and Franciscan Ministries maintain files and records to manage the decision-making and award process for organizations that it provides community sponsorship dollars to Decisions are made by a Community Sponsorship Committee with leaders who hold positions in Diversity, Strategic Planning, Mission Services, Marketing and Philanthropy The Committee generally strives to sponsor organizations that have missions that align with the mission, vision and values of Wheaton Franciscan Healthcare and/or Franciscan Ministries The committee also looks for certain other criteria when deciding which organizations will receive contributions, including but not limited to supporting healthcare or housing related activities within the Southeast Wisconsin, Iowa, and Illinois markets, supporting programming that work to further diversity and cultural competency, aligning with other WFH business relationships or service lines, supporting student academic achievement or workforce development initiatives, and finally, supporting environmental "green" initiatives Leaders periodically meet with representatives of sponsored organizations to discuss objectives including how dollars will be spent Currently, confirmation letters are sent to sponsored organizations when award dollars are given, that confirm the dollar amount awarded and the intended purpose, with a request that the recipient acknowledge receipt of the funds in written correspondence Files are maintained in the Organizational Change and Leadership Performance Department to include copies of letters of request, award and denial letters along with acknowledgement receipts from sponsored organizations

Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Sartori Memorial Hospital Inc

Employer identification number
42-0758901

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 ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**		
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**		
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 ☐ Compensation committee ☐ Written employment contract ☐ Independent compensation consultant ☐ Compensation survey or study ☐ Form 990 of other organizations ☐ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment from the organization or a related organization?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**		No
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 accured 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) Jack Dusenbery	(i)							
	(ii)	371,426	185,400	11,518	44,333	22,947	635,624	
(2) Paul Franke MD	(i)							
	(ii)	290,760	87,900	1,599	13,198	16,487	409,944	
(3) Diane Heindl MD	(i)							
	(ii)	171,831		750	14,594	14,520	201,695	
(4) Christopher Hyers	(i)							
	(ii)	171,433	61,300	3,678	17,481	26,477	280,369	
(5) Michele Panicucci	(i)							
	(ii)	239,550	128,700	15,592	43,096	19,775	446,713	
(6) Carl Vanderkooi MD	(i)							
	(ii)	206,310		2,956	18,198	9,317	236,781	
(7) Nancy Weber	(i)							
	(ii)	192,462	75,400	7,900	150,922	17,470	444,154	
(8) Diane Jorgensen	(i)	33,623		141	1,812	1,574	37,150	
	(ii)							
(9) Sherri Greenwood	(i)	20,920		203	1,332	2,364	24,819	
	(ii)							
(10) Rose Fowler	(i)	95,649	20,816	749		15,179	132,393	
	(ii)	64,211		381	19,223	7,556	91,371	
(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
Schedule J Disclosure	Schedule J Part 1 Line 3	The compensation of the filing organization's CEO and/or the Executive Director is determined at the parent organization level, using the process described in Schedule O related to Part VI Section B Line 15 The parent organization, Wheaton Franciscan Services, Inc (FEIN 36-3262111) uses a compensation committee, independent compensation consultants, and compensation surveys and studies to determine appropriate levels of compensation that are reflective of fair market value All compensation is approved by the board and/or compensation committee

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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	**Employer identification number**
Sartori Memorial Hospital Inc	42-0758901

Identifier	Return Reference	Explanation
Schedule O Disclosures	Various - See the follow ing references	IRS Form 990 Part I Line 6 Sartori Memorial Hospital, Inc received donated services throu gh volunteers assisting in such areas as surgical w aiting area, information desk, ambulato ry surgery, medical records, engineering, occupational health, dietary, community screenin gs, materials, laundry, surgery, administration, human resources, public relations, w ellne ss, and medical runner Total estimated hours w ere 9,777 The total estimated value is $16 3,960 IRS Form 990 Part VI Section A Lines 6-7b Sartori Memorial Hospital, Inc has one m ember w hich holds several reserved pow ers over Sartori Memorial Hospital, Inc These reser ved pow ers include, but are not limited to, the election of members of the governing body and election of officers, approval of certain financial expenditures in accordance w ith po licy, and approval of budgets and strategic plans, these approvals are based on recommenda tions from the governing body IRS Form 990 Part VI Section B Line 10 Wheaton Franciscan H ealthcare and Franciscan Ministries are part of a controlled group of health care and hous ing providers, controlled under a common parent organization Wheaton Franciscan Services, Inc Some of these organizations are exempt through the Catholic Group Ruling and other or ganizations have a stand alone exemption (IRS determination) letter As such, these relate d affiliates have certain policies and procedures that w ere adopted at the parent level, b ut are applicable to the entire controlled group of organizations All policy and procedur e matters are handled in a manner to ensure that all activities are consistent w ith the or ganization's overall exempt purposes Please see Schedule R for a full listing of all rela ted affiliate organizations IRS Form 990 Part VI Section B Line 11 Affiliates of Wheaton Franciscan Healthcare use a multiple-level review process on all Federal and State informa tion and tax returns to ensure accurate and timely filing for all organizations Under the direction of the Tax Manager, the Accounting Department prepares Forms 990, 990-T, and as sociated state filings When complete, the return is first review ed by the Controller, w ho focuses on the income statement and balance sheet items, and all schedules w here transact ions of this type might be reported If discrepancies are found, the item w ill be correcte d prior to the next step in the review process Once cleared through Accounting, the retur n is provided to the Tax Department, w here the Tax Manager and Vice President of Treasury and Risk Management focus their review on consistency of reporting betw een all returns, ac curacy of tax related information, and explanation and understanding of any outliers Agai n, any problems or questions are investigated and corrected Depending on the level of com plexity of the year in question, as w ell as the individual issues specific to that filing, certain returns may be selected for outside review by a public accounting firm This deci sion w ill vary from year to year based on many factors, and sometimes outside review is no t utilized at all Also, certain schedules, such as Schedule K, Schedule H, and Schedule J , may be selected for review by outside bond counsel, a community benefit associate, and/o r the compensation committee respectfully and as needed This decision w ill vary from year to year, again based on many factors The Accounting Department, upon completion of all l evels of review , w ill schedule an appointment w ith the Senior Vice President and CFO, w ho w ill perform a review prior to signing the return Once signed, the return is cleared to p rovide to members of the Board of Directors The parent organization, Wheaton Franciscan S ervices, Inc has designated that the Audit Committee review the parent return in certain years This is a cursory review , w here the 990 is explained at a high level by management representatives, and any questions or concerns that the board has can be addressed At a l ater date and prior to efiling, the full board is provided access to all 990's and 990-T's throughout the system via an online portal A similar process exists at the regional hold ing company levels - a 990 is selected for review in certain years by the Finance and Oper ations Committee Similarly, the 990 (and accompanying 990-T if any) is explained at a hig h level, and board questions or concerns are addressed Members of the full board are prov ided access to all 990's and 990-T's within that region prior to efiling via an online por tal IRS Form 990 Part VI Section B Line 12 As part of an annual process, conflict of inte rest questions are sent out to all Officers, Directors, and other individuals in key posit ions using softw are designed to capture this information The responses are analyzed in or der to determine information on potential conflicts, as w ell as information on business an d family relationships for purposes of answ ering certain questions on IRS Form 990 Respon ses to these questions are review ed by the Vice Pr

Identifier	Return Reference	Explanation
Schedule O Disclosures	Various - See the following references	esident of Compliance and the Manager of Tax Compliance, and follow up action, if any, are documented within the software After an approximate 3 and again at 6 weeks, names of all non responders are compiled, and these individuals receive either an email or letter reminding them to complete the information Responses to questions continue to be reviewed and documented throughout this time period Approximately 1 month prior to the filing deadline of IRS Form 990, responses to date are compiled Any response requiring disclosure is entered into the information return Also at this date, the remaining non responder names are determined, and a letter, along with the actual Conflict of Interest Policy, is sent to the Chairperson of each board The letter outlines the current non responders, as well as any Officer or Board member that has disclosed a financial interest that might pose a potential conflict of interest Depending upon the nature of the financial interest and work done by the board, several actions may be considered - the board member with a financial interest would need to voluntarily excuse him or herself from the deliberations and/or voting on such a matter, or, if necessary, the board would determine that the subject's financial interest was an actual conflict of interest, in which case the board member would be informed by the board Chairperson that he or she would not be allowed to vote in any such matters due to this real or perceived conflict of interest Minutes of the board meeting would document this decision process, and reflect whatever action(s) are ultimately taken The board chairperson is also required to discuss with non responders the repercussions of not responding after two attempts, and require the board member to complete the annual conflict of interest disclosure questions before being allowed to continue in any board matters If the board member refuses, the Chairperson has the authority to determine the appropriate action, including, but not limited to prohibiting them from participating in deliberations, preventing them from voting, and/or removing them as a board member

Identifier	Return Reference	Explanation
Schedule O Disclosures (cont'd)	Various - See the following references	IRS Form 990 Part VI Section B Line 15 The compensation of the CEO of Wheaton Franciscan Services Inc (WFSI) and other officers and key employees of the filing organization is reviewed and approved on an annual basis by the Executive Committee of the WFSI Board of Directors, an independent board, acting in a manner consistent with its conflicts of interest policy The board's decision is informed by an opinion on market comparable compensation data provided to the board by an independent compensation expert The organization maintains contemporaneous documentation of the substantiation of the deliberation and decision by the board Compensation for the organization's President and other officers and key management employees, is reviewed and approved, as part of the Wheaton Franciscan Services, Inc Executive Compensation Plan, on an annual basis by the Executive Committee of the Wheaton Franciscan Services, Inc Board of Directors (the "Executive Committee of the WFSI Board"), an independent board, acting in a manner consistent with its conflicts of interest policy The Executive Committee of the WFSI Board's decision is informed by an opinion on market comparable compensation data provided to the board committee by an independent compensation expert The Executive Committee of the WFSI Board maintains contemporaneous documentation of the substantiation of the deliberation and decisions it makes For those officers and key employees that are paid for their services other than pursuant to the WFSI Executive Compensation Plan, the compensation terms are approved by the President of Covenant Medical Center, Inc and Wheaton Franciscan Services - Iowa, Inc In such case, decisions are made in accordance with the organization's conflict of interest requirements Also, in such case, the compensation paid pursuant to a contract is determined with reference to market comparable information Organizational policy requires that contemporaneous documentation of the same be maintained IRS Form 990 Part VI Section C Line 19 Affiliates of Wheaton Franciscan Healthcare and Franciscan Ministries provide upon request certain documents including our financial statements, conflict of interest policy, and governing documents that support our tax exempt status, including, but not limited to, articles of incorporation and bylaws Requests for information are considered on a case-by-case basis, and this process is outlined in our Public Disclosure Policy As part of the requirements for tax exempt bond financing, the consolidated financial statements of Wheaton Franciscan Services, Inc (#36-3262111), the parent corporation of Wheaton Franciscan Healthcare and Franciscan Ministries affiliates are required to be provided each quarter to the Municipal Securities Rule Making Board (MSRB) The vehicle used to accomplish this is through an external website (http //emma msrb org/) referred to as "EMMA" (Electronic Municipal Market Access System) The financial statements are uploaded each quarter to the website, and along with other information provided at the bond's inception, are available for viewing by the general public IRS Form 990 Part VII Column B Wheaton Franciscan Healthcare and Franciscan Ministries are a controlled group of related healthcare and housing organizations As such, many employees who are at the Vice President level or above, or who are Officers and/or Directors of organizations where Wheaton has common boards and other overlaps, spend significant time devoted to tasks not only for the filing organization, but also for related organizations While there is no official time study tracking that is done, it is estimated that for each employee, tasks devoted to related organizations could approximate up to 80% of total hours IRS Form 990 Part VIII Lines 2a and 2b MEDICARE MEDICAID OTHER REV 37,184,840 3, 971,431 41,142,970 CONT ALLOW (21,098,399) (2,253,360) (23,344,212) CHARITY (938,664) OTHER DEDUCTS (186,632) TOTAL 16,086,441 1,718,071 16,673,462 IRS Form 990 Part XI Line 5 Certain related organizations utilize receivable/payable accounts throughout the year These intercompany balances are settled through the equity account at the end of each fiscal year to bring the receivable/payable balances to zero This equity transaction also includes the cumulative effect of goodwill written off during the fiscal year DISCLOSURE STATEMENT RELATED TO FORMS 5471 INFO RETURN OF U S PERSONS WITH RESPECT TO CERTAIN FOREIGN CORPORATIONS FILED ON BEHALF OF THE TAXPAYER UNDER THE CONSTRUCTIVE OWNERSHIP RULES OF IRC SECTIONS 958(A) AND (B), THE TAXPAYER IS REQUIRED TO FILE FORMS 5471, INFORMATION RETURN OF U S PERSONS WITH RESPECT TO CERTAIN FOREIGN CORPORATIONS, AS A CATEGORY 5 FILER WITH RESPECT TO CERTAIN CONTROLLED FOREIGN CORPORATIONS (CFCS) THESE FILING REQUIREMENTS ARE OR WILL BE SATISFIED THROUGH THE FILING OF FORMS 5471 FOR THESE CFCS BY OTHER U S TAXPAYERS IDENTIFIED BELOW WHO HAVE THE SAME FILING REQUIREMENT TA

Identifier	Return Reference	Explanation
Schedule O Disclosures (cont'd)	Various - See the following references	XPAYER NAME WHEATON FRANCISCAN SERVICES, INC ADDRESS 26 W171 ROOSEVELT ROAD, WHEATON, I L 60187 ID NUMBER OF U S TAX RETURN WITH WHICH FORM 5471 WAS FILED 36-3262111 IRS SERVIC E CENTER WHERE U S TAX RETURN WAS OR WILL BE FILED E-FILED

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
Sartori Memorial Hospital Inc

Employer identification number
42-0758901

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
See Additional Data Table							

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) KENOSHA SNR PO BOX 667 WHEATON, IL60187 39-1801541	HOUSING	WI	FR SNRS						0			
(2) STARVED ROCK PO BOX 667 WHEATON, IL60187 36-3811835	HOUSING	IL	SRLM INC						0			

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
See Additional Data Table							

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

			Yes	No
1	During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a	Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity	1a		No
b	Gift, grant, or capital contribution to other organization(s)	1b	Yes	
c	Gift, grant, or capital contribution from other organization(s)	1c	Yes	
d	Loans or loan guarantees to or for other organization(s)	1d	Yes	
e	Loans or loan guarantees by other organization(s)	1e	Yes	
f	Sale of assets to other organization(s)	1f		No
g	Purchase of assets from other organization(s)	1g		No
h	Exchange of assets	1h	Yes	
i	Lease of facilities, equipment, or other assets to other organization(s)	1i	Yes	
j	Lease of facilities, equipment, or other assets from other organization(s)	1j	Yes	
k	Performance of services or membership or fundraising solicitations for other organization(s)	1k	Yes	
l	Performance of services or membership or fundraising solicitations by other organization(s)	1l	Yes	
m	Sharing of facilities, equipment, mailing lists, or other assets	1m	Yes	
n	Sharing of paid employees	1n	Yes	
o	Reimbursement paid to other organization for expenses	1o	Yes	
p	Reimbursement paid by other organization for expenses	1p	Yes	
q	Other transfer of cash or property to other organization(s)	1q	Yes	
r	Other transfer of cash or property from other organization(s)	1r	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) Sarton Healthcare Foundation Inc	C	296,013	
(2) Sarton Healthcare Foundation Inc	b	88,050	
(3)			
(4)			
(5)			
(6)			

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Are all partners section 501(c)(3) organizations?		(e) Share of end-of-year assets	(f) Disproprtionate allocations?		(g) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(h) General or managing partner?	
			Yes	No		Yes	No		Yes	No

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation
Schedule R Disclosures	Part II	(1) Wheaton Franciscan Healthcare - Elmbrook Memorial Foundation, Inc changed its legal name to Wheaton Franciscan - Elmbrook Memorial Foundation, Inc effective July 1, 2011 (2) On July 1, 2011, Wheaton Franciscan Healthcare - Elmbrook Memorial, Inc (FEIN #39-0853528) was merged into Wheaton Franciscan, Inc (FEIN 39-0816857) As a result of this merger, Wheaton Franciscan, Inc f/k/a Wheaton Franciscan Healthcare - Elmbrook Memorial, Inc (FEIN #39-0853528) ceased to exist and will file its final IRS Form 990 for the fiscal year ending June 30, 2011 (3) Wheaton Franciscan Healthcare - The Wisconsin Heart Hospital, Inc f/k/a St Michael Hospital Community Foundation, Inc (FEIN #39-1220690) was dissolved effective December 21, 2010 and as such, will file its final IRS Form 990 for tax year 2010 (4) Assisi Homes - LaSalle Manor, Inc was formed on July 8, 2010 and was granted tax exempt status on February 14, 2011 retroactive to July 8th (5) Synergon Health System Inc is listed with no direct controlling entity because of the two organizations with an interest, Rush Presbyterian and OSF Services Inc, neither can appoint a majority of the board, therefore neither organization "controls" (6) UHS, Inc is listed without a direct controlling entity because of the two organizations with an interest, KHMC Community Board and OSF Services Inc, neither can appoint a majority of the board, and since KHMC is not an entity (it is a community board), neither body "controls"

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 42-0758901
Name: Sartori Memorial Hospital Inc

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(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
WHEATON FRANCISCAN SERVICES INC 26 W 171 ROOSEVELT RD WHEATON, IL60187 36-3262111	PARENT CORP	IL	501(c)(3)	11 - III-FI	NA		
AFFINITY HEALTH SYSTEM 1570 MIDWAY PLACE MENASHA, WI54942 39-1638765	HOLDING CO	IL	501(c)(3)	11 - I	WFSIMHC		
AUXILIARY OF ST ELIZABETH HOSPITAL INC 1506 SOUTH ONEIDA STREET APPLETON, WI54915 39-6077331	AUXILIARY	WI	501(c)(3)	11 - III-O	ST ELIZ HOSP		
CALUMET MEDICAL CENTER INC 614 MEMORIAL DRIVE CHILTON, WI53014 39-0905385	HOSPITAL	WI	501(c)(3)	3	AFF HLTH SYS		
MERCY MEDICAL CENTER OF OSHKOSH INC 500 SOUTH OAKWOOD ROAD OSHKOSH, WI54904 39-0806268	HOSPITAL	WI	501(c)(3)	3	AFF HLTH SYS		
NETWORK HEALTH SYSTEM INC 1570 MIDWAY PLACE MENASHA, WI54942 39-1127163	MED GROUP	WI	501(c)(3)	3	AFF HLTH SYS		
ST ELIZABETH HOSPITAL COMMUNITY FNDN INC 1506 SOUTH ONEIDA STREET APPLETON, WI54915 39-1256677	FOUNDATION	WI	501(c)(3)	11 - I	AFF HLTH SYS		
ST ELIZABETH HOSPITAL INC 1506 SOUTH ONEIDA STREET APPLETON, WI54915 39-0816818	HOSPITAL	WI	501(c)(3)	3	AFF HLTH SYS		
WFH - SOUTHEAST WISCONSIN INC 400 WEST RIVER WOODS PARKWAY GLENDALE, WI53212 39-1568865	HOLDING CO	IL	501(c)(3)	11 - III-FI	WFSI		
WFH - ALL SAINTS INC 3801 SPRING STREET RACINE, WI53405 39-1264986	HOSPITAL	WI	501(c)(3)	3	WFH-SE WI		
WFH - ALL SAINTS FOUNDATION INC 1320 WISCONSIN AVENUE RACINE, WI53403 39-1570877	FOUNDATION	WI	501(c)(3)	11 - I	WFH-AS INC		
VOLUNTEERS IN PTNRSHIP WITH WFH-AS INC 3801 SPRING STREET RACINE, WI53405 93-0838390	FOUNDATION	WI	501(c)(3)	11 - III-O	WFH-AS INC		

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(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
WFH - CIRCLE OF LIFE FOUNDATION INC 13950 WEST CAPITOL DRIVE BROOKFIELD, WI53005 56-2426294	FOUNDATION	WI	501(c)(3)	11 - I	WFH-PE		
WHEATON FRAN HOME HEALTH & HOSPICE INC 3070 NORTH 51ST STREET STE 406 MILWAUKEE, WI53210 39-1559428	HOME HLTH	WI	501(c)(3)	3	WFH-SE WI		
WHEATON FRANCISCAN MEDICAL GROUP INC 400 WEST RIVER WOODS PARKWAY GLENDALE, WI53212 39-1791586	MED GROUP	WI	501(c)(3)	3	WFH-SE WI		
WHEATON FRANCISCAN -ELMBROOK FNDN (1) 19333 WEST NORTH AVENUE BROOKFIELD, WI53045 39-2028808	FOUNDATION	WI	501(c)(3)	11 - I	WF INC		
WHEATON FRANCISCAN INC (2) 19333 WEST NORTH AVENUE BROOKFIELD, WI53045 39-0853528	HOSPITAL	WI	501(c)(3)	3	WFH-SE WI		
WHEATON FRANCISCAN LABORATORIES INC 11020 WEST PLANK COURT WAUWATOSA, WI53226 39-1701402	LABORATORY	WI	501(c)(3)	9	WFH-SE WI		
WFH PHARMACY ENT AND FRAN WOODS INC 13950 WEST CAPITOL DRIVE BROOKFIELD, WI53005 39-1613624	PHARMACY	WI	501(c)(3)	9	WFH-SE WI		
WFH - ST FRANCIS INC 3237 SOUTH 16TH STREET MILWAUKEE, WI53215 39-0907740	HOSPITAL	WI	501(c)(3)	3	WFH-SE WI		
WF - ST JOSEPH FOUNDATION INC 5000 WEST CHAMBERS STREET MILWAUKEE, WI53210 39-1636804	FOUNDATION	WI	501(c)(3)	11 - I	WF INC		
WHEATON FRANCISCAN INC 5000 WEST CHAMBERS STREET MILWAUKEE, WI53210 39-0816857	HOSPITAL	WI	501(c)(3)	3	WFH-SE WI		
WFH-THE WISCONSIN HEART HOSPITAL INC (3) 400 WEST RIVER WOODS PARKWAY GLENDALE, WI53212 39-1220690	FOUNDATION	WI	501(c)(3)	11 - I	WFH-SE WI		
WFH-FNDN FOR ST FRANCIS AND FRANKLIN INC 3237 SOUTH 16TH STREET MILWAUKEE, WI53215 32-0135258	FOUNDATION	WI	501(c)(3)	11 - I	WFH-SFH		

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(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
WFH - TERRACE AT ST FRANCIS INC 3200 SOUTH 20TH STREET MILWAUKEE, WI53215 39-1486775	NURSING HOME	WI	501(c)(3)	9	WFH-SE WI		
WFH - FRANKLIN INC 10101 SOUTH 27TH STREET FRANKLIN, WI53132 56-2592868	HOSPITAL	WI	501(c)(3)	3	WFH-SE WI		
WHEATON WAY CONDO OWNERS ASSCN INC 10101 SOUTH 27TH STREET FRANKLIN, WI53132 30-0659830	CONDO ASSCN	WI	N/A	N/A	WFH-FRKLN		
METRO PHYSICIANS INC 400 WEST RIVER WOODS PARKWAY GLENDALE, WI53212 94-3436893	MED GROUP	WI	501(c)(3)	3	WFMG		
MARIANJOY INC 26 W 171 ROOSEVELT RD WHEATON, IL60187 36-3483589	HOLDING CO	IL	501(c)(3)	11 - III-FI	WFSI		
MARIANJOY FOUNDATION INC 26 W 171 ROOSEVELT RD WHEATON, IL60187 35-2165613	FOUNDATION	IL	501(c)(3)	7	MJ HOSP		
MARIANJOY REHAB CENTER AUXILIARY INC 26 W 171 ROOSEVELT RD WHEATON, IL60187 36-3896976	AUXILIARY	IL	501(c)(3)	11 - I	MJ HOSP		
MARIANJOY REHAB HOSPITAL & CLINICS INC 26 W 171 ROOSEVELT RD WHEATON, IL60187 36-2680776	REHAB HOSPITA	IL	501(c)(3)	3	MARIANJOY		
REHABILITATION MEDICINE CLINIC INC 26 W 171 ROOSEVELT RD WHEATON, IL60187 36-3236791	MEDICAL GRP	IL	501(c)(3)	3	MARIANJOY		
OSF SERVICES INC PO Box 667 WHEATON, IL601870667 39-1471463	HOLDING CO	WI	501(c)(3)	11 - III-FI	WFSI		
CANTICLE MINISTRIES INC PO Box 667 WHEATON, IL601870667 36-4091836	HOUSING/ADVCY	IL	501(c)(3)	7	OSF SVCS INC		
CLARA PFAENDER FUND INC PO Box 667 WHEATON, IL601870667 36-3353311	SPONSORSHIP	IL	501(c)(3)	11 - III-O	OSF SVCS INC		

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(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
FRANCISCAN SISTERS CHARITABLE FUND OF CO 2626 OSCEOLA STREET DENVER, CO80212 84-0733072	AUXILIARY	CO	501(c)(3)	7	OSF SVCS INC		
RUSH OAK PARK HOSPITAL INC 520 SOUTH MAPLE AVENUE OAK PARK, IL60304 36-2183812	HOSPITAL	IL	501(c)(3)	3	OSF SVCS INC		
SET MINISTRY INC 2977 NORTH 50TH STREET MILWAUKEE, WI53210 39-1618277	SOCIAL WORK	WI	501(c)(3)	9	OSF SVCS INC		
ST CATHERINE'S HOSPITAL INC 9555 76TH STREET PLEASANT PRAIRIE, WI53158 39-0855075	HOSPITAL	WI	501(c)(3)	3	OSF SVCS INC		
SYNERGON HEALTH SYSTEM INC (5) 520 SOUTH MAPLE AVENUE OAK PARK, IL60304 36-3739067	HOSPITAL	IL	501(c)(3)	3	NONE		
UHS INC (6) 6308 EIGHTH AVENUE KENOSHA, WI53143 39-1956749	HOSPITAL	WI	501(c)(3)	3	NONE		
WFH - IOWA INC 3421 WEST NINTH STREET WATERLOO, IA50702 42-1177001	HOLDING CO	IA	501(c)(3)	11 - III-FI	WFSI		
COVENANT FOUNDATION INC 3421 WEST NINTH STREET WATERLOO, IA50702 42-1295784	FOUNDATION	IA	501(c)(3)	9	COV MED CTR		
COVENANT MEDICAL CENTER INC 3421 WEST NINTH STREET WATERLOO, IA50702 42-1264647	HOSPITAL	IA	501(c)(3)	3	WFH-IOWA		
MERCY HOSPITAL OF FRANCISCAN SISTERS INC 3421 WEST NINTH STREET WATERLOO, IA50702 42-1178403	HOSPITAL	IA	501(c)(3)	3	WFH-IOWA		
NE IOWA REAL ESTATE INVESTMENTS LTD 3421 WEST NINTH STREET WATERLOO, IA50702 42-1207432	HOLDING CO	IA	501(c)(2)	N/A	WFH-IOWA		
SARTORI HEALTH CARE FOUNDATION INC 3421 WEST NINTH STREET WATERLOO, IA50702 42-1240996	FOUNDATION	IA	501(c)(3)	11 - I	SARTORI HOSP		

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(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
FRANCISCAN MINISTRIES INC 26W171 ROOSEVELT ROAD WHEATON, IL601870667 36-3259684	HOLDING CO	IL	501(c)(3)	11 - III-FI	WFSI		
ASSISI HOMES - BATAVIA APARTMENTS INC 1259 EAST WILSON STREET BATAVIA, IL60510 36-3914084	HOUSING	IL	501(c)(3)	9	FMI		
ASSISI HOMES - COLONY PARK INC 550 EAST THORNHILL DRIVE CAROL STREAM, IL60188 36-4039278	HOUSING	IL	501(c)(3)	9	FMI		
ASSISI HOMES - CONSTITUTION HOUSE INC 401 NORTH CONSTITUTION DRIVE AURORA, IL60506 36-4049150	HOUSING	IL	501(c)(3)	9	FMI		
ASSISI HOMES - JEFFERSON COURT INC 415 EAST KNAPP STREET MILWAUKEE, WI53202 39-1771526	HOUSING	WI	501(c)(3)	9	FMI		
ASSISI HOMES - KENOSHA INC 1860 27TH AVENUE KENOSHA, WI53140 39-1814815	HOUSING	WI	501(c)(3)	9	FMI		
ASSISI HOMES - SAXONY INC 1876 22ND AVENUE KENOSHA, WI53140 39-1790498	HOUSING	WI	501(c)(3)	9	FMI		
ASSISI HOMES OF GURNEE INC 3495 WEST GRAND AVENUE GURNEE, IL60031 36-3942336	HOUSING	IL	501(c)(3)	9	FMI		
ASSISI HOMES OF ILLINOIS INC 2126 WEST ROOSEVELT ROAD WHEATON, IL60187 36-3803443	HOUSING	IL	501(c)(3)	9	FMI		
Assisi HOMES OF NEENAH INC 210 BYRD AVENUE NEENAH, WI54946 36-3767250	HOUSING	WI	501(c)(3)	9	FMI		
CANTICLE PLACE INC 26W171 ROOSEVELT ROAD WHEATON, IL601870667 36-3957850	HOUSING	IL	501(c)(3)	9	FMI		
CATHERINE MARIAN HOUSING INC 806 SOUTH WISCONSIN AVENUE RACINE, WI53403 39-1657098	HOUSING	WI	501(c)(3)	9	FMI		

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(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
CLARE GARDENS INC 2626 OSCEOLA STREET DENVER, CO80212 23-7200039	HOUSING	CO	501(c)(3)	9	FMI		
CLARE OF ASSISI HOMES-WESTMINSTER INC 2451 WEST 82ND PLACE WESTMINSTER, CO80031 74-2740978	HOUSING	CO	501(c)(3)	9	FMI		
DAYSPRING VILLA INC 3777 WEST 26TH AVENUE DENVER, CO80211 36-3933908	HOUSING	CO	501(c)(3)	9	FMI		
FRANCIS HEIGHTS INC 2626 OSCEOLA STREET DENVER, CO80212 84-0626174	HOUSING	CO	501(c)(3)	9	FMI		
FRANCISCAN MINISTRIES COMMUNITY FNDN INC 26W171 ROOSEVELT ROAD WHEATON, IL601870667 36-4456204	FOUNDATION	IL	501(c)(3)	11 - II	FMI		
FRANCISCAN SENIORS KENOSHA INC 1920 27TH AVENUE KENOSHA, WI53140 39-1821568	HOUSING	WI	501(c)(3)	9	FMI		
MARIAN HOUSING CENTER INC 4105 SPRING STREET RACINE, WI53405 39-1515867	HOUSING	WI	501(c)(3)	9	FMI		
MARIAN PARK INC 2126 WEST ROOSEVELT ROAD WHEATON, IL60187 36-2750105	HOUSING	IL	501(c)(3)	9	FMI		
RIDGEWAY PLACE INC 155 EAST RIDGEWAY AVENUE WATERLOO, IA50702 42-1416064	HOUSING	IA	501(c)(3)	9	FMI		
STARVED ROCK-LASALLE MANOR INC 1135 10TH STREET LASALLE, IL61301 36-3796933	HOUSING	IL	501(c)(3)	9	FMI		
VILLA MARIA INC 2461 WEST 82ND PLACE WESTMINSTER, CO80031 84-1347868	HOUSING	CO	501(c)(3)	9	FMI		
VILLA ST CLARE INC 130 BYRD AVENUE NEENAH, WI54946 39-1769395	HOUSING	WI	501(c)(3)	9	FMI		

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(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
ASSISI HOMES LASALLE MANOR INC (4) 26W171 ROOSEVELT ROAD WHEATON, IL601890795 80-0623447	HOUSING	IL	501(c)(3)	9	FMI		

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

(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
NETWORK HEALTH INSURANCE CORPORATION 1570 MIDWAY PLACE MENASHA, WI 54942 39-2020474	INSURANCE CO	WI	NETWK HLTH SY	C CORP			
NETWORK HEALTH PLAN 1570 MIDWAY PLACE MENASHA, WI 54942 39-1442058	HLTH MAINT ORG	WI	NETWK HLTH SY	C CORP			
WHEATON FRANCISCAN ENTERPRISES INC 400 WEST RIVER WOODS PARKWAY GLENDALE, WI 53212 39-1985204	HOLDING CO	WI	WF HOLD INC	C CORP			
WHEATON FRANCISCAN HOLDINGS INC 400 WEST RIVER WOODS PARKWAY GLENDALE, WI 53212 39-1836357	HOLDING CO	WI	WFH-SE WI	C CORP			
WHEATON FRANCISCAN MED GRP-SUSSEX INC 400 WEST RIVER WOODS PARKWAY GLENDALE, WI 53212 39-1361100	MED GROUP	WI	WF HOLD INC	C CORP			
WHEATON FRANCISCAN PROVIDER NETWORK INC 400 WEST RIVER WOODS PARKWAY GLENDALE, WI 53212 39-1952140	ADMIN SUPPORT	WI	WFH-SE WI	C CORP			
COVENANT REGIONAL SERVICES INC 3421 WEST NINTH STREET WATERLOO, IA 50702 42-1189805	PHARMACY	IA	WFH-IOWA	C CORP			
WHEATON FRANCISCAN INSURANCE COMPANY 98-0691609	FINANCIAL	UK	WFSI				

Form **4797**

Department of the Treasury
Internal Revenue Service (99)

Sales of Business Property

(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

▶ **Attach to your tax return.** ▶ **See separate instructions.**

OMB No 1545-0184

2010

Attachment Sequence No **27**

Name(s) shown on return
Sartori Memorial Hospital Inc

Identifying number
42-0758901

1 Enter the gross proceeds from sales or exchanges reported to you for 2010 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) . .	1	

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft—Most Property Held More Than 1 Year (see instructions)

2 (a) Description of property	(b) Date acquired (mo , day, yr)	(c) Date sold (mo , day, yr)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
2						

3	Gain, if any, from Form 4684, line 42	3	
4	Section 1231 gain from installment sales from Form 6252, line 26 or 37	4	
5	Section 1231 gain or (loss) from like-kind exchanges from Form 8824	5	
6	Gain, if any, from line 32, from other than casualty or theft.	6	
7	Combine lines 2 through 6 Enter the gain or (loss) here and on the appropriate line as follows	7	

Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9 Skip lines 8, 9, 11, and 12 below

Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9 If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below

8	Nonrecaptured net section 1231 losses from prior years (see instructions)	8	
9	Subtract line 8 from line 7 If zero or less, enter -0- If line 9 is zero, enter the gain from line 7 on line 12 below If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions)	9	

Part II Ordinary Gains and Losses (see instructions)

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less)

FIXED ASSET SALES			374,675		374,808	133

11	Loss, if any, from line 7	11	( )
12	Gain, if any, from line 7 or amount from line 8, if applicable	12	
13	Gain, if any, from line 31	13	
14	Net gain or (loss) from Form 4684, lines 34 and 41a	14	
15	Ordinary gain from installment sales from Form 6252, line 25 or 36	15	
16	Ordinary gain or (loss) from like-kind exchanges from Form 8824	16	
17	Combine lines 10 through 16	17	-133
18	For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below For individual returns, complete lines a and b below		
a	If the loss on line 11 includes a loss from Form 4684, line 38, column (b)(ii), enter that part of the loss here Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23 Identify as from "Form 4797, line 18a " See instructions.	18a	
b	Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a Enter here and on Form 1040, line 14	18b	

Part III **Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255** (see instructions)

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property	(b) Date acquired (mo , day, yr)	(c) Date sold (mo , day, yr)
A		
B		
C		
D		

These columns relate to the properties on lines 19A through 19D ▶		Property A	Property B	Property C	Property D
20 Gross sales price (**Note:** *See line 1 before completing*)	20				
21 Cost or other basis plus expense of sale	21				
22 Depreciation (or depletion) allowed or allowable	22				
23 Adjusted basis Subtract line 22 from line 21	23				
24 Total gain Subtract line 23 from line 20	24				
25 **If section 1245 property:**					
a Depreciation allowed or allowable from line 22	25a				
b Enter the **smaller** of line 24 or 25a	25b				
26 **If section 1250 property:** If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291					
a Additional depreciation after 1975 (see instructions)	26a				
b Applicable percentage multiplied by the **smaller** of line 24 or line 26a (see instructions)	26b				
c Subtract line 26a from line 24 If residential rental property **or** line 24 is not more than line 26a, skip lines 26d and 26e	26c				
d Additional depreciation after 1969 and before 1976	26d				
e Enter the **smaller** of line 26c or 26d	26e				
f Sections 291 amount (corporations only)	26f				
g Add lines 26b, 26e, and 26f	26g				
27 **If section 1252 property:** Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership)					
a Soil, water, and land clearing expenses	27a				
b Line 27a multiplied by applicable percentage (see instructions)	27b				
c Enter the **smaller** of line 24 or 27b	27c				
28 **If section 1254 property:**					
a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion (see instructions)	28a				
b Enter the **smaller** of line 24 or 28a	28b				
29 **If section 1255 property:**					
a Applicable percentage of payments excluded from income under section 126 (see instructions)	29a				
b Enter the **smaller** of line 24 or 29a (see instructions)	29b				

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

30 Total gains for all properties Add property columns A through D, line 24	30	
31 Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b Enter here and on line 13	31	
32 Subtract line 31 from line 30 Enter the portion from casualty or theft on Form 4684, line 36 Enter the portion from other than casualty or theft on Form 4797, line 6	32	

Part IV **Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less** (see instructions)

		(a) Section 179	(b) Section 280F(b)(2)
33 Section 179 expense deduction or depreciation allowable in prior years	33		
34 Recomputed depreciation (see instructions)	34		
35 Recapture amount Subtract line 34 from line 33 See the instructions for where to report	35		

WHEATON FRANCISCAN SERVICES, INC.

Consolidated Financial Statements and
Supplementary Information

June 30, 2011 and 2010

(With Independent Auditors' Report Thereon)

WHEATON FRANCISCAN SERVICES, INC.

Table of Contents

KPMG LLP
303 East Wacker Drive
Chicago, IL 60601-5212

Independent Auditors' Report

The Board of Directors
Wheaton Franciscan Services, Inc

We have audited the accompanying consolidated balance sheets of Wheaton Franciscan Services, Inc (WFSI) as of June 30, 2011 and 2010, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended These consolidated financial statements are the responsibility of WFSI's management Our responsibility is to express an opinion on these consolidated financial statements based on our audits We did not audit the financial statements of Franciscan Ministries, Inc (FMI), a wholly owned subsidiary, which statements reflect total assets constituting 4 7% and 4 8% and total revenues constituting 1 6% and 1 5% in 2011 and 2010, respectively, of the related consolidated totals Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for FMI, is based solely on the reports of the other auditors

We conducted our audits in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free 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 WFSI's internal control over financial reporting Accordingly, we express no such opinion An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation We believe that our audits provide a reasonable basis for our opinion

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of WFSI as of June 30, 2011 and 2010, and the results of their operations, changes in net assets, and cash flows for the years then ended in conformity with U S generally accepted accounting principles

As discussed in note 3 to the consolidated financial statements, WFSI has changed its method of accounting for goodwill in 2011 due to the adoption of Accounting Standards Codification No 958-805, *Not-for-Profit Entities Business Combinations*

Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole The accompanying 2011 consolidating information is presented for purposes of additional analysis of the 2011 consolidated financial statements, rather than to present the financial position and results of operations of the individual entities The 2011 consolidating information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the 2011 consolidated financial statements and, in our opinion, based on our audit and the report of the other auditors, is fairly stated in all material respects in relation to the 2011 consolidated financial statements taken as a whole

KPMG LLP

October 28, 2011

WHEATON FRANCISCAN SERVICES, INC.

Consolidated Balance Sheets

June 30, 2011 and 2010

(In thousands)

Assets		**2011**	**2010**
Current assets			
Cash and cash equivalents	$	48,559	52,486
Short-term investments		66,056	110,499
Assets whose use is limited – required for current liabilities		67,870	72,750
Patient accounts receivable, net of uncollectible accounts of approximately $55,555 in 2011 and $75,440 in 2010		185,136	181,549
Securities lending collateral		8,437	26,896
Inventories of supplies		24,254	23,941
Prepaid expenses and other		47,208	32,891
Assets held for sale		192,684	180,213
Total current assets		640,204	681,225
Noncurrent assets whose use is limited		543,214	425,177
Property, plant, and equipment, net		1,085,422	1,109,030
Other assets			
Restricted assets		18,407	14,062
Deferred expenses, net		6,183	7,568
Investments in unconsolidated affiliates		20,718	20,337
Other long-term assets		39,512	33,456
Total other assets		84,820	75,423
Total assets	$	2,353,660	2,290,855
Liabilities and Net Assets			
Current liabilities			
Current installments of long-term debt – bonds	$	18,390	23,075
Long-term debt subject to short-term remarketing agreements		42,912	42,937
Current installments of long-term debt – mortgages		2,047	1,655
Accounts payable and accrued expenses		256,811	216,353
Payable under securities lending agreement		8,437	26,896
Estimated third-party payor settlements		18,138	14,407
Liabilities related to assets held for sale		29,970	32,631
Total current liabilities		376,705	357,954
Long-term debt, excluding current installments and net unamortized bond issue premiums – bonds		737,435	798,269
Long-term debt, excluding current installments – mortgages		40,670	43,059
Accrued pension liability		164,260	230,780
Other		100,103	100,276
Total liabilities		1,419,173	1,530,338
Commitments and contingencies			
Net assets			
Unrestricted		916,080	746,455
Temporarily restricted		15,644	11,408
Permanently restricted		2,763	2,654
Total net assets		934,487	760,517
Total liabilities and net assets	$	2,353,660	2,290,855

See accompanying notes to consolidated financial statements

WHEATON FRANCISCAN SERVICES, INC.

Consolidated Statements of Operations

Years ended June 30, 2011 and 2010

(In thousands)

		2011	2010
Net patient service revenues	$	1,566,114	1,555,798
Other revenues			
Other		142,754	140,615
Net assets released from restrictions		1,227	1,699
Total revenues		1,710,095	1,698,112
Expenses			
Salaries and fringe benefits		944,034	911,834
Purchased services, supplies, and other		516,681	520,798
Provision for bad debts		74,198	83,957
Interest		33,817	38,069
Depreciation and amortization		112,211	117,524
Total expenses		1,680,941	1,672,182
Income from operations before investment return and restructuring charges		29,154	25,930
Restructuring charges		—	(14,882)
Change in net unrealized gains and losses on trading securities		18,532	20,408
Investment income, excluding change in net unrealized gains and losses on trading securities		29,981	20,890
Income from operations		77,667	52,346
Nonoperating gains (losses)			
Loss on early extinguishment of debt		(1,832)	—
Swap valuation adjustments		956	(919)
Gain on sale of business assets		666	2,847
Gain on involuntary disposal of assets		7,189	—
Other, net		12,589	(406)
Nonoperating gains, net		19,568	1,522
Revenues and gains in excess of expenses and losses before discontinued operations		97,235	53,868
Gain from discontinued operations (including gain on sale of $8,587 in 2011)		15,107	11,016
Revenues and gains in excess of expenses and losses		112,342	64,884
Other changes in unrestricted net assets			
Change in net unrealized gains and losses on other-than-trading securities		—	(223)
Net assets released from restrictions used for purchase of property, plant, and equipment		3,285	1,828
Change in unrecognized net defined benefit plan costs		66,520	(5,768)
Cumulative effect of change in accounting principle		(9,829)	—
Equity transactions of unconsolidated affiliates and other (net)		(2,693)	(4,556)
Change in unrestricted net assets	$	169,625	56,165

See accompanying notes to consolidated financial statements.

WHEATON FRANCISCAN SERVICES, INC.

Consolidated Statements of Changes in Net Assets

Years ended June 30, 2011 and 2010

(In thousands)

		2011	2010
Unrestricted net assets			
Revenues and gains in excess of expenses and losses	$	112,342	64,884
Change in net unrealized gains and losses on other-than-trading securities		—	(223)
Net assets released from restrictions used for purchase of property, plant, and equipment		3,285	1,828
Change in unrecognized net defined benefit plan costs		66,520	(5,768)
Cumulative effect of change in accounting principle – goodwill		(9,829)	—
Equity transactions of unconsolidated affiliates and other, net		(2,693)	(4,556)
Change in unrestricted net assets		169,625	56,165
Temporarily restricted net assets			
Contributions for specific purposes		7,934	3,227
Net assets released from restrictions used for purchase of property, plant, and equipment		(3,285)	(1,828)
Net assets released from restrictions for operations		(1,227)	(1,699)
Investment income		814	454
Change in temporarily restricted net assets		4,236	154
Permanently restricted net assets			
Contributions for endowment funds		56	282
Investment income		53	—
Change in permanently restricted net assets		109	282
Change in net assets		173,970	56,601
Net assets at beginning of year		760,517	703,916
Net assets at end of year	$	934,487	760,517

See accompanying notes to consolidated financial statements

WHEATON FRANCISCAN SERVICES, INC.

Consolidated Statements of Cash Flows

Years ended June 30, 2011 and 2010

(In thousands)

		2011	2010
Cash flows from operating activities			
Change in net assets	$	173,970	56,601
Adjustments to reconcile change in net assets to net cash provided by operating activities			
Gain from discontinued operations		(15,107)	(11,016)
Depreciation, amortization, and impairment charges		112,211	117,957
Provision for bad debts		74,198	83,957
Amortization of bond issuance costs and premiums or discounts included in interest expense		(852)	(57)
Net realized and change in unrealized gains and losses on investments		(27,904)	(30,210)
Loss on early extinguishment of debt		1,832	—
Gain on involuntary disposal of assets		(7,189)	—
Gain on sale of business assets		(666)	(2,847)
Permanently restricted contributions		(109)	(282)
Change in equity of unconsolidated affiliates		(13,407)	(7,055)
Change in unrecognized net defined benefit plan costs		(66,520)	5,768
Equity transactions of unconsolidated affiliates and other		2,693	4,556
Nonoperating gains – swap valuation adjustments		(956)	919
Cumulative effect of a change in accounting principle		9,829	—
Changes in assets and liabilities			
Patient accounts receivable		(77,785)	(74,697)
Estimated third-party payor settlements, net		3,731	(5,216)
Inventories of supplies		(313)	(1,265)
Prepaid expenses and other		(13,918)	15,109
Deferred tax assets, net		(13,408)	—
Accounts payable and accrued expenses		42,376	33,150
Other liabilities		2,225	731
Net cash provided by operating activities of discontinued operations		6,525	24,279
Net cash provided by operating activities		191,456	210,382
Cash flows from investing activities			
Purchase of property, plant, and equipment		(89,283)	(85,444)
Investment in unconsolidated affiliates, net of cash distributions		(1,066)	(1,537)
Proceeds from insurance settlement		6,634	—
Gross purchases of investments		(990,028)	(1,627,532)
Gross sales or maturities of investments		949,218	1,494,003
Proceeds from sale of business and other assets		9,810	17,661
Net change in notes receivable and other		446	412
Net change in notes and accounts receivable, affiliated organizations		(3,451)	118
Net change in restricted assets		(4,345)	(436)
Net cash used in investing activities of discontinued operations		(19,881)	(27,112)
Net cash used in investing activities		(141,946)	(229,867)
Cash flows from financing activities			
Repayments of long-term debt – bonds		(65,215)	(22,760)
Repayments of long-term debt – mortgages		(1,997)	(1,615)
Transfers to unconsolidated affiliates and other		310	110
Proceeds from permanently restricted contributions		109	282
Net cash provided by financing activities of discontinued operations		13,356	2,833
Net cash used in financing activities		(53,437)	(21,150)
Net change in cash and cash equivalents		(3,927)	(40,635)
Cash and cash equivalents at beginning of year		52,486	93,121
Cash and cash equivalents at end of year	$	48,559	52,486
Supplemental disclosure of cash flow information			
Cash paid for interest, net of amounts capitalized	$	35,934	38,499
Supplemental disclosure of noncash transactions			
Equity contribution to joint venture of property, plant, and equipment	$	—	10,000

See accompanying notes to consolidated financial statements

(1) Organization

Wheaton Franciscan Services, Inc (WFSI) is organized as an Illinois not-for-profit organization and operates under the tenets of the Roman Catholic Church and in accordance with the philosophy and values of the Franciscan Sisters WFSI's subsidiaries provide (1) general healthcare services to residents within their geographic locations including inpatient, outpatient, emergency room, physician, long-term care, and other related services and (2) affordable housing for low-income families and the elderly Expenses included in the accompanying consolidated financial statements relate primarily to the provision of healthcare services, housing services, and general and administrative costs

(2) Basis of Consolidation

WFSI considers all wholly owned or controlled entities in which it has an economic interest as subsidiaries for consolidated financial statement purposes The accompanying consolidated financial statements include WFSI and its subsidiaries All significant intercompany accounts and transactions have been eliminated in consolidation

WFSI and its subsidiaries are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code, except as follows

- Covenant Regional Services, Wheaton Franciscan Holdings, Inc , Wheaton Franciscan Provider Network, Inc , Wheaton Franciscan Enterprises, Inc , and Wheaton Franciscan Medical Group – Sussex are for-profit organizations
- Northeast Iowa Real Estate Investments, Ltd is a not-for-profit corporation exempt from federal income taxes on related income under Section 501(c)(2) of the Code

WFSI and certain of its subsidiaries (herein referred to as The Obligated Group) entered into a Master Trust Indenture (MTI), dated as of June 1, 1985 and amended and restated as of April 22, 2004, in order to obtain financing or refinancing for the acquisition or betterment of various hospital and long-term care facilities In June 2011, the board of directors of WFSI authorized and completed removal of St Elizabeth's Hospital from The Obligated Group The Obligated Group members are comprised of the following at June 30, 2011

Wheaton Franciscan Services, Inc

Clara Pfaender Fund, Inc

Southeast Wisconsin Region
Wheaton Franciscan Healthcare – Southeast Wisconsin, Inc
Wheaton Franciscan, Inc (previously named St Joseph Regional Medical Center, Inc and The Heart Hospital of Wisconsin, Inc)
Wheaton Franciscan Healthcare – Elmbrook Memorial, Inc (effective July 1, 2011 merged into Wheaton Franciscan, Inc)
Wheaton Franciscan Healthcare – St Francis, Inc
Wheaton Franciscan Healthcare – Franklin, Inc

Wheaton Franciscan Healthcare – All Saints, Inc
Wheaton Franciscan Medical Group, Inc

Marianjoy Rehabilitation Hospital & Clinics, Inc

Iowa Region
Wheaton Franciscan Healthcare-Iowa Inc
Covenant Medical Center, Inc

St Catherine's Hospital, Inc (St Catherine's)

The non-Obligated Group members are as follows

O S F Services, Inc (except Clara Pfaender Fund, Inc)

Southeast Wisconsin Region
Wheaton Franciscan Healthcare-Terrace at St Francis, Inc
Wheaton Franciscan Home Health and Hospice, Inc
Wheaton Franciscan Healthcare-Pharmacy Enterprises and Franciscan Woods, Inc
Wheaton Franciscan Holdings, Inc

Marianjoy Region
Marianjoy, Inc
Rehabilitation Medicine Clinic, Inc

Iowa Region
Sartori Memorial Hospital, Inc
Mercy Hospital of Franciscan Sisters, Inc

Franciscan Ministries, Inc

(3) Summary of Significant Accounting Policies

- The preparation of consolidated financial statements in conformity with U S generally accepted accounting principles 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 consolidated financial statements Estimates also affect the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates
- The consolidated statements of operations include revenues and gains in excess of expenses and losses Transactions deemed by management to be ongoing, major, or central to the provision of healthcare services are reported as revenue and expenses Transactions incidental to the provision of healthcare services are reported as nonoperating gains and losses
- Net patient service revenues are 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

- Cash and cash equivalents include demand deposits and investments in highly liquid debt instruments with a maturity of three months or less at the time of purchase, excluding amounts presented as assets whose use is limited and restricted assets Short-term investments are comprised of highly liquid debt instruments with maturity greater than three months and less than 12 months at the time of purchase
- Inventories of supplies are stated at the lower of cost (first-in, first-out) or market
- Investments are measured at fair value in the accompanying consolidated balance sheets Fair value is determined primarily on the basis of quoted market prices or observable market inputs All investments are classified as trading securities with the exception of investments held by St Catherine's (note 15) Investment income or loss (including realized gains and losses on investments, unrealized gains and losses on trading securities, interest, and dividends) is included in income from operations unless the income or loss is restricted by donors, in which case the investment return is recorded directly to temporarily or permanently restricted net assets Unrealized gains and losses on investments designated as other-than-trading securities are excluded from income from operations for investments
- Assets whose use is limited include assets set aside by the boards of directors for specific purposes, the Clara Pfaender Fund, Inc and deferred compensation plans, over which the boards retain control and may at their discretion subsequently use for other purposes, assets held under escrow agreements, assets held by trustees under bond indenture agreements, assets posted as collateral for swap agreements, assets held through interests in foundations, assets held by a captive insurance company, and assets held by Franciscan Ministries, Inc (FMI) Assets whose use is limited, which are required for obligations classified as current liabilities, are reported as current assets in the accompanying consolidated balance sheets
- Property, plant, and equipment acquisitions are recorded at cost Property, plant, and equipment donated for operations are recorded as additions to temporarily restricted net assets at fair value at the date of receipt and as net assets released from restriction when the assets are placed in service Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method Net interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component cost of acquiring those assets
- Deferred finance charges are included in deferred expenses and are amortized over the life of the respective debt or underlying liquidity facility, whichever is shorter, using either the straight-line or the weighted average bonds outstanding method Bond discounts and premiums are amortized over the life of the respective debt using the straight-line or the weighted average bonds outstanding method Amortization of deferred finance charges and bond discounts and premiums are reflected as a component of interest expense in the accompanying consolidated statements of operations
- Income taxes are accounted for under the asset and liability method Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases

and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income within nonoperating gains (losses) in the period that includes the enactment date. WFSI recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

At June 30, 2011 and 2010, WFSI had net operating loss (NOL) carryforwards for financial reporting and federal and state income tax purposes aggregating approximately $31,165 and $42,672, respectively, for federal and $39,539 and $51,035, respectively, for state. Using a federal tax rate of 34% and state tax rate of 7.9%, these NOL carryforwards give rise to deferred tax assets before valuation allowance of $13,720 and $18,540 at June 30, 2011 and 2010, respectively. The valuation allowance for deferred tax assets was $312 and $18,540 at June 30, 2011 and 2010, respectively. The NOL carryforwards have expiration dates through 2029. Management evaluates the need to maintain a valuation allowance for deferred tax assets based on the assessment of whether it is more likely than not that deferred tax benefits will be realized through the generation of future taxable income. Appropriate consideration is given to all available evidence, both positive and negative, in assessing the need for a valuation allowance. This evaluation resulted in the determination that a significant portion of the valuation allowance in the amount of $13,408 be released as of June 30, 2011. There were no releases of the valuation allowance for deferred tax assets in 2010. Amounts released from the valuation allowance are included in other, net in nonoperating gains (losses) in the consolidated statements of operations. The quantitative and qualitative analysis of current and expected earnings, tax planning strategies, and general business risks resulted in a more likely than not conclusion of being able to realize a significant portion of the deferred tax assets during 2011.

Federal and state income tax expense was $5,685 and $2,311 in 2011 and 2010, respectively; however, such amounts were offset by the utilization of NOL carryforwards in both years.

No other temporary differences have been considered based on materiality to the consolidated financial statements.

- WFSI adopted Accounting Standards Codification (ASC) No. 958-805, *Not-for-Profit Entities – Business Combinations*, (ASC 958-805) in 2011 that, among other provisions, discontinues the amortization of goodwill by not-for-profit entities. Under ASC 958-805, goodwill is to be reviewed for impairment at least annually or whenever events or circumstances indicate that the carrying value may not be recoverable. The goodwill impairment test is a two-step test. Under the first step, the fair value of the reporting unit is compared with its carrying value including goodwill. If the fair value of the reporting unit is less than its carrying value, an indication of goodwill impairment exists for the reporting unit and the entity must perform step two of the impairment test (measurement). Under step two, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation and the residual fair value after this allocation is the implied fair value of the reporting unit goodwill Fair value of the reporting unit is determined using a discounted cash flow analysis If the fair value of the reporting unit exceeds its carrying value, step two does not need to be performed

Upon the adoption of ASC 958-805, Wheaton Franciscan Healthcare – Southeast Wisconsin recorded a transitional impairment charge of $9,829 related to goodwill recorded from the acquisition of The Wisconsin Heart Hospital in December 2006 The transitional impairment was determined by comparing the present value of the reporting unit's future cash flows to the carrying value of the goodwill as of the adoption date of the standard on July 1, 2010 This impairment charge is reported as a cumulative effect of a change in accounting principle in the 2011 statement of operations

Goodwill totaling $5,136 and $13,991 at June 30, 2011 and 2010 is reported in the accompanying consolidated balance sheets within other long-term assets Goodwill amortization of $1,101 was recognized in 2010 and is reported in the accompanying 2010 consolidated statement of operations within depreciation and amortization

WFSI has net amortizable intangible assets of $6,913 and $7,500 at June 30, 2011 and 2010, respectively, included in other long-term assets on the consolidated balance sheets, which are being amortized from 2 to 10 years WFSI recorded amortization expense of $1,190 and $1,646 for 2011 and 2010, respectively

- Long-lived assets (including property, plant, and equipment, goodwill, and other intangibles) are periodically assessed for recoverability based on the occurrence of a significant adverse event or change in the environment in which WFSI operates, or if the expected future cash flows generated by the long-lived asset (undiscounted and without interest) are less than the carrying amount of the long-lived asset An impairment loss is recognized in the period an impairment determination is made to the extent the impaired long-lived asset's carrying value exceeds its fair value Impairment loss in the amount of $1,430 related to equipment was recognized in 2011 and is included in depreciation and amortization in the consolidated statements of operations Impairment loss in the amount of $433 related to restructuring was recognized in 2010 and is included in restructuring charges in the consolidated statements of operations
- Amounts reported as gain or sale of business assets represent the gain or sale by WFSI of its interest in various healthcare related assets and joint ventures
- In 2011, WFSI received insurance proceeds from a flood at the St Michael Hospital facility The St Michael facility essentially ceased operating as a hospital as of June 2006 The facility retained a limited amount of assets Funds in excess of demolition expenses, net of related asset retirement obligations, are reported as a gain on involuntary disposal of assets in the accompanying 2011 consolidated statement of operations
- Changes in unrestricted net assets which are excluded from revenues and gains in excess of expenses and losses, consistent with industry practice, include unrealized gains and losses on investments on other-than-trading securities, permanent transfers of assets to and from unconsolidated subsidiaries

(Continued)

and affiliates for other than goods and services, contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets), changes in the funded status of the defined benefit pension plan, cumulative effects of changes in accounting principles, and equity transactions of unconsolidated affiliates

- Certain subsidiaries of WFSI provide care to patients who meet criteria under the community care program (charity care) without charge or at amounts less than their established rates Because there is no effort to pursue collection of amounts determined to qualify as charity care, they are not reported as revenues

- WFSI accounts for discontinued operations under ASC guidance surrounding accounting for the impairment or disposal of long-lived assets The guidance requires that a component entity that has been disposed of or is classified as held-for-sale and has operations and cash flows that can be clearly distinguished from the rest of the entity be reported as discontinued operations In the period that a component entity has been disposed of or is classified as held-for-sale, the results of operations for current and prior periods are reclassified to discontinued operations in the accompanying consolidated statements of operations

- During 2009, WFSI initiated a significant evaluation of its operations and activities in response to operating losses, changes in the healthcare environment, and losses within its investment portfolios WFSI recorded $14,882 of restructuring charges in 2010 Restructuring costs consist primarily of outside consulting fees, severance compensation, and employee benefits related to severance arrangements

- Temporarily restricted net assets represent those net assets whose use by WFSI and its subsidiaries have been limited by donors to a specific time period or purpose Permanently restricted net assets have been restricted by donors to be maintained by WFSI and its subsidiaries in perpetuity WFSI and its subsidiaries' temporarily restricted net assets are restricted for various programs related to the provision of health and pastoral care WFSI and its subsidiaries' investment income from permanently restricted net assets is expendable to support healthcare or other donor-designated services

- Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received, which is then treated as cost Conditional promises to give are reported at fair value at the date the gift is received The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restrictions Donor-restricted contributions whose restrictions are met within the same year as received are reflected as other revenue in the accompanying consolidated statements of operations

- Gifts of long-lived assets such as land, buildings, and equipment are reported as unrestricted support and are excluded from the revenues and gains in excess of expenses and losses 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 contributions Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service

(In thousands)

- Provisions for self-insured liability claims include estimates of the ultimate costs for both reported claims and claims incurred but not reported as of the respective consolidated balance sheet dates
- ASC No 815, *Derivatives and Hedging*, requires that an entity recognize all derivatives as either assets or liabilities in the consolidated balance sheets and measure those instruments at fair value The accounting for changes in the fair value of a derivative is dependent upon the intended use of the derivative and the resulting designation WFSI is involved in various interest rate swap programs These derivatives are not designated as hedge instruments and therefore changes in their fair value are recognized in the consolidated statements of operations as nonoperating gains or losses in the period of change WFSI is exposed to credit loss in the event of nonperformance by the counterparty in any of its interest rate swap agreements

During 2011, there were two floating interest rate swap agreements that matured

WFSI also maintains interest rate swap agreements, which were originally intended to effectively change the interest rate exposure on Series 1998B Bonds and the St Francis Series 1997 Bonds, prior to the conversion of such debt to Bank Bonds (note 11) Notional amounts on these interest rate swap agreements are being reduced over the original term of the debt agreements to correspond with the originally scheduled reductions in principal of the related bonds A summary of the outstanding positions under these swaps at June 30, 2011 is as follows

	Notional amount	Maturity date	Rate received	Rate paid
$	12,000	January 2015	SIFMA Index	4 83%
	28,000	August 2024	Lesser of SIFMA Index or 72% of LIBOR	4 36

The carrying value equals fair value As of June 30, 2011 and 2010, the fair value of all outstanding swap agreements was a liability of $5,730 and $6,686, respectively, which is included as a component of other long-term liabilities For the years ended June 30, 2011 and 2010, WFSI recognized valuation adjustments of $956 and $(919), respectively, for the change in fair value of all swap agreements Net payments equal to differentials received or paid under all swap agreements are recognized monthly and amounted to $1,777 and $1,866 in 2011 and 2010, respectively, which have been included as interest expense in the accompanying consolidated statements of operations

Pursuant to certain terms of its interest rate swap agreements, WFSI was required to post collateral with its counterparty for the full settlement amount of the derivative liabilities related to the floating-to-fixed swaps As of June 30, 2011 and 2010, WFSI posted $6,568 and $6,738, respectively, of collateral related to these swaps, which are included within the current portion of assets whose use is limited

- FMI has entered into various regulatory agreements with the U S Department of Housing and Urban Development (HUD) that provide both Housing Assistance Payments and Rental Assistance Payments These subsidy payments are designed to provide for the difference between the cash needs of the housing project and the cash generated by the tenants' rental payments Tenant leases are generally one year in duration and expire at various times during the year The HUD subsidies are adjusted at the beginning of the lease to reflect any changes to the tenant's rent payment established during the annual recertification process
- WFSI applies the provisions of ASC No 820, *Fair Value Measurements and Disclosures*, (ASC No 820), for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis ASC No 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date ASC No 820 establishes a framework for measuring fair value and expands disclosures about fair value measurements (note 8)
- WFSI applies the provisions of ASC No 825-10, *Financial Instruments – Overall*, which gives WFSI the irrevocable option to report most financial assets and financial liabilities at fair value on an instrument-by-instrument basis, with changes in fair value reported in earnings WFSI has not elected any additional eligible financial assets or financial liabilities to be reported at fair value
- Certain 2010 amounts have been reclassified to conform to the 2011 consolidated financial statement presentation, including a reclassification of net realized gains on sale of investments in the consolidated statements of cash flows that decrease cash flow from operating activities and increase cash flow from investing activities by $7,123
- In January 2010, the Financial Accounting Standards Board (the FASB) issued Accounting Standards Update (ASU) No 2010-06, *Improving Disclosures about Fair Value Measurements* (ASU No 2010-06) ASU No 2010-06 amends ASC Subtopic 820-10 to provide additional disclosure requirements for transfers in and out of Levels 1 and 2 and for activity in Level 3 and to clarify certain other existing disclosure requirements WFSI implemented ASU No 2010-06 for the year ended June 30, 2011, except for the separate disclosures about Level 3 activities that will be effective for the year ending June 30, 2012
- In August 2010, the FASB issued ASU No 2010-23, *Measuring Charity Care for Disclosure* (ASU No 2010-23) ASU No 2010-23 amends ASC Subtopic 954-605 to require WFSI to use cost as the measurement basis for charity care disclosure requirements, and is effective for the year ending June 30, 2012
- In August 2010, the FASB issued ASU No 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries* (ASU No 2010-24) ASU No 2010-24 clarifies that a healthcare entity should not net insurance recoveries against a related malpractice claim liability or similar liability, which is consistent with the guidance in ASC 210-20, *Balance Sheet – Offsetting* The provisions of ASU No 2010-24 are effective for the year ending June 30, 2012
- In July 2011, the FASB issued ASU No 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health*

Care Entities (ASU No 2011-07) ASU No 2011-07 requires certain healthcare entities to record the provision for bad debts associated with patient service revenue as a deduction from patient service revenue (net of contractual allowances and discounts) and if effective for the year ending June 30, 2013, with early adoption permitted

(4) Net Patient Service Revenues

WFSI's hospitals and other patient care facilities have agreements with third-party payors that provide for payments at amounts different from established rates A summary of the payment arrangements with major third-party payors is as follows

- ***Medicare*** – Inpatient acute-care services, certain outpatient, rehabilitation, and home health services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge These rates vary according to their respective patient classification systems that are based on clinical, diagnostic, and other factors The prospectively determined rates are not subject to retroactive adjustment The classification of patients under the Medicare prospective payment systems and the appropriateness of patients' admissions are subject to validation reviews Inpatient nonacute services, certain outpatient services, and medical education costs related to Medicare beneficiaries are paid based upon either a cost reimbursement method, established fee screens, or a combination thereof WFSI is reimbursed for cost reimbursable items at tentative rates with final settlement determined after submission of annual reimbursement reports and audits thereof by Medicare fiscal intermediaries

- ***Medicaid*** – Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed in accordance with each state's Medicaid reimbursement program Reimbursement under these programs is based primarily upon prospectively determined rates

  The states of Illinois, Wisconsin, and Iowa have hospital assessment programs to assist in the financing of their Medicaid programs Pursuant to these programs, hospitals within the states of Illinois, Wisconsin, and Iowa are required to remit payment to the respective state under a tax assessment formula WFSI has included its related assessments of $42,053 and $37,991 as purchased services, supplies, and other expense in the accompanying 2011 and 2010 consolidated statements of operations, respectively The additional Medicaid reimbursement associated with these programs is approximately $109,321 and $86,830 for 2011 and 2010, respectively, and is included in net patient service revenue

  The aforementioned assessment programs increase the amount of federal matching for the respective Medicaid programs, which is then passed on to hospitals as increased Medicaid reimbursement Wisconsin's assessment program prohibits the use of assessment revenue to supplant current revenue used to support existing hospital payment levels The State distributes the assessment revenue as increased rates for both Medicaid and Medicaid HMO patients

- ***Other*** – WFSI's hospitals and other patient care facilities have also entered into reimbursement agreements with certain commercial insurance carriers, HMOs, and preferred provider organizations The basis for reimbursement under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined perdiem rates

(In thousands)

Net patient service revenue for the years ended June 30, 2011 and 2010 includes approximately $5,185 and $7,182, respectively, of net favorable retroactively determined reimbursement settlements from prior years with third-party payors.

A summary of gross and net patient service revenues for the years ended June 30, 2011 and 2010 is as follows:

		2011	2010
Gross patient service revenues	$	3,534,902	3,459,587
Less provisions for			
Contractual adjustments under third-party reimbursement programs, including managed care		1,968,788	1,903,789
Net patient service revenues	$	1,566,114	1,555,798

(5) Concentration of Credit Risk

Patient care subsidiaries of WFSI grant credit without collateral to their patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors for 2011 and 2010 is as follows:

	2011	2010
Medicare	27.9%	27.5%
Medicaid	7.4	8.3
Managed care	42.8	38.2
Other	21.9	26.0
	100.0%	100.0%

(6) Uncompensated and Charity Care

WFSI shares its talents and resources to benefit the many communities it serves. This includes providing education to health professional and community members, research, community health improvement offerings and subsidized health services, in addition to charity care benefits.

For charity care benefits, patient care subsidiaries of WFSI maintain records to identify and monitor the level of charity care they provide. This represents free or discounted health services provided to those who cannot afford to pay and who meet criteria for financial assistance. Charity care is based on actual cost and does not include bad debt. The level of charity care provided during the years ended June 30, 2011 and 2010 was $29,311 and $25,814, respectively.

(7) Investments

During 1998, WFSI created the Wheaton Franciscan Services, Inc. Investment Trust (the Trust) for the sole purpose of administering a pooled investment program for WFSI, its subsidiaries, and affiliates. WFSI serves as the trustee and is responsible for managing and investing the pooled assets of the Trust Participants accrue interest based on the Trust's actual realized earnings The fair value of the assets in the Trust was $432,320 and $327,743 at June 30, 2011 and 2010, respectively, and is recorded as a component of assets whose use is limited

(In thousands)

A summary of the composition of the investment portfolio (including assets whose use is limited and restricted assets) at June 30, 2011 and 2010 is as follows

		2011	2010
At fair value			
Cash and cash equivalents	$	29,447	37,879
U S government obligations		268,080	254,052
Corporate debt securities		215,891	185,729
Asset-backed securities		25,679	19,048
Equity securities		126,542	100,787
Mutual funds		28,948	23,839
Total investments at fair value		694,587	621,334
At cost			
Pledges receivable		960	1,154
Total investments	$	695,547	622,488

Investments are reported in the accompanying June 30, 2011 and 2010 consolidated balance sheets as follows

		2011	2010
Short-term investments	$	66,056	110,499
Assets whose use is limited			
By boards for specific purposes		410,417	305,496
By boards for deferred compensation plans		29,008	24,299
By boards for Clara Pfaender Fund, Inc		28,369	26,611
Held by FMI		11,545	11,327
Held by captive insurance company		40,046	33,890
Under escrow agreement		30,016	30,034
Held as collateral for swap agreements		6,568	6,738
Under indenture agreements by trustee		55,115	59,532
Restricted assets		18,407	14,062
Total investments	$	695,547	622,488

(In thousands)

The composition of investment return on the investment portfolio for the years ended June 30, 2011 and 2010 is as follows

		2011	2010
Interest and dividend income	$	24,417	17,579
Net realized gains on sale of investments		9,690	7,123
Change in net unrealized gains and losses		18,214	23,087
	$	52,321	47,789

Investment returns are included in the accompanying consolidated statements of operations and changes in net assets for the years ended June 30, 2011 and 2010 as follows

		2011	2010
Change in unrealized gains and losses on trading securities	$	18,532	20,408
Other operating revenue		2,941	6,260
Investment income, excluding change in unrealized gains on trading securities		29,981	20,890
Other change in unrestricted net assets – change in net unrealized gains and losses on other-than-trading securities		—	(223)
Changes in temporarily and permanently restricted net assets			
Investment income		867	454
	$	52,321	47,789

WFSI does not believe that any of the other-than-trading securities are other than temporarily impaired as of June 30, 2011 or 2010

During 2005, WFSI began participating in a securities lending program Through this securities lending program, managed by its investment custodian, WFSI loans fixed income and equity securities included in its investment portfolio At June 30, 2011 and 2010, the fair value of the securities loaned was $8,223 and $26,343, respectively The custodian's loan agreements require the borrowers to maintain collateral equal to at least 102% of the market value of the securities loaned This collateral is in the form of cash and cash equivalents and fixed income securities and is revalued on a daily basis At June 30, 2011 and 2010, WFSI has presented the collateral received as securities lending collateral within current assets and the obligation to return that collateral as a current liability as payable under securities lending agreement in the accompanying consolidated balance sheets

(8) Fair Value Measurements

(a) Fair Value of Financial Instruments

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

- The carrying amount reported in the consolidated balance sheets for the following approximates fair value because of the short maturities of these instruments cash and cash equivalents, patient accounts receivable, accounts payable and accrued expenses, and estimated third-party payor settlements
- Assets whose use is limited, short-term investments, securities lending collateral, and restricted assets equity securities, mutual funds, and direct U S government obligations are measured using quoted market prices at the reporting date multiplied by the quantity held Corporate debt securities, U S governmental agency securities, and asset-backed securities are measured using other observable inputs The carrying value equals fair value
- Interest rate swap agreements The fair value of interest rate swaps is determined using pricing models developed based on the LIBOR swap rate and other observable market data The value was determined after considering the potential impact of collateralization and netting agreements, adjusted to reflect nonperformance risk of both the counterparty and WFSI The carrying value equals fair value

(b) Fair Value Hierarchy

WFSI applies the provision of ASC No 820, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between mutual participants at a measurement date These provisions describe a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements) The three levels of the fair value hierarchy are as follows

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that WFSI has the ability to access at the measurement date
- Level 2 are observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3 inputs are unobservable inputs for the asset or liability

WFSI adopted the provisions of FASB ASU No 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, during 2010 ASU No 2009-12 creates a practical expedient allowing measurement of fair value based on the net asset value per share of the investment WFSI has approximately $2,129 and $1,796 of investments in a fund of funds at June 30, 2011 and 2010, respectively, for which it has elected to use the practical expedient

(In thousands)

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety

The following table presents assets and liabilities that are measured at fair value on a recurring basis at June 30, 2011

		Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets					
Cash and cash equivalents	$	48,559	48,559	—	—
Short-term investments		66,056	9	66,047	—
Securities lending collateral		8,437	8,437	—	—
Assets whose use is limited or restricted, excluding $960 of pledges receivable					
Cash and cash equivalents		29,438	29,438	—	—
Mutual funds		28,948	28,948	—	—
U S government obligations		252,749	175,695	77,054	—
Corporate-backed debt		165,174	—	143,323	21,851
Asset-backed securities		25,680	2,844	22,836	—
Equity funds		126,542	126,542	—	—
Total assets	$	751,583	420,472	309,260	21,851
Liabilities					
Interest rate swap agreement	$	5,730	—	5,730	—

The following table presents a rollforward of assets whose use is limited that were classified by WFSI within Level 3 of the fair value hierarchy as defined above

Fair value at June 30, 2010	$	21,851
Gains and investment income, net		1,015
Redemptions and sales		(1,015)
Fair value at June 30, 2011	$	21,851

(In thousands)

The following table presents assets and liabilities that are measured at fair value on a recurring basis at June 30, 2010

	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets				
Cash and cash equivalents	$ 52,486	52,486	—	—
Short-term investments	110,499	47,866	62,633	—
Securities lending collateral	26,896	26,528	368	—
Assets whose use is limited or restricted, excluding $1,154 of pledges receivable				
Cash and cash equivalents	37,844	37,844	—	—
Mutual funds	23,839	23,839	—	—
U S government obligations	206,221	130,143	76,078	—
Corporate-backed-debt	123,096	—	101,245	21,851
Asset-backed securities	19,048	1,748	17,300	—
Equity funds	100,787	100,787	—	—
Total assets	$ 700,716	421,241	257,624	21,851
Liabilities				
Interest rate swap agreement	$ 6,686	—	6,686	—

The following table presents a rollforward of assets whose use is limited that were classified by WFSI within Level 3 of the fair value hierarchy as defined above

Fair value at June 30, 2009	$ 21,845
Gains and investment income, net	1,021
Redemptions and sales	(1,015)
Fair value at June 30, 2010	$ 21,851

(9) Asset Divestitures

In June 2011, the board of directors of WFSI approved a plan to sell WFSI's 50% interest in Affinity Health System, Inc (Affinity) and all of the assets and liabilities of St Elizabeth's Hospital, including fixed assets, patient accounts receivable, and inventory The net book value of the assets to be purchased by the buyer was approximately $113,348 at June 30, 2011 Current liabilities of St Elizabeth's Hospital to be assumed by the buyer were approximately $29,970 at June 30, 2011 WFSI anticipates sale proceeds from the divestiture will be in excess of net book value

(In thousands)

WFSI's interest in Affinity and the assets and liabilities related to St Elizabeth's Hospital are classified as held-for-sale in the accompanying 2011 consolidated balance sheet The operations of Affinity and St Elizabeth's Hospital have been presented in the accompanying consolidated statements of operations within discontinued operations Further, all net cash flows related to the operating, investing, and financing activities of Affinity and St Elizabeth's Hospital are reported separately as discontinued operations in the accompanying consolidated statements of cash flows

A summary of the assets held for sale and the related liabilities, and operating components of discontinued operations as of and for the years ended June 30, 2011 and 2010 is as follows

		2011	2010
Assets held for sale and related liabilities			
Cash and equivalents	$	8,700	15,440
Other current assets		26,528	27,140
Property, plant, and equipment, net		92,945	67,008
Other assets		64,511	70,625
Total assets	$	192,684	180,213
Total liabilities, including $49,366 in 2011 and $37,992 in 2010 of intercompany debt payable to WFSI	$	79,336	70,621
Net assets		113,348	109,592

		2011	2010
Discontinued operations			
Total revenues and gains	$	150,783	150,770
Expenses			
Salaries and fringe benefits		72,540	68,877
Purchased services, supplies, and other		56,202	54,916
Provision for bad debts		4,376	6,650
Interest		2,615	1,789
Depreciation and amortization		8,649	8,157
Total expenses	$	144,382	140,389
Income from discontinued operations	$	6,401	10,381

In May 2011, WFSI sold substantially all of the assets and business operations associated with a dialysis component of Southeast Wisconsin (All Saints Healthcare System, Inc) The sale of the dialysis component resulted in a gain of $8,587 in 2011 The gain on sale, operations, and cash flows associated with the dialysis component are reported as discontinued operations in the accompanying 2011 financial statements Income from discontinued operations for the dialysis component was $119 and $635 for the years ended June 30, 2011 and 2010, respectively

(In thousands)

(10) Property, Plant, and Equipment

A summary of property, plant, and equipment at June 30, 2011 and 2010 is as follows

		2011	2010
Land and land improvements	$	110,003	109,049
Buildings		1,099,467	1,078,541
Building equipment		374,996	372,175
Departmental equipment		580,799	612,251
		2,165,265	2,172,016
Less accumulated depreciation and amortization		1,166,918	1,129,652
		998,347	1,042,364
Construction in progress		87,075	66,666
Total property, plant, and equipment, net	$	1,085,422	1,109,030

Construction in progress at June 30, 2011 consists of various expansion and renovation projects As of June 30, 2011, construction commitments are primarily related to St Catherine's expansion project (note 15(c)) During the years ended June 30, 2011 and 2010, WFSI capitalized net interest cost in the amount of $3,164 and $2,630, respectively

(In thousands)

(11) Long-Term Debt – Bonds

Long-term debt – bonds at June 30, 2011 and 2010 are as follows

	2011	2010
Wheaton Franciscan Services, Inc. (System Refinancing) – Wisconsin Health and Educational Facilities Authority Revenue Bonds, Series 1993 (Series 1993 Bonds) with fixed interest rates ranging from 6.0% to 6.1% and redeemed in 2011	$ —	47,005
Wheaton Franciscan Services, Inc. (System Refinancing) – Iowa Finance Authority, Variable Rate Demand Revenue Bonds, Series 1998A (Series 1998A Bonds) with variable effective interest rates of 3.75% for the years ended June 30, 2011 and 2010, converted to Bank Bonds in 2009	6,400	9,400
Wheaton Franciscan Services, Inc. (System Refinancing) – Iowa Finance Authority, Variable Rate Demand Revenue Bonds, Series 1998B (Series 1998B Bonds) with variable effective interest rates of 3.75% for the years ended June 30, 2011 and 2010, converted to Bank Bonds in 2009	13,000	18,400
Wheaton Franciscan Services, Inc. (System Financing) – Wisconsin Health and Educational Facilities Authority, Revenue and Refunding Bonds, Series 2002 (Series 2002 Bonds) with fixed interest rates ranging from 4.875% to 5.750% and varying debt service payments through August 2030	1,665	3,240
Wheaton Franciscan Services, Inc. (System Financing) – Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Series 2003A (Series 2003A Bonds) with fixed interest rates ranging from 5.0% to 5.5% and varying debt service payments through August 2033	103,890	105,760
Wheaton Franciscan Services, Inc. (System Financing) – Wisconsin Health and Educational Facilities Authority, Variable Rate Demand Revenue Bonds, Series 2003B (Series 2003B Bonds) with variable interest rate (effective average interest rate of 0.22% and 0.20% for the years ended June 30, 2011 and 2010, respectively) and debt service payments through August 2033	75,000	75,000

(Continued)

(In thousands)

		2011	2010
Wheaton Franciscan Services, Inc (System Refinancing) – Wisconsin Health and Educational Facilities Authority Revenue Bonds, Series 2006A (Series 2006A Bonds) with fixed interest rates ranging from 5 00% to 5 25% and varying debt service payments through August 2034	$	296,410	298,775
Wheaton Franciscan Services, Inc (System Refinancing) – Wisconsin Health and Educational Facilities Authority Revenue Refunding Bonds, Series 2006B (Series 2006B Bonds) with fixed interest rates ranging from 4 000% to 5 125% and varying debt service payments through August 2030		207,505	207,905
Wheaton Franciscan Services, Inc (System Financing) – Wisconsin Health and Educational Facilities Authority, Variable Rate Demand Revenue Bonds, Series 2007 (Series 2007 Bonds) with variable interest rates (effective average interest rate of 0 23% and 0 24% for the years ended June 30, 2011 and 2010, respectively) and varying debt service payments through August 2036		64,405	64,405
St Francis Hospital, Inc – Wisconsin Health and Educational Facilities Authority, Variable Rate Demand Revenue Bonds, Series 1997 (St Francis Series 1997 Bonds) with variable interest rates (effective interest rate of 3 25% and 3 28% for the years ended June 30, 2011 and 2010, respectively), converted to Bank Bonds in 2009		10,000	13,600
		778,275	843,490
Unamortized net bond issue premiums		20,462	20,791
Total long-term debt		798,737	864,281
Less			
Current installments of long-term debt		18,390	23,075
Long-term debt subject to short-term remarketing agreements		42,912	42,937
Long-term debt, excluding current installments and net unamortized bond issue premiums	$	737,435	798,269

All of the outstanding long-term bond indebtedness has been issued pursuant to the MTI, and is comprised of unsecured obligations of The Obligated Group Each member of The Obligated Group has jointly and severally guaranteed the payment of any and all amounts due on the outstanding indebtedness issued under the MTI

(In thousands)

The following is a summary of the bond insurer and liquidity facility for the outstanding long-term debt

Outstanding debt series	Bond insurer	Liquidity facility
Series 1998A Bonds	MBIA Insurance Corporation	—
Series 1998B Bonds	MBIA Insurance Corporation	—
St Francis Series 1997 Bonds	AMBAC Assurance Corporation	—
Series 2003B Bonds*	—	Letter of Credit – U S Bank National Association, expiring in November 2013
Series 2007 Bonds*	—	Letter of Credit – PNC Bank expiring in November 2013

* Bear interest at a variable rate, which is currently determined weekly

In the event that the letters of credit are not renewed, mandatory redemption provisions become applicable, which require the then outstanding indebtedness to be paid in full or within an 18-month period

The fair value of the fixed-rate long-term debt of WFSI and its subsidiaries was $578,261 and $630,401 at June 30, 2011 and 2010, respectively The recorded amount of these obligations at June 30, 2011 and 2010 was $609,470 and $662,685, respectively Fair value of fixed-rate long-term debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to WFSI for debt of the same remaining maturities For variable rate debt, carrying amounts approximate fair value Fair value was estimated using quoted market prices based upon WFSI's current borrowing rates for similar types of long-term debt securities

On January 21, 2011, WFSI redeemed at par $42,140 of the then outstanding principal balance on the Series 1993 Revenue Bonds The unamortized deferred financing costs and bond discount related to the Series 1993 Revenue Bonds were written off at the time of retirement and are reported as loss on early extinguishment of debt in the amount of $1,832 in the accompanying 2011 consolidated statement of operations

The Series 2003B and Series 2007 bonds are secured by letters of credit with US Bank National Association and PNC Bank (collectively, the Commercial Banks), respectively These bonds have put options that allow the holders to redeem the bonds prior to maturity The Obligated Group has agreements with remarketing agents to remarket any bonds redeemed as a result of the exercise of the put options If the bonds cannot be remarketed, the Commercial Banks will purchase the bonds under the letters of credit Any liquidity advances as a result of failed remarketing are repayable to the Commercial Banks with 60 days unless converted to term loans by meeting certain criteria as defined in the letter of credit agreements (the Agreements) Any term loans must be repaid in full by the earlier of the letter of credit expiration date or the date of certain other events as defined in the Agreements

(In thousands)

The first chart represents future principal repayments on long-term debt assuming the Series 2003B and Series 2007 variable rate demand bonds failed to be remarketed and were subsequently purchased by the letter of credit banks on June 30, 2011 with principal repayments accelerated in accordance with the terms of the letter-of-credit agreements The second chart represents principal repayments based on the current status under the terms of the Standby Bond Purchase Agreements for the Bank Bonds, and all other long-term debt – bonds based on scheduled maturities or repayments as specified in the related long-term debt agreements

Chart I

Year ending June 30		
2012	$	61,302
2013		70,548
2014		64,000
2015		12,075
2016		12,580
Thereafter		557,770
	$	778,275

Chart II

Year ending June 30		
2012	$	18,390
2013		21,655
2014		16,760
2015		12,340
2016		16,380
Thereafter		692,750
	$	778,275

(In thousands)

(12) Long-Term Debt – Mortgages

Long-term debt – mortgages held by FMI at June 30, 2011 and 2010 are as follows:

Housing project	Interest rate	Final maturity date	Security	2011	2010
Assisi homes:					
Batavia Apartments, Inc.	6.75%	November 1, 2041	HUD	$ 9,976	10,072
Batavia Apartments, Inc.	7.00	August 1, 2012	HUD	400	718
Colony Park, Inc.	7.49	July 1, 2018	IHDA	1,686	1,877
Constitution House, Inc.	7.81	July 1, 2016	IHDA	1,244	1,493
Jefferson Court, Inc.	6.21	March 1, 2038	HUD	7,221	7,325
Saxony, Inc.	5.54	June 1, 2035	Citigroup	6,829	6,960
Clare Gardens, Inc.	5.25	July 1, 2038	HUD	2,798	2,857
Francis Heights, Inc. Capmark A	6.50	February 28, 2014	HUD	651	868
Francis Heights, Inc. Flex	1.00	No fixed maturity date	HUD	1,902	1,902
Francis Heights, Inc. Capmark B	6.50	February 28, 2038	HUD	96	98
Francis Heights, Inc. 2nd Mtge	4.00	January 31, 2038	HUD	1,398	1,639
Marian Housing Center, Inc.	5.50	June 1, 2040	HUD	1,447	1,467
Marian Park, Inc.	7.00	January 1, 2014	FHA	2,465	2,700
Starved Rock – LaSalle Manor Limited Partnership (SR)	3.00	July 1, 2020	GMAC	423	440
SR	6.50	April 1, 2037	GMAC	479	486
SR	2.00	April 1, 2037	GMAC	930	960
Villa St. Clare, Inc.	4.00	April 1, 2027	WHEDA	1,300	1,349
Kenosha Seniors Limited	6.75	July 1, 2009	Johnson Bank	809	820
Other mortgages	6.13% – 7.68%			663	683
Total long-term debt – mortgages				42,717	44,714
Less current installments of mortgages				2,047	1,655
Long-term debt – mortgages, excluding current installments				$ 40,670	43,059

(In thousands)

As of June 30, 2011, scheduled annual maturities of long-term debt – mortgages for the next five years and thereafter are as follows

Year ending June 30		
2012	$	2,047
2013		1,837
2014		1,386
2015		1,141
2016		1,107
Thereafter		35,199
	$	42,717

(13) Pension Plans

WFSI and certain of its subsidiaries participate in a qualified noncontributory defined benefit pension plan (the Plan), covering all employees who are at least 21 years of age and work 1,000 or more hours per year The normal retirement benefit of the Plan is a monthly retirement income, a lump-sum payment, or a combination thereof which is computed based on a cash balance accumulated from contributions and interest earnings thereon equal to the one-year Treasury bill rate or a rate approved by the WFSI Human Resources Committee The benefit is payable commencing on the employee's retirement date The Plan is funded based on the estimated pension cost as determined by the Plan's consulting actuary

The cost related to employee service is recognized using the Projected Unit Credit Cost Method Gains and losses, calculated as the difference between estimates and actual amounts of plan assets and the projected benefit obligation, are amortized over the expected future service period The prior service credits are also amortized over the expected future service period

Effective January 1, 1995, the Plan was amended to include a revised benefit formula Pursuant to the amended plan documents, affected participants are entitled to a retirement benefit equal to the greater of their benefit as defined by the Plan or their benefit as defined by the preamended plan

(In thousands)

The following table sets forth information on the funded status, amounts recognized in the consolidated financial statements, and weighted average assumptions related to WFSI's Plan for the years ended June 30, 2011 and 2010

		2011	2010
Change in benefit obligation			
Benefit obligation at beginning of year	$	688,348	603,371
Service cost		29,399	28,671
Interest cost		40,498	42,059
Benefits paid		(34,830)	(39,918)
Actuarial loss		6,844	54,165
Benefit obligation of end of year		730,259	688,348
Change in plan assets			
Fair value of plan assets at beginning of year		457,568	378,359
Actual return on plan assets		94,055	62,725
Employer contributions		49,206	56,402
Benefits paid		(34,830)	(39,918)
Fair value of plan assets at end of year		565,999	457,568
Funded status	$	(164,260)	(230,780)
Amounts recognized in the accompanying consolidated balance sheets			
Accrued pension liability	$	(164,260)	(230,780)
Accumulated charge to unrestricted net assets		147,246	213,766
Net amounts recognized in the accompanying consolidated balance sheets	$	(17,014)	(17,014)

The accumulated charge to unrestricted net assets represents charges or credits arising from the defined benefit pension plan, but not yet recognized as components of net periodic benefit cost The accumulated charge to unrestricted net assets at June 30, 2011 and 2010 of $147,246 and $213,766, respectively, are comprised of $209,914 and $285,499 of unrecognized net actuarial losses offset by a reduction for unrecognized prior service credits of $62,668 and $71,733 at June 30, 2011 and 2010, respectively

The accumulated benefit obligation for the Plan was $694,091 and $679,307 at June 30, 2011 and 2010, respectively

Several organizations participate in the Plan but are not included in the accompanying consolidated financial statements Therefore, the amounts recognized by the participants are shown in the above table, but are not included in the consolidated financial statements The net periodic pension cost for the years ended June 30, 2011 and 2010 related to unconsolidated subsidiaries and affiliates amounted to $1,826 and $2,168, respectively

(In thousands)

Net periodic benefit cost for the Plan for the years ended June 30, 2011 and 2010 included the following components

		2011	2010
Components of net periodic benefit cost			
Service cost	$	29,399	28,671
Interest cost		40,498	42,059
Expected return on plan assets		(35,203)	(29,231)
Net amortization amounts		14,512	14,903
Net periodic benefit cost	$	49,206	56,402
Weighted average assumptions			
Discount rate used to determine obligation		5.26%/8.00%	5.25%/8.00%
Discount rate used to determine net periodic benefit cost		5.26%/8.00%	5.25%/8.00%
Rate of compensation increase		Age-based	Age-based
Expected return on plan assets		8.00%	8.00%
Cash balance interest rate assumption		3.1%	3.5%

The weighted average discount rate used in determining the actuarial present value of the projected benefit obligation at June 30, 2011 and 2010 was 8% for participants estimated to take their retirement benefit in the form of a lump sum and 5.26% and 5.25% at June 30, 2011 and 2010, respectively, for participants receiving, or expected to elect, annuity payments.

Effective as of January 1, 2009, for participants who do not meet the Rule of 80, the cap for contribution credit percentage changed from 8% to 5% (or higher for participants at a higher level as of December 31, 2008), and the grandfathered annuity for eligible participants hired prior to January 1, 1995 changed from using final average pay formula to career average. A participant actively employed on December 31, 2008 meets the Rule of 80 if his or her age plus benefit service, both determined as of December 31, 2008, is at least equal to 80. Such plan changes resulted in a decrease to the projected benefit obligation of $44,404.

The Plan's overall expected long-term rate of return on assets is 8% for both 2011 and 2010. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments.

WFSI is expected to contribute $50,000 to the Plan in 2012 of which approximately $34,012 is the expense of the Plan. Approximately $23,576 of unrecognized net actuarial losses at June 30, 2011 are expected to be recognized as pension expense in 2012. Approximately $9,065 of unrecognized prior service credits at June 30, 2011 will be recognized as a reduction of pension expense in 2012.

The benefits expected to be paid in each year from 2012 through 2016 are approximately $35,599, $42,870, $44,922, $46,960, and $48,609, respectively. The aggregate benefits expected to be paid in the five years from 2017 through 2021 are approximately $254,086. The expected benefits are based on the same assumptions used to measure WFSI's benefit obligation at June 30 and include estimated future employee service.

(In thousands)

The Plan has a statement of Investment Policy, which is reviewed and approved by the WFSI board of directors The policy establishes goals and objectives of the fund, asset allocations, allowable and prohibited investments, socially responsible guidelines, and asset classifications as well as specific investment manager guidelines The policy states that the rebalancing of these assets to the target allocations will be reviewed on a semiannual basis Investments are managed by independent advisors Management monitors the performance of these managers on a monthly basis

The table below lists the target asset allocation and acceptable ranges and actual asset allocations as of June 30, 2011 and 2010

	2011			2010		
Asset	Target allocation	Acceptable range	Actual allocation	Target allocation	Acceptable range	Actual allocation
Equity – Large Cap Growth	5%	0% – 10%	6%	5%	0% – 10%	7%
Equity – Large Cap Value	20	15% – 25%	17	20	15% – 25%	16
Equity – Mid Cap	10	5% – 15%	11	10	5% – 15%	10
Equity – Small Cap	10	5% – 15%	10	10	5% – 15%	9
Equity International	15	10% – 20%	15	15	10% – 20%	14
Fixed income and cash	40	25% – 50%	41	40	30% – 50%	44

(a) Fair Value of Financial Instruments

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

- Common stocks, quoted mutual funds, and direct U S government obligations are measured using quoted market prices at the reporting date multiplied by the quantity held Corporate bonds, notes, and U S agency securities are measured using other observable inputs The carrying value equals fair value

(In thousands)

(b) *Fair Value Hierarchy*

The following tables present the Plan's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2011 and 2010

		Total, June 30, 2011	Quoted prices in active markets for identidical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments					
Cash and cash equivalents	$	21,450	21,450	—	—
Corporate debt securities		121,797	48,741	73,056	—
U S government obligations		92,890	—	92,890	—
Equity securities		11,946	—	11,946	—
Equity funds		320,644	320,644	—	—
Total *	$	568,727	390,835	177,892	—

		Total, June 30, 2010	Quoted prices in active markets for identidical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments					
Cash and cash equivalents	$	51,577	51,577	—	—
Corporate debt securities		87,446	25,955	61,491	—
U S government obligations		61,652	22,194	39,458	—
Equity securities		4,547	—	4,547	—
Equity funds		255,382	255,382	—	—
Total *	$	460,604	355,108	105,496	—

* Total excludes $2,728 and $3,036 of unsettled payables to custodian of pension plan assets as of June 30, 2011 and 2010, respectively

During 1996, WFSI created a nonqualified Benefit Restoration Plan (the BRP) for senior executives employed in the organization whose benefits under the qualified plan are limited due to limitations imposed by income tax regulations In 2001, the Plan was amended to cover certain benefits previously provided under the BRP In 2008, the BRP was amended to vest the accrued benefits as of

December 29, 2008 The payout started in January 2009 with future accrued benefits being paid out annually Accounts payable to BRP participants of $379 and $884 at June 30, 2011 and 2010, respectively, are included in other long-term liabilities

(14) Insurance

(a) *Professional and General Liability*

Wheaton Franciscan Insurance Company (the Captive), a wholly owned subsidiary of WFSI, was formed to provide comprehensive professional and general liability insurance to the organization Professional liability coverage for WFSI qualified subsidiaries located in Wisconsin is procured through Preferred Professional Insurance Company (PPIC), which reinsures all of the risk with the Captive All other WFSI subsidiaries are insured directly by the Captive for professional and general liability risks

For primary professional liability coverage for Wisconsin-based providers, WFSI pays premiums to PPIC based upon actuarial computations that estimate the expected ultimate losses by policy year PPIC then pays the premium, net of PPIC's administrative expenses, to the Captive pursuant to a reinsurance agreement All primary professional liability insurance coverage provided through PPIC is on an occurrence basis

Losses in excess of the primary professional liability limits for the Wisconsin-based providers are fully covered through the hospitals' and employed physicians' mandatory participation in the Patients' Compensation Fund of the State of Wisconsin For other regions, the Captive obtains varying levels of commercial umbrella and excess reinsurance coverage by policy year on a claims-made basis

WFSI recognizes provisions for the ultimate cost of reported losses and for losses incurred but not reported based upon projections by WFSI management and independent actuaries At June 30, 2011 and 2010, loss reserve accruals of $27,690 and $33,267, respectively, are included in the accompanying consolidated financial statements in other long-term liabilities It is management's opinion that the recorded claim reserves are adequate to cover ultimate losses incurred to date Provisions for professional and general liability self-insurance expense amounted to $695 and $8,500 for the years ended June 30, 2011 and 2010, respectively, and are included in purchased services, supplies, and other expenses in the accompanying consolidated statements of operations

(b) *Workers' Compensation and Employee Benefits*

WFSI is self-insured for workers' compensation claims up to the first $250 WFSI purchases workers' compensation umbrella and excess policies to provide various levels of additional coverage by policy year Workers' compensation self-insurance expense amounted to $5,432 and $7,293 for the years ended June 30, 2011 and 2010, respectively, and is included in salaries and fringe benefits expense in the accompanying consolidated statements of operations The liability for estimated self-insured workers' compensation claims of $9,614 and $11,288 is included within accounts payable and accrued expenses in the accompanying consolidated balance sheets

WFSI is self-insured for healthcare and other benefits for employees through a VEBA Trust for the year ended June 30, 2009 and a portion of the year ended June 30, 2010. In 2009, the board of directors approved a termination plan for the VEBA Trust that all contributions would cease on July 1, 2009. At June 30, 2009, WFSI reported a net liability to the VEBA Trust of approximately $2,944, which is included in accounts payable and accrued expenses. Once the VEBA Trust's general fund account was exhausted in December 2009 due to payment of claims and expenses, the VEBA Trust was terminated. All claims, premiums, and administrative expenses related to benefits previously paid through the Trust are now processed, recorded, and paid directly through WFSI, with the exception of long-term disability coverage which became commercially insured effective January 1, 2010.

WFSI has developed internal techniques to estimate the claims incurred but unreported as of the consolidated balance sheet dates for healthcare and other employee benefits. Accrued healthcare and other benefits claims of approximately $19,211 and $22,945 at June 30, 2011 and 2010, respectively, consist of the estimated ultimate cost of reported claims and claims incurred but not reported as of the consolidated balance sheet dates and are included within accounts payable and accrued expenses. Provisions for self-insured employee healthcare and other employee benefit claims amounted to approximately $80,614 and $80,200 for the years ended June 30, 2011 and 2010, respectively, and are included with salaries and fringe benefits expense in the accompanying consolidated statements of operations.

(15) Integration Agreements and Investments in Unconsolidated Affiliates

WFSI and certain subsidiaries also have investments in organizations that are not majority owned or controlled by WFSI organizations. WFSI and its subsidiaries account for their investments in these organizations using the equity method of accounting. The equity method of accounting is discontinued when the equity investment is reduced to zero unless WFSI or its subsidiaries has guaranteed the obligations of the organization or is committed to provide additional capital support.

(a) Felician Services, Inc.

In 2008, WFSI and Southeast Wisconsin Region entered into a Restated Integration Agreement with Felician Services, Inc. (FSI) to better fulfill both WFSI's and FSI's commitment to the mission of the health ministry of the Roman Catholic Church. The Restated Integration Agreement was retroactively effective July 1, 2006 and gives Southeast Wisconsin Region authority to manage and direct the FSI-sponsored entities at (Wheaton Franciscan Healthcare – St. Francis, Inc. and Wheaton Franciscan Healthcare – Terrace at St. Francis, Inc.). The FSI-sponsored entities are consolidated by WFSI within the accompanying consolidated financial statements given the degree of control and economic interest that WFSI has over the FSI-sponsored entities.

The Restated Integration Agreement provides FSI a put option that can be exercised by giving WFSI written notice. The execution of the put option requires WFSI to pay FSI an acquisition price of $28,000 for the FSI-sponsored entities, which is accrued and included in other long-term liabilities in the accompanying consolidated balance sheets. The put option has not been exercised as of June 30, 2011.

(b) ***Affinity Health System, Inc.***

Effective January 19, 1995, WFSI and Ministry Health Care (MHC) entered into an integration agreement to more fully integrate the healthcare delivery function in northeastern Wisconsin. This agreement was amended and restated effective October 1, 1997 creating a fully integrated economic system called Affinity (a joint venture in which WFSI and MHC each have a 50% noncontrolling interest). Pursuant to this agreement, WFSI and MHC continue to own and sponsor their respective operating entities within Affinity and participate in the sharing of income (loss) of all Affinity organizations.

WFSI has reported all Affinity-related assets, liabilities, and operations in the accompanying consolidated financial statements as discontinued operations and assets held for sale (note 9).

(c) ***United Hospital System, Inc.***

Effective July 6, 1998, St. Catherine's entered into an integration agreement with United Hospital System, Inc. to operate as a single system through the formation of UHS, Inc. (United). The intent of the integration was to facilitate the development and operation of a healthcare system for the Kenosha, Wisconsin regional community and reduce the cost of and duplication of services. The integration agreement provides for the sharing of income or losses on a percentage basis of the consolidated results of operations.

WFSI accounts for its 25% equity investment in United on the equity method of accounting. WFSI has included its proportional share of United net income of $4,840 and $5,374 in 2011 and 2010, respectively, as other revenue in the accompanying consolidated statements of operations. WFSI received no cash distributions from United in 2011 or 2010. As of and for the years ended June 30, 2011 and 2010, respectively, United Hospital System, Inc. had total assets of $312,527 and $292,432, total net assets of $231,229 and $184,140, and revenue of $285,573 and $276,726.

Construction in progress at June 30, 2011 relates primarily to costs incurred for St. Catherine's expansion project. At June 30, 2011, St. Catherine's has incurred and capitalized approximately $90,000 of the costs related to the project. Total estimated remaining project costs of $4,237 have been contractually committed. The project is being partially funded by United. As of June 30, 2011 and 2010, a due to United in the amount of $69,000 and $39,000, respectively, for repayment of construction advances is included in accounts payable and accrued expenses in the accompanying consolidated balance sheets.

(d) ***Midwest Orthopedic Specialty Hospital, LLC (MOSH)***

MOSH, a joint venture entity, was formed in late 2008 to own and operate an orthopedic specialty hospital located on the second floor of the Wheaton Franciscan Healthcare – Franklin (WFH-Franklin). MOSH was granted its hospital license by the State of Wisconsin and opened for operations effective July 31, 2009. The members of MOSH are Wheaton Franciscan Holdings, Inc. (WFH), a wholly owned for-profit subsidiary of the Southeast Wisconsin Region, and TS Ortho, LLC, an independent physician-owned entity. Each member has a 50% ownership interest in MOSH. In April 2009, WFH invested $4.9 million as start-up equity capital.

(In thousands)

In 2010, WFH contributed to the joint venture the necessary real estate and improvements thereto, along with the necessary equipment and furniture to establish the new orthopedic hospital facility, and TS Ortho, LLC contributed cash. The contribution of $10,000 of property, plant, and equipment was recorded as additional equity capital. As of June 30, 2011 and 2010, respectively, MOSH has total assets of $44,919 and $42,571, member equity of $40,128 and $37,240, and total revenue of $56,534 and $35,832. WFH accounts for its 50% interest in MOSH under the equity method of accounting. For the years ended June 30, 2011 and 2010, WFSI has included its proportional share of MOSH's net income of $13,446 and $5,920, respectively, as other operating revenue in the accompanying consolidated statements of operations. Distributions are payable by MOSH at the discretion of the joint venture's board of directors. WFH received cash distributions of $13,000 and $2,200 from the joint venture during 2011 and 2010, respectively.

(16) Commitments and Contingencies

(a) Operating Leases

WFSI and its subsidiaries have entered into various contracts for operating leases of office space, buildings, and equipment. During 2011 and 2010, WFSI and its subsidiaries recognized $11,048 and $12,375, respectively, of lease expense under these agreements.

As of June 30, 2011, scheduled annual contractual payments under operating leases for the next five years and thereafter are as follows:

Year ending June 30:		
2012	$	6,516
2013		5,681
2014		4,455
2015		3,519
2016		2,493
Thereafter		4,298
	$	26,962

(b) Housing Contingencies

FMI entered into multiple Capital Advance Program Mortgage Notes (the Notes) in the amount of $17,100. The Notes bear no interest and repayment is not required as long as the housing projects remain available to low-income, elderly, or disabled persons in accordance with the National Affordable Housing Act of 1990 and are operated in accordance with the Regulatory Agreements and HUD Regulations. The Notes are secured by the mortgage upon the land, building, and equipment, and other amounts held by FMI. If a default occurs under the terms of the Notes, mortgages, the Regulatory Agreements, or the regulations, the entire principal and interest accrued at the stated rate would become immediately due and payable without notice. These notes have been recorded as a direct addition to unrestricted net assets in the year received.

FMI also entered into agreements with various federal and state agencies whereby FMI received grants In connection with these grants, FMI must not, among other things, dispose of any property under its control that was acquired and/or improved with grant funds for a period between 15 and 40 years In the event of noncompliance, FMI would reimburse the agency the current fair market value of the property, less any portion of the value attributable to expenditures of nongrant funds for acquisition of, or improvement to, the property These grants have been recorded as a direct addition to unrestricted net assets in the year received

(c) Litigation

WFSI and its subsidiaries are involved in litigation arising in the ordinary course of business In the opinion of management, after consultation with legal counsel, the ultimate resolution of professional liability and other litigation matters will not have a material effect on the consolidated financial position or results from operations of WFSI and its subsidiaries

(d) State Sales and Property Tax Exemption

Local taxing authorities throughout the country are increasingly challenging the sales and real estate tax exemptions of not-for-profit healthcare providers

WFSI recently prevailed in the Wisconsin Supreme Court in its litigation related to the property tax exemption of one of its Wisconsin facilities Since opening the Wheaton Franciscan, Inc – Wauwatosa Campus outpatient center in 2003, the City of Wauwatosa (the City) has taken the stand that because there are physician offices in the building, the entire building is taxable and the City has assessed property taxes accordingly WFSI has paid and expensed property taxes as assessed, including $1,679 in 2011 and $1,824 in 2010, which are included in purchased services, supplies, and other expenses WFSI has maintained that the majority of the facility is dedicated to hospital-based services as an extension of Wheaton Franciscan, Inc , and therefore, it should be required to pay taxes only on the physician office space in the facility WFSI appealed the City decision to tax the entire facility seeking a refund of the taxes it has paid to date on the property plus interest That appeals process led to the case going before a Wisconsin Circuit Court in August 2007 On March 30, 2009, the court issued a decision in the matter in WFSI's favor granting the facility's tax exemption and ordered the City to refund the taxes paid to date The City appealed the case In August 2010, the Wisconsin Court of Appeals reversed the trial court decision and determined that the outpatient center in the City of Wauwatosa constitutes a "doctor's office" and, therefore, is ineligible for property tax exemption under Wisconsin law In September 2010, WFSI filed a Petition for Review to the Wisconsin Supreme Court On July 19, 2011, the Wisconsin Supreme Court reversed the Court of Appeals' decision and ruled in favor upholding the tax-exempt status of Wheaton Franciscan, Inc The Court concluded that two-thirds of the outpatient facility was exempt from property tax The Court reasoned that the facility was exempt because it was used for the primary purpose of a hospital As a result of the Wisconsin Supreme Court decision, WFSI recognized $8,908 of related taxes, interest, and penalties as a reduction of 2011 purchased services, supplies, and other expenses

Notwithstanding the recent favorable decision in Wisconsin, where the majority of Wheaton Franciscan Healthcare's business is conducted, the State of Illinois is taking an alternative approach to property and sales tax for healthcare providers conducting business in its state. To date, the State of Illinois has revoked and/or is currently reviewing the ongoing property and sales tax exemption of several Illinois Hospitals (unrelated to Wheaton Franciscan Healthcare). The State's focus has been exclusively on the level of free or discounted care being provided by the hospital. Other charitable factors, such as the level of government payors and/or other community services provided by the hospitals, are generally not being considered by the State as factors relevant to exemption. The Illinois Hospital Association is negotiating with the State to develop legislative changes to clarify the standards applied for property and sales tax exemption, however, it is assumed that charity care will continue to be the determinative factor.

(e) Regulatory Investigations

DOJ, DOL, IRS, and other state and federal agencies also routinely conduct regulatory investigations and compliance audits of healthcare providers. WFSI and its subsidiaries are subject to these regulatory efforts. Management is currently unaware of any current regulatory matters that may have a material adverse effect on the consolidated financial position or results of operations.

(f) Investment Risks and Uncertainties

WFSI invests in various investment securities. Investment securities are exposed to various risks such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated balance sheets.

(17) Subsequent Events

WFSI evaluated events and transactions through October 28, 2011, which is the date the consolidated financial statements were issued, noting no subsequent events other than those as previously described in the preceding notes, requiring recording or disclosure in the consolidated financial statements or related notes to the consolidated financial statements.

Schedule 1

WHEATON FRANCISCAN SERVICES, INC.

Consolidating Balance Sheet Information

June 30, 2011

(In thousands)

Assets		WFSI Healthcare	WFSI Housing	Eliminations	WFSI consolidated
Current assets					
Cash and cash equivalents	$	40,038	8,521	—	48,559
Short-term investments		66,056	—	—	66,056
Assets whose use is limited – required for current liabilities		67,870	—	—	67,870
Patient accounts receivable, net of uncollectible accounts of approximately $55,555		185,136	—	—	185,136
Securities lending collateral		8,437	—	—	8,437
Inventories of supplies		24,254	—	—	24,254
Prepaid expenses and other		46,660	550	(2)	47,208
Assets held for sale		192,684	—	—	192,684
Total current assets		631,135	9,071	(2)	640,204
Noncurrent assets whose use is limited		531,669	11,545	—	543,214
Property, plant, and equipment, net		1,001,367	84,055	—	1,085,422
Other assets					
Restricted assets		18,407	—	—	18,407
Deferred expenses, net		4,159	2,024	—	6,183
Investments in unconsolidated affiliates		20,718	—	—	20,718
Notes and accounts receivable, affiliated organizations		3,273	—	(3,273)	—
Other long-term assets		36,416	3,096	—	39,512
Total other assets		82,973	5,120	(3,273)	84,820
Total assets	$	2,247,144	109,791	(3,275)	2,353,660
Liabilities and Net Assets					
Current liabilities					
Current installments of long-term debt – bonds	$	18,390	—	—	18,390
Long-term debt subject to short-term remarketing agreements		42,912	—	—	42,912
Current installments of long-term debt – mortgages		—	2,047	—	2,047
Current installments of notes payable to affiliates		—	4,114	(4,114)	—
Accounts payable and accrued expenses		251,867	4,946	(2)	256,811
Payable under securities lending agreement		8,437	—	—	8,437
Estimated third-party payor settlements		18,138	—	—	18,138
Liabilities related to assets held for sale		29,970	—	—	29,970
Total current liabilities		369,714	11,107	(4,116)	376,705
Long-term debt, excluding current installments and net unamortized bond issue premiums – bonds		737,435	—	—	737,435
Long-term debt, excluding current installments – mortgages		—	40,670	—	40,670
Notes payable to affiliates, excluding current installments		—	3,273	(3,273)	—
Accrued pension liability		164,260	—	—	164,260
Other		99,160	943	—	100,103
Total liabilities		1,370,569	55,993	(7,389)	1,419,173
Net assets					
Unrestricted		858,168	53,798	4,114	916,080
Temporarily restricted		15,644	—	—	15,644
Permanently restricted		2,763	—	—	2,763
Total net assets		876,575	53,798	4,114	934,487
Total liabilities and net assets	$	2,247,144	109,791	(3,275)	2,353,660

See accompanying independent auditors' report

Schedule 2

WHEATON FRANCISCAN SERVICES, INC.

Consolidating Statement of Operations Information

Year ended June 30, 2011

(In thousands)

	WFSI Healthcare	WFSI Housing	Eliminations	WFSI consolidated
Net patient service revenues	$ 1,566,114	—	—	1,566,114
Other revenues				
Other	116,659	27,611	(1,516)	142,754
Net assets released from restrictions	1,227	—	—	1,227
Total revenues	1,684,000	27,611	(1,516)	1,710,095
Expenses				
Salaries and fringe benefits	936,312	7,722	—	944,034
Purchased services, supplies, and other	507,647	10,055	(1,021)	516,681
Provision for bad debts	74,131	67	—	74,198
Interest	31,532	2,515	(230)	33,817
Depreciation and amortization	107,732	4,479	—	112,211
Total expenses	1,657,354	24,838	(1,251)	1,680,941
Income from operations before investment returns	26,646	2,773	(265)	29,154
Change in net unrealized gains and losses on trading securities	18,532	—	—	18,532
Investment income, excluding change in net unrealized gains and losses on trading securities	29,674	307	—	29,981
Income from operations	74,852	3,080	(265)	77,667
Nonoperating gains (losses)				
Loss on early extinguishment of debt	(1,832)	—	—	(1,832)
Swap valuation adjustments	956	—	—	956
Gain on sale of business assets	666	—	—	666
Gain on involuntary disposal of assets	7,189	—	—	7,189
Other, net	12,897	(573)	265	12,589
Nonoperating gains (losses), net	19,876	(573)	265	19,568
Revenues and gains in excess of expenses and losses before discontinued operations	94,728	2,507	—	97,235
Gain from discontinued operations (including gain on sale of $8,587)	15,107	—	—	15,107
Revenues and gains in excess of expenses and losses	109,835	2,507	—	112,342
Other changes in unrestricted net assets				
Net assets released from restrictions used for purchase of property, plant, and equipment	3,285	—	—	3,285
Change in unrecognized net defined benefit plan costs	66,520	—	—	66,520
Cumulative effect of change in accounting principle – goodwill	(9,829)	—	—	(9,829)
Equity transactions of unconsolidated affiliates and other, net	(2,693)	—	—	(2,693)
Change in unrestricted net assets	$ 167,118	2,507	—	169,625

See accompanying independent auditors' report

WHEATON FRANCISCAN SERVICES, INC

Consolidating Balance Sheet Information

June 30, 2011

(In thousands)

Assets		Wheaton Franciscan Services, Inc	Wheaton Franciscan Healthcare Southeast WI/ Medical Group	Affinity Operations
Current assets				
Cash and cash equivalents	$	36,053	181,256	—
Short-term investments		66,056	—	—
Assets whose use is limited – required for current liabilities		67,870	—	—
Patient accounts receivable, net of uncollectible accounts of approximately $55,555		—	143,660	—
Securities lending collateral		8,437	—	—
Inventories of supplies		183	19,589	—
Prepaid expenses and other		18,000	35,705	—
Assets held for sale		—	—	192,684
Total current assets		196,599	380,210	192,684
Noncurrent assets whose use is limited		457,119	5,564	—
Property, plant, and equipment, net		64,674	634,808	—
Other assets				
Restricted assets		29	9,825	48
Deferred expenses, net		4,151	—	—
Investments in unconsolidated affiliates		916	19,802	—
Notes and accounts receivable, affiliated organizations		570,584	—	—
Other long-term assets			40,766	—
Total other assets		575,680	70,393	48
Total assets	$	1,294,072	1,090,975	192,732
Liabilities and Net Assets (Deficit)				
Current liabilities				
Current installments of long-term debt – bonds	$	18,390	—	—
Long-term debt subject to short-term remarketing agreements		42,912	—	—
Current installments of long-term debt – mortgages		—	—	—
Current installments of notes payable to affiliates		—	—	—
Accounts payable and accrued expenses		347,834	81,103	—
Payable under securities lending agreement		8,437	—	—
Estimated third-party payor settlements		—	9,706	—
Liabilities related to assets held for sale		—	—	79,336
Total current liabilities		417,573	90,809	79,336
Long-term debt, excluding current installments and net unamortized bond issue premiums – bonds		737,435	—	—
Long-term debt, excluding current installments – mortgages		—	—	—
Notes payable to affiliates, excluding current installments		—	468,655	—
Accrued pension liability		164,260	—	—
Other		95,194	4,818	—
Total liabilities		1,414,462	564,282	79,336
Net assets (deficit)				
Unrestricted		(120,419)	516,868	113,348
Temporarily restricted		29	8,427	48
Permanently restricted		—	1,398	—
Total net assets (deficit)		(120,390)	526,693	113,396
Total liabilities and net assets (deficit)	$	1,294,072	1,090,975	192,732

Note Affinity Operations represents St. Elizabeth's Hospital and WFSI's 50% interest in Affinity Health System, Inc.

See accompanying independent auditors' report

Marianjoy Rehabilitation Hospital & Clinics, Inc	WFH-Iowa, Inc	St Catherine's Hospital, Inc	OSF Services, Inc	Franciscan Ministries, Inc	Subtotal	Adjustments/ eliminations	Total
13,552	62,040	7,359	(113)	8,521	308,668	(260,109)	48,559
—	—	—	—	—	66,056	—	66,056
—	—	—	—	—	67,870	—	67,870
8,628	32,848	—	—	—	185,136	—	185,136
—	—	—	—	—	8,437	—	8,437
198	4,284	—	—	—	24,254	—	24,254
3,191	5,128	998	133	550	63,705	(16,497)	47,208
—	—	—	—	—	192,684	—	192,684
25,569	104,300	8,357	20	9,071	916,810	(276,606)	640,204
632	7,700	—	60,654	11,545	543,214	—	543,214
64,941	100,753	136,006	185	84,055	1,085,422	—	1,085,422
2,246	2,683	—	32	—	14,863	3,544	18,407
8	—	—	—	2,024	6,183	—	6,183
—	—	—	—	—	20,718	—	20,718
—	—	—	—	—	570,584	(570,584)	—
—	400	—	20	3,096	44,282	(4,770)	39,512
2,254	3,083	—	52	5,120	656,630	(571,810)	84,820
93,396	215,836	144,363	60,911	109,791	3,202,076	(848,416)	2,353,660
—	—	—	—	—	18,390	—	18,390
—	—	—	—	—	42,912	—	42,912
—	—	—	—	2,047	2,047	—	2,047
—	—	—	—	4,114	4,114	(4,114)	—
6,139	20,961	71,039	237	4,946	532,259	(275,448)	256,811
—	—	—	—	—	8,437	—	8,437
934	7,498	—	—	—	18,138	—	18,138
—	—	—	—	—	79,336	(49,366)	29,970
7,073	28,459	71,039	237	11,107	705,633	(328,928)	376,705
—	—	—	—	—	737,435	—	737,435
—	—	—	—	40,670	40,670	—	40,670
34,622	15,826	—	—	3,273	522,376	(522,376)	—
—	—	—	—	—	164,260	—	164,260
353	3,565	—	—	943	104,873	(4,770)	100,103
42,048	47,850	71,039	237	55,993	2,275,247	(856,074)	1,419,173
49,102	165,303	73,324	60,642	53,798	911,966	4,114	916,080
2,246	1,318	—	32	—	12,100	3,544	15,644
—	1,365	—	—	—	2,763	—	2,763
51,348	167,986	73,324	60,674	53,798	926,829	7,658	934,487
93,396	215,836	144,363	60,911	109,791	3,202,076	(848,416)	2,353,660

WHEATON FRANCISCAN SERVICES, INC

Consolidating Statement of Operations Information

Year ended June 30, 2011

(In thousands)

		Wheaton Franciscan Services, Inc	Wheaton Franciscan Healthcare Southeast WI/ Medical Group	Affinity Operations
Net patient service revenues	$	—	1,214,156	—
Other revenues				
Other		315,529	68,544	—
Net assets released from restrictions		—	907	—
Total revenues		315,529	1,283,607	—
Expenses				
Salaries and fringe benefits		187,099	657,299	—
Purchased services, supplies, and other		68,334	466,486	—
Provision for bad debts		—	63,956	—
Interest		34,328	23,398	—
Depreciation and amortization		21,728	67,359	—
Total expenses		311,489	1,278,498	—
Income from operations before investment returns		4,040	5,109	—
Change in net unrealized gains and losses on trading securities		17,202	717	—
Investment income, excluding change in net unrealized gains and losses on trading securities		15,755	8,059	—
Income from operations		36,997	13,885	—
Nonoperating gains (losses)				
Loss on early extinguishment of debt		(1,832)	—	—
Swap valuation adjustments		956	—	—
Gain on sale of business assets		—	666	—
Gain on involuntary disposal of assets		—	7,189	—
Other, net		(427)	13,071	—
Nonoperating gains (losses), net		(1,303)	20,926	—
Revenues and gains in excess of expenses and losses before discontinued operations		35,694	34,811	—
Gain from discontinued operations (including gain on sale of $8,587)		—	8,706	6,401
Revenues and gains in excess of expenses and losses		35,694	43,517	6,401
Other changes in unrestricted net assets				
Net assets released from restrictions used for purchase of property, plant, and equipment		19	1,194	358
Change in unrecognized net defined benefit plan costs		66,520	—	—
Cumulative effect of change in accounting principle – goodwill		—	(9,829)	—
Equity transactions of unconsolidated affiliates and other, net		—	—	(3,003)
Change in unrestricted net assets	$	102,233	34,882	3,756

Note Affinity Operations represents St Elizabeth's Hospital and WFSI's 50% interest in Affinity Health System, Inc

See accompanying independent auditors' report

Marianjoy Rehabilitation Hospital & Clinics, Inc	WFH-Iowa, Inc	St Catherine's Hospital, Inc	OSF Services, Inc	Franciscan Ministries, Inc	Subtotal	Adjustments/ eliminations	Total
71,264	280,694	—	—	—	1,566,114	—	1,566,114
9,544	22,084	9,509	5,073	27,611	457,894	(315,140)	142,754
295	25	—	—	—	1,227	—	1,227
81,103	302,803	9,509	5,073	27,611	2,025,235	(315,140)	1,710,095
53,453	158,921	—	1,645	7,722	1,066,139	(122,105)	944,034
20,046	110,694	312	1,247	10,055	677,174	(160,493)	516,681
312	9,863	—	—	67	74,198	—	74,198
1,749	1,015	—	—	2,515	63,005	(29,188)	33,817
3,458	11,516	3,635	36	4,479	112,211	—	112,211
79,018	292,009	3,947	2,928	24,838	1,992,727	(311,786)	1,680,941
2,085	10,794	5,562	2,145	2,773	32,508	(3,354)	29,154
—	612	—	1	—	18,532	—	18,532
550	3,417	—	1,893	307	29,981	—	29,981
2,635	14,823	5,562	4,039	3,080	81,021	(3,354)	77,667
—	—	—	—	—	(1,832)	—	(1,832)
—	—	—	—	—	956	—	956
—	—	—	—	—	666	—	666
—	—	—	—	—	7,189	—	7,189
(64)	(536)	4	(2,240)	(573)	9,235	3,354	12,589
(64)	(536)	4	(2,240)	(573)	16,214	3,354	19,568
2,571	14,287	5,566	1,799	2,507	97,235	—	97,235
—	—	—	—	—	15,107	—	15,107
2,571	14,287	5,566	1,799	2,507	112,342	—	112,342
197	1,517	—	—	—	3,285	—	3,285
—	—	—	—	—	66,520	—	66,520
—	—	—	—	—	(9,829)	—	(9,829)
—	(353)	—	663	—	(2,693)	—	(2,693)
2,768	15,451	5,566	2,462	2,507	169,625	—	169,625

WHEATON FRANCISCAN SERVICES, INC.

Consolidating Balance Sheet Information – The Obligated Group

June 30, 2011

(In thousands)

Assets		Wheaton Franciscan Services, Inc.	Southeast Wisconsin Region	Marianjoy Rehabilitation Hospital & Clinics, Inc.
Current assets				
Cash and cash equivalents	$	35,197	180,203	18,387
Short-term investments		66,056	—	—
Assets whose use is limited – required for current liabilities		67,870	—	—
Patient accounts receivable, net of uncollectible accounts of approximately $50,783		—	136,519	7,193
Securities lending collateral		8,437	—	—
Inventories of supplies		183	17,064	198
Prepaid expenses and other		15,033	687,306	3,212
Total current assets		192,776	1,021,092	28,990
Noncurrent assets whose use is limited		417,073	5,396	—
Property, plant, and equipment, net		64,674	628,086	64,900
Other assets				
Restricted assets		29	4,498	—
Deferred expenses, net		4,151	—	8
Investments in unconsolidated affiliates		16,695	65,831	—
Notes and accounts receivable, affiliated organizations		570,584	126	—
Other long-term assets		—	24,591	—
Total other assets		591,459	95,046	8
Total assets	$	1,265,982	1,749,620	93,898
Liabilities and Net Assets (Deficit)				
Current liabilities				
Current installments of long-term debt – bonds	$	18,390	—	—
Long-term debt subject to short-term remarketing agreements		42,912	—	—
Accounts payable and accrued expenses		347,726	745,906	4,671
Payable under securities lending agreement		8,437	—	—
Estimated third-party payor settlements		—	9,706	934
Total current liabilities		417,465	755,612	5,605
Long-term debt, excluding current installments and net unamortized bond issue premiums – bonds		737,435	—	—
Notes payable to affiliates, excluding current installments		—	464,481	34,622
Accrued pension liability		164,260	—	—
Other		67,212	4,818	353
Total liabilities		1,386,372	1,224,911	40,580
Net assets (deficit)				
Unrestricted		(120,419)	520,211	53,318
Temporarily restricted		29	4,053	—
Permanently restricted		—	445	—
Total net assets (deficit)		(120,390)	524,709	53,318
Total liabilities and net assets (deficit)	$	1,265,982	1,749,620	93,898

See accompanying independent auditors' report

Schedule 5

Iowa Region	St. Catherine's Hospital, Inc.	Clara Pfaender Fund, Inc.	Subtotal	Adjustments/ eliminations	Total
62,040	7,359	—	303,186	(260,266)	42,920
—	—	—	66,056	—	66,056
—	—	—	67,870	—	67,870
26,832	—	—	170,544	—	170,544
—	—	—	8,437	—	8,437
3,913	—	—	21,358	—	21,358
5,232	998	—	711,781	(666,154)	45,627
98,017	8,357	—	1,349,232	(926,420)	422,812
—	—	28,369	450,838	5,560	456,398
84,902	136,006	—	978,568	—	978,568
153	—	—	4,680	8,097	12,777
—	—	—	4,159	—	4,159
—	—	—	82,526	(18,650)	63,876
15,233	—	—	585,943	(529,165)	56,778
399	—	—	24,990	(4,770)	20,220
15,785	—	—	702,298	(544,488)	157,810
198,704	144,363	28,369	3,480,936	(1,465,348)	2,015,588
—	—	—	18,390	—	18,390
—	—	—	42,912	—	42,912
18,918	71,039	—	1,188,260	(926,420)	261,840
—	—	—	8,437	—	8,437
5,909	—	—	16,549	—	16,549
24,827	71,039	—	1,274,548	(926,420)	348,128
—	—	—	737,435	—	737,435
30,062	—	—	529,165	(529,165)	—
—	—	—	164,260	—	164,260
2,339	—	—	74,722	(4,770)	69,952
57,228	71,039	—	2,780,130	(1,460,355)	1,319,775
141,323	73,324	28,369	696,126	(13,090)	683,036
153	—	—	4,235	7,144	11,379
—	—	—	445	953	1,398
141,476	73,324	28,369	700,806	(4,993)	695,813
198,704	144,363	28,369	3,480,936	(1,465,348)	2,015,588

WHEATON FRANCISCAN SERVICES, INC.

Consolidating Statement of Operations Information – The Obligated Group

Year ended June 30, 2011

(In thousands)

		Wheaton Franciscan Services, Inc.	Southeast Wisconsin Region	Marianjoy Rehabilitation Hospital & Clinics, Inc.
Net patient service revenues	$	—	1,168,119	60,706
Other revenues				
Other		314,588	250,077	9,442
Net assets released from restrictions		—	855	295
Total revenues		314,588	1,419,051	70,443
Expenses				
Salaries and fringe benefits		187,099	619,205	42,646
Purchased services, supplies, and other		67,393	643,282	19,211
Provision for bad debts		—	63,391	85
Interest		34,328	23,203	1,749
Depreciation and amortization		21,728	66,512	3,423
Total expenses		310,548	1,415,593	67,114
Income from operations before investment return		4,040	3,458	3,329
Change in net unrealized gains and losses on trading securities		17,202	717	—
Investment income, excluding change in net unrealized gains and losses on trading securities		15,755	8,059	542
Income from operations		36,997	12,234	3,871
Nonoperating gains (losses)				
Loss on early extinguishment of debt		(1,832)	—	—
Swap valuation adjustments		956	—	—
Gain on sale of business assets		—	666	—
Gain on involuntary disposal of assets		—	7,189	—
Other, net		(427)	13,342	(64)
Nonoperating gains (losses), net		(1,303)	21,197	(64)
Revenues and gains in excess of expenses and losses before discontinued operations		35,694	33,431	3,807
Gain from discontinued operations (including gain on sale of $8,587)		—	8,706	—
Revenues and gains in excess of expenses and losses		35,694	42,137	3,807
Other changes in unrestricted net assets				
Net assets released from restrictions used for purchase of property, plant, and equipment		19	1,184	199
Change in unrecognized net defined benefit plan costs		66,520	—	—
Cumulative effect of change in accounting principle – goodwill		—	(9,829)	—
Equity transactions of unconsolidated affiliates and other, net		—	(5,479)	—
Change in unrestricted net assets	$	102,233	28,013	4,006

See accompanying independent auditors' report

Schedule 6

Iowa Region	St. Catherine's Hospital, Inc.	Clara Pfaender Fund, Inc.	Subtotal	Adjustments/ eliminations	Total
231,944	—	—	1,460,769	—	1,460,769
22,124	9,509	1,130	606,870	(504,787)	102,083
23	—	—	1,173	—	1,173
254,091	9,509	1,130	2,068,812	(504,787)	1,564,025
137,240	—	—	986,190	(122,105)	864,085
94,493	312	—	824,691	(354,785)	469,906
8,561	—	—	72,037	—	72,037
1,860	—	—	61,140	(27,080)	34,060
9,316	3,635	—	104,614	—	104,614
251,470	3,947	—	2,048,672	(503,970)	1,544,702
2,621	5,562	1,130	20,140	(817)	19,323
—	—	—	17,919	—	17,919
3,739	—	1,885	29,980	(868)	29,112
6,360	5,562	3,015	68,039	(1,685)	66,354
—	—	—	(1,832)	—	(1,832)
—	—	—	956	—	956
—	—	—	666	—	666
—	—	—	7,189	—	7,189
(242)	4	(1,850)	10,763	2,454	13,217
(242)	4	(1,850)	17,742	2,454	20,196
6,118	5,566	1,165	85,781	769	86,550
—	—	—	8,706	—	8,706
6,118	5,566	1,165	94,487	769	95,256
1,082	—	—	2,484	—	2,484
—	—	—	66,520	—	66,520
—	—	—	(9,829)	—	(9,829)
2,598	—	593	(2,288)	—	(2,288)
9,798	5,566	1,758	151,374	769	152,143