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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
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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 ST MARY'S COMMUNITY HOSPITAL		D Employer identification number 47-0443636	
	Doing Business As		E Telephone number (402) 873-3321	
	Number and street (or P O box if mail is not delivered to street address) 1314 3rd Avenue			
	Room/suite		G Gross receipts \$ 17,608,129	
	City or town, state or country, and ZIP + 4 Nebraska City, NE 68410			
F Name and address of principal officer DANIEL KELLY 1314 3rd Avenue Nebraska City, NE 68410		H(a) Is this a group return for affiliates? ☐ Yes ☒ No		
I Tax-exempt status ☒ 501(c)(3) ☐ 501(c) ()  (Insert no) ☐ 4947(a)(1) or ☐ 527		H(b) Are all affiliates included? ☐ Yes ☐ No If "No," attach a list (see instructions)		
		H(c) Group exemption number  0928		
J Website:  WWW.STMARYSHOSPITALNECITY.COM				
K Form of organization ☒ Corporation ☐ Trust ☐ Association ☐ Other 			L Year of formation 1927	M State of legal domicile NE

Part I	Summary		
Activities & Governance	1 Briefly describe the organization's mission or most significant activities ST MARY'S IS A NOT FOR PROFIT CRITICAL ACCESS HOSPITAL THAT PROVIDES ACUTE CARE FOR THE BENEFIT OF ALL REGARDLESS OF ABILITY TO PAY AND PROMOTES HEALTH THROUGH COMMUNITY OUTREACH INITIATIVES AND PARTNERSHIPS		
	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	11
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	7
	5 Total number of individuals employed in calendar year 2010 (Part V, line 2a)	5	162
	6 Total number of volunteers (estimate if necessary)	6	15
	7a	15,662	
	7b	14,662	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	190,696	71,174
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	15,178,699	16,780,295
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	345,425	623,610
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	128,402	94,931
		15,843,222	17,570,010
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	9,243	6,927
	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)	7,083,475	7,215,703
	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)	7,193,437	8,638,593
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	14,286,155	15,861,223
	19 Revenue less expenses Subtract line 18 from line 12	1,557,067	1,708,787
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	16,859,586	19,027,049
	21 Total liabilities (Part X, line 26)	2,025,265	1,778,708
	22 Net assets or fund balances Subtract line 21 from line 20	14,834,321	17,248,341

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	 Signature of officer	2012-04-23			
	 SHAWN CLOSNER VP OF FINANCE	Date			
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check if self-employed ☐	PTIN
	Firm's name  CATHOLIC HEALTH INITIATIVES				Firm's EIN 
	Firm's address  198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112				Phone no  (720) 874-1500
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 ☐ Yes ☒ No

1

Briefly describe the organization's mission

THE ORGANIZATION'S MISSION IS TO NURTURE THE HEALING MINISTRY OF THE CHURCH BY BRINGING IT NEW LIFE, ENERGY AND VIABILITY IN THE 21ST CENTURY FIDELITY TO THE GOSPEL URGES US TO EMPHASIZE HUMAN DIGNITY AND SOCIAL JUSTICE AS WE MOVE TOWARD THE CREATION OF HEALTHIER COMMUNITIES

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 \$ 12,049,758 including grants of \$ 6,927) (Revenue \$ 16,780,295)

SEE SCHEDULE H

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 \$ 12,049,758

Part IV

Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	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? <i>If "Yes," complete Schedule I, Parts I and III</i>	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? <i>If "Yes," complete Schedule J</i>	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? <i>If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25</i>	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? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part II</i>	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? <i>If "Yes," complete Schedule L, Part III</i>	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? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	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? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	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? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	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)? <i>If "Yes," complete Schedule R, Part V, line 2</i> ☒ Yes ☐ No			
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	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? <i>If "Yes," complete Schedule R, Part VI</i>	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, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return.	2a	162
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	Yes
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a	No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c	
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
7	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	No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c	No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	
8	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	11		
b	Enter the number of voting members included in line 1a, above, who are independent	7		
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		No
b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?	10b		
11a	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990			
12a	Does the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes	
b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	12c	Yes	
13	Does the organization have a written whistleblower policy?	13	Yes	
14	Does the organization have a written document retention and destruction policy?	14		No
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. Sharon Crunk 1314 3rd Avenue Nebraska City, NE 68410 (402) 873-8929

Part VII

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

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

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

- 1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.
- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
 - List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
 - List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
 - List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
 - List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) STACY BLUM BOARD MEMBER	1	X						0	254,589	38,416
(2) LIDIA BORER BOARD MEMBER	1	X						0	0	0
(3) BRETT GAY BOARD MEMBER	1	X						215	0	0
(4) PATRICK HAVERTY BOARD MEMBER	1	X						0	0	0
(5) SHARON M CRUNK BOARD MEMBER	1	X						0	0	0
(6) ROBERT LANIK PRESIDENT/CEO - CHI NE	1	X						0	689,847	45,724
(7) MICHAEL MCCABE BOARD MEMBER	1	X						0	0	0
(8) KATHRYN NELSON SECRETARY/TREASURER	1	X		X				0	0	0
(9) DANIEL KELLY PRESIDENT/CEO	40	X		X				0	206,222	40,171
(10) JONATHAN STELLING BOARD VICE CHAIR	1	X		X				0	271,265	38,594
(11) SCOTT VANDERVEEN BOARD CHAIR PERSON	1	X		X				0	0	0
(12) SHAWN CLOSNER VP OF FINANCE	40			X				91,106	0	25,082
(13) JOAN BECCARD PHARMACY DIRECTOR	40					X		102,719	0	28,997

Part VII

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b	Sub-Total ▶									
c	Total from continuation sheets to Part VII, Section A ▶									
d	Total (add lines 1b and 1c) ▶							194,040	1,421,923	216,984

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? <i>If "Yes," complete Schedule J for such individual</i>	3	No
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	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? <i>If "Yes," complete Schedule J for such person</i>	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
KETTER & ASSOCIATES 1819 F STREET AUBURN, NE 68305		THERAPY SERVICES	451,005
SLEEP TIGHT ANESTHESIA PC 2640 WHITAKER ROAD NEBRASKA CITY, NE 68410		ANESTHESIA SERVICES	384,450
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 ▶2		

Part VIII

Statement of Revenue

					(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		71,174					
	b	Membership dues	1b							
	c	Fundraising events	1c							
	d	Related organizations	1d	26,755						
	e	Government grants (contributions)	1e							
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	44,419						
	g	Noncash contributions included in lines 1a-1f \$		3,211						
	h	Total. Add lines 1a-1f								
	Program Service Revenue	2a	Business Code						16,780,295	16,780,295
		PATIENT SERVICES 900099								
b										
c										
d										
e										
f		All other program service revenue			0					
g		Total. Add lines 2a-2f			16,780,295					
Other Revenue		3	Investment income (including dividends, interest and other similar amounts)			193,030		580		
	4	Income from investment of tax-exempt bond proceeds . . .			0					
	5	Royalties			0					
	6a	Gross Rents	(i) Real	(ii) Personal	-21,799			-21,799		
	b	Less rental expenses	7,453							
	c	Rental income or (loss)	29,252							
	d	Net rental income or (loss)	-21,799	0						
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other					430,580	
	b	Less cost or other basis and sales expenses	427,226	3,354						
	c	Gain or (loss)								
	d	Net gain or (loss)	427,226	3,354						
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a		0					
	b	Less direct expenses	b							
	c	Net income or (loss) from fundraising events . . .								
	9a	Gross income from gaming activities See Part IV, line 19 . . .	a		0					
	b	Less direct expenses	b							
	c	Net income or (loss) from gaming activities . . .								
	10a	Gross sales of inventory, less returns and allowances . . .	a		4,552			4,552		
	b	Less cost of goods sold	b	13,419						
	c	Net income or (loss) from sales of inventory . . .		8,867						
		Miscellaneous Revenue			Business Code	44,473			44,473	
11a	CAFETERIA		722100							
b	LABORATORY SERVICES		621500	47,808	15,082					32,726
c	MEALS ON WHEELS		624100	12,189						12,189
d	All other revenue			7,708	0					7,708
e	Total. Add lines 11a-11d			112,178						
12	Total revenue. See Instructions			17,570,010	16,780,295	15,662	702,879			

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	6,427	6,427		
2	Grants and other assistance to individuals in the U S See Part IV, line 22	500	500		
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	94,592	7,567	87,025	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	5,266,783	4,278,115	988,668	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	304,766	243,813	60,953	
9	Other employee benefits	1,166,310	933,048	233,262	
10	Payroll taxes	383,252	306,602	76,650	
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	2,936,086	1,972,345	963,741	
12	Advertising and promotion	0			
13	Office expenses	2,378,718	2,110,020	268,698	
14	Information technology	0			
15	Royalties	0			
16	Occupancy	314,199	226,223	87,976	
17	Travel	46,558	28,339	18,219	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	25,010	9,662	15,348	
20	Interest	54,939	54,939		
21	Payments to affiliates	502,215		502,215	
22	Depreciation, depletion, and amortization	847,138	510,296	336,842	
23	Insurance	32,786		32,786	
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	BAD DEBT EXPENSE	913,450	913,450		
b	REPAIRS AND MAINTENANCE	478,036	373,207	104,829	
c	DUES & SUBSCRIPTIONS	35,825	16,915	18,910	
d	EDUCATION	19,572	17,989	1,583	
e	OTHER EXPENSES	54,061	40,301	13,760	
f	All other expenses	0	0	0	0
25	Total functional expenses. Add lines 1 through 24f	15,861,223	12,049,758	3,811,465	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	0			

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			300	1	300
	2	Savings and temporary cash investments			1,788,900	2	2,876,548
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			2,330,724	4	2,360,710
	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			204,518	8	208,506
	9	Prepaid expenses and deferred charges			31,975	9	40,588
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	13,477,871			
	b	Less: accumulated depreciation	10b	9,411,247	4,488,693	10c	4,066,624
	11	Investments—publicly traded securities				11	
	12	Investments—other securities. See Part IV, line 11			7,943,097	12	9,402,394
	13	Investments—program-related. See Part IV, line 11				13	0
	14	Intangible assets				14	
	15	Other assets. See Part IV, line 11			71,379	15	71,379
	16	Total assets. Add lines 1 through 15 (must equal line 34)			16,859,586	16	19,027,049
Liabilities	17	Accounts payable and accrued expenses			835,527	17	686,453
	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			1,189,738	25	1,092,255
	26	Total liabilities. Add lines 17 through 25			2,025,265	26	1,778,708
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			14,830,870	27	17,245,088
	28	Temporarily restricted net assets			3,451	28	3,253
	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			14,834,321	33	17,248,341
	34	Total liabilities and net assets/fund balances			16,859,586	34	19,027,049

Part XI Reconciliation 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	17,570,010
2	Total expenses (must equal Part IX, column (A), line 25)	2	15,861,223
3	Revenue less expenses Subtract line 2 from line 1	3	1,708,787
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	14,834,321
5	Other changes in net assets or fund balances (explain in Schedule O)	5	705,233
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	17,248,341

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?		No
b	Were the organization's financial statements audited by an independent accountant?	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	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?		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		

SCHEDULE A

(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2010

Open to Public
Inspection

Name of the organization ST MARY'S COMMUNITY HOSPITAL	Employer identification number 47-0443636
--	--

Part I

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

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

- 1

☐

A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2

☐

A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
- 3

☒

A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4

☐

A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state
- 5

☐

An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
- 6

☐

A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7

☐

An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 8

☐

A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9

☐

An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10

☐

An organization organized and operated exclusively to test for public safety See**section 509(a)(4).**
- 11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other
- e

☐

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

☐

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

☐

Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
(i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?
(ii) a family member of a person described in (i) above?
(iii) a 35% controlled entity of a person described in (i) or (ii) above?
- h

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

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

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

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

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

Part IIIPart III

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

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

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

Facts And Circumstances Test

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2010

Open to Public Inspection

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

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

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

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

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

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

Name of the organization ST MARY'S COMMUNITY HOSPITAL	Employer identification number 47-0443636
--	--

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															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		☐ 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)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?	Yes		287
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		No	
j	Total lines 1c through 1i			287
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Identifier	Return Reference	Explanation
EXPLANATION OF LOBBYING ACTIVITIES	SCHEDULE C, PART II-B, LINE 1F	THE PORTION OF ORGANIZATION DUES THAT ARE RELATED TO LOBBYING ARE AS FOLLOWS: AMERICAN HOSPITAL ASSOCIATION - \$72 AND CATHOLIC HEALTH ASSOCIATION - \$215

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
ST MARY'S COMMUNITY HOSPITAL

Employer identification number
47-0443636

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
2a	
2b	
2c	
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 ▶ \$ _____

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

Cat No 52283D

Schedule D (Form 990) 2010

Part III

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

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

☐ Yes

☐ No

Part IV

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

1a

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

☐ Yes

☐ No

b

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

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
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

(i)

unrelated organizations

(ii)

related organizations

b

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

	Yes	No
3a(i)		
3a(ii)		
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		31,012		31,012
b Buildings	322,014	8,103,637	5,369,080	3,056,571
c Leasehold improvements				0
d Equipment		4,748,606	3,951,558	797,048
e Other		272,602	90,609	181,993
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				4,066,624

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)	117,583,877
2	Total expenses (Form 990, Part IX, column (A), line 25)	215,872,013
3	Excess or (deficit) for the year Subtract line 2 from line 1	31,711,864
4	Net unrealized gains (losses) on investments	
5	Donated services and use of facilities	
6	Investment expenses	
7	Prior period adjustments	
8	Other (Describe in Part XIV)	0
9	Total adjustments (net) Add lines 4 - 8	0
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	1,711,864

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 investments2a	
b	Donated services and use of facilities2b	
c	Recoveries of prior year grants2c	
d	Other (Describe in Part XIV)2d0	
e	Add lines 2a through 2d2e	0
3	Subtract line 2e from line 13	0
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 7b4a	
b	Other (Describe in Part XIV)4b0	
c	Add lines 4a and 4b4c	0
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)5	0

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 facilities2a	
b	Prior year adjustments2b	
c	Other losses2c	
d	Other (Describe in Part XIV)2d0	
e	Add lines 2a through 2d2e	0
3	Subtract line 2e from line 13	0
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 7b4a	
b	Other (Describe in Part XIV)4b0	
c	Add lines 4a and 4b4c	0
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)5	0

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
FIN 48 (ASC 740) footnote	Schedule D, Part X, Line 2	ST MARY'S COMMUNITY HOSPITAL'S FINANCIAL INFORMATION IS INCLUDED IN THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS OF CATHOLIC HEALTH INITIATIVES (CHI), A RELATED ORGANIZATION. CHI'S FIN 48 (ASC 740) FOOTNOTE FOR THE YEAR ENDED JUNE 30, 2011 READS AS FOLLOWS: "CHI IS A TAX-EXEMPT COLORADO CORPORATION AND HAS BEEN GRANTED AN EXEMPTION FROM FEDERAL INCOME TAX UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE. CHI OWNS CERTAIN TAXABLE SUBSIDIARIES AND ENGAGES IN CERTAIN ACTIVITIES THAT ARE UNRELATED TO ITS EXEMPT PURPOSE AND THEREFORE SUBJECT TO INCOME TAX. AS OF JUNE 30, 2011, CHI HAS CURRENT NET DEFERRED TAX ASSETS OF \$2.1 MILLION AND A NONCURRENT NET DEFERRED TAX LIABILITY OF \$5.4 MILLION RELATED TO THESE TAXABLE ACTIVITIES. MANAGEMENT REVIEWS ITS TAX POSITIONS ANNUALLY AND HAS DETERMINED THAT THERE ARE NO MATERIAL UNCERTAIN TAX POSITIONS THAT REQUIRE RECOGNITION IN THE CONSOLIDATED FINANCIAL STATEMENTS."

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2010

Open to Public
Inspection

Name of the organization
ST MARY'S COMMUNITY HOSPITAL

Employer identification number
47-0443636

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	Yes	
b	If "Yes," is it a written policy?	Yes	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☒ 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 <i>free</i> care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☐ 150% ☐ 200% ☐ Other _____ % b Does the organization use FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other _____ % 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"?		No
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?		No
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 eligible for free or discounted care?		
6a	Does the organization prepare a community benefit report during the tax year?	Yes	
6b	If "Yes," did the organization make it available to the public? Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H	Yes	

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)		245	272,511		272,511	1 820 %
b Unreimbursed Medicaid (from Worksheet 3, column a)					0	0 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)					0	0 %
d Total Financial Assistance and Means-Tested Government Programs	0	245	272,511	0	272,511	1 820 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	10	779	105,765	105	105,660	0 710 %
f Health professions education (from Worksheet 5)	3	31	17,048		17,048	0 110 %
g Subsidized health services (from Worksheet 6)					0	0 %
h Research (from Worksheet 7)					0	0 %
i Cash and in-kind contributions to community groups (from Worksheet 8)	13	7,592	21,545	3,720	17,825	0 120 %
j Total Other Benefits	26	8,402	144,358	3,825	140,533	0 940 %
k Total. Add lines 7d and 7j	26	8,647	416,869	3,825	413,044	2 760 %

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
1Physical improvements and housing					0	0 %
2Economic development	1		1,021		1,021	0 010 %
3Community support	2		50,322		50,322	0 320 %
4Environmental improvements	1	181	6,707		6,707	0 040 %
5Leadership development and training for community members					0	0 %
6Coalition building	1	200	10,740		10,740	0 070 %
7Community health improvement advocacy					0	0 %
8Workforce development	2	15	1,774		1,774	0 010 %
9Other					0	0 %
10Total	7	396	70,564	0	70,564	0 440 %

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1	Yes
2	Enter the amount of the organization's bad debt expense (at cost)	2	617,431
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	5,886,157
6	Enter Medicare allowable costs of care relating to payments on line 5	6	5,827,633
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7	58,524
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

9a	Does the organization have a written debt collection policy?	9a	Yes
9b	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				

Section A. Hospital Facilities

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

Schedule H (Form 990) 2010

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

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

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

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
Eligibility criteria for free or discounted care	Schedule H, Part I, Line 3c	IF APPLICABLE, DESCRIBE THE INCOME-BASED CRITERIA FOR DETERMINING ELIGIBILITY FOR FREE OR DISCOUNTED CARE UNDER THE ORGANIZATION'S FINANCIAL ASSISTANCE POLICY WHEN CATHOLIC HEALTH INITIATIVES (THE ULTIMATE PARENT ORGANIZATION TO ST MARY'S COMMUNITY HOSPITAL) ESTABLISHED ITS FINANCIAL ASSISTANCE POLICY IT WAS DETERMINED THAT ESTABLISHING A HOUSEHOLD INCOME SCALE BASED ON THE HUD VERY LOW INCOME GUIDELINES MORE ACCURATELY REFLECTS THE SOCIOECONOMIC DISPERSIONS AMONG THE 69 URBAN AND RURAL COMMUNITIES IN 19 STATES SERVED BY CHI HOSPITALS AND HEALTH CARE FACILITIES IN COMPARING HUD GUIDELINES TO THE FEDERAL POVERTY GUIDELINES ("FPG"), WE FIND THAT ON AVERAGE HUD GUIDELINES COMPUTE TO APPROXIMATELY 200% TO 250% (AND SOMETIMES 300%) OF FPG ST MARY'S COMMUNITY HOSPITAL BASES ITS FINANCIAL ASSISTANCE ELIGIBILITY ON HUD'S 130% OF VERY LOW INCOME GUIDELINES BASED ON GEOGRAPHY, AND AFFORDS THE UNINSURED AND UNDERINSURED THE ABILITY TO OBTAIN FINANCIAL ASSISTANCE WRITE-OFFS, BASED ON A SLIDING SCALE, RANGING FROM 25%-100% OF CHARGES ALSO DESCRIBE WHETHER THE ORGANIZATION USES AN ASSET TEST OR OTHER THRESHOLD, REGARDLESS OF INCOME, TO DETERMINE ELIGIBILITY FOR FREE OR DISCOUNTED CARE AN INDIVIDUAL'S INCOME UNDER THE HUD GUIDELINES IS A SIGNIFICANT FACTOR IN DETERMINING ELIGIBILITY FOR FINANCIAL ASSISTANCE HOWEVER, IN DETERMINING WHETHER TO EXTEND DISCOUNTED OR FREE CARE TO A PATIENT, THE PATIENT'S ASSETS MAY ALSO BE TAKEN INTO CONSIDERATION FOR EXAMPLE, A PATIENT SUFFERING A CATASTROPHIC ILLNESS MAY HAVE A REASONABLE LEVEL OF INCOME, BUT A LOW LEVEL OF LIQUID ASSETS SUCH THAT THE PAYMENT OF MEDICAL BILLS WOULD BE SERIOUSLY DETRIMENTAL TO THE PATIENT'S BASIC FINANCIAL (AND ULTIMATELY PHYSICAL) WELL-BEING AND SURVIVAL SUCH A PATIENT MAY BE EXTENDED DISCOUNTED OR FREE CARE BASED UPON THE FACTS AND CIRCUMSTANCES

Identifier	ReturnReference	Explanation
Bad Debt Expense excluded from financial assistance calculation	Schedule H, Part I, Line 7, column(f)	913,450

Identifier	ReturnReference	Explanation
Costing Methodology used to calculate financial assistance	Schedule H, Part I, Line 7	PROVIDE AN EXPLANATION OF THE COSTING METHODOLOGY USED TO CALCULATE THE AMOUNTS REPORTED IN THE TABLE IF A COST ACCOUNTING SYSTEM WAS USED, INDICATE WHETHER THE COST ACCOUNTING SYSTEM ADDRESSES ALL PATIENT SEGMENTS (FOR EXAMPLE, INPATIENT, OUTPATIENT, EMERGENCY ROOM, PRIVATE INSURANCE, MEDICAID, MEDICARE, UNINSURED OR SELF PAY) ALSO INDICATE WHETHER A COST-TO-CHARGE RATIO WAS USED FOR ANY OF THE FIGURES REPORTED IN THE TABLE DESCRIBE WHETHER THIS COST-TO-CHARGE RATIO WAS DERIVED FROM WORKSHEET 2, AND, IF NOT, WHAT KIND OF COST-TO-CHARGE RATIO WAS USED AND HOW IT WAS DERIVED IF SOME OTHER COSTING METHODOLOGY WAS USED BESIDES A COST ACCOUNTING SYSTEM, COST-TO-CHARGE RATIO, OR A COMBINATION OF THE TWO, DESCRIBE THE METHOD USED A COST ACCOUNTING SYSTEM WAS NOT USED TO COMPUTE AMOUNTS IN THE TABLE, RATHER COSTS IN THE TABLE WERE COMPUTED USING THE ORGANIZATION'S COST-TO-CHARGE RATIO THE COST-TO-CHARGE RATIO COVERS ALL PATIENT SEGMENTS THE COST-TO-CHARGE RATIO FOR THE YEAR ENDED 6/30/11 WAS COMPUTED USING THE FOLLOWING FORMULA OPERATING EXPENSE (BEFORE RESTRUCTURING, IMPAIRMENT AND OTHER LOSSES) DIVIDED BY GROSS PATIENT REVENUE WORKSHEET 2 WAS NOT USED TO DERIVE THE COST-TO-CHARGE RATIO

Identifier	ReturnReference	Explanation
Bad debt expense - financial statement footnote	Schedule H, Part III, Line 4	PROVIDE THE RATIONALE AND THE COSTING METHODOLOGY USED TO DETERMINE THE AMOUNT REPORTED IN PART III, LINES 2 AND 3 DESCRIBE HOW THE ORGANIZATION ACCOUNTS FOR DISCOUNTS AND PAYMENTS ON PATIENT ACCOUNTS IN DETERMINING BAD DEBT EXPENSE COSTING METHODOLOGY FOR AMOUNTS REPORTED ON LINE 2 IS DETERMINED USING THE ORGANIZATION'S COST/CHARGE RATIO OF 67 59% WHEN DISCOUNTS ARE EXTENDED TO SELF-PAY PATIENTS, THESE PATIENT ACCOUNT DISCOUNTS ARE RECORDED AS A REDUCTION IN REVENUE, NOT AS BAD DEBT EXPENSE ALSO DESCRIBE THE METHOD THE ORGANIZATION USES TO DETERMINE THE AMOUNT THAT REASONABLY COULD BE ATTRIBUTABLE TO PATIENTS WHO LIKELY WOULD QUALIFY FOR FINANCIAL ASSISTANCE UNDER THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY, IF SUFFICIENT INFORMATION HAS BEEN AVAILABLE TO MAKE A DETERMINATION OF THEIR ELIGIBILITY DESCRIBE THE RATIONALE, IF ANY, FOR INCLUDING ANY PORTION OF BAD DEBT AS COMMUNITY BENEFIT ALSO PROVIDE, IF APPLICABLE, THE TEXT OF THE FOOTNOTE TO THE ORGANIZATION'S FINANCIAL STATEMENTS THAT DESCRIBES BAD DEBT EXPENSE IF THE ORGANIZATION'S FINANCIAL STATEMENTS INCLUDE A FOOTNOTE ON THESE ISSUES THAT ALSO INCLUDES OTHER INFORMATION, REPORT ONLY THE RELEVANT PORTIONS OF THE FOOTNOTE IF THE ORGANIZATION'S FINANCIAL STATEMENTS DO NOT CONTAIN SUCH A FOOTNOTE, STATE THAT THE ORGANIZATION'S FINANCIAL STATEMENTS DO NOT INCLUDE SUCH A FOOTNOTE AND EXPLAIN HOW THE FINANCIAL STATEMENTS ACCOUNT FOR BAD DEBT, IF AT ALL ST MARY'S COMMUNITY HOSPITAL DOES NOT BELIEVE THAT ANY PORTION OF BAD DEBT EXPENSE COULD REASONABLY BE ATTRIBUTED TO PATIENTS WHO QUALIFY FOR FINANCIAL ASSISTANCE SINCE AMOUNTS DUE FROM THOSE INDIVIDUALS' ACCOUNTS WILL BE RECLASSIFIED FROM BAD DEBT EXPENSE TO CHARITY CARE WITHIN 30 DAYS FOLLOWING THE DATE THAT THE PATIENT IS DETERMINED TO QUALIFY FOR CHARITY CARE ST MARY'S COMMUNITY HOSPITAL DOES NOT ISSUE SEPARATE COMPANY AUDITED FINANCIAL STATEMENTS HOWEVER, THE ORGANIZATION IS INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS OF CATHOLIC HEALTH INITIATIVES THE CONSOLIDATED FOOTNOTE READS AS FOLLOWS "THE PROVISION FOR BAD DEBTS IS BASED UPON MANAGEMENT'S ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS CONSIDERING HISTORICAL BUSINESS AND ECONOMIC CONDITIONS, TRENDS IN HEALTH CARE COVERAGE, AND OTHER COLLECTION INDICATORS MANAGEMENT ROUTINELY ASSESSES THE ADEQUACY OF THE ALLOWANCES FOR UNCOLLECTIBLE ACCOUNTS BASED UPON HISTORICAL WRITE-OFF EXPERIENCE BY PAYOR CATEGORY THE RESULTS OF THESE REVIEWS ARE USED TO MODIFY, AS NECESSARY, THE PROVISION FOR BAD DEBTS AND TO ESTABLISH APPROPRIATE ALLOWANCES FOR UNCOLLECTIBLE NET PATIENT ACCOUNTS RECEIVABLE AFTER SATISFACTION OF AMOUNTS DUE FROM INSURANCE, CHI FOLLOWS ESTABLISHED GUIDELINES FOR PLACING CERTAIN PATIENT BALANCES WITH COLLECTION AGENCIES, SUBJECT TO THE TERMS OF CERTAIN RESTRICTIONS ON COLLECTION EFFORTS AS DETERMINED BY EACH FACILITY "

Identifier	ReturnReference	Explanation
Community benefit & methodology for determining medicare costs	Schedule H, Part III, Line 8	DESCRIBE THE COSTING METHODOLOGY USED TO DETERMINE THE MEDICARE ALLOWABLE COSTS REPORTED IN THE ORGANIZATION'S MEDICARE COST REPORT, AS REFLECTED IN THE AMOUNT REPORTED IN PART III, LINE 6 ST MARY'S COMMUNITY HOSPITAL IS DESIGNATED AS A CRITICAL ACCESS HOSPITAL ("CAH") CAHS ARE RURAL COMMUNITY HOSPITALS THAT ARE CERTIFIED TO RECEIVE COST-BASED REIMBURSEMENT FROM MEDICARE THE REIMBURSEMENT THAT CAHS RECEIVE IS INTENDED TO IMPROVE THEIR FINANCIAL PERFORMANCE AND THEREBY REDUCE HOSPITAL CLOSURES CAHS ARE CERTIFIED UNDER A DIFFERENT SET OF MEDICARE CONDITIONS OF PARTICIPATION (COP) SHORTFALLS ARE CREATED WHEN A FACILITY RECEIVES PAYMENTS THAT ARE LESS THAN THE COSTS OF CARING FOR PROGRAM BENEFICIARIES BECAUSE SHORTFALLS ARE BASED ON COSTS, NOT CHARGES, ST MARY'S COMMUNITY HOSPITAL, DUE TO THEIR DESIGNATION AS A CAH, RECEIVED COST-BASED REIMBURSEMENT FOR MEDICARE PURPOSES, ST MARY'S COMMUNITY HOSPITAL WILL NOT EXPERIENCE MEDICARE RELATED SHORTFALLS

Identifier	ReturnReference	Explanation
Collection practices for patients eligible for financial assistance	Schedule H, Part III, Line 9b	IF THE ORGANIZATION HAS A WRITTEN DEBT COLLECTION POLICY AND ANSWERED "YES," TO PART III, LINE 9B, DESCRIBE THE COLLECTION PRACTICES SET FORTH IN THE POLICY THAT APPLY TO PATIENTS WHO IT KNOWS QUALIFY FOR FINANCIAL ASSISTANCE, WHETHER OR NOT SUCH PRACTICES APPLY SPECIFICALLY TO SUCH PATIENTS OR MORE BROADLY TO ALSO COVER OTHER TYPES OF PATIENTS ST MARY'S COMMUNITY HOSPITAL'S DEBT COLLECTION POLICY PROVIDES THAT ST MARY'S COMMUNITY HOSPITAL WILL PERFORM A REASONABLE REVIEW OF EACH INPATIENT ACCOUNT PRIOR TO TURNING AN ACCOUNT OVER TO A THIRD-PARTY COLLECTION AGENT AND PRIOR TO INSTITUTING ANY LEGAL ACTION FOR NON-PAYMENT, TO ASSURE THAT THE PATIENT AND PATIENT GUARANTOR ARE NOT ELIGIBLE FOR ANY ASSISTANCE PROGRAM (E G MEDICAID) AND DO NOT QUALIFY FOR COVERAGE THROUGH ST MARY'S COMMUNITY HOSPITAL'S COMMUNITY ASSISTANCE POLICY AFTER HAVING BEEN TURNED OVER TO A THIRD-PARTY COLLECTION AGENT, ANY PATIENT ACCOUNT THAT IS SUBSEQUENTLY DETERMINED TO MEET THE ST MARY'S COMMUNITY HOSPITAL COMMUNITY ASSISTANCE POLICY IS REQUIRED TO BE RETURNED IMMEDIATELY BY THE THIRD-PARTY COLLECTION AGENT TO ST MARY'S COMMUNITY HOSPITAL FOR APPROPRIATE FOLLOW-UP ST MARY'S COMMUNITY HOSPITAL REQUIRES ITS THIRD-PARTY COLLECTION AGENTS TO INCLUDE A MESSAGE ON ALL STATEMENTS INDICATING THAT IF A PATIENT OR PATIENT GUARANTOR MEETS CERTAIN STIPULATED INCOME REQUIREMENTS, THE PATIENT OR PATIENT GUARANTOR MAY BE ELIGIBLE FOR FINANCIAL ASSISTANCE ALL OF CATHOLIC HEALTH INITIATIVES' HOSPITALS' CONTRACTS WITH THIRD PARTY COLLECTION AGENCIES INCLUDE THE FOLLOWING STANDARDS *NEITHER CHI HOSPITALS NOR THEIR COLLECTION AGENCIES WILL REQUEST BENCH OR ARREST WARRANTS AS A RESULT OF NON-PAYMENT, *NEITHER CHI HOSPITALS NOR THEIR COLLECTION AGENCIES WILL SEEK LIENS THAT WOULD REQUIRE THE SALE OR FORECLOSURE OF A PRIMARY RESIDENCE, AND *NO CATHOLIC HEALTH INITIATIVES' COLLECTION AGENCY MAY SEEK COURT ACTION WITHOUT HOSPITAL APPROVAL FINALLY, COLLECTION AGENCIES ARE TRAINED ON THE CATHOLIC HEALTH INITIATIVES MISSION, CORE VALUES AND STANDARD OF CONDUCT TO MAKE SURE ALL PATIENTS ARE TREATED WITH DIGNITY AND RESPECT

Identifier	ReturnReference	Explanation
Patient education of eligibility for assistance	Schedule H, Part VI, Line 3	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 ST MARY'S COMMUNITY HOSPITAL INCLUDES INFORMATION CONCERNING ITS FINANCIAL ASSISTANCE POLICY ON ITS WEBSITE IN ADDITION, ST MARY'S PROMINENTLY DISPLAYS ITS FINANCIAL ASSISTANCE POLICY IN BOTH ENGLISH AND SPANISH IN OBVIOUS LOCATIONS THROUGHOUT THE HOSPITALS, INCLUDING THE EMERGENCY ROOMS AND OTHER PATIENT INTAKE AREAS IN ADDITION, ST MARY'S REGISTRATION CLERKS ARE TRAINED TO PROVIDE CONSULTATION TO THOSE WHO HAVE NO INSURANCE OR POTENTIALLY INADEQUATE INSURANCE CONCERNING THEIR FINANCIAL OPTIONS INCLUDING APPLICATION FOR MEDICAID AND FOR FINANCIAL ASSISTANCE UNDER ST MARY'S FINANCIAL ASSISTANCE POLICY UPON REGISTRATION (AND ONCE ALL EMTALA REQUIREMENTS ARE MET), PATIENTS WHO ARE IDENTIFIED AS UNINSURED (AND NOT COVERED BY MEDICARE OR MEDICAID) ARE PROVIDED WITH A PACKET OF INFORMATION THAT ADDRESSES THE FINANCIAL ASSISTANCE POLICY AND PROCEDURES INCLUDING AN APPLICATION FOR ASSISTANCE ST MARY'S REGISTRATION CLERKS READ THE ORGANIZATION'S MEDICAL ASSISTANCE POLICY TO THOSE WHO APPEAR TO BE INCAPABLE OF READING, AND PROVIDE TRANSLATORS FOR NON ENGLISH-SPEAKING INDIVIDUALS ST MARY'S STAFF WILL ALSO ASSIST THE PATIENT/GUARANTOR WITH APPLYING FOR OTHER AVAILABLE COVERAGE (SUCH AS MEDICAID), IF NECESSARY COUNSELORS ASSIST MEDICARE ELIGIBLE PATIENTS IN ENROLLMENT BY PROVIDING REFERRALS TO THE APPROPRIATE GOVERNMENT AGENCIES

Identifier	ReturnReference	Explanation
Affiliated health care system	Schedule H, Part VI, Line 6	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 ST MARY'S COMMUNITY HOSPITAL IN NEBRASKA CITY, NEBRASKA IS PART OF CATHOLIC HEALTH INITIATIVES CATHOLIC HEALTH INITIATIVES (CHI) IS A NATIONAL FAITH-BASED NONPROFIT HEALTH CARE ORGANIZATION WITH HEADQUARTERS IN ENGLEWOOD, COLORADO CHI'S EXEMPT PURPOSE IS TO SERVE AS AN INTEGRAL PART OF ITS NATIONAL SYSTEM OF HOSPITALS AND OTHER CHARITABLE ENTITIES, WHICH ARE DESCRIBED AS MARKET-BASED ORGANIZATIONS, OR MBOS AN MBO IS A DIRECT PROVIDER OF CARE OR SERVICES WITHIN A DEFINED MARKET AREA THAT MAY BE AN INTEGRATED HEALTH SYSTEM AND/OR A STAND-ALONE HOSPITAL OR OTHER FACILITY OR SERVICE PROVIDER CHI SERVES AS THE PARENT CORPORATION OF ITS MBOS WHICH ARE COMPRISED OF 73 HOSPITALS, 40 LONG-TERM CARE, ASSISTED- AND RESIDENTIAL-LIVING FACILITIES, TWO COMMUNITY HEALTH-SERVICES ORGANIZATIONS, TWO ACCREDITED NURSING COLLEGES, AND HOME HEALTH AGENCIES TOGETHER, THESE FACILITIES PROVIDED \$612 MILLION IN CHARITY CARE AND COMMUNITY BENEFIT IN THE 2011 FISCAL YEAR, INCLUDING SERVICES FOR THE POOR, FREE CLINICS, EDUCATION AND RESEARCH CHI PROVIDES STRATEGIC PLANNING AND MANAGEMENT SERVICES AS WELL AS CENTRALIZED "SHARED SERVICES" FOR THE MBOS THE PROVISION OF CENTRALIZED MANAGEMENT AND SHARED SERVICES - INCLUDING AREAS SUCH AS ACCOUNTING, HUMAN RESOURCES, PAYROLL AND SUPPLY CHAIN -- PROVIDES ECONOMIES OF SCALE AND PURCHASING POWER TO THE MBOS THE COST SAVINGS ACHIEVED THROUGH CHI'S CENTRALIZATION ENABLE MBOS TO DEDICATE ADDITIONAL RESOURCES TO HIGH-QUALITY HEALTH CARE AND COMMUNITY OUTREACH SERVICES TO THE MOST VULNERABLE MEMBERS OF OUR SOCIETY ST MARY'S OPERATES WITH ITS WHOLLY OWNED AFFILIATES AND COMMUNITY PARTNERS, ALONG WITH ITS FUNDRAISING ARM, ST MARY'S COMMUNITY HOSPITAL FOUNDATION, TO SERVE THE HEALTH CARE NEEDS OF THE NEBRASKA CITY AND SURROUNDING COMMUNITIES

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT AND COMMUNITY INFORMATION	SCHEDULE H, PART VI, LINES 1,2,4 AND 5	ORGANIZATION'S MISSION, VISION, AND TAX-EXEMPT PURPOSE ST MARY'S COMMUNITY HOSPITAL WAS FOUNDED TO ALLEVIATE A SHORTAGE OF HOSPITAL BEDS IN THE COMMUNITY IN 1927 AS A CATHOLIC HOSPITAL, ST MARY'S EMBRACED THE MISSION OF THE FOUNDING RELIGIOUS CONGREGATION, WHICH HAS SINCE JOINED WITH OTHER RELIGIOUS CONGREGATIONS TO FORM CATHOLIC HEALTH INITIATIVES THE MISSION OF ST MARY'S IS TO DEVELOP A HEALTHY COMMUNITY AND PROVIDE CARE TO ALL IN NEED IT HAS A BOARD OF DIRECTORS THAT IS COMPRISED OF INDEPENDENT COMMUNITY REPRESENTATIVES ST MARY'S OPERATES A 24-HOUR EMERGENCY ROOM 365 DAYS PER YEAR THAT EMERGENCY ROOM IS OPEN TO ALL INDIVIDUALS REGARDLESS OF ABILITY TO PAY ST MARY'S HAS AN OPEN MEDICAL STAFF, PARTICIPATES IN MEDICARE AND MEDICAID, AND HAS AN ACTIVE CHARITY CARE PROGRAM COMMUNITY SERVICE HAS ALWAYS BEEN AT THE CORE OF ST MARY'S ACTIVITIES EACH YEAR, SERVICES AND PROGRAMS ARE EXPANDED TO PROMOTE A HEALTHY COMMUNITY THE PROGRAMS AND SERVICES DESCRIBED THROUGHOUT THIS REPORT NOT ONLY SERVE THE COMMUNITY, BUT ALSO REDUCE THE BURDENS ON THE GOVERNMENT FOR EXAMPLE, IF ST MARY'S DID NOT PROVIDE CHARITY CARE, THE BURDEN OF PROVIDING CHARITY CARE WOULD FALL ON A GOVERNMENT-SUPPORTED INSTITUTION ST MARY'S COMMUNITY HOSPITAL IS INCLUDED IN THE OFFICIAL CATHOLIC DIRECTORY AS A TAX-EXEMPT HOSPITAL COMMUNITY BENEFIT APPROACH LOCATED IN NEBRASKA CITY, NEBRASKA, ST MARY'S COMMUNITY HOSPITAL SERVES OTOE COUNTY, NEBRASKA AND THE SURROUNDING COUNTIES IN SOUTHEAST NEBRASKA AS WELL AS SOUTHWEST IOWA THIS ENCOMPASSES THE HOSPITALS HOME ZIP CODE AREA AND THE 11 NEIGHBORING ZIP CODES OTOE COUNTY HAS A POPULATION OF 15,740 ALMOST ONE HALF OF THE COUNTY'S POPULATION RESIDE IN NEBRASKA CITY WHILE THE OTHER HALF LIVE IN AND NEAR ONE OF THE NINE OTHER COMMUNITIES OTOE COUNTY THE MOST RECENT 2011 ESTIMATES BASED ON THE LAST OFFICIAL COUNT FROM 2010 FROM THE U S CENSUS BUREAU REFLECT OTOE COUNTY AS AN OLDER AND MORE DIVERSE COMMUNITY OTOE COUNTY HAS A MEDIAN AGE OF 39 1 OTOE COUNTY MEDIAN HOUSEHOLD INCOME \$46,160 OTOE COUNTY UNEMPLOYMENT RATE 3 9% OTOE COUNTY, PERCENTAGE OF PERSONS LIVING BELOW THE POVERTY LINE 12 2% OTOE COUNTY HISPANIC POPULATION 5 1% MEDICALLY UNDERSERVED POPULATION 11 2% UNINSURED THE BABY BOOMERS BORN BETWEEN 1946 AND 1964 ARE THE LARGEST GENERATION WITH MANY REACHING THE STATUS OF A SENIOR CITIZEN CITY OF NEBRASKA CITY LARGEST POPULATION IS WHITE 91 5% HISPANIC POPULATION 7 5% MEDIAN INCOME \$55,350 JOBS HAVE DECREASED BY 70 SINCE 12/31/2011 ST MARY'S COMMUNITY HOSPITAL HAS BEEN COMMITTED TO IMPROVING THE HEALTH OF THE COMMUNITIES IT SERVES FOR A NUMBER OF YEARS IN 2004, ST MARY'S OFFICIALLY LAUNCHED THE HEALTHY COMMUNITIES COALITION PROCESS TO LOOK AT AREA HEALTH ISSUES, SET PRIORITIES AND PLAN FOR IMPROVEMENT A WIDE VARIETY OF CITIZENS FROM THE PUBLIC AND PRIVATE SECTORS PARTICIPATED IN THIS PROCESS ST MARY'S CONTINUES OUR DEEP COMMITMENT AND INVOLVEMENT IN THE COMMUNITY HEALTH COLLABORATIVE TODAY PROCESS ST MARY'S COMMUNITY HOSPITAL'S COMMUNITY BENEFIT PLAN IS BASED ON OUR UNDERSTANDING OF THE UNIQUE COMMUNITIES' NEEDS DERIVED FROM COLLABORATIVE NEEDS ASSESSMENTS, FOCUS GROUPS, AND SURVEYS CONDUCTED WITH OUR COMMUNITY PARTNERS IN 2007, ST MARY'S COMMUNITY HOSPITAL'S HEALTHY COMMUNITIES COALITION AND OTOE COUNTY COALITION MERGED TO FORM PARTNERS FOR OTOE COUNTY (P4OC) COALITION THE COALITION STRIVES TO MAXIMIZE RESOURCES (FINANCIAL AND HUMAN), REDUCE DUPLICATION OF WORK AND EFFECTIVELY MEET THE NEEDS AND PRIORITIES OF NEBRASKA CITY AND OTOE COUNTY P4OC ENCOURAGES INDIVIDUALS, ORGANIZATIONS AND INSTITUTIONS TO TAKE RESPONSIBILITY FOR IMPROVING THE HEALTH AND QUALITY OF LIFE IN THEIR COMMUNITIES P4OC HAS BEEN WORKING FOR SEVERAL YEARS TO MEASURE AND IMPROVE THE HEALTH STATUS OF THE COMMUNITY SUMMARY OF ASSESSMENT FINDINGS ST MARY'S COMMUNITY HOSPITAL IN COLLABORATION WITH PARTNERS FOR OTOE COUNTY (P4OC) COALITION COMPLETED THE HEALTHY COMMUNITIES' ASSESSMENT PROCESS IN 2007 IN SUBSEQUENT YEARS, ST MARY'S HAS WORKED WITH COMMUNITY PARTNERS TO CONDUCT ADDITIONAL FOCUS GROUPS AND SURVEYS TO GAUGE COMMUNITY NEEDS THESE PROCESSES IDENTIFIED ISSUES HAVING A SIGNIFICANT IMPACT ON THE OVERALL HEALTH OF THE POPULATION OF NEBRASKA CITY AND OTOE COUNTY FROM THESE IDENTIFIED ISSUES, P4OC DEVELOPED GOALS IN FISCAL YEAR 2010, THE GOAL AREAS WERE EVALUATED TO BETTER RESPOND TO COMMUNITY NEEDS THE OVERARCHING COALITION GOAL IS TO BUILD A COMMUNITY WHERE EVERY FAMILY THRIVES KEY FACTORS IDENTIFIED AS HAVING THE GREATEST IMPACT ON THE OVERALL WELLNESS OF THE AREA CURRENTLY GUIDE ST MARY'S COMMUNITY HOSPITAL COMMUNITY BENEFIT PLAN AND INCLUDE THE FOLLOWING *HEALTHY LIFESTYLES AND BEHAVIORS *VIOLENCE PREVENTION *CHILD AND MATERNAL HEALTH *ACCESS TO BASIC NEEDS/COMMUNITY HEALTH SERVICES *EDUCATIONAL PROGRAMS

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT AND COMMUNITY INFORMATION	SCHEDULE H, PART VI, LINES 1,2,4 AND 5	QUALITATIVE DESCRIPTION OF COMMUNITY BENEFIT COMMUNITY OUTREACH FOR THE POOR ST MARY'S COMMUNITY HOSPITAL IS DEDICATED TO SERVING ALL PEOPLE IN OUR COMMUNITY REGARDLESS OF ABILITY TO PAY ST MARY'S COMMUNITY HOSPITAL'S CHARITY CARE POLICY PROVIDES FOR UNCOMPENSATED OR DISCOUNTED MEDICAL SERVICES FOR INDIVIDUALS WHO HAVE DEMONSTRATED NEED IN EXCESS OF INSURANCE, PERSONAL RESOURCES, AND FUNDS AVAILABLE THROUGH FEDERAL, STATE, AND LOCAL MEDICAL FUNDING PROGRAMS CHARITY CARE MAY BE PROVIDED TO PATIENTS WHO ARE UNINSURED, UNDERINSURED, OR DETERMINED TO BE MEDICALLY INDIGENT TOTAL NET COMMUNITY BENEFITS FOR THE PERIOD JULY 1, 2010- JUNE 30, 2011 TOTALED \$413,044, MOST OF WHICH WAS TRADITIONAL CHARITY CARE BUT ALSO INCLUDED OTHER INITIATIVES ST MARY'S COMMUNITY HOSPITAL PROVIDES SUPPORT TO LOW INCOME FAMILIES IN THE REGION THROUGH VARIOUS OUTREACH INITIATIVES IN FISCAL YEAR 2011, ST MARY'S HOSTED ITS ANNUAL BACK TO SCHOOL EVENT THIS OUTREACH PROGRAM BENEFITED LOW INCOME CHILDREN AND FAMILIES IN THE REGION AND WAS DEVELOPED IN RESPONSE TO AN IDENTIFIED NEED THIS INITIATIVE SERVED OVER 350 AREA CHILDREN AND PROVIDED SCHOOL SUPPLIES AS WELL AS EDUCATIONAL MATERIALS TO SUPPORT A HEALTHY LIFESTYLE ST MARY'S, IN A COLLABORATIVE COMMUNITY EFFORT, WORKED TO HELP AREA FAMILIES WHO REQUESTED AND QUALIFIED FOR ASSISTANCE THROUGH THE SOUTHEAST NEBRASKA COMMUNITY ACTION AND THE NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES COMMUNITY OUTREACH FOR THE BROADER COMMUNITY IN COLLABORATION WITH THE UNIVERSITY OF NEBRASKA MEDICAL CENTER (UNMC), ST MARY'S SERVES AS A TELEMEDICINE HOST SITE TELEMEDICINE IS THE USE OF MEDICAL INFORMATION EXCHANGED FROM ONE SITE TO ANOTHER VIA ELECTRONIC COMMUNICATION TO IMPROVE A PATIENT'S HEALTH STATUS THIS IMPORTANT SERVICE PROVIDES ACCESS TO MENTAL HEALTH CARE NOT READILY AVAILABLE LOCALLY ST MARY'S COMMUNITY HOSPITAL PROVIDES STAFF AND RESOURCES TO SUPPORT THE COMMUNITY MEALS ON WHEELS PROGRAM ST MARY'S FOOD PREPARATION AND ORGANIZATION OF THE DELIVERY ROUTES KEEP THIS MUCH NEEDED SERVICE OPERATIONAL THIS NUTRITION PROGRAM PROVIDES IN-HOME MEALS TO SENIORS AND OTHER HOME-BOUND PERSONS AND HELPS ENSURE A HEALTHIER COMMUNITY ADDITIONAL COMMUNITY HEALTH SERVICES PROVIDED BY ST MARY'S THAT IMPROVE COMMUNITY HEALTH AND EXTEND BEYOND TRADITIONAL PATIENT CARE INCLUDE TELEPHONE TRIAGE SERVICES, INFANT HEARING SCREENINGS, DIABETES EDUCATION AND SMOKING CESSATION CLASSES COLLABORATIVE EFFORTS TO IMPROVE COMMUNITY HEALTH ST MARY'S COMMUNITY HOSPITAL IN COLLABORATION WITH COMMUNITY PARTNERS PROVIDES COORDINATION, FUNDING AND RESOURCES FOR GROWING GREAT KIDS IN SOUTHEAST NEBRASKA (GGK) GGK IS A PARENTING EDUCATION PROGRAM THAT WORKS WITH FAMILIES WHO ARE PREGNANT, OR WHO HAVE CHILDREN NEWBORN TO AGE THREE THIS PROGRAM PROVIDES A SYSTEMATIC APPROACH TO REACH OUT TO ALL FAMILIES IN THE PROGRAM AREA OFFERING COMMUNITY SUPPORT BASED ON THE FAMILIES' STRENGTHS AND INDIVIDUAL SITUATIONS, PROMOTES POSITIVE PARENT-CHILD RELATIONSHIPS, PROMOTES HEALTHY CHILDHOOD GROWTH AND DEVELOPMENT, AND ENHANCES FAMILY FUNCTIONING GGK OFFERS A MOTHER/BABY HOME VISIT BY A REGISTERED NURSE (RN), COMMUNITY PARENTING CLASSES AND REGULARLY SCHEDULED IN-HOME VISITS BY A FAMILY RESOURCE SPECIALIST THAT MAY BE PROVIDED UP TO THE CHILD'S THIRD BIRTHDAY IN ADDITION, THE PROGRAM WORKS TO ESTABLISH EFFECTIVE LINKAGES BETWEEN PARENTS AND COMMUNITY RESOURCES TO REDUCE DEPENDENCE ON PUBLIC ASSISTANCE AND INCREASE SELF-SUFFICIENCY HEALTH PROFESSIONS EDUCATION ST MARY'S COMMUNITY HOSPITAL SERVED AS A TRAINING SITE FOR VARIOUS HEALTH CARE PROFESSIONS WHICH EXPOSE HEALTH CARE WORKERS TO THE RURAL EXPERIENCE AND ATTRACT NEW GRADUATES TO MEET FUTURE NEEDS IN FISCAL YEAR 2011, ST MARY'S COMMUNITY HOSPITAL SERVED AS A TRAINING SITE FOR THE FOLLOWING HEALTHCARE PROFESSIONS, LABORATORY, IMAGING SERVICES, NURSING AND OCCUPATIONAL THERAPY COMMUNITY BUILDING ACTIVITIES AS PART OF ITS MISSION, ST MARY'S COMMUNITY HOSPITAL HELPS ENSURE COMMUNITY NEEDS ARE MET THIS IS ONLY POSSIBLE THROUGH THE DEVELOPMENT OF STRONG COLLABORATIVE RELATIONSHIPS ST MARY'S PROVIDES DEDICATED STAFF TO SUPPORT THE WORK OF PARTNERS FOR OTOE COUNTY (P4OC) THE COALITION IS A COUNTY WIDE PARTNERSHIP OF COMMUNITY ORGANIZATIONS, BUSINESSES, AND INDIVIDUALS OF ALL AGES WORKING TOGETHER FOR POSITIVE CHANGE IN OTOE COUNTY THE PURPOSE IS TO MAXIMIZE COMMUNITY RESOURCES, HUMAN AND FINANCIAL, WHILE CREATING POSITIVE CHANGE AND IMPROVING THE HEALTH AND QUALITY OF LIFE FOR PEOPLE OF ALL AGES WHO LIVE, WORK, ATTEND SCHOOL AND VISIT OTOE COUNTY

Identifier	ReturnReference	Explanation
STATE COMMUNITY BENEFIT REPORT	SCHEDULE H, PART VI, LINE 7	IF APPLICABLE, IDENTIFY ALL STATES WITH WHICH THE ORGANIZATION FILES, OR A RELATED ORGANIZATION FILES ON ITS BEHALF, A COMMUNITY BENEFIT REPORT THE STATE OF NEBRASKA DOES NOT MANDATE COMMUNITY BENEFIT REPORTING BUT ST MARY'S COMMUNITY HOSPITAL DOES VOLUNTARY REPORTING THROUGH THE NEBRASKA HOSPITAL ASSOCIATION CHI'S MBO'S ARE COMPRISED OF APPROXIMATELY 100 TAX-EXEMPT ORGANIZATIONS IN 19 STATES CHI IS IN THE PROCESS OF IDENTIFYING IN WHICH STATES EACH OF THESE ORGANIZATIONS FILES A COMMUNITY BENEFIT REPORT

Identifier	ReturnReference	Explanation
COMMUNITY BENEFIT REPORT	SCHEDULE H, PART I, LINE 6A	ST MARY'S COMMUNITY HOSPITAL PREPARES ITS OWN ANNUAL WRITTEN COMMUNITY BENEFIT REPORT ITS COMMUNITY BENEFIT REPORT IS NOT CONTAINED IN THAT OF A RELATED ORGANIZATION

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
ST MARY'S COMMUNITY HOSPITAL

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

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

OMB No 1545-0047

2010

Open to Public
Inspection

Employer identification number

47-0443636

Part I

General Information on Grants and Assistance

- 1

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

☒ Yes ☐ No
- 2

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

Part II

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

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

2

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

3

Enter total number of other organizations ▶

Part III

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

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

Part IV

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

Identifier	Return Reference	Explanation
Procedures for monitoring use of grant funds	Schedule I, Part I, Line 2	THE ORGANIZATION MADE A GRANT TO ST MARY'S HOSPITAL FOUNDATION, A RELATED ORGANIZATION UPON PROVIDING SATISFACTORY WRITTEN EVIDENCE THAT THE FUNDS WERE USED FOR THE PURPOSE THE GRANT WAS MADE, THE HOSPITAL RELEASES THE RESTRICTION AND THE FUNDS ARE TRANSFERRED

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2010

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization ST MARY'S COMMUNITY HOSPITAL	Employer identification number 47-0443636
--	--

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		
☐ Travel for companions		
☐ Tax idemnification and gross-up payments		
☐ Discretionary spending account		
☐ Housing allowance or residence for personal use		
☐ Payments for business use of personal residence		
☐ Health or social club dues or initiation fees		
☐ Personal services (e g , maid, chauffeur, chef)		
1b If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain		
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?		
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		
☐ Independent compensation consultant		
☐ Form 990 of other organizations		
☐ Written employment contract		
☐ Compensation survey or study		
☐ 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?		No
b Participate in, or receive payment from, a supplemental nonqualified retirement plan?	Yes	
c Participate in, or receive payment from, an equity-based compensation arrangement?		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?		No
b Any related organization?		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?		No
b Any related organization?		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	Yes	
8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III		No
9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?		

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) STACY BLUM	(i)	0	0	0	0	0	0	0
	(ii)	212,089	28,600	13,900	20,228	18,188	293,005	0
(2) ROBERT LANIK	(i)	0	0	0	0	0	0	0
	(ii)	503,686	124,161	62,000	32,478	13,246	735,571	0
(3) DANIEL KELLY	(i)	0	0	0	0	0	0	0
	(ii)	140,831	43,567	21,824	29,250	10,921	246,393	0
(4) JONATHAN STELLING	(i)	0	0	0	0	0	0	0
	(ii)	224,079	46,519	667	20,228	18,366	309,859	0
(5)								
(6)								
(7)								
(8)								
(9)								
(10)								
(11)								
(12)								
(13)								
(14)								
(15)								
(16)								

Part III **Supplemental Information**

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

Identifier	Return Reference	Explanation
Supplemental nonqualified retirement plan	Schedule J, Part I, Line 4b	DURING THE 2010 CALENDAR YEAR CATHOLIC HEALTH INITIATIVES ("CHI"), A RELATED ORGANIZATION, MAINTAINED A SUPPLEMENTAL NON-QUALIFIED DEFERRED COMPENSATION PLAN FOR MBO CEOS AND OTHER CHI EMPLOYEES AT THE LEVEL OF SENIOR VICE PRESIDENT AND ABOVE. THE FOLLOWING REPORTABLE INDIVIDUALS WERE ELIGIBLE TO PARTICIPATE IN THAT PLAN: ROBERT LANIK, DANIEL KELLY. DURING 2010, THE FOLLOWING CONTRIBUTIONS WERE MADE BY CHI TO THE DEFERRED COMPENSATION PLAN: DANIEL KELLY - \$12,240 DUE TO THE "SUPER" VESTING RULES UNDER THE CHI DEFERRED COMPENSATION PLAN, PARTICIPANTS WHO HAVE MET CERTAIN REQUIREMENTS SUCH AS TERMINATION, AGE, OR YEARS OF SERVICE ARE ELIGIBLE TO RECEIVE THEIR 2010 CONTRIBUTIONS IN CASH. THESE CASH PAYOUTS ARE INCLUDED IN THE PARTICIPANT'S REPORTABLE COMPENSATION IN COLUMN (III) OTHER REPORTABLE COMPENSATION ON SCHEDULE J PART II. DURING 2010, THE FOLLOWING CONTRIBUTIONS THAT WOULD HAVE BEEN MADE BY CHI TO THE DEFERRED COMPENSATION PLAN WERE PAID IN CASH: ROBERT LANIK - \$35,026.
Non-fixed payments	Schedule J, Part I, Line 7	DURING FY2011, SMCH MAINTAINED A DISCRETIONARY BONUS PROGRAM ACCRUED FOR IN FY2011, TO BE PAID OUT IN NOVEMBER, 2011 (FY2012). AWARDS OF COMPENSATION FROM THIS PLAN ARE BASED ON THE ACHIEVEMENT OF CERTAIN ORGANIZATIONAL TARGETS (GENERALLY ASSOCIATED WITH PATIENT SATISFACTION, FINANCIAL PERFORMANCE, AND QUALITY INITIATIVES) AND ARE PAYABLE AS A FIXED PERCENTAGE OF EACH PARTICIPANT'S BASE COMPENSATION IF SUCH TARGETS ARE ACHIEVED.
COMPENSATION OF TOP MANAGEMENT OFFICIAL	SCHEDULE J, PART I, LINE 3	COMPENSATION FOR THE TOP MANAGEMENT OFFICIAL WAS ESTABLISHED AND PAID BY CATHOLIC HEALTH INITIATIVES (CHI), A RELATED ORGANIZATION. CHI USED THE FOLLOWING TO ESTABLISH THE TOP MANAGEMENT OFFICIAL'S COMPENSATION: (1) COMPENSATION COMMITTEE, (2) INDEPENDENT COMPENSATION CONSULTANT, (3) WRITTEN EMPLOYMENT CONTRACTS, (4) COMPENSATION SURVEY OR STUDY, (5) APPROVAL BY THE BOARD OR COMPENSATION COMMITTEE.
SEVERANCE PAYMENTS	SCHEDULE J, PART I, LINE 4A	POST-TERMINATION PAYMENTS ARE ADDRESSED IN EXECUTIVE EMPLOYMENT AGREEMENTS FOR CATHOLIC HEALTH INITIATIVES ("CHI") AND RELATED ORGANIZATIONS' EMPLOYEES AT THE LEVEL OF VICE PRESIDENT AND ABOVE, INCLUDING THE MBO CEOS. THESE EMPLOYMENT AGREEMENTS REQUIRE THAT IN ORDER FOR THE EXECUTIVE TO RECEIVE POST-TERMINATION PAYMENTS, THESE INDIVIDUALS MUST EXECUTE A GENERAL RELEASE AND SETTLEMENT AGREEMENT. POST-TERMINATION PAYMENT ARRANGEMENTS ARE PERIODICALLY REVIEWED FOR OVERALL REASONABLENESS IN LIGHT OF THE EXECUTIVE'S OVERALL COMPENSATION PACKAGE.

SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2010

Open to Public
Inspection

Name of the organization ST MARY'S COMMUNITY HOSPITAL	Employer identification number 47-0443636
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Identifier	Return Reference	Explanation
Classes of members or stockholders	Form 990, Part VI, Section A, Line 6	THE SOLE MEMBER OF THE ORGANIZATION IS CHI NEBRASKA, A NEBRASKA NON-PROFIT CORPORATION

Identifier	Return Reference	Explanation
Members or stockholders electing members of governing body	Form 990, Part VI, Section A, Line 7a	ACCORDING TO THE ORGANIZATION'S BYLAWS, DIRECTORS SHALL BE APPOINTED OR REFUSED BY THE CORPORATE MEMBER THE CORPORATE MEMBER MAY APPOINT ONE OR MORE INDIVIDUALS TO THE BOARD OF DIRECTORS, AND MAY AT ANY TIME REMOVE, WITH OR WITHOUT CAUSE, ANY MEMBER OF THE BOARD OF DIRECTORS ACCORDING TO THE ORGANIZATION'S BYLAWS, DIRECTORS OF THE CORPORATION SHALL BE APPOINTED BY THE CORPORATE MEMBER NO LATER THAN JUNE 30 OF EACH YEAR THE NAMES AND QUALIFICATIONS OF EACH INDIVIDUAL ACCEPTED BY THE BOARD OF DIRECTORS SHALL BE SUBMITTED TO THE CORPORATE MEMBER, WHO SHALL APPOINT OR REFUSE EACH NOMINEE IN ACCORDANCE WITH THE CORPORATE MEMBER'S BYLAWS AND WITH ENDORSEMENT OF THE SENIOR VICE PRESIDENT OF OPERATIONS THE CORPORATE MEMBER MAY UNILATERALLY APPOINT ONE OR MORE INDIVIDUALS TO THE BOARD OF DIRECTORS SHOULD THE BOARD FAIL TO FURNISH THE CORPORATE MEMBER WITH A LIST OF INDIVIDUALS QUALIFIED TO SERVE ON THE BOARD OF DIRECTORS OF THE CORPORATION

Identifier	Return Reference	Explanation
Decisions requiring approval by members or stockholders	Form 990, Part VI, Section A, Line 7b	THE ORGANIZATION'S CORPORATE MEMBER IS CHI NEBRASKA PURSUANT TO SECTION 5 4 1 OF THE ORGANIZATION'S BY LAWS, BOTH CHI NEBRASKA AND CATHOLIC HEALTH INITIATIVES ("CHI") (CHI NEBRASKA'S SOLE CORPORATE MEMBER) HAVE RESERVED POWERS AS OUTLINED IN THE CHI GOVERNANCE MATRIX PURSUANT TO THE GOVERNANCE MATRIX THE FOLLOWING RIGHTS ARE HELD BY THE CHI NEBRASKA BOARD *APPROVE MEMBERS OF THE ST MARY'S COMMUNITY HOSPITAL BOARD *AMENDMENT OF THE CORPORATE DOCUMENTS OF ST MARY'S COMMUNITY HOSPITAL *APPROVE REMOVAL OF A MEMBER OF THE GOVERNING BODY OF ST MARY'S COMMUNITY HOSPITAL *ADOPTION OF LONG RANGE AND STRATEGIC PLANS FOR ST MARY'S COMMUNITY HOSPITAL THE FOLLOWING RIGHTS ARE RESERVED TO THE CHI BOARD DIRECTLY OR THROUGH POWERS DELEGATED TO THE CHI CHIEF EXECUTIVE OFFICER *SUBSTANTIAL CHANGE IN THE MISSION OR PHILOSOPHY OF ST MARY'S COMMUNITY HOSPITAL *REMOVAL OF A MEMBER OF THE GOVERNING BODY OF ST MARY'S COMMUNITY HOSPITAL *APPROVAL OF ISSUANCE OF DEBT BY ST MARY'S COMMUNITY HOSPITAL *APPROVAL OF PARTICIPATION OF ST MARY'S COMMUNITY HOSPITAL IN A JOINT VENTURE *APPROVAL OF FORMATION OF A NEW CORPORATION BY ST MARY'S COMMUNITY HOSPITAL *APPROVAL OF A MERGER INVOLVING THE ST MARY'S COMMUNITY HOSPITAL *APPROVAL OF THE SALE OF ALL OR SUBSTANTIALLY ALL OF THE ASSETS OF ST MARY'S COMMUNITY HOSPITAL *TO REQUIRE THE TRANSFER OF ASSETS BY THE ST MARY'S COMMUNITY HOSPITAL TO CHI TO ACCOMPLISH CHI'S GOALS AND OBJECTIVES, AND TO SATISFY CHI DEBTS PURSUANT TO SECTION 5 4 2 OF THE ORGANIZATION'S BY LAWS, CHI NEBRASKA OR CHI MAY, IN EXERCISE OF THEIR APPROVAL POWERS, GRANT OR WITHHOLD APPROVAL IN WHOLE OR IN PART, OR MAY, IN ITS COMPLETE DISCRETION, AFTER CONSULTATION WITH THE BOARD AND ITS PRESIDENT AND THE CHIEF EXECUTIVE OFFICER OF THE ORGANIZATION, RECOMMEND SUCH OTHER OR DIFFERENT ACTIONS AS IT DEEMS APPROPRIATE

Identifier	Return Reference	Explanation
Review of form 990 by governing body	Form 990, Part VI, Section B, Line 11b	ONCE THE RETURN IS PREPARED, IT IS REVIEWED BY THE VP OF FINANCE. THE VP OF FINANCE THEN PRESENTS THE RETURN AT THE FINANCE/AUDIT COMMITTEE BOARD MEETING FOR REVIEW. COPIES OF THE 990 ARE PROVIDED TO ALL BOARD MEMBERS AFTER THE REVIEW BY THE FINANCE/AUDIT COMMITTEE. THE TAX DEPARTMENT FILES THE RETURN WITH THE APPROPRIATE FEDERAL AND STATE AGENCIES, MAKING ANY NON-SUBSTANTIVE CHANGES NECESSARY TO EFFECT E-FILING. ANY SUCH CHANGES ARE NOT RE-SUBMITTED TO THE BOARD.

Identifier	Return Reference	Explanation
Conflict of interest policy	Form 990, Part VI, Section B, Line 12c	ST MARY'S COMMUNITY HOSPITAL HAS A BOARD POLICY THAT REFERENCES THE DUALITY OF INTEREST AND CONFLICT OF INTEREST POLICIES PROVIDED BY CHI NATIONAL. AT THE ANNUAL BOARD AND BOARD COMMITTEE MEETINGS ALL MEMBERS ARE REQUESTED TO SIGN CONFLICT OF INTEREST STATEMENTS. THE SIGNED STATEMENTS ARE RETAINED IN THE ADMINISTRATIVE FILES. ALL MEMBERS ARE REQUESTED TO DECLARE POTENTIAL CONFLICTS OF INTEREST AT EACH BOARD AND/OR COMMITTEE MEETING OF THE BOARD (FINANCE, AUDIT AND COMPLIANCE COMMITTEE AND THE PERFORMANCE IMPROVEMENT COMMITTEE). IF THE BOARD FINDS THAT A CONFLICT DOES EXIST REGARDING THE AGENDA ITEMS TO BE PRESENTED FOR ACTION, MEMBERS ARE REQUESTED TO ABSTAIN FROM VOTING. IN ADDITION, A QUESTIONNAIRE IS SENT ANNUALLY TO ALL BOARD MEMBERS, TOP PAID VENDORS, AND TOP PAID EMPLOYEES ASKING THEM TO DISCLOSE ANY BUSINESS OR FAMILY RELATIONSHIPS.

Identifier	Return Reference	Explanation
Process used to establish compensation of top management official	Form 990, Part VI, Section B, Line 15a	THE ORGANIZATION'S CEO'S COMPENSATION IS PAID BY CHI. CHI HAS A DEFINED COMPENSATION PHILOSOPHY. BOTH THE EXECUTIVE AND NON-EXECUTIVE COMPENSATION STRUCTURES AND RANGES ARE REVIEWED ANNUALLY IN COMPARISON TO MARKET DATA. CHI USES THE HAY GROUP AS THE INDEPENDENT THIRD PARTY TO ASSESS EXECUTIVE COMPENSATION PROGRAMS AND TO ENSURE THE REASONABLENESS OF ACTUAL SALARIES AND TOTAL COMPENSATION PACKAGES. COMPENSATION OF THE SENIOR MOST EXECUTIVES IS REVIEWED ANNUALLY. THE HAY GROUP REVIEWS BOTH CASH AND TOTAL COMPENSATION FOR OVERALL REASONABLENESS, FOR ADHERENCE TO CHI'S COMPENSATION PHILOSOPHY, AND FOR COMPARABILITY TO THE NOT-FOR-PROFIT HEALTHCARE MARKET. THIS INDEPENDENT REVIEW IS DELIVERED BY HAY GROUP TO THE HR COMMITTEE OF THE CHI BOARD OF STEWARDSHIP TRUSTEES ANNUALLY AT THEIR SEPTEMBER MEETING AND MINUTES ARE SHARED WITH THE FULL BOARD AT THE DECEMBER MEETING. THE LAST REVIEW WAS SEPTEMBER, 2011. IN ADDITION, IN DECEMBER 2009, HAY GROUP COMPLETED A COMPREHENSIVE REVIEW OF ALL POSITIONS AT THE LEVEL OF VICE PRESIDENT AND ABOVE TO DETERMINE AND VALIDATE APPROPRIATE COMPENSATION LEVELS.

Identifier	Return Reference	Explanation
Process used to establish compensation of other officers/key employees	Form 990, Part VI, Section B, Line 15b	ANY EXECUTIVE COMPENSATION PAID BY ST MARY'S COMMUNITY HOSPITAL WAS SET BY THE EXECUTIVE COMMITTEE UTILIZING COMPARABILITY STUDIES TO DETERMINE OFFICER COMPENSATION AS REQUIRED BY THE ORGANIZATION'S EXECUTIVE COMPENSATION REVIEW POLICY THE BOARD OF DIRECTORS OVERSEES THE COMPENSATION SETTING PROCESS AND ENSURES REASONABLENESS AND COMPLIANCE WITH THE ORGANIZATION'S COMPENSATION PHILOSOPHY

Identifier	Return Reference	Explanation
Public Disclosure	Form 990, Part VI, Section C, Line 19	THE ORGANIZATION'S FINANCIAL STATEMENTS AND GOVERNING DOCUMENTS ARE AVAILABLE TO THE PUBLIC UPON REQUEST THE ORGANIZATION'S FINANCIAL STATEMENTS ARE INCLUDED IN CATHOLIC HEALTH INITIATIVES' CONSOLIDATED AUDITED FINANCIAL STATEMENTS THAT ARE AVAILABLE AT WWW CATHOLICHEALTHINIT ORG OR AT WWW DACBOND ORG THE ORGANIZATION'S CONFLICT OF INTEREST POLICY IS NOT PUBLICLY AVAILABLE

Identifier	Return Reference	Explanation
EXECUTIVE COMMITTEE	FORM 990, PART VI, LINE 1A	THE EXECUTIVE COMMITTEE CONSISTS ONLY OF DIRECTORS OF THE CORPORATION AND IS COMPOSED OF THE CHAIR OF THE BOARD, THE VICE CHAIR OF THE BOARD, AND THE PRESIDENT AND CHIEF EXECUTIVE OFFICER, EACH OF WHOM SERVE AS EX OFFICIO VOTING MEMBERS OF THE EXECUTIVE COMMITTEE THE EXECUTIVE COMMITTEE HAS THE POWER TO TRANSACT THE ROUTINE BUSINESS OF THE CORPORATION IN THE INTERIM PERIODS BETWEEN REGULARLY SCHEDULED MEETINGS OF THE BOARD OF DIRECTORS, PROVIDED THAT THEIR ACTIONS ARE CONSISTENT WITH ANY ACTIONS OR POLICIES OF THE BOARD OR THE CORPORATE MEMBER ALL ACTIONS TAKEN ARE CONTEMPORANEOUSLY DOCUMENTED AND REPORTED TO THE BOARD AT THE NEXT REGULARLY SCHEDULED MEETING

Identifier	Return Reference	Explanation
DOCUMENT RETENTION & DESTRUCTION POLICY	FORM 990, PART VI, LINE 14	THE ORGANIZATION'S BOARD HAS NOT FORMALLY ADOPTED A DOCUMENT RETENTION & DESTRUCTION POLICY THE ORGANIZATION HAS STANDARD PROCEDURES THAT ARE FOLLOWED BUT THE ORGANIZATION'S BOARD HAS NOT OFFICIALLY ADOPTED THE POLICY THE BOARD WILL ADOPT THE DOCUMENT RETENTION & DESTRUCTION POLICY DURING THE YEAR ENDED JUNE 30, 2012

Identifier	Return Reference	Explanation
HOURS DEVOTED TO RELATED ORGANIZATIONS	FORM 990, PART VII	COMPENSATION REPORTED ON FORM 990, PART VII WAS PAID TO THESE INDIVIDUALS BY RELATED ORGANIZATIONS IN EXCHANGE FOR THE FULFILLMENT OF THEIR DUTIES AS FULL-TIME, 60 HOUR-PER-WEEK EMPLOYEES

Identifier	Return Reference	Explanation
Other changes in net assets or fund balances	Form 990, Part XI, Line 5	NET UNREALIZED GAINS (LOSSES) ON INVESTMENTS - 846698, CHI CONNECT DEPRECIATION - 44751, CAPITAL RESOURCE POOL CONTRIBUTION - -186216,

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
ST MARY'S COMMUNITY HOSPITAL

Employer identification number
47-0443636

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) Disproporionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
See Additional Data Table												

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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by other organization(s)

f

Sale of assets to other organization(s)

g

Purchase of assets from other organization(s)

h

Exchange of assets

i

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

j

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

k

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

l

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

m

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

n

Sharing of paid employees

o

Reimbursement paid to other organization for expenses

p

Reimbursement paid by other organization for expenses

q

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

r

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

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

No

No

Yes

No

No

No

No

No

Yes

No

No

Yes

Yes

Yes

Yes

Yes

Yes

No

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) CATHOLIC HEALTH INITIATIVES	L	1,478,067	FMV
(2) ST ELIZABETH REGIONAL MEDICAL CENTER	P	149,022	FMV
(3) CATHOLIC HEALTH INITIATIVES	Q	149,628	FMV
(4)			
(5)			
(6)			

Schedule R (Form 990) 2010

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

[illegible]

Part VII **Supplemental Information**

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

Identifier	Return Reference	Explanation
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Software ID: 10000128

Software Version: v2010.1.0

EIN: 47-0443636

Name: ST MARY'S COMMUNITY HOSPITAL

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
ALEGENT HEALTH - BERGAN MERCY HEALTH SYS 7500 MERCY ROAD OMAHA, NE68124 47-0484764	HEALTHCARE	NE	501(C)(3)	3	CHI	Yes	
ALEGENT HEALTH - MERCY HOSPITAL CORNING PO BOX 368 CORNING, IA50841 42-0782518	HEALTHCARE	IA	501(C)(3)	3	AHBMHS	Yes	
ALVERNA APARTMENTS 300 SE 8TH AVENUE LITTLE FALLS, MN56345 41-1351177	LTERM CARE	MN	501(C)(3)	9	CHI	Yes	
APPLETREE COURT 601 OAK STREET BRECKENRIDGE, MN56520 41-1850500	SENIOR HOMES	MN	501(C)(3)	9	SFH	Yes	
BISHOP DRUMM RETIREMENT CENTER 1111 6TH AVENUE DES MOINES, IA50314 42-0725196	LTERM CARE	IA	501(C)(3)	9	CHI-IA CORP	Yes	
BORNEMANN HEALTHCARE CORPORATION 2500 BERNVILLE RD PO BOX 316 READING, PA19603 23-2187242	HEALTHCARE	PA	501(C)(3)	11 - Type I	CHI	Yes	
CARRINGTON HEALTH CENTER 800 NORTH 4TH STREET CARRINGTON, ND58421 45-0227311	HEALTHCARE	ND	501(C)(3)	3	CHI	Yes	
CATHOLIC HEALTH CARE FEDERATION 198 INVERNESS DRIVE WEST ENGLEWOOD, CO80112 20-8473567	JURIDIC PERSON	CO	501(C)(3)	11 - Type I	CHI	Yes	
CATHOLIC HEALTH INITIATIVES 198 INVERNESS DRIVE WEST ENGLEWOOD, CO80112 47-0617373	HEALTHCARE	CO	501(C)(3)	9	CHI	Yes	
CATHOLIC HEALTH INITIATIVES COLORADO FOUNDATION 961 EAST COLORADO AVENUE COLORADO SPRINGS, CO80903 84-0902211	FUNDRAISING	CO	501(C)(3)	7	CHI COLORADO	Yes	
CENTENNIAL MEDICAL GROUP INC 2700 STEWART PARKWAY ROSEBURG, OR97470 90-0433062	PHYSICIANS	OR	501(C)(3)	9	MMC	Yes	
CHI COLORADO 188 INVERNESS DRIVE WEST ENGLEWOOD, CO80112 84-0405257	HEALTHCARE	CO	501(C)(3)	3	CHI	Yes	

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
CHI HEALTH CONNECT AT HOME - FARGO 4816 AMBER VALLEY PARKWAY FARGO, ND58104 27-1966847	HEALTHCARE	ND	501(C)(3)	3	CHI	Yes	
CHI INSTITUTE FOR RESEARCH AND INNOVATION 198 INVERNESS DRIVE WEST ENGLEWOOD, CO80112 27-1050565	HEALTHCARE	CO	501(C)(3)	11 - Type I	CHI	Yes	
CHI KENTUCKY INC 3900 OLYMPIC BLVD SUITE 400 ERLANGER, KY41018 20-2741651	HEALTHCARE	KY	501(C)(3)	11 - Type I	CHI	Yes	
CHI NATIONAL FOUNDATION 198 INVERNESS DRIVE WEST ENGLEWOOD, CO80112 27-0930004	FUNDRAISING	CO	501(C)(3)	11 - Type I	CHI	Yes	
CHI NATIONAL HOME CARE 198 INVERNESS DRIVE WEST ENGLEWOOD, CO80112 45-1261716	HEALTHCARE	CO	501(C)(3)	11 - Type I	CHI	Yes	
CHI NATIONAL SERVICES 198 INVERNESS DRIVE WEST ENGLEWOOD, CO80112 45-2532084	HEALTHCARE	CO	501(C)(3)	9	CHI	Yes	
CHI NEBRASKA 555 SOUTH 70TH STREET LINCOLN, NE68510 36-3233121	HEALTHCARE	NE	501(C)(3)	11 - Type I	CHI	Yes	
CHI-IOWA CORP 1111 6TH AVENUE DES MOINES, IA50314 42-0680448	HEALTHCARE	IA	501(C)(3)	3	MHN	Yes	
CONTINUING CARE HOSPITAL 150 NORTH EAGLE CREEK DRIVE LEXINGTON, KY40509 61-1400619	LTACH	KY	501(C)(3)	3	SJHS	Yes	
ENUMCLAW REGIONAL HOSPITAL ASSOCIATION 1450 BATTERSBY AVENUE ENUMCLAW, WA98022 91-0715805	HEALTHCARE	WA	501(C)(3)	3	FHS	Yes	
FLAGET HEALTHCARE DBA FLAGET MEMORIAL HOSPITAL 4305 NEW SHEPHERDSVILLE ROAD BARDSTOWN, KY40004 61-1345363	HEALTHCARE	KY	501(C)(3)	3	CHI	Yes	
FLAGET MEMORIAL HOSPITAL FOUNDATION INC 4305 NEW SHEPHERDSVILLE ROAD BARDSTOWN, KY40004 56-2351341	FUNDRAISING	KY	501(C)(3)	11 - Type I	FH	Yes	

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						Yes	No
FRANCISCAN FOUNDATION 1717 SOUTH J STREET TACOMA, WA98405 91-1145592	FUNDRAISING	WA	501(C)(3)	9	FHS	Yes	
FRANCISCAN HEALTH SYSTEM FKA FRANCISCAN HEALTH SYSTEM WEST 1717 SOUTH J STREET TACOMA, WA98405 91-0564491	HEALTHCARE	WA	501(C)(3)	3	CHI	Yes	
FRANCISCAN MEDICAL GROUP 1708 SOUTH YAKIMA AVENUE TACOMA, WA98405 91-1939739	HEALTHCARE	WA	501(C)(3)	9	FHS	Yes	
FRANCISCAN VILLA OF SOUTH MILWAUKEE INC 3601 SOUTH CHICAGO AVENUE SOUTH MILWAUKEE, WI53172 39-1093829	HEALTHCARE	WI	501(C)(3)	9	CHI	Yes	
GETTYSBURG MEDICAL CENTER 606 EAST GARFIELD AVENUE GETTYSBURG, SD57442 46-0234354	HEALTHCARE	SD	501(C)(3)	3	SMHC	Yes	
GLOBAL HEALTH INITIATIVES 198 INVERNESS DRIVE WEST ENGLEWOOD, CO80112 20-1536108	MINISTRIES	CO	501(C)(3)	11 - Type I	CHI	Yes	
GOOD SAMARITAN COLLEGE OF NURSING & HEALTH SCIENCE 375 DIXMYTH AVE CINCINNATI, OH45220 31-1778403	EDUCATION	KY	501(C)(3)	2	GHS	Yes	
GOOD SAMARITAN FOUNDATION OF CINCINNATI INC 619 OAK STREET ACCOUNTING-3 W CINCINNATI, OH45206 31-1206047	FUNDRAISING	OH	501(C)(3)	11 - Type I	GSH	Yes	
GOOD SAMARITAN HOSPITAL PO BOX 1990 KEARNEY, NE68848 47-0379755	HEALTHCARE	NE	501(C)(3)	3	CHI NEBRASKA	Yes	
GOOD SAMARITAN HOSPITAL FOUNDATION PO BOX 1810 KEARNEY, NE68848 47-0659443	FUNDRAISING	NE	501(C)(3)	7	GSH	Yes	
HEALTH SET 4200 WEST CONEJOS PLACE 436 DENVER, CO80204 84-1102943	LOW INC CARE	CO	501(C)(3)	7	CHI COLORADO	Yes	
HEALTHCARE AND WELLNESS FOUNDATION 2400 ST FRANCIS DRIVE BRECKENRIDGE, MN56520 76-0761782	FUNDRAISING	MN	501(C)(3)	11 - Type I	SFMC	Yes	

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						Yes	No
HOSPITAL ASSOCIATION FOR ST JOSEPH HOSPITAL 7601 OSLER DRIVE TOWSON, MD21204 52-6050777	HEALTHCARE	MD	501(C)(3)	9	SJMC	Yes	
HOUSE OF MERCY 1111 6TH AVENUE DES MOINES, IA50314 42-1323808	SHELTER	IA	501(C)(3)	7	CHI-IA CORP	Yes	
LAKEWOOD HEALTH CENTER 600 MAIN AVENUE SOUTH BAUDETTE, MN56623 41-0758434	LTERM CARE	MN	501(C)(3)	3	CHI	Yes	
LINUS OAKES INC 2700 STEWART PARKWAY ROSEBURG, OR97470 93-0821381	SENIOR LIVING	OR	501(C)(3)	9	MMC	Yes	
LISBON AREA HEALTH SERVICES 905 MAIN STREET LISBON, ND58054 82-0558836	HEALTHCARE	ND	501(C)(3)	3	CHI	Yes	
MEMORIAL HEALTH CARE SYSTEM FOUNDATION 2525 DE SALES AVENUE CHATTANOOGA, TN37404 62-1839548	FUNDRAISING	TN	501(C)(3)	7	MHCS	Yes	
MEMORIAL HEALTH CARE SYSTEM INC 2525 DE SALES AVENUE CHATTANOOGA, TN37404 62-0532345	HEALTHCARE	TN	501(C)(3)	3	CHI	Yes	
MEMORIAL HEALTH PARTNERS FOUNDATION INC 6028 SHALLOWFORD ROAD CHATTANOOGA, TN37421 03-0417049	HEALTHCARE	TN	501(C)(3)	9	MHCS	Yes	
MERCY AUXILIARY OF CENTRAL IOWA 1111 6TH AVENUE DES MOINES, IA50314 42-6076069	AUXILIARY	IA	501(C)(3)	11 - Type I	CHI-IA CORP	Yes	
MERCY CLINICS INC 1111 6TH AVENUE DES MOINES, IA50314 42-1193699	PHYSICIAN	IA	501(C)(3)	9	CHI-IA CORP	Yes	
MERCY COLLEGE OF HEALTH SCIENCES 1111 6TH AVENUE DES MOINES, IA50314 42-1511682	EDUCATION	IA	501(C)(3)	2	CHI-IA CORP	Yes	
MERCY FOUNDATION OF DES MOINES IA 1111 6TH AVENUE DES MOINES, IA50314 23-7358794	FUNDRAISING	IA	501(C)(3)	7	CHI-IA CORP	Yes	

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						Yes	No
MERCY FOUNDATION INC 2700 STEWART PARKWAY ROSEBURG, OR97470 93-6088946	FUNDRAISING	OR	501(C)(3)	7	MMC	Yes	
MERCY HEALTH CARE FOUNDATION PO BOX 368 CORNING, IA50841 42-1461064	FUNDRAISING	NE	501(C)(3)	11 - Type I	AHMH	Yes	
MERCY HOSPITAL FOUNDATION COUNCIL BLUFFS 800 MERCY DRIVE COUNCIL BLUFFS, IA51503 42-1178204	FUNDRAISING	IA	501(C)(3)	11 - Type I	AHBMHS	Yes	
MERCY HOSPITAL OF DEVILS LAKE 1031 EAST SEVENTH STREET DEVILS LAKE, ND58301 45-0227012	HEALTHCARE	ND	501(C)(3)	3	CHI	Yes	
MERCY HOSPITAL OF VALLEY CITY 570 CHAUTAUQUA BOULEVARD VALLEY CITY, ND58072 45-0226553	HEALTHCARE	ND	501(C)(3)	3	CHI	Yes	
MERCY LIFECARE SYSTEMS 2727 MCCLELLAND BLVD JOPLIN, MO64804 43-1305163	PROPERTY MGMT	MO	501(C)(3)	11 - Type I	SJPMC	Yes	
MERCY MEDICAL CENTER 1301 15TH AVENUE WEST WILLISTON, ND58801 45-0231183	HEALTHCARE	ND	501(C)(3)	3	CHI	Yes	
MERCY MEDICAL CENTER 2700 STEWART PARKWAY ROSEBURG, OR97470 93-0386868	HEALTHCARE	OR	501(C)(3)	3	CHI	Yes	
MERCY MEDICAL CENTER - CENTERVILLE 1 ST JOSEPHS DRIVE CENTERVILLE, IA52544 42-0680308	HEALTHCARE	IA	501(C)(3)	3	CHI-IA CORP	Yes	
MERCY MEDICAL FOUNDATION 1301 15TH AVENUE WEST WILLISTON, ND58801 45-0381803	FUNDRAISING	ND	501(C)(3)	11 - Type I	MMC	Yes	
MERCY PROFESSIONAL PRACTICE ASSOCIATES INC 1111 6TH AVENUE DES MOINES, IA50314 42-1470935	PHYSICIAN	IA	501(C)(3)	9	CHI-IA CORP	Yes	
MERCY REGIONAL MEDICAL CENTER OF DURANGO 1010 THREE SPRINGS BLVD DURANGO, CO81301 84-0405515	HEALTHCARE	CO	501(C)(3)	3	CHI	Yes	

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						Yes	No
MNMCH INC 220 NORTH PENNSYLVANIA COLUMBUS, KS66725 48-1216238	HEALTHCARE	KS	501(C)(3)	3	SJRMCMC	Yes	
MT ST JOSEPH INC 3060 SE STARK STREET PORTLAND, OR97214 93-0386870	NURSING CARE	OR	501(C)(3)	9	CHI	Yes	
OAKES COMMUNITY HOSPITAL 314 SOUTH 8TH STREET OAKES, ND58474 45-0231675	HEALTHCARE	ND	501(C)(3)	3	CHI	Yes	
OAKES COMMUNITY HOSPITAL FOUNDATION 314 SOUTH 8TH STREET OAKES, ND58474 71-0966606	FUNDRAISING	ND	501(C)(3)	11 - Type I	OCH	Yes	
PUEBLO STEPUP 1925 EAST ORMAN AVE SUITE G52 PUEBLO, CO81004 84-1234295	COMMUNITY	CO	501(C)(3)	7	CHI	Yes	
SET OF COLORADO SPRINGS INC 825 E PIKES PEAK AVENUE BLDG 29 COLORADO SPRINGS, CO80903 84-1183335	LTERM CARE	CO	501(C)(3)	7	CHI COLORADO	Yes	
SAINT CLARE'S COMMUNITY CARE 66 FORD ROAD DENVILLE, NJ07834 22-2876836	HEALTHCARE	NJ	501(C)(3)	11 - Type II	SCHS	Yes	
SAINT CLARE'S FOUNDATION INC 66 FORD ROAD DENVILLE, NJ07834 22-2502997	FUNDRAISING	NJ	501(C)(3)	7	SCHS	Yes	
SAINT CLARE'S HEALTH SERVICES INC 25 POCONO ROAD DENVILLE, NJ07834 22-3639733	MANAGEMENT	NJ	501(C)(3)	7	CHI	Yes	
SAINT CLARE'S HOSPITAL 66 FORD ROAD DENVILLE, NJ07834 22-3319886	HEALTHCARE	NJ	501(C)(3)	3	CHI	Yes	
SAINT ELIZABETH FOUNDATION 555 SOUTH 70TH STREET LINCOLN, NE68510 47-0625523	FUNDRAISING	NE	501(C)(3)	7	SERMC	Yes	
SAINT ELIZABETH HEALTH SERVICES 555 SOUTH 70TH STREET LINCOLN, NE68510 36-3233120	HEALTHCARE	NE	501(C)(3)	3	SERMC	Yes	

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						Yes	No
SAINT ELIZABETH REGIONAL MEDICAL CENTER 555 SOUTH 70TH STREET LINCOLN, NE68510 47-0379836	HEALTHCARE	NE	501(C)(3)	3	CHI NEBRASKA	Yes	
SAINT FRANCIS MEDICAL CENTER PO BOX 9804 GRAND ISLAND, NE68802 47-0376601	HEALTHCARE	NE	501(C)(3)	3	CHI NEBRASKA	Yes	
SAINT FRANCIS MEDICAL CENTER FOUNDATION PO BOX 9804 GRAND ISLAND, NE68802 47-0630267	FUNDRAISING	NE	501(C)(3)	7	SFMC	Yes	
SAINT JOSEPH BEREА HOSPITAL FOUNDATION INC 305 ESTILL STREET BEREA, KY40403 26-0152877	FUNDRAISING	KY	501(C)(3)	7	SJHS	Yes	
SAINT JOSEPH HEALTH SYSTEM INC 150 N EAGLE CREEK DR LEXINGTON, KY40509 61-1334601	HEALTHCARE	KY	501(C)(3)	3	CHI	Yes	
SAINT JOSEPH LONDON FOUNDATION INC 310 EAST NINTH STREET LONDON, KY40741 26-0438748	FUNDRAISING	KY	501(C)(3)	11 - Type I	SJHS	Yes	
SAINT JOSEPH MEDICAL FOUNDATION INC ONE ST JOSEPH DRIVE LEXINGTON, KY40504 31-1539059	PHY PRACTICES	KY	501(C)(3)	3	SJHS	Yes	
SAINT JOSEPH MOUNT STERLING FOUNDATION INC 50 STERLING AVENUE MOUNT STERLING, KY40353 27-2884584	FUNDRAISING	KY	501(C)(3)	7	SJHS	Yes	
SAINT JOSEPH'S HOSPITAL FOUNDATION 30 WEST 7TH STREET DICKINSON, ND58601 36-3418207	FUNDRAISING	ND	501(C)(3)	11 - Type I	SJHHC	Yes	
SAMARITAN BEHAVIORAL HEALTH 601 S EDWIN C MOSES BLVD DAYTON, OH45408 02-0633634	HEALTHCARE	OH	501(C)(3)	3	SHP	Yes	
SAMARITAN HEALTH FOUNDATION 2222 PHILADELPHIA DRIVE DAYTON, OH45406 23-7296923	FUNDRAISING	OH	501(C)(3)	7	SHP	Yes	
SAMARITAN HEALTH PARTNERS 2222 PHILADELPHIA DRIVE DAYTON, OH45406 31-1107411	HEALTHCARE	OH	501(C)(3)	11 - Type I	CHI	Yes	

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						Yes	No
ST JOSEPH HEALTH MINISTRIES 1929 LINCOLN HWY E STE 150 LANCASTER, PA17602 23-2342997	HEALTH	PA	501(C)(3)	11 - Type I	CHI	Yes	
ST JOSEPH HEALTH MINISTRIES FOUNDATION 1929 LINCOLN HWY E STE 150 LANCASTER, PA17602 23-2605579	FUNDRAISING	PA	501(C)(3)	11 - Type I	SJHM	Yes	
ST ANTHONY HOSPITAL 1601 SE COURT AVENUE PENDLETON, OR97801 93-0391614	HEALTHCARE	OR	501(C)(3)	3	CHI	Yes	
ST ANTHONY HOSPITAL FOUNDATION 1601 SE COURT AVENUE PENDLETON, OR97801 93-0992727	FUNDRAISING	OR	501(C)(3)	11 - Type I	SA HOSPITAL	Yes	
ST ANTHONY'S HOSPITAL ASSOCIATION 4 HOSPITAL DRIVE MORRILTON, AR72110 71-0245507	HEALTHCARE	AR	501(C)(3)	3	SVIMC	Yes	
ST CATHERINE HOSPITAL 401 EAST SPRUCE STREET GARDEN CITY, KS67846 48-0543721	HEALTHCARE	KS	501(C)(3)	3	CHI	Yes	
ST CATHERINE HOSPITAL DEVELOPMENT FOUNDATION 401 EAST SPRUCE STREET GARDEN CITY, KS67846 20-0598702	FUNDRAISING	KS	501(C)(3)	11 - Type I	SCH	Yes	
ST DOMINIC AT ONTARIO 351 SW 9TH STREET ONTARIO, OR97914 93-0433692	HEALTHCARE	OR	501(C)(3)	3	CHI	Yes	
ST FRANCIS HOME 2400 ST FRANCIS DRIVE BRECKENRIDGE, MN56520 41-0729978	LTERM CARE	MN	501(C)(3)	9	CHI	Yes	
ST FRANCIS LIFE CARE CORPORATION 19 POCONO ROAD DENVILLE, NJ07834 22-2536017	ELDERLY CARE	NJ	501(C)(3)	9	SCHS	Yes	
ST FRANCIS MEDICAL CENTER 2400 ST FRANCIS DRIVE BRECKENRIDGE, MN56520 41-0695598	HEALTHCARE	MN	501(C)(3)	3	CHI	Yes	
ST FRANCIS OF BAKER CITY 3325 POCAHONTAS ROAD BAKER CITY, OR97814 93-0412495	HEALTHCARE	OR	501(C)(3)	3	CHI	Yes	

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						Yes	No
ST JOHN'S MEDICAL GROUP 2727 MCCLELLAND BLVD JOPLIN, MO 64804 43-1882377	PHYS PRACTICE	MO	501(C)(3)	9	SJPMC	Yes	
ST JOHN'S MERCY REGIONAL FOUNDATION 2727 MCCLELLAND BLVD JOPLIN, MO 64804 43-1308084	FUNDRAISING	MO	501(C)(3)	7	SJPMC	Yes	
ST JOHN'S REGIONAL MEDICAL CENTER 2727 MCCLELLAND BLVD JOPLIN, MO 64804 44-0545809	HEALTHCARE	MO	501(C)(3)	3	CHI	Yes	
ST JOSEPH COMMUNITY HEALTH SERVICES 300 CENTRAL AVE SW SUITE 3000W ALBUQUERQUE, NM 87102 71-0897107	COMMUNITY	NM	501(C)(3)	11 - Type I	CHI	Yes	
ST JOSEPH HEALTH SERVICES INC 1929 LINCOLN HWY E STE 150 LANCASTER, PA 17602 20-1425375	DENTAL CARE	PA	501(C)(3)	11 - Type I	SJHM	Yes	
ST JOSEPH HOSPITAL FOUNDATION INC ONE ST JOSEPH DRIVE LEXINGTON, KY 40504 61-1159649	FUNDRAISING	KY	501(C)(3)	11 - Type I	SJHS	Yes	
ST JOSEPH MEDICAL CENTER FOUNDATION 2500 BERNVILLE ROAD PO BOX 316 READING, PA 19603 23-2649362	FUNDRAISING	PA	501(C)(3)	11 - Type I	SJRHN	Yes	
ST JOSEPH MEDICAL CENTER FOUNDATION INC 7601 OSLER DRIVE TOWSON, MD 21204 52-1681044	FUNDRAISING	MD	501(C)(3)	7	SJMC	Yes	
ST JOSEPH MEDICAL CENTER INC 7601 OSLER DRIVE TOWSON, MD 21204 52-0591461	HEALTHCARE	MD	501(C)(3)	3	CHI	Yes	
ST JOSEPH MEDICAL GROUP 2500 BERNVILLE ROAD PO BOX 316 READING, PA 19603 20-8544021	HEALTHCARE	PA	501(C)(3)	9	BHC	Yes	
ST JOSEPH PHYSICIAN ENTERPRISES 7601 OSLER DRIVE TOWSON, MD 21204 52-1311775	PHYSICIANS	MD	501(C)(3)	11 - Type I	CHI	Yes	
ST JOSEPH REGIONAL HEALTH NETWORK 2500 BERNVILLE ROAD PO BOX 316 READING, PA 19603 23-1352211	HEALTHCARE	PA	501(C)(3)	3	CHI	Yes	

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						Yes	No
ST JOSEPH'S AREA HEALTH SERVICES 600 PLEASANT AVENUE PARK RAPIDS, MN56470 41-0695603	HEALTHCARE	MN	501(C)(3)	3	CHI	Yes	
ST JOSEPH'S HOSPITAL AND HEALTH CENTER 30 WEST 7TH STREET DICKINSON, ND58601 45-0226429	HEALTHCARE	ND	501(C)(3)	3	CHI	Yes	
ST MARY'S HEALTHCARE CENTER 801 EAST SIOUX AVENUE PIERRE, SD57501 46-0230199	HEALTHCARE	SD	501(C)(3)	3	CHI	Yes	
ST MARY'S HOSPITAL FOUNDATION 1314 3RD AVENUE NEBRASKA CITY, NE68410 47-0707604	FUNDRAISING	NE	501(C)(3)	7	SMH	Yes	
ST ROSE AMBULATORY AND SURGERY CENTER FKA CENTRAL KANSAS MEDICAL CENTER 3515 BROADWAY GREAT BEND, KS67530 48-0543724	SURGERY CNTR	KS	501(C)(3)	3	CHI	Yes	
ST VINCENT FOUNDATION TWO ST VINCENT CIRCLE LITTLE ROCK, AR72205 51-0169537	FUNDRAISING	AR	501(C)(3)	11 - Type I	SVIMC	Yes	
ST VINCENT INFIRMARY MEDICAL CENTER 2 ST VINCENT CIRCLE LITTLE ROCK, AR72205 71-0236917	HEALTHCARE	AR	501(C)(3)	3	CHI	Yes	
ST VINCENT MEDICAL GROUP 2 ST VINCENT CIRCLE LITTLE ROCK, AR72205 71-0830696	HEALTHCARE	AR	501(C)(3)	9	SVIMC	Yes	
THE COMMUNITY LIMITED CARE DIALYSIS CENTER 619 OAK STREET ACCOUNTING-3 W CINCINNATI, OH45206 23-7419853	DIALYSIS	OH	501(C)(2)	N/A	GSH	Yes	
THE GOOD SAMARITAN HOSPITAL OF CINCINNATI OH 619 OAK STREET ACCOUNTING-3 W CINCINNATI, OH45206 31-0537486	HEALTHCARE	OH	501(C)(3)	3	TRI-HEALTH	Yes	
THE MERCY HOSPITAL OF DEVILS LAKE FDN 1031 EAST SEVENTH STREET DEVILS LAKE, ND58301 35-2367360	FUNDRAISING	ND	501(C)(3)	11 - Type I	MHDL	Yes	
THE PHYSICIAN NETWORK 8055 O STREET SUITE 300 LINCOLN, NE68510 47-0780857	PHYS PRACTICE	NE	501(C)(3)	11 - Type I	CHI NEBRASKA	Yes	

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						Yes	No
TOTAL HEALTHCARE PO BOX 7021 COLORADO SPRINGS, CO80933 84-0927232	HEALTHCARE	CO	501(C)(3)	3	CHI COLORADO	Yes	
UNITY FAMILY HEALTHCARE 815 2ND STREET SE LITTLE FALLS, MN56345 41-0721642	HEALTHCARE	MN	501(C)(3)	3	CHI	Yes	
VILLA NAZARETH INC 801 PAGE DRIVE FARGO, ND58103 45-0226714	LT CARE	ND	501(C)(3)	9	CHI	Yes	
VISITING NURSE ASSOCIATION OF SAINT CLARE'S 191 WOODPORT ROAD SPARTA, NJ07871 22-1768334	HOME HEALTH	NJ	501(C)(3)	9	SCHS	Yes	

Form 990, Schedule R, Part III - Identification of Related Organizations Taxable as a Partnership

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income (\$)	(g) Share of end-of-year assets (\$)	(h) Disproportionate allocations?		(i) Code V - UBI amount on Box 20 of K-1 (\$)	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
AUDUBON LAND COMPANY LLC 5390 N ACADEMY BLVD SUITE 300 COLORADO SPRINGS, CO 80918 84-1513085	REAL ESTATE	CO	THC	RELATED	-157,673	14,390,550		No	0		No	50.1 %
AVANTAS LLC 1207 SOUTH 13 STREET OMAHA, NE 68108 39-2045003	HEALTHCARE	NE	AHMH	UNRELATED				No			No	95 %
BERYWOOD OFFICE PROPERTIES LLC 400 BERYWOOD TRAIL CLEVELAND, TN 37312 62-1875199	PHYS OFFICE	TN	MHCS	RELATED				No		Yes		63 %
BLUEGRASS REGIONAL IMAGING CENTER 1218 SOUTH BROADWAY SUITE 310 LEXINGTON, KY 40504 61-1386736	DIAGNOSTIC	KY	SJ HOSPITAL LEX	RELATED				No			No	65 %
CENTRAL NEBRASKA HOME CARE SERVICES PO BOX 1146-4510 SECOND AVENUE KEARNEY, NE 68848 47-0692112	HEALTHCARE SRVC	NE	HSE INC	RELATED	-99,941	1,021,498		No	-48,712	Yes		100 %
CENTRAL NEBRASKA REHAB SERVICE 3004 W FAIDLEY AVE GRAND ISLAND, NE 68802 81-0653461	PHYSICAL THERAPY	NE	CHI	RELATED	1,857,991	2,262,775		No	0		No	51 %
CHI OPERATING INVESTMENT PROGRAM LP 198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 47-0727942	INVESTMENTS	CO	CHI	UNRELATED	139,679,805	2,069,974,790		No	371,292	Yes		100 %
HEALTHCARE SUPPORT SERVICES PO BOX 9804 GRAND ISLAND, NE 68802 72-1546196	LAUNDRY	NE	CHI	RELATED	196,124	3,913,481		No	-58,436		No	100 %

Form 990, Schedule R, Part III - Identification of Related Organizations Taxable as a Partnership

(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) Dispropportionate allocations?		(i) Code V-UBI amount on Box 20 of K-1 (\$)	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
NORTH RIVER SURGERY CENTER LLC 2209 WILDWOOD AVENUE SHERWOOD, AR72120 71-0799771	AMBUL SURG CTR	AR	SVIMC	RELATED	198,313	1,758,688		No	0		No	57 45 %
ORTHO COLORADO LLC 11650 WEST 2ND PLACE LAKEWOOD, CO80255 37-1577105	ORTHO HOSPITAL	CO	THC	RELATED	-3,249,314	10,905,384		No	0		No	60 %
PENINSULA RADIATION ONCOLOGY 314 MARTIN LUTHER KING JR WAY 11 TACOMA, WA98405 87-0808610	HEALTHCARE SRVC	WA	FHS	RELATED	131,195	3,052,504		No	0		No	60 %
PENRAD IMAGING 1139 KELLY JOHNSON BLVD COLORADO SPRINGS, CO80920 84-1072619	MEDICAL IMAGING	CO	THC	RELATED	1,857,228	5,457,224		No	0		No	70 %
RUXTON SURGICENTER LLC 8322 BELLONA AVENUE SUITE 201 BALTIMORE, MD21204 52-2095835	SURGERY CENTER	MD	SJMC	RELATED				No		Yes		51 %
SAINT JOSEPH - SCA HOLDINGS LLC 424 LEWIS HARGETT CIRCLE STE 160 LEXINGTON, KY40503 45-3801157	OP SURGERY	DE	SJHS	RELATED	0	0		No	0		No	51 %
ST ANOTHONY REGIONAL MTN CANCER CENTER 4231 W 16TH AVENUE DENVER, CO80112 37-1568013	CANCER CENTER	CO	THC	RELATED	-290,552	0		No	0		No	51 %
ST FRANCIS LAND COMPANY 5390 N ACADEMY BLVD SUITE 300 COLORADO SPRINGS, CO80918 26-3134100	REAL ESTATE	CO	THC	RELATED	-180,979	14,886,022		No	0		No	51 %

Form 990, Schedule R, Part III - Identification of Related Organizations Taxable as a Partnership

(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?		(i) Code V-UBI amount on Box 20 of K-1 (\$)	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
ST FRANCIS MEDICAL CENTER ASSOCIATES 1717 SOUTH J STREET TACOMA, WA98405 91-1352698	MED OFFICE	WA	FHS	RELATED	116,948	1,652,280		No	0		No	54 %
ST JOSEPH-PAML LLC 424 LEWIS HARGETT CIRCLE STE 160 LEXINGTON, KY40503 45-2116736	MGMT SERVICES	KY	SJHS	RELATED	0	0		No	0	Yes		62 5 %
SUPERIOR MEDICAL IMAGING LLC 5000 NORTH 26TH STREET LINCOLN, NE68521 26-2884555	OP DIAGNOSTICS	NE	SERMC	RELATED				No			No	51 %
SURGERY CENTER OF LEXINGTON LLC 1451 HARRODSBURG ROAD LEXINGTON, KY40504 62-1179539	SURGERY CENTER	DE	SJHS	RELATED	808,840	4,236,901		No	0		No	51 %

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
ALTERNATIVE INSURANCE MANAGEMENT SERVICES 3900 OLYMPIC BOULEVARD SUITE 400 ERLANGER, KY41018 84-1112049	MANAGEMENT SERVICES	CO	CHI	C CORPORATION	0	3,267,441	1 00 %
AMERICAN NURSING CARE 1700 EDISON DRIVE MILFORD, OH45150 31-1085414	HOME HEALTH	OH	CHS	C CORPORATION	1,778,617	44,470,358	1 00 %
AMERIMED INC 1700 EDISON DRIVE MILFORD, OH45150 31-1158699	HOME HEALTH	OH	ANC	C CORPORATION	2,395,230	11,869,657	1 00 %
CADUCEUS MEDICAL ASSOCIATES INC 6028 SHALLOWFORD ROAD SUITE D CHATTANOOGA, TN37422 62-1570736	HEALTHCARE	TN	MHCS	C CORPORATION	0	1,008	1 00 %
CAPTIVE MANAGEMENT INITIATIVES PO BOX 10073 APO GEORGETOWN, GEORGETOWN, GRAND CAYMAN KY1-1001 CJ 98-0663022	CAPTIVE MANAGEMENT	CJ	CHI	C CORPORATION	0	0	1 00 %
CENTER FOR TRANSLATIONAL RESEARCH 198 INVERNESS DRIVE WEST ENGLEWOOD, CO80112 27-2269511	HEALTHCARE	CO	CHI	C CORPORATION	-2,247,962	1,668,589	1 00 %
CENTRAL KANSAS HEALTH SERVICES ASSOCIATION 3515 BROADWAY GREAT BEND, KS67530 48-1042853	MEDICAL EQUIPMENT	KS	CKMC	C CORPORATION	0	0	1 00 %
CGH REALTY COMPANY INC 215 N 12TH ST READING, PA19603 23-2326801	REAL ESTATE	PA	SJHM	C CORPORATION	1,007	42,415	1 00 %
COMCARE SERVICES 4231 W 16TH AVENUE DENVER, CO80204 84-0904813	INACTIVE	CO	CHIC	C CORPORATION	0	0	1 00 %
CONSOLIDATED HEALTH SERVICES 1700 EDISON DRIVE MILFORD, OH45150 31-1378212	HOME HEALTH	OH	CHI	C CORPORATION	0	11,595,125	1 00 %
DAVID DEYLE CHARITABLE REMAINDER UNITRUST PO BOX 1810 KEARNEY, NE68848 47-6192395	INVESTMENTS	NE	GSHF	TRUST	4,880	166,425	1 00 %
DES MOINES MEDICAL CENTER INC 1111 6TH AVENUE DES MOINES, IA50314 42-0837382	REAL ESTATE	IA	CHI-IA CORP	C CORPORATION	0	1,253,452	92 98 %
FIRST INITIATIVES INSURANCE LTD PO BOX 10073 APO GEORGETOWN, GEORGETOWN, GRAND CAYMAN KY1-1001 CJ 98-0203038	INSURANCE	CJ	CHI	C CORPORATION	0	0	1 00 %
FRANCISCAN SERVICES INC 198 INVERNESS DRIVE WEST ENGLEWOOD, CO80112 23-2487967	HEALTHCARE	CO	CHI	C CORPORATION	-507,578	11,914,284	1 00 %
GOOD SAMARITAN OUTREACH SERVICES PO BOX 1990 KEARNEY, NE68848 47-0659440	MEDICAL CLINIC	NE	CHI NEBRASKA	C CORPORATION	-2,921,063	355,110	1 00 %
HAROLD W RASE 1995 CHARITABLE UNITRUST 30 WEST 7TH STREET DICKINSON, ND58601 45-6090420	INVESTMENTS	ND	SJHHC	TRUST	1,240	21,553	1 00 %
HAROLD W RASE 1996 CHARITABLE UNITRUST 30 WEST 7TH STREET DICKINSON, ND58601 20-6037112	INVESTMENTS	ND	SJHHC	TRUST	900	15,495	1 00 %
HAROLD W RASE 1997 CHARITABLE UNITRUST 30 WEST 7TH STREET DICKINSON, ND58601 20-6037104	INVESTMENTS	ND	SJHHC	TRUST	1,025	20,261	1 00 %
HAROLD W RASE 1999 CHARITABLE UNITRUST 30 WEST 7TH STREET DICKINSON, ND58601 20-6037099	INVESTMENTS	ND	SJHHC	TRUST	1,313	25,027	1 00 %
HEALTH SYSTEMS ENTERPRISES INC PO BOX 1990 KEARNEY, NE68848 47-0664558	MANAGEMENT	NE	GSH	C CORPORATION	25,289	1,443,049	1 00 %

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
HEALTHCARE MGMT SERVICES ORG INC 1149 MARKET ST TACOMA, WA98402 91-1865474	HEALTH ORG	WA	FHS	C CORPORATION	0	0	1 00 %
JAMES & HENRIETTA NISTLER UNITRUST 30 WEST 7TH STREET DICKINSON, ND58601 20-6021899	INVESTMENTS	ND	SJHHC	TRUST	-16,708	41,455	1 00 %
JEANNE DEYLE CHARITABLE REMAINDER UNITRUST PO BOX 1810 KEARNEY, NE68848 47-6192398	INVESTMENTS	NE	GSHF	TRUST	4,880	166,320	1 00 %
JOSEPH A SCHUSTER ANNUITY TRUST #1 400 UNIVERSITY AVENUE DES MOINES, IA50314 42-1195122	INVESTMENTS	IA	MFDM	TRUST	18,924	441,488	1 00 %
LODESCA MILLER CHARITABLE REMAINDER UNITRUST PO BOX 1810 KEARNEY, NE68848 47-6186933	INVESTMENTS	NE	GSHF	TRUST	3,387	86,367	1 00 %
MEDQUEST 1301 15TH AVENUE WEST WILLISTON, ND58801 45-0392137	SALE OF DME	ND	MH OF WILLISTON	C CORPORATION	9,852	962,554	1 00 %
MERCY HEALTH SERVICES CORPORATION 2727 MCCLELLAND BLVD JOPLIN, MO64804 43-1457881	DME	MO	ST JOHN'S RMC	C CORPORATION	-1,533,371	1,369,083	1 00 %
MERCY PARK APARTMENTS LTD 1111 6TH AVENUE DES MOINES, IA50314 42-1202422	HOUSING	IA	CHI-IA CORP	C CORPORATION	264,489	1,796,053	1 00 %
MERCY SERVICES CORP 2700 STEWART PARKWAY ROSEBURG, OR97470 93-0824308	RETAIL SALES	OR	MMC	C CORPORATION	-690,267	954,798	1 00 %
MOUNTAIN MANAGEMENT SERVICES INC 6028D SHALLOWFORD ROAD CHATTANOOGA, TN37422 62-1570739	MGMT SVC ORG	TN	MHCS	C CORPORATION	-386,020	4,667,998	1 00 %
NAZARETH ASSURANCE COMPANY 76 ST PAUL STREET SUITE 500 BURLINGTON, VT05401 03-0304831	INSURANCE	VT	CHI	C CORPORATION	-379	123,535	1 00 %
PATIENT TRANSPORT SERVICES INC 1700 EDISON DRIVE MILFORD, OH45150 31-1100798	HOME HEALTH	OH	ANC	C CORPORATION	662,425	5,325,941	1 00 %
PHYSICIAN HEALTH SYSTEM NETWORK 1149 MARKET ST TACOMA, WA98402 91-1746721	HEALTH ORG	WA	FHS	C CORPORATION	0	0	1 00 %
RAY & SHIRLEY DAVID 1999 UNITRUST 30 WEST 7TH STREET DICKINSON, ND58601 20-6037077	INVESTMENTS	ND	SJHHC	TRUST	1,250	24,194	1 00 %
ROBERT & WANDA CHARITABLE REMAINDER UNITRUST PO BOX 1810 KEARNEY, NE68848 26-6191916	INVESTMENTS	NE	GSHF	TRUST	13,030	537,775	1 00 %
SAINT CLARE''S PRIMARY CARE INC 66 FORD ROAD DENVER, NJ07834 22-2441202	BILLING SERVICES	NJ	SCCC	C CORPORATION	-342,970	2,177,166	1 00 %
SAMARITAN FAMILY CARE INC 40 W FOURTH ST 1700 DAYTON, OH45402 31-1299450	HEALTHCARE	OH	SHP	C CORPORATION			1 00 %
SJH SERVICES CORPORATION 198 INVERNESS DRIVE WEST ENGLEWOOD, CO80112 23-2307408	HEALTHCARE	CO	FSI	C CORPORATION	-518,360	3,180,100	1 00 %
SJL PHYSICIAN MANAGEMENT SERVICES INC 424 LEWIS HARGETT CR 160 LEXINGTON, KY40503 27-0164198	MANAGEMENT	KY	SJHS	C CORPORATION	0	0	1 00 %
ST ANTHONY DEVELOPMENT COMPANY 1415 SOUTHGATE PENDLETON, OR97801 93-1216943	ATHLETIC CLUB	OR	ST ANTHONY H	C CORPORATION	53,891	3,007,554	1 00 %

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

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ST VINCENT COMMUNITY HEALTH SERVICES INC TWO ST VINCENT CIRCLE LITTLE ROCK, AR72205 71-0710785	HEALTHCARE	AR	SVIMC	C CORPORATION	2,309,129	14,049,375	1 00 %
ST JOSEPH DEVELOPMENT COMPANY 1717 SOUTH J STREET TACOMA, WA98405 91-1480569	RENTAL	WA	FSI	C CORPORATION	-36,395	12,168,022	1 00 %
ST JOSEPH OFFICE PARK ASSOCIATION 1401 HARRODSBURG ROAD BLDG B70 LEXINGTON, KY40504 61-1079899	MANAGEMENT	KY	SJHS	C CORPORATION	16,644	882,139	85 %
TOM DEYLE CHARITABLE REMAINDER UNITRUST PO BOX 1810 KEARNEY, NE68848 47-6192393	INVESTMENTS	NE	GSHF	TRUST	4,884	166,321	1 00 %
TOWSON MANAGEMENT INC 7601 OSLER DRIVE TOWSON, MD21204 52-1710750	MANAGEMENT SERVICES	MD	FSI	C CORPORATION	-469,016	498,393	1 00 %

CATHOLIC HEALTH INITIATIVES

Consolidated Financial Statements
and Other Financial Information
Years Ended June 30, 2011 and 2010
With Report of Independent Auditors

Ernst & Young LLP

 **ERNST & YOUNG**

Catholic Health Initiatives
Consolidated Financial Statements
and Other Financial Information

Years Ended June 30, 2011 and 2010

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Report of Independent Auditors

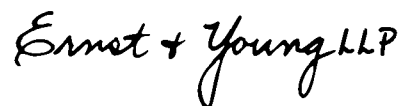
Board of Stewardship Trustees
Catholic Health Initiatives

We have audited the accompanying consolidated balance sheets of Catholic Health Initiatives (CHI) 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 financial statements are the responsibility of CHI's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Alegent Health-Bergan Mercy Health System, a wholly sponsored direct affiliate of CHI, which statements reflect total assets of \$708 million and \$634 million as of June 30, 2011 and 2010, respectively, and total revenues of \$466 million and \$454 million, respectively, for the years then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Alegent Health-Bergan Mercy Health System, is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of CHI's internal control over financial reporting. Our audits included 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 CHI'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 financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Catholic Health Initiatives at June 30, 2011 and 2010, and the consolidated results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The unaudited community benefit information in Note 2 to the consolidated financial statements is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, accordingly, we express no opinion on such information.

A stylized, handwritten-style signature of 'Ernst & Young LLP' in black ink.

September 13, 2011

Catholic Health Initiatives Consolidated Balance Sheets

	June 30	
	2011	2010
	<i>(In Thousands)</i>	
Assets		
Current assets		
Cash and equivalents	\$ 449,674	\$ 494,487
Net patient accounts receivable, less allowances of \$650,617 and \$593,749 in 2011 and 2010, respectively	1,133,819	1,118,487
Other accounts receivable	108,848	119,697
Current portion of investments and assets limited as to use	19,554	3,463
Inventories	173,316	170,003
Assets held for sale	23,987	17,900
Prepaid and other	70,805	52,828
Total current assets	<u>1,980,003</u>	<u>1,976,865</u>
Investments and assets limited as to use:		
Internally designated for capital and other funds	4,617,181	3,981,359
Mission and Ministry Fund	117,832	98,726
Capital Resource Pool	268,690	246,943
Held by trustees	5,488	43,411
Held for insurance purposes	739,071	681,001
Restricted by donors	154,567	140,635
Total investments and assets limited as to use	<u>5,902,829</u>	<u>5,192,075</u>
Property and equipment, net	4,935,519	4,705,909
Deferred financing costs	11,821	11,494
Investments in unconsolidated organizations	353,449	241,604
Intangible assets and goodwill, net	57,486	35,403
Notes receivable and other	640,027	629,216
Total assets	<u><u>\$ 13,881,134</u></u>	<u><u>\$ 12,792,566</u></u>

Continued on following page

Catholic Health Initiatives
Consolidated Balance Sheets (continued)

	June 30	
	2011	2010
	<i>(In Thousands)</i>	
Liabilities and net assets		
Current liabilities		
Compensation and benefits	\$ 408,375	\$ 366,685
Third-party liabilities	66,283	66,091
Accounts payable and accrued expenses	607,400	662,748
Variable-rate debt with self liquidity	163,400	283,660
Current portion of long-term debt	836,201	736,052
Total current liabilities	<u>2,081,659</u>	<u>2,115,236</u>
Pension liability	315,523	731,196
Self-insured reserves and claims	448,940	436,787
Other liabilities	269,662	279,186
Long-term debt	3,123,001	3,180,965
Total liabilities	<u>6,238,785</u>	<u>6,743,370</u>
Net assets		
Net assets attributable to CHI	7,448,161	5,875,377
Net assets attributable to noncontrolling interests	8,967	8,204
Unrestricted	<u>7,457,128</u>	<u>5,883,581</u>
Temporarily restricted	122,795	112,207
Permanently restricted	62,426	53,408
Total net assets	<u>7,642,349</u>	<u>6,049,196</u>
Total liabilities and net assets	<u><u>\$ 13,881,134</u></u>	<u><u>\$ 12,792,566</u></u>

See accompanying notes.

Catholic Health Initiatives

Consolidated Statements of Operations

	Year Ended June 30	
	2011	2010
	<i>(In Thousands)</i>	
Revenues:		
Net patient services	\$ 9,004,978	\$ 8,504,180
Nonpatient		
Donations	24,639	29,421
Changes in equity of unconsolidated organizations	38,059	15,772
Investment income from self-insured trust funds	97,907	75,981
Other	466,185	466,167
Total nonpatient revenues	626,790	587,341
Total operating revenues	9,631,768	9,091,521
Expenses:		
Salaries and wages	3,632,761	3,394,929
Employee benefits	773,040	749,049
Purchased services, medical professional fees, consulting and legal	867,149	821,367
Supplies	1,549,694	1,519,479
Bad debts	718,577	653,250
Utilities	122,195	117,593
Rentals, leases, maintenance and insurance	489,791	399,453
Depreciation and amortization	470,669	462,262
Interest	133,423	111,188
Other	493,488	444,133
Total operating expenses before restructuring, impairment and other losses	9,250,787	8,672,703
Income from operations before restructuring, impairment and other losses	380,981	418,818
Restructuring, impairment and other losses	25,655	61,638
Income from operations	355,326	357,180
Nonoperating gains (losses):		
Investment income, net	753,764	387,674
Gain on escrow restructuring and defeasance of bonds, net	—	2,896
Realized and unrealized losses on interest rate swaps	(4,870)	(78,467)
Other nonoperating gains	16,462	13,665
Total nonoperating gains	765,356	325,768
Excess of revenues over expenses	\$ 1,120,682	\$ 682,948
Excess of revenues over expenses attributable to noncontrolling interest	\$ 3,298	\$ 966
Excess of revenues over expenses attributable to CHI	\$ 1,117,384	\$ 681,982

Community benefit provided to the poor and broader community and the unpaid cost of Medicare (unaudited) was \$1.1 billion in each of 2011 and 2010 (see Note 2 of the accompanying notes)

See accompanying notes

Catholic Health Initiatives
Consolidated Statements of Changes in Net Assets
(In Thousands)

	Unrestricted Net Assets			Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets
	Attributable to CHI	Attributable to Noncontrolling Interests	Total			
Balances, June 30, 2009	\$ 5,336,668	\$ 8,382	\$ 5,345,050	\$ 114,694	\$ 53,728	\$ 5,513,472
Excess of revenues over expenses	681,982	966	682,948	—	—	682,948
Increase in pension liability	(131,360)	—	(131,360)	—	—	(131,360)
Temporarily and permanently restricted contributions	—	—	—	37,772	420	38,192
Net assets released from restriction for capital	23,598	—	23,598	(23,598)	—	—
Net assets released from restriction for operations	—	—	—	(21,237)	—	(21,237)
Investment income	—	—	—	4,275	(175)	4,100
Other changes in net assets	3,137	(1,144)	1,993	301	(565)	1,729
Net loss from discontinued operations	(38,648)	—	(38,648)	—	—	(38,648)
Net increase in net assets	538,709	(178)	538,531	(2,487)	(320)	535,724
Balances, June 30, 2010	5,875,377	8,204	5,883,581	112,207	53,408	6,049,196
Excess of revenues over expenses	1,117,384	3,298	1,120,682	—	—	1,120,682
Decrease in pension liability	404,768	—	404,768	—	—	404,768
Temporarily and permanently restricted contributions	—	—	—	44,502	3,803	48,305
Net assets released from restriction for capital	26,270	—	26,270	(26,270)	—	—
Net assets released from restriction for operations	—	—	—	(13,868)	—	(13,868)
Investment income	—	—	—	7,718	1,737	9,455
Other changes in net assets	24,362	(2,535)	21,827	(1,494)	3,478	23,811
Net increase in net assets	1,572,784	763	1,573,547	10,588	9,018	1,593,153
Balances, June 30, 2011	\$ 7,448,161	\$ 8,967	\$ 7,457,128	\$ 122,795	\$ 62,426	\$ 7,642,349

See accompanying notes

Catholic Health Initiatives

Consolidated Statements of Cash Flows

	Year Ended June 30	
	2011	2010
	<i>(In Thousands)</i>	
Operating activities		
Increase in net assets	\$ 1,593,153	\$ 535,724
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	470,669	469,998
Provision for bad debts	718,577	688,547
Changes in equity of unconsolidated organizations	(38,059)	(16,830)
Net gains on sales of facilities and investments in unconsolidated organizations	(3,540)	(9,735)
Loss on sale of Idaho and Eastern Oregon operations	—	50,773
Noncash operating expenses related to restructuring, impairment and other losses	9,644	35,833
Loss on defeasance of bonds	—	151
(Increase) decrease in fair value of interest rate swaps	(26,876)	46,396
(Decrease) increase in unfunded pension liability	(404,768)	131,360
Net changes in current assets and liabilities		
Net patient and other accounts receivable	(710,994)	(626,755)
Other current assets	(20,318)	(8,301)
Current liabilities	(40,549)	134,138
Other changes	(37,700)	(27,910)
Net cash provided by operating activities, before net change in investments and assets limited as to use	1,509,239	1,403,389
Net increase in investments and assets limited as to use	(729,424)	(1,384,929)
Net cash provided by operating activities	779,815	18,460
Investing activities		
Purchases of property, equipment and other capital assets	(761,713)	(821,354)
Purchase of CHS, net of cash acquired	(35,533)	—
Net cash proceeds from asset sales	4,992	21,617
Net cash proceeds from sale of Idaho and Eastern Oregon operations	—	61,937
Distributions from investments in unconsolidated organizations	44,748	27,450
Notes receivable issued to unconsolidated affiliates	(32,026)	(135,728)
Payment received on notes receivable from unconsolidated affiliates	27,391	14,606
Other changes	6,889	(911)
Net cash used in investing activities	(745,252)	(832,383)
Financing activities		
Proceeds from bank loan and issuance of long-term debt	276,598	1,174,753
Net costs associated with issuance of long-term debt	—	(10,837)
Repayment of long-term debt	(355,974)	(568,195)
Net cash (used in) provided by financing activities	(79,376)	595,721
Decrease in cash and equivalents	(44,813)	(218,202)
Cash and equivalents at beginning of year	494,487	712,689
Cash and equivalents at end of year	\$ 449,674	\$ 494,487
Supplemental disclosures of cash flow information		
Cash paid during the year for interest, including amounts capitalized	\$ 149,822	\$ 118,053

See accompanying notes

Catholic Health Initiatives

Notes to Consolidated Financial Statements

June 30, 2011

1. Summary of Significant Accounting Policies

Organization

Catholic Health Initiatives (CHI), established in 1996, is a tax-exempt Colorado corporation and has been granted an exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code. CHI sponsors market-based organizations (MBOs) and other facilities in 19 states, including 72 acute-care hospitals, of which 21 are designated as critical access hospitals by the Medicare program, 40 long-term care, assisted living and residential facilities, two community health service organizations (CHSOs), home health agencies and two accredited nursing colleges. CHI also has an offshore captive insurance company, First Initiatives Insurance, Limited (FIIL).

The mission of CHI is to nurture the healing ministry of the Church, bringing it new life, energy and viability in the 21st century. CHI is committed to fidelity to the Gospel, with emphasis on human dignity and social justice in the creation of healthier communities. CHI is sponsored by a lay-religious partnership, calling on other Catholic sponsors and systems to unite to ensure the future of Catholic health care.

Principles of Consolidation

CHI consolidates all direct affiliates in which it has sole corporate membership or ownership (Direct Affiliates) and all entities in which it has greater than 50% equity interest with commensurate control. All significant intercompany accounts and transactions are eliminated in consolidation.

Fair Value of Financial Instruments

Financial instruments consist primarily of cash and equivalents, patient accounts receivable, investments and assets limited as to use, notes receivable, accounts payable and long-term debt. The carrying amounts reported in the consolidated balance sheets for these items approximate fair value.

Cash and Equivalents

Cash and equivalents include all deposits with banks and investments in interest-bearing securities with maturity dates of 90 days or less from the date of purchase. In addition, cash and equivalents include deposits in short-term funds held by professional managers. The funds generally invest in high-quality, short-term debt securities, including U.S. government securities,

Catholic Health Initiatives
Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

securities issued by domestic and foreign banks, such as certificates of deposit and bankers' acceptances, repurchase agreements, asset-backed securities, high-grade commercial paper and corporate short-term obligations

Net Patient Accounts Receivable and Net Patient Services Revenues

Net patient accounts receivable has been adjusted to the estimated amounts expected to be collected. These estimated amounts are subject to further adjustments upon review by third-party payors.

The provision for bad debts is based upon management's assessment of historical and expected net collections, taking into consideration historical business and economic conditions, trends in health care coverage and other collection indicators. Management routinely assesses the adequacy of the allowances for uncollectible accounts based upon historical write-off experience by payor category. The results of these reviews are used to modify, as necessary, the provision for bad debts and to establish appropriate allowances for uncollectible net patient accounts receivable. After satisfaction of amounts due from insurance, CHI follows established guidelines for placing certain patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by each facility.

CHI records net patient services revenues in the period in which services are performed. CHI has agreements with third-party payors that provide for payments at amounts different from its established rates. The basis for payment under these agreements includes prospectively determined rates, cost reimbursement and negotiated discounts from established rates and per diem payments.

Net patient services revenues are reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments due to future audits, reviews and investigations, and excluding estimated amounts considered uncollectible. The differences between the estimated and actual adjustments are recorded as part of net patient services revenues in future periods, as the amounts become known, or as years are no longer subject to such audits, reviews and investigations.

Catholic Health Initiatives
Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Investments and Assets Limited as to Use

Investments and assets limited as to use include assets set aside by CHI for future long-term purposes, including capital improvements and self-insurance. In addition, assets limited as to use include amounts held by trustees under bond indenture agreements, amounts contributed by donors with stipulated restrictions and amounts held for Mission and Ministry programs.

CHI has designated its investment portfolio as trading. Accordingly, unrealized gains and losses on marketable securities are included within excess of revenues over expenses. In addition, cash flows from the purchases and sales of marketable securities are reported as a component of operating activities in the accompanying consolidated statements of cash flows.

Direct investments in equity securities with readily determinable fair values and all direct investments in debt securities have been measured at fair value in the accompanying balance sheets. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in excess of revenues over expenses unless the income or loss is restricted by donor or law.

Investments in partnerships and limited liability companies are recorded using the equity method of accounting (which approximates fair value) with the related changes in value in earnings reported as investment income in the accompanying consolidated financial statements.

Inventories

Inventories, primarily consisting of pharmacy drugs and medical and surgical supplies, are stated at lower of cost (first-in, first-out method) or market.

Assets and Liabilities Held for Sale

A long-lived asset or disposal group of assets and liabilities that is expected to be sold within one year is classified as held for sale. For long-lived assets held for sale, an impairment charge is recorded if the carrying amount of the asset exceeds its fair value less costs to sell. Such valuations include estimates of fair values generally based upon discounted cash flows and incremental direct costs to transact a sale.

Catholic Health Initiatives Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are stated at historical cost or, if donated or impaired, at fair value at the date of receipt or impairment. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. For property and equipment under capital lease, amortization is determined over the shorter period of the lease term or the estimated useful life of the property and equipment. Interest cost incurred during the period of construction of major capital projects is capitalized as a component of the cost of acquiring those assets. Capitalized interest of \$15 million and \$22 million was recorded in 2011 and 2010, respectively.

Costs incurred in the development and installation of internal-use software are typically expensed if they are incurred in the preliminary project stage or post-implementation stage, while certain costs are capitalized if incurred during the application development stage. Amounts capitalized are amortized over the useful life of the developed asset following project completion.

Investments in Unconsolidated Organizations

Investments in unconsolidated organizations are accounted for under the cost or equity method of accounting, as appropriate, based on the relative percentage of ownership or degree of influence over that organization. The equity income or loss on these investments is recorded in the consolidated statements of operations as changes in equity of unconsolidated organizations.

Notes Receivable and Other Assets

Other assets consist primarily of notes receivable, pledges receivable, deferred compensation assets, deposits and other long-term assets. Notes receivable include balances from the following related entities: Alegant Health and Alegant Health Immanuel Medical Center (collectively, Alegant), the Nebraska joint operating company (JOC) and non-CHI joint operating agreement (JOA) partner, respectively, Bethesda Hospital, Inc. (Bethesda), the non-CHI JOA partner in the Cincinnati, Ohio JOA, and Jewish Hospital Healthcare Services, Inc. (JHHS), an unconsolidated investee organization. The notes bear interest at rates commensurate with the CHI blended interest cost and require monthly debt service payments.

Catholic Health Initiatives
Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

A summary of notes receivable and other assets is as follows as of June 30 (in thousands)

	2011	2010
Notes receivable from related entities		
Alegent	\$ 273,535	\$ 254,444
Bethesda	212,090	223,155
JHHS	25,466	29,887
Total notes receivable from related entities	511,091	507,486
Other long-term assets	128,936	121,730
Total notes receivable and other	<u>\$ 640,027</u>	<u>\$ 629,216</u>

Alegent and Bethesda are Designated Affiliates in the CHI credit group under the Capital Obligation Document (COD). As conditions of joining the CHI credit group, the Designated Affiliates have agreed to certain covenants related to corporate existence, insurance coverage, exempt use of bond-financed facilities, maintenance of certain financial ratios and compliance with limitations on the incurrence of additional debt. Based upon management's review of the creditworthiness of the Designated Affiliates and their compliance with the covenants and limitations, no allowances for uncollectible notes receivable were recorded at June 30, 2011 and 2010.

Net Assets

Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. Permanently restricted net assets consist of gifts with corpus values that have been restricted by donors to be maintained in perpetuity, including endowment funds. Temporarily restricted net assets and earnings on permanently restricted net assets, including earnings on endowment funds, are used in accordance with the donor's wishes primarily to purchase equipment, to provide charity care and to provide other health and educational programs and services.

Unconditional promises to receive cash and other assets are reported at fair value at the date the promise is received. Conditional promises and indications of donors' intentions to give are reported at fair value at the date the conditions are met or the gifts are received. All unrestricted contributions are included in the excess of revenue over expenses as donation revenues. Other gifts are reported as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is,

Catholic Health Initiatives Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as donations revenue when restricted for operations or as unrestricted net assets when restricted for property and equipment

Performance Indicator

The performance indicator is the excess (deficiency) of revenues over expenses, which includes all changes in unrestricted net assets other than changes in the pension liability funded status, net assets released from restrictions for property acquisitions, cumulative effect of changes in accounting principles, discontinued operations and contributions of property and equipment and other changes not required to be excluded within the performance indicator and generally accepted accounting principles

Operating and Nonoperating Activities

CHI's primary mission is to meet the health care needs in its market areas through a broad range of general and specialized health care services, including inpatient acute care, outpatient services, physician services, long-term care and other health care services. Activities directly associated with the furtherance of this purpose are considered to be operating activities. Other activities that result in gains or losses peripheral to CHI's primary mission are considered to be nonoperating. Nonoperating activities include investment earnings, excluding the earnings from the investments held by FIIL, gains (losses) from bond refinancing, net interest cost and changes in fair value of interest rate swaps, and the nonoperating component of JOA income share adjustments.

Charity Care

As an integral part of its mission, CHI accepts and treats all patients without regard to the ability to pay. Services to patients are classified as charity care in accordance with standards established across all MBOs. Charity care represents services rendered for which partial or no payment is expected and, as such, is not included in net patient services revenues in the accompanying consolidated statements of operations and changes in net assets. The amount of charity care provided, determined on the basis of charges, was 4.0% and 3.7% of gross patient services revenues for 2011 and 2010, respectively.

Catholic Health Initiatives
Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Other Nonpatient Revenues

Other nonpatient revenues include gains and losses on the sales of assets, the operating portion of revenue-sharing income or expense associated with Direct Affiliates that are part of JOAs, cafeteria sales, rental income, retail pharmacy and durable medical equipment sales, auxiliary and gift shop revenues and revenues from other miscellaneous sources

Derivative and Hedging Instruments

CHI uses derivative financial instruments (interest rate swaps) in managing its capital costs. These interest rate swaps are recognized at fair value on the consolidated balance sheets. CHI has not designated its interest rate swaps related to CHI's long-term debt as hedges. The net interest cost and change in the fair value of such interest rate swaps is recognized as a component of nonoperating gains (losses) in the accompanying consolidated statements of operations. It is CHI's policy to net the value of collateral on deposit with counterparties against the fair value of its interest rate swaps in other liabilities on the consolidated balance sheets.

Functional Expenses

CHI provides inpatient, outpatient, ambulatory, long-term care and community-based services to individuals within the various geographic areas supported by its facilities. Support services include administration, finance and accounting, information technology, public relations, human resources, legal, mission services and other functions that are supported centrally for all of CHI. Support services expenses as a percent of total operating expenses were approximately 4.2% and 4.4% in 2011 and 2010, respectively.

Restructuring, Impairment and Other Losses

CHI periodically evaluates property, equipment and certain other intangible assets to determine whether assets may have been impaired. Management determined there were certain property and equipment impairments in both 2011 and 2010 to the extent that the discounted cash flows estimated to be generated by those assets were less than the underlying carrying value.

During the years ended June 30, 2011 and 2010, CHI recorded nonrecurring expenses of \$26 million and \$62 million, respectively, relating to asset impairments and changes in business operations, including reorganization and severance costs. During 2010, CHI recorded an additional \$48 million of nonrecurring expenses, which were included as discontinued operations in the statements of changes in net assets.

Catholic Health Initiatives
Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Income Taxes

CHI is a tax-exempt Colorado corporation and has been granted an exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code. CHI owns certain taxable subsidiaries and engages in certain activities that are unrelated to its exempt purpose and therefore subject to income tax. As of June 30, 2011, CHI has current net deferred tax assets of \$2.1 million and a noncurrent net deferred tax liability of \$5.4 million related to these taxable activities.

Management reviews its tax positions annually and has determined that there are no material uncertain tax positions that require recognition in the consolidated financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could vary from the estimates.

New Accounting Pronouncements and Adoption of New Accounting Standards

Effective July 2010, CHI adopted the provision of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 958-810, *Not-for-Profit-Entities: Consolidation*, which made the provision of FASB Statement No. 160, *Noncontrolling Interests in Consolidated Financial Statements*, applicable to not-for-profit entities. The purpose of the ASC and FASB were to reflect the noncontrolling interest in the equity or net assets of a consolidated subsidiary as a component of net assets rather than as minority interest expense and minority interest liability. The adoption of ASC 958-810 did not have a material impact on CHI's consolidated results of financial position, operations or cash flows. The prior year's presentation has been adjusted to reflect the application of the new accounting guidance.

In January 2010, the FASB released Accounting Standards Update (ASU) No. 2010-07, *Not-for-Profit Entities (Topic 958): Not-for-Profit Entities: Mergers and Acquisitions*, which amends FASB Statement No. 164, *Not-for-Profit Entities: Mergers and Acquisitions*. The objective of ASU 2010-07 is to improve the relevance, representational faithfulness and comparability of the information that a not-for-profit entity provides in its financial reports about a combination with one or more other not-for-profit entities, businesses or nonprofit activities. ASU 2010-07 also

Catholic Health Initiatives
Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

provides relevant and comparable information that a not-for-profit entity provides for goodwill and other intangible assets after an acquisition by amending existing guidance to make it fully applicable to not-for-profit entities. ASU 2010-07 is effective for mergers for which the merger date is on or after the beginning of an *initial* reporting period beginning on or after December 15, 2009, and acquisitions for which the acquisition date is on or after the beginning of the first *annual* reporting period beginning on or after December 15, 2009. CHI adopted the provisions of ASU 2010-07 effective July 2010, and adoption did not have a material impact on its overall consolidated results of financial position, operations or cash flows.

In January 2010, the FASB released ASU No. 2010-06, *Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements*. ASU 2010-06 was issued to improve disclosure requirements related to fair value measurements and disclosures (overall Subtopic 820-10) of the FASB. The new disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures in the rollforward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010. CHI adopted the provisions of ASU 2010-06 during 2010 and 2011.

In September 2009, the FASB released ASU No. 2009-12, *Fair Value Measurements and Disclosures (Topic 820): Investments in Certain Entities That Calculate Net Asset Value*. ASU 2009-12 amends ASC 820, *Fair Value Measurements and Disclosures*, and allows a reporting entity, as a practical expedient, to estimate fair value of certain alternative investments at the net asset value as reported by the investee entity in instances where the net asset value has been calculated in a manner consistent with ASC 946, *Financial Services – Investment Companies*. Adoption of the provisions of ASU 2009-12 during 2010 did not have a material impact on the valuation of CHI's investments.

In August 2010, the FASB released ASU No. 2010-23, *Measuring Charity Care for Disclosure*. ASU 2010-23 requires the disclosure of charity care amounts and provides specific guidance on how to measure charity care. The accounting provisions specifically require that charity care not be reduced by reimbursement for charity care, and that the amount of reimbursements for charity care be disclosed. The disclosures are effective for fiscal years beginning after December 15, 2010, with retrospective application required. CHI does not believe the adoption of ASU 2010-23 will have a material effect on its overall consolidated results of financial position, operations or cash flows.

Catholic Health Initiatives Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

In August 2010, the FASB released ASU No. 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*. ASU 2010-24 applies to malpractice claims and similar contingent liabilities and requires that such liabilities disregard the effect of any anticipated insurance recoveries in determining the liability amounts. The accounting provisions also provide accounting guidance for recording any insurance recovery receivables. ASU 2010-24 is effective for fiscal years beginning after December 15, 2010. CHI is evaluating the effect of adopting ASU 2010-24 but does not believe its adoption will have a material effect on its overall consolidated results of financial position, operations or cash flows.

In July 2011, the FASB released ASU No. 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Entities*. ASU 2011-07 requires health care entities to change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient services revenues from an operating expense to a deduction from patient services revenues (net of contractual allowances and discounts). Additionally, enhanced disclosures will be required surrounding the entity's policies for recognizing revenue and assessing bad debts. ASU 2011-07 is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2011. CHI is evaluating the effect of adopting ASU 2011-07.

Reclassifications

Certain reclassifications were made to the 2010 consolidated financial statement presentation to conform to the 2011 presentation.

2. Community Benefit (Unaudited)

In accordance with its mission and philosophy, CHI commits substantial resources to sponsor a broad range of services to both the poor and the broader community. Community benefit provided to the poor includes the cost of providing services to persons who cannot afford health care due to inadequate resources and/or who are uninsured or underinsured. This type of community benefit includes the costs of traditional charity care, unpaid costs of care provided to beneficiaries of Medicaid and other indigent public programs, services such as free clinics and meal programs for which a patient is not billed or for which a nominal fee has been assessed, and cash and in-kind donations of equipment, supplies or staff time volunteered on behalf of the community.

Catholic Health Initiatives
Notes to Consolidated Financial Statements (continued)

2. Community Benefit (Unaudited) (continued)

Community benefit provided to the broader community includes the costs of providing services to other populations who may not qualify as poor but may need special services and support. This type of community benefit includes the costs of services such as health promotion and education, health clinics and screenings, all of which are not billed or can be operated only on a deficit basis, unpaid portions of training health professionals such as medical residents, nursing students and students in allied health professions, and the unpaid portions of testing medical equipment and controlled studies of therapeutic protocols.

A summary of the cost of community benefit provided to both the poor and the broader community is as follows (in thousands):

	2011	2010
Cost of community benefit		
Cost of charity care provided	\$ 244,949	\$ 221,140
Unpaid cost of public programs, Medicaid and other indigent care programs	242,163	235,161
Nonbilled services	25,379	25,576
Cash and in-kind donations	2,975	2,861
Education and research	33,397	24,908
Other benefit	63,283	65,198
Total cost of community benefit from continuing operations	612,146	574,844
Total cost of community benefit from discontinued operations	–	13,779
Total cost of community benefit	612,146	588,623
Unpaid cost of Medicare from continuing operations	461,358	456,729
Unpaid cost of Medicare from discontinued operations	–	9,867
Total unpaid cost of Medicare	461,358	466,596
Total cost of community benefit and the unpaid cost of Medicare	\$ 1,073,504	\$ 1,055,219

The summary above has been prepared in accordance with the policy document of the Catholic Health Association of the United States (CHA), *Community Benefit Program – A Revised Resource for Social Accountability*. Community benefit is measured on the basis of total cost, net of any offsetting revenues, donations or other funds used to defray cost.

Catholic Health Initiatives Notes to Consolidated Financial Statements (continued)

2. Community Benefit (Unaudited) (continued)

The total cost of community benefit from continuing and discontinued operations was 6.6% of total expenses before operating expenses related to restructuring, impairment and other losses in 2011 and 2010. The total cost of community benefit and the unpaid cost of Medicare from continuing and discontinued operations was 11.6% and 11.8% of total expenses before operating expenses related to restructuring, impairment and other losses in 2011 and 2010, respectively.

3. Joint Operating Agreements and Investments in Unconsolidated Organizations

Joint Operating Agreements

CHI participates in JOAs with hospital-based organizations in five separate market areas. The agreements generally provide for, among other things, joint management through JOCs of the combined operations of the local facilities included in the JOAs. CHI retains ownership of the assets, liabilities, equity, revenues and expenses of the CHI facilities that participate in the JOAs. The financial statements of the CHI facilities managed under all JOAs are included in the CHI consolidated financial statements. Transfers of assets from facilities owned by the JOA participants generally are restricted under the terms of the agreements.

CHI has a 70% interest in a JOC based in Colorado and has interests of 50% in three other JOCs associated with other JOAs. These interests are included in investments in unconsolidated organizations and totaled \$125 million and \$65 million at June 30, 2011 and 2010, respectively. CHI recognizes its investment in all JOCs under the equity method of accounting. The JOCs provide varying levels of services to the related JOA sponsors, and operating expenses of the JOCs are allocated to each sponsoring organization. The unconsolidated JOCs had total assets of \$721 million and \$671 million at June 30, 2011 and 2010, respectively, and net assets of \$109 million and \$95 million, respectively.

Investments in Unconsolidated Organizations

CHI Kentucky – On November 1, 2005, CHI entered into a joint venture agreement with JHHS. CHI contributed substantially all of the net assets of the former MBO in Louisville, Kentucky, of \$7 million, along with \$20 million, paid in quarterly installments through August 2008, in return for a 25% interest in the joint venture. The investment in the joint venture, which is accounted for under the equity method of accounting and is included in investments in unconsolidated organizations, had a book value of \$30 million and \$18 million at June 30, 2011 and 2010, respectively. The joint venture had annual operating revenues of approximately \$1.0 billion for both 2011 and 2010, total assets of \$920 million and \$914 million, and net assets of \$335 million.

Catholic Health Initiatives
Notes to Consolidated Financial Statements (continued)

**3. Joint Operating Agreements and Investments in Unconsolidated Organizations
(continued)**

and \$291 million as of June 30, 2011 and 2010, respectively. As part of the agreement, the joint venture executed a note to CHI with monthly payments of principal and interest. The note is included in other assets and had a balance of \$25 million and \$30 million at June 30, 2011 and 2010, respectively.

Preferred Professional Insurance Corporation (PPIC) – PPIC is an unconsolidated affiliate of CHI. PPIC provides professional liability insurance and other related services to preferred physician and other health care providers that are associated with its owners. CHI owns a 27% interest in PPIC and accounts for its investment under the equity method of accounting. The book value of the investment was \$49 million and \$43 million at June 30, 2011 and 2010, respectively. PPIC had net assets of \$183 million and \$161 million at December 31, 2010 and 2009, respectively.

Pathology Associates Medical Laboratories (PAML) – On October 21, 2009, CHI entered into an agreement with Seattle-based Providence Health and Services to acquire up to a 25% interest in PAML. PAML is an unconsolidated affiliate of CHI and is a full-service medical reference lab, providing CHI hospitals with the opportunity to expand laboratory testing volumes and develop new relationships through outreach laboratory joint ventures. As of June 30, 2011, CHI had met its commitment to invest a total of \$37.3 million in PAML, which represents a 25% ownership and is accounted for under the equity method. The book value of the investment was \$37.6 million and \$14.9 million at June 30, 2011 and 2010, respectively. CHI has an option to increase its investment in PAML by an additional \$7.5 million before January 2013.

Catholic Health Initiatives
Notes to Consolidated Financial Statements (continued)

**3. Joint Operating Agreements and Investments in Unconsolidated Organizations
(continued)**

Other Entities – The summarized financial positions and results of operations for the other entities accounted for under the equity method as of and for the periods ended June 30, excluding the investments described above, are as follows (in thousands)

2011						
	Medical Office Buildings	Outpatient and Diagnostic Services	Ambulatory Surgery Centers	Physician Practices	Other Investees	Total
Total assets	\$ 28,439	\$ 129,620	\$ 63,130	\$ 21,028	\$ 160,767	\$ 402,984
Total debt	26,315	42,133	13,023	10,664	20,013	112,148
Net assets	1,263	86,316	46,024	8,054	95,720	237,377
Net patient services revenues	–	125,066	116,927	33,991	150,974	426,958
Total revenues, net	5,834	139,594	117,020	37,452	330,668	630,568
Excess of revenues over expenses	679	16,236	31,659	6,142	86,269	140,985

2010						
	Medical Office Buildings	Outpatient and Diagnostic Services	Ambulatory Surgery Centers	Physician Practices	Other Investees	Total
Total assets	\$ 27,714	\$ 126,291	\$ 64,359	\$ 18,220	\$ 207,524	\$ 444,108
Total debt	25,893	28,121	13,127	7,318	15,700	90,159
Net assets	1,517	88,676	45,294	6,938	92,231	234,656
Net patient services revenues	–	121,602	110,206	30,985	65,194	327,987
Total revenues, net	5,658	125,876	111,563	34,261	237,908	515,266
Excess of revenues over expenses	600	14,514	28,740	6,335	75,598	125,787

Catholic Health Initiatives
Notes to Consolidated Financial Statements (continued)

4. Acquisitions and Divestitures

Continuing Operations

Consolidated Health Services (CHS) – Effective on October 1, 2010, CHI acquired CHS, headquartered near Cincinnati, Ohio, from Bethesda, Inc., an Ohio nonprofit corporation. CHS is a home health care service provider operating in 30 locations in Indiana, Kentucky and Ohio. The gross purchase price of the acquisition was \$43.3 million (\$35.5 million, net of cash acquired), which was allocated as follows (in thousands):

Cash	\$ 7,814
Patient receivables	6,534
Current deferred tax asset	2,077
Property and equipment	3,260
Investment in unconsolidated organizations	17,900
Intangibles	12,064
Deferred tax asset	1,503
Goodwill	6,479
Other assets	5,960
Other liabilities	(13,210)
Deferred tax liability	(7,034)
Purchase price	<u>\$ 43,347</u>

Dayton Heart and Vascular Hospital – In May 2009, the decision was made to sell the Dayton Heart and Vascular Hospital building, as all operations had been moved to the primary hospital. The property is classified as an asset held for sale on the consolidated balance sheets and had a value of \$16.0 million and \$17.9 million as of June 30, 2011 and 2010, respectively. Impairment charges of \$1.9 million and \$24.6 million were recorded in 2011 and 2010, respectively, to reduce the carrying amount of the property to its fair value. Such impairment charges are reflected as a component of restructuring, impairment and other losses in the accompanying consolidated statements of operations. Effective on July 28, 2011, the property was sold for its stated value.

Discontinued Operations

Idaho and Eastern Oregon Operations – In April 2010, CHI sold three of its facilities to an unrelated third party. The operations associated with these facilities have been reported as discontinued operations and are included in the consolidated statements of operations and changes in net assets. At June 30, 2010, assets held for sale consisted primarily of cash and

Catholic Health Initiatives
Notes to Consolidated Financial Statements (continued)

4. Acquisitions and Divestitures (continued)

investments, net patient accounts receivable, net property and equipment, investments in unconsolidated organizations and other long-term assets. Liabilities held for sale consisted of accounts payable and accrued compensation and benefits. CHI recorded a deficiency of revenues over expenses of \$45.3 million in 2010, which is reported as discontinued operations in the accompanying consolidated statements of changes in net assets.

Missouri Operations – In November 2009, CHI's management transferred sponsorship and related operations of its Missouri facilities to an unrelated third party. The operations associated with these lines of business have been reported as discontinued operations and are included in the consolidated statement of changes in net assets. At June 30, 2010, assets held for sale consisted primarily of inventories, property and equipment, donor-restricted assets and investments in unconsolidated organizations. Liabilities held for sale consisted of certain compensation and benefits expenses. CHI recorded excess of revenues over expenses of \$6.7 million in 2010, which is reported as discontinued operations in the accompanying consolidated statements of changes in net assets.

Total operating revenues and deficiency of revenues over expenses included in the results of discontinued operations are summarized below (in thousands):

	<u>2010</u>
Total operating revenues	\$ 250,093
Total operating expenses	(248,554)
Restructuring and other losses	(48,137)
Impairment losses	(275)
Nonoperating gains	8,225
Deficiency of revenues over expenses	<u>\$ (38,648)</u>

The consolidated statements of cash flows include \$40.5 million of operating, investing and financing activities related to discontinued operations for the year ended June 30, 2010.

5. Net Patient Services Revenues

Net patient services revenues are derived from services provided to patients who are either directly responsible for payment or are covered by various insurance or managed care programs. CHI receives payments from the federal government on behalf of patients covered by the

Catholic Health Initiatives
Notes to Consolidated Financial Statements (continued)

5. Net Patient Services Revenues (continued)

Medicare program, from state governments for Medicaid and other state-sponsored programs, from certain private insurance companies and managed care programs and from patients themselves. A summary of payment arrangements with major third-party payors follows:

Medicare – Inpatient acute care and certain outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge or procedure. These rates vary according to patient classification systems based on clinical, diagnostic and other factors. Certain CHI facilities have been designated as critical access hospitals and, accordingly, are reimbursed their cost of providing services to Medicare beneficiaries. Professional services rendered by physicians are paid based on the Medicare allowable fee schedule.

Medicaid – Inpatient services rendered to Medicaid program beneficiaries are primarily paid under the traditional Medicaid plan at prospectively determined rates per discharge. Certain outpatient services are reimbursed based on a cost reimbursement methodology, fee schedules or discounts from established charges.

Other – CHI has also entered into payment agreements with certain managed care and commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to CHI under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

CHI's Medicare, Medicaid and other payor utilization percentages, based upon net patient services revenues, are summarized as follows:

	2011	2010
Medicare	30%	30%
Medicaid	8	7
Managed care	39	38
Self-pay	8	8
Commercial and other	15	17
	100%	100%

Catholic Health Initiatives
Notes to Consolidated Financial Statements (continued)

5. Net Patient Services Revenues (continued)

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Estimated settlements related to Medicare and Medicaid of \$44 million and \$48 million at June 30, 2011 and 2010, respectively, are included in third-party liabilities. Net patient services revenues from continuing operations increased by \$33 million in 2011 and \$18 million in 2010 due to favorable changes in estimates related to prior-year settlements. Changes in estimates related to prior-year settlements from discontinued operations were not significant in 2010.

6. Investments and Assets Limited as to Use

CHI's investments and assets limited to use as of June 30 are reported in the accompanying consolidated balance sheets as presented in the following table (in thousands)

	<u>2011</u>	<u>2010</u>
Cash and equivalents	\$ 151,808	\$ 178,699
CHI Investment Program (the Program)	4,890,752	4,217,594
Marketable fixed-income securities	419,333	391,939
Marketable equity securities	309,117	303,827
Hedge funds and other investments	151,373	103,479
	<u>5,922,383</u>	<u>5,195,538</u>
Less current portion	<u>(19,554)</u>	<u>(3,463)</u>
	<u>\$ 5,902,829</u>	<u>\$ 5,192,075</u>

Net unrealized gains (losses) at June 30, 2011 and 2010 were \$460 million and \$(159) million, respectively.

CHI attempts to reduce its market risk by diversifying its investment portfolio using cash equivalents, fixed-income securities, marketable equity securities and alternative investments. Most of the U.S. Treasury and corporate debt obligations as well as exchange-traded marketable securities held by CHI and the Program have an actively traded market. However, CHI also invests in money market funds, commercial paper, mortgage-backed or other asset-backed securities, alternative investments (such as hedge funds, private equity investments, funds of funds, etc.), collateralized debt obligations, municipal securities and other investments that have potential complexities in valuation based upon the current conditions in the credit markets. For

Catholic Health Initiatives
Notes to Consolidated Financial Statements (continued)

6. Investments and Assets Limited as to Use (continued)

some of these instruments, evidence supporting the determination of fair value may not come from trading in active primary or secondary markets. Because these investments may not be readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had an active market for such investments existed. Such differences could be material. However, management reviews the CHI investment portfolio on a regular basis and seeks guidance from its professional portfolio managers related to U.S. and global market conditions to determine the fair value of its investments. CHI believes the carrying amount of these financial instruments in the consolidated financial statements is a reasonable estimate of fair value. Additionally, CHI assesses the risk of impairment related to securities held in its investment portfolio on a regular basis and noted no impairment during the years ended June 30, 2011 and 2010.

Substantially all CHI long-term investments are held in the Program. The Program is structured under a Limited Partnership Agreement with CHI as managing general partner and numerous limited partners, most sponsored by CHI. The partnership provides a vehicle whereby virtually all entities associated with CHI, as well as certain other unrelated entities, can optimize investment returns while managing investment risk. Entities participating in the Program that are not consolidated in the accompanying financial statements have the ability to direct their invested amounts and liquidate and/or withdraw their interest without penalty upon demand. The Limited Partnership Agreement permits a majority vote of the noncontrolled limited partners to terminate the partnership. Accordingly, CHI recognizes only the portion of Program assets attributable to CHI and its sponsored affiliates. Program assets attributable to CHI and its direct affiliates represented 84% of total Program assets at June 30, 2011 and 2010.

The Program asset allocation at June 30 is as follows:

	2011	2010
Marketable fixed-income securities	34%	38%
Marketable equity securities	45	41
Alternative investments	19	19
Cash and equivalents	2	2
	100%	100%

Direct expenses of the Program are less than 0.4% of total assets. Fees paid to the alternative investment managers are not included in the total expense calculation as they are not a direct expense of the Program.

Catholic Health Initiatives
Notes to Consolidated Financial Statements (continued)

6. Investments and Assets Limited as to Use (continued)

The CHI Investment Committee of the Board of Stewardship Trustees is responsible for determining asset allocations among fixed-income, equity and alternative investments. At least annually, the Investment Committee reviews targeted allocations and, if necessary, makes adjustments to targeted asset allocations. Given the diversity of the underlying securities in which the Program invests, management does not believe there is a significant concentration of credit risk.

Investment income is comprised of the following for the years ended June 30 (in thousands)

	2011	2010
Dividend and interest income	\$ 122,713	\$ 127,582
Net realized gains	272,538	133,129
Net unrealized gains	456,420	202,944
Total investment income from continuing operations	<u>\$ 851,671</u>	<u>\$ 463,655</u>
Included in other nonpatient revenue	\$ 97,907	\$ 75,981
Included in nonoperating gains	753,764	387,674
Total investment income from continuing operations	<u>\$ 851,671</u>	<u>\$ 463,655</u>
Total investment income from discontinued operations	\$ —	\$ 8,225
Total investment income	<u>\$ 851,671</u>	<u>\$ 471,880</u>

7. Fair Value of Assets and Liabilities

Fair value is 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. FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs 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 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

The three levels of the fair value hierarchy and a description of the valuation methodologies used for instruments measured at fair value are as follows:

Level 1 – Valuation is based upon quoted prices (unadjusted) for identical assets or liabilities in active markets.

Catholic Health Initiatives
Notes to Consolidated Financial Statements (continued)

7. Fair Value of Assets and Liabilities (continued)

Level 2 – Valuation is based upon quoted prices for similar assets and liabilities in active markets or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial asset or liability

Level 3 – Valuation is based upon other unobservable inputs that are significant to the fair value measurement

Certain of CHI's alternative investments are made through limited liability companies (LLCs) and limited liability partnerships (LLPs). These LLCs and LLPs provide CHI with a proportionate share of the investment gains (losses). CHI accounts for its ownership in the LLCs and LLPs under the equity method. CHI also accounts for its ownership in the Partnership under the equity method. As such, these investments are excluded from the scope of ASC 820.

Financial assets and liabilities measured at fair value on a recurring basis were determined using the following inputs at June 30 (in thousands):

2011				
Fair Value Measurements at Reporting Date Using				
		(Level 1)	(Level 2)	(Level 3)
	Fair Value as of June 30	Quoted Prices in Active Markets	Other Observable Inputs	Unobservable Inputs
Assets				
Assets limited as to use				
Cash and short-term investments	\$ 151,808	\$ 151,808	\$ –	\$ –
Marketable equity securities	309,117	309,117	–	–
Marketable fixed-income securities	419,333	–	419,333	–
Other investments	2,257	–	–	2,257
Deferred compensation assets				
Cash and short-term investments	12,761	12,761		
	\$ 895,276	\$ 473,686	\$ 419,333	\$ 2,257
Liabilities				
Interest rate swaps	\$ 116,601	\$ –	\$ 116,601	\$ –
Deferred compensation liability	12,761	12,761	–	–
	\$ 129,362	\$ 12,761	\$ 116,601	\$ –

Catholic Health Initiatives
Notes to Consolidated Financial Statements (continued)

7. Fair Value of Assets and Liabilities (continued)

2010				
Fair Value Measurements at Reporting Date Using				
		(Level 1)	(Level 2)	(Level 3)
	Fair Value as of June 30	Quoted Prices in Active Markets	Other Observable Inputs	Unobservable Inputs
Assets				
Assets limited as to use				
Cash and short-term investments	\$ 178,699	\$ 178,699	\$ —	\$ —
Marketable equity securities	303,827	303,827	—	—
Marketable fixed-income securities	391,939	—	391,939	—
Deferred compensation assets				
Cash and short-term investments	10,850	10,850	—	—
	\$ 885,315	\$ 493,376	\$ 391,939	\$ —
Liabilities				
Interest rate swaps	\$ 143,477	\$ —	\$ 143,477	\$ —
Deferred compensation liability	10,850	10,850	—	—
	\$ 154,327	\$ 10,850	\$ 143,477	\$ —

The fair values of the securities included in Level 1 were determined through quoted market prices. Level 1 securities include money market funds, mutual funds and marketable debt and equity securities. The fair values of Level 2 securities were determined through evaluated bid prices based on recent trading activity and other relevant information, including market interest rate curves and referenced credit spreads, estimated prepayment rates, where applicable, are used for valuation purposes and are provided by third-party services where quoted market values are not available. Level 2 investments include corporate fixed-income securities, government bonds, mortgage and asset-backed securities. The fair values of Level 3 securities are determined primarily through information obtained from the relevant counterparties for such investments. Information on which these securities' fair values are based is generally not readily available in the market.

Catholic Health Initiatives
Notes to Consolidated Financial Statements (continued)

8. Property and Equipment

A summary of property and equipment is as follows as of June 30 (in thousands)

	2011	2010
Land and improvements	\$ 341,256	\$ 330,327
Buildings and improvements	5,028,785	4,438,362
Equipment	3,822,370	3,572,304
	9,192,411	8,340,993
Less accumulated depreciation	(4,635,108)	(4,351,433)
	4,557,303	3,989,560
Construction in progress	378,216	716,349
	<u>\$ 4,935,519</u>	<u>\$ 4,705,909</u>

CHI evaluates whether events and circumstances have occurred that indicate the remaining useful life of property, equipment and certain other intangible assets may not be recoverable. Management determined there were impairment issues in both 2011 and 2010, to the extent that the undiscounted cash flows estimated to be generated by certain assets were less than the underlying carrying value. CHI recorded \$7.9 million and \$36.8 million in impairment losses in 2011 and 2010, respectively, resulting from charges related to projected discounted cash flow deficits at various MBOs. In addition, impairment charges of \$0.3 million related to the assets held for sale have been included in discontinued operations in the consolidated statement of changes in net assets in 2010.

Catholic Health Initiatives
Notes to Consolidated Financial Statements (continued)

9. Debt Obligations

The following is a summary of debt obligations as of June 30 (in thousands)

Long-Term Debt	Interest Rate	2011	2010
CHI bond issues under the COD			
Series 1997B Variable-rate Bonds	0 11%*	\$ 24,400	\$ 27.100
Series 2000B Variable-rate Bonds	0 10%*	81,800	87.400
Series 2002B Variable-rate Bonds	0 08%*	106,100	108.800
Series 2004B Variable-rate Bonds	0 10%*	290,900	298.200
Series 2008A Variable-rate Bonds	0 13%*	120,260	120.260
Series 2004C Variable-rate Bonds with self-liquidity	0 05%*	163,400	163.400
Series 1989A Fixed-rate Bonds	7 00%	3,390	4.100
Series 1995C Fixed-rate Bonds	4 80–5 50%	10,145	12.360
Series 1997A Fixed-rate Bonds	4 40–5 25%	12,950	14.330
Series 2000A Fixed-rate Bonds	4 25–6 00%	39,600	45.740
Series 2002A Fixed-rate Bonds	4 00–5 50%	4,845	5.520
Series 2004A Fixed-rate Bonds	4 75–5 00%	146,605	146.605
Series 2004D Fixed-rate Bonds	3 50%	–	56.775
Series 2006A Fixed-rate Bonds	4 00–5 00%	384,135	384.135
Series 2006C Fixed-rate Bonds	3 85–5 10%	250,000	250.000
Series 2008C Fixed-rate Bonds	4 00–5 00%	215,000	275.000
Series 2008D Fixed-rate Bonds	5 00–6 25%	473,950	473.950
Series 2009A Fixed-rate Bonds	2 00–5 00%	794,345	817.565
Series 2009B Fixed-rate Bonds	5 00%	260,995	260.995
		3,382,820	3,552,235
Commercial paper		617,400	550.625
Other long-term debt and capital leases		122,382	97.817
		4,122,602	4,200,677
Variable-rate debt with self-liquidity and current portion of long-term debt		(999,601)	(1,019,712)
Long-term debt		\$ 3,123,001	\$ 3,180,965

*Represents average rate of interest from July 1, 2010 to June 30, 2011

The fair value of debt obligations was approximately \$4.2 billion at June 30, 2011. Management has determined the carrying value of the variable-rate bonds are representative of fair values as of June 30, 2011, as the interest rates are set by the market participants. The fair value of the fixed-rate tax-exempt bond obligations as of June 30, 2011 is determined by applying credit spreads for similar tax-exempt obligations in the marketplace, which are then used to calculate a price/yield for the outstanding obligations.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

9. Debt Obligations (continued)

A summary of scheduled principal payments on long-term debt for the next five years is as follows (in thousands)

Year Ending June 30	<u>Amounts Due</u>
2012	\$ 836,201
2013	165,772
2014	168,572
2015	163,383
2016	181,132

CHI issues the majority of its debt under the COD and is the sole obligor. Bondholder security resides both in the unsecured promise by CHI to pay its obligations and in its control of its Direct and Designated Affiliates. Covenants include a minimum CHI debt service coverage ratio and certain limitations on secured debt. The Direct Affiliates of CHI, defined as Participants under the COD, have agreed to certain covenants related to corporate existence, maintenance of insurance and exempt use of bond-financed facilities.

In July 2010, CHI converted the interest rate mode on \$120.3 million of variable-rate demand bonds to Index Notes. These bonds were previously recorded on the balance sheet as variable-rate demand bonds supported by CHI's self-liquidity. The conversion was accomplished through a direct purchase by Wells Fargo Bank. Wells Fargo Bank will hold the bonds through the initial three-year index rate term. This transaction was accounted for as an extinguishment of debt.

In November 2010, CHI issued \$116.8 million of Taxable Commercial Paper Notes, the proceeds of which were used to redeem \$60.0 million of the outstanding Colorado Health Facilities Authority Variable Rate Revenue Bonds (Catholic Health Initiatives) Series 2008C-6 and \$56.8 million of the outstanding Kentucky Economic Development Finance Authority Variable Rate Revenue Bonds (Catholic Health Initiatives) Series 2004D, all of which bore interest at long-term interest rates and were subject to mandatory tender on November 10, 2010 (the end of the then-current long-term interest rate period). CHI intends to refinance this interim taxable borrowing on a long-term basis through the issuance of additional bonds in 2011.

In November 2009, CHI issued \$1.14 billion of fixed-rate and put bonds in the states of Colorado, Kentucky and Ohio for the benefit of CHI and Alegent. Proceeds were used to redeem \$379 million of existing debt, including \$241.6 million in variable-rate debt with self-liquidity, as well as to reimburse CHI and participants of the COD for capital expenditures in the amount of \$579.3 million. Concurrent with the issuance of these bonds, CHI converted the interest rate

Catholic Health Initiatives
Notes to Consolidated Financial Statements (continued)

9. Debt Obligations (continued)

mode on \$55 million of Series 2008 bonds, which were subject to mandatory tender on November 10, 2009, to a long-term interest period extending through November 12, 2015, and redeemed the remaining \$25 million of Series 2008 bonds subject to mandatory redemption on November 10, 2009. These bonds had been used to finance facilities of the divested Missouri operations. This refinancing resulted in a loss on defeasance of \$1.0 million.

In January 2010, CHI legally defeased bonds in the amount of \$33.4 million related to divested Missouri operations. In June 2010, CHI legally defeased bonds in the amount of \$24.1 million related to the divestiture of certain facilities in Oregon. This resulted in net losses on defeasance of \$1.5 million.

In June 2010, CHI recognized gains of \$5.4 million from the restructuring of escrowed securities held by trustees. These escrowed securities, which are not recorded for financial reporting purposes, totaled \$393.7 million and \$410.9 million at June 30, 2011 and 2010, respectively. Gains (losses) on escrow restructuring and defeasance of debt are recorded as a component of nonoperating gains (losses) in the consolidated statements of operations and changes in net assets. CHI reported a net gain on escrow restructuring and defeasance of debt of \$2.9 million for the year ended June 30, 2010.

CHI has two types of external liquidity facilities: those that are dedicated to specific series of variable-rate demand bonds (VRDBs) and those that are not dedicated to a particular series of VRDBs but may be used to support CHI's obligations to fund tenders of VRDBs and pay the maturing principal of commercial paper. Liquidity facilities that are dedicated to specific series of bonds were \$623.5 million and \$521.5 million at June 30, 2011 and 2010, respectively. The dedicated liquidity facilities and repayment terms on any associated drawings extend beyond the subsequent fiscal year but due to the terms of the specific agreements, \$604.7 million and \$503.2 million at June 30, 2011 and 2010, respectively, are reported as long-term debt, and \$18.8 million and \$18.3 million at June 30, 2011 and 2010, respectively, of the dedicated facilities are required to be classified as current.

Liquidity facilities not dedicated for specific series of VRDBs but used to support CHI's obligations to fund tenders and to pay maturing principal of commercial paper were \$565 million and \$690 million at June 30, 2011 and 2010, respectively. At June 30, 2011, \$617.4 million of commercial paper was classified as current due to maturities of less than one year, and \$163.4 million of VRDBs were classified as current due to the holder's ability to put such VRDBs back to CHI without liquidity facilities dedicated to these bonds.

Catholic Health Initiatives
Notes to Consolidated Financial Statements (continued)

9. Debt Obligations (continued)

At June 30, 2011, CHI had a \$65 million credit facility with Wells Fargo Bank. Letters of credit totaling \$41.3 million have been issued for the benefit of third parties, principally in support of the self-insurance programs administered by FIIL. At June 30, 2011 and 2010, no amounts were outstanding under this credit facility.

CHI is a party to seven floating-to-fixed interest rate swap agreements with notional amounts totaling \$942.8 million and \$953.7 million at June 30, 2011 and 2010, respectively. Generally, it is CHI policy that all counterparties have an AA rating or better. These fixed-payor swap agreements convert CHI's variable-rate debt to fixed-rate. The seven swaps have varying maturity dates ranging from May 2025 to December 2036. The fair value of the swaps is estimated based on the present value sum of anticipated future net cash settlements until the swaps' maturities. At June 30, 2011 and 2010, the fair value was \$116.6 million and \$143.5 million, respectively. The fair value was reported net of cash collateral balances of \$47.0 million and \$51.1 million at June 30, 2011 and 2010, respectively, and is recorded in other liabilities. The change in the fair value of these agreements was a net gain of \$26.9 million and a net loss of \$(46.4) million in 2011 and 2010, respectively.

10. Retirement Plans

CHI and its direct affiliates maintain noncontributory, defined benefit retirement plans (Plans) covering substantially all employees. Benefits in the Plans are based on compensation, retirement age and years of service. Vesting occurs over a five-year period. Substantially all of the Plans are qualified as church plans and are exempt from certain provisions of both the Employee Retirement Income Security Act and Pension Benefit Guaranty Corporation premiums and coverage. Funding requirements are determined through consultation with independent actuaries.

CHI recognizes the funded status (that is, the difference between the fair value of plan assets and the projected benefit obligations) of its Plans in the consolidated balance sheets, with a corresponding adjustment to net assets. Actuarial gains and losses that arise and are not recognized as net periodic pension cost in the same periods are recognized as a component of net assets.

Catholic Health Initiatives
Notes to Consolidated Financial Statements (continued)

10. Retirement Plans (continued)

A summary of the changes in the benefit obligation, fair value of plan assets and funded status of the Plans at the June 30 measurement dates is as follows (in thousands)

	2011	2010
Change in benefit obligation		
Benefit obligation, beginning of year	\$ 2,648,696	\$ 2,250,025
Service cost	167,444	150,082
Interest cost	143,536	145,840
Actuarial (gain) loss	(80,030)	210,728
Net impact of transfers among plans	—	(4,071)
Benefits paid	(111,340)	(103,666)
Expenses paid	(318)	(242)
Benefit obligation, end of year	2,767,988	2,648,696
Change in the Plans' assets		
Fair value of the Plans' assets, beginning of year	1,917,500	1,628,370
Actual return on the Plans' assets, net of expenses	454,343	234,715
Employer contributions	192,280	162,451
Net impact of transfers among plans	—	(4,128)
Benefits paid	(111,340)	(103,666)
Expenses paid	(318)	(242)
Fair value of the Plans' assets, end of year	2,452,465	1,917,500
Funded status of the Plans	\$ (315,523)	\$ (731,196)
End-of-year values		
Projected benefit obligation	\$ 2,767,988	\$ 2,648,696
Accumulated benefit obligation	2,598,491	2,471,389

Included in net assets at June 30, 2011 are the following amounts that have not yet been recognized in net periodic pension cost: unrecognized prior service cost of \$1.1 million and unrecognized actuarial losses of \$650.1 million. The prior service cost and actuarial loss included in net assets and expected to be recognized in net periodic pension cost during the fiscal year ending June 30, 2012 is \$0.2 million and \$38.4 million, respectively.

Catholic Health Initiatives
Notes to Consolidated Financial Statements (continued)

10. Retirement Plans (continued)

The components of net periodic pension expense are as follows (in thousands)

	2011	2010
Components of net periodic pension expense		
Service cost	\$ 167,444	\$ 150,082
Interest cost	143,536	145,840
Expected return on the Plans' assets	(183,365)	(174,141)
Amortization of prior service benefit	893	1,609
Actuarial losses	47,550	18,726
	<u>\$ 176,058</u>	<u>\$ 142,116</u>
Weighted-average assumptions		
Discount rate, beginning of year	5.24%	6.44%
Discount rate, end of year	5.39	5.24
Expected return on the Plans' assets	8.00	8.00
Rate of compensation increase	4.25	4.50

The assumption for the expected return on the Plans' assets is based on historical returns and adherence to the asset allocations set forth in the Plans' investment policies. The expected return on the Plans' assets for determining pension cost was 8.0% in 2011 and 2010. The increase in the discount rate to 5.39% at June 30, 2011 decreased the pension benefit obligation by approximately \$41 million.

A summary of the Plans' asset allocation targets, ranges by asset class and allocations by asset class at the measurement dates of June 30 is as follows:

	2011	2010	Target	Range
Fixed-income securities	26.1%	24.6%	27.5%	22.5% to 32.5%
Equity securities	53.7	53.6	52.5	47.5 to 57.5
Alternative investments	20.2	21.8	20.0	20.0 to 25.0

The Plans' assets are invested in a portfolio designed to preserve principal and obtain competitive investment returns and long-term investment growth, consistent with actuarial assumptions, while minimizing unnecessary investment risk. Diversification is achieved by allocating assets to various asset classes and investment styles and by retaining multiple investment managers with complementary philosophies, styles and approaches. Although the objective of the Plans is to maintain asset allocations close to target, temporary periods may exist

Catholic Health Initiatives
Notes to Consolidated Financial Statements (continued)

10. Retirement Plans (continued)

where allocations are outside of the expected range due to market conditions. The use of leverage is prohibited except as specifically directed in the alternative investment allocation. The portfolio is managed on a basis consistent with the CHI social responsibility guidelines.

The Plans' assets measured at fair value on a recurring basis were determined using the following inputs at June 30 (in thousands):

2011				
Fair Value Measurements at Reporting Date Using				
	(Level 1)	(Level 2)	(Level 3)	
Fair Value as of June 30	Quoted Prices in Active Markets	Other Observable Inputs	Unobservable Inputs	
Cash and short-term investments	\$ 133,920	\$ 80,363	\$ 53,557	\$ –
Marketable equity securities	1,276,810	1,276,810	–	–
Marketable fixed-income securities	547,052	122,806	424,246	–
Alternative investments	494,683	–	–	494,683
	<u>\$ 2,452,465</u>	<u>\$ 1,479,979</u>	<u>\$ 477,803</u>	<u>\$ 494,683</u>

2010				
Fair Value Measurements at Reporting Date Using				
	(Level 1)	(Level 2)	(Level 3)	
Fair Value as of June 30	Quoted Prices in Active Markets	Other Observable Inputs	Unobservable Inputs	
Cash and short-term investments	\$ 89,957	\$ 46,485	\$ 43,472	\$ –
Marketable equity securities	1,008,042	1,008,042	–	–
Marketable fixed-income securities	404,422	69,044	335,378	–
Alternative investments	415,079	–	–	415,079
	<u>\$ 1,917,500</u>	<u>\$ 1,123,571</u>	<u>\$ 378,850</u>	<u>\$ 415,079</u>

Catholic Health Initiatives
Notes to Consolidated Financial Statements (continued)

10. Retirement Plans (continued)

For the year ended June 30, 2011, the changes in the fair value of the Plans' investments, for which Level 3 inputs were used, are as follows (in thousands)

Beginning investments at fair value	\$ 415,079
Purchases of investments	41,499
Proceeds from sale of investments	(23,322)
Net change in unrealized appreciation on investments and effect of foreign currency translation	43,066
Net realized gains on investments	18,369
Net transfers out of Level 3	(8)
Ending investments at fair value	<u>\$ 494,683</u>

CHI expects to contribute \$180 million to the Plans in fiscal year 2012. A summary of expected benefits to be paid to the Plans' participants and beneficiaries is as follows (in thousands)

	<u>Estimated Payments</u>
Year Ending June 30	
2012	\$ 153,730
2013	146,298
2014	160,203
2015	179,347
2016	212,555
2017–2020	1,377,113

Catholic Health Initiatives
Notes to Consolidated Financial Statements (continued)

11. Concentrations of Credit Risk

CHI grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. CHI's exposure to credit risk on patient accounts receivable is limited by the geographical diversity of its MBOs. The mix of receivables from patients and third-party payors at June 30 approximated the following:

	2011	2010
Medicare	23%	24%
Medicaid	7	8
Managed care	36	34
Self-pay	10	9
Commercial and other	24	25
	100%	100%

CHI maintains long-term investments with various financial institutions and investment management firms through its investment program, and its policy is designed to limit exposure to any one institution or investment. Management does not believe there are significant concentrations of credit risk at June 30, 2011 and 2010.

12. Commitments and Contingencies

Litigation

During the normal course of business, CHI may become involved in litigation. Management assesses the probable outcome of unresolved litigation and records estimated settlements. After consultation with legal counsel, management believes that any such matters will be resolved without material adverse impact to the consolidated financial position or results of operations of CHI.

Health Care Regulatory Environment

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services and Medicare and Medicaid fraud and abuse. Management believes CHI is in compliance with all applicable laws and regulations of the Medicare and Medicaid programs. Compliance with such laws and regulations is complex and can be subject to

Catholic Health Initiatives
Notes to Consolidated Financial Statements (continued)

12. Commitments and Contingencies (continued)

future governmental interpretation as well as significant regulatory action, including fines, penalties and exclusion from the Medicare and Medicaid programs. Certain CHI entities have been contacted by governmental agencies regarding alleged violations of Medicare practices for certain services. In the opinion of management after consultation with legal counsel, the ultimate outcome of these matters will not have a material adverse effect on CHI's consolidated financial position.

In June 2008, one of CHI's MBOs was notified by the Office of Inspector General of the U.S. Department of Health and Human Services of its investigation into certain activities including, but not limited to, the relationship with a physician group at the MBO. In July 2009, an agreement in principle was reached with the Office of the Attorney General to resolve the matter, and CHI recorded a liability of \$22 million at June 30, 2010. This agreement in principle received government approval in November 2010 and the liability was paid by the MBO.

Operating Leases

Future minimum lease payments required for the next five years and thereafter for all operating leases that have initial or remaining noncancelable lease terms in excess of one year at June 30, 2011, are as follows (in thousands):

	<u>Amounts Due</u>
Year Ending June 30	
2012	\$ 129,905
2013	117,175
2014	73,564
2015	57,637
2016	50,475
Thereafter	154,642
	<u>\$ 583,398</u>

Lease expense under operating leases for continuing operations for the years ended June 30, 2011 and 2010 totaled approximately \$157 million and \$145 million, respectively. Lease expense under operating leases for discontinued operations was not significant in 2010.

Catholic Health Initiatives

Notes to Consolidated Financial Statements (continued)

13. Insurance Programs

FIIL, a wholly owned captive insurance company of CHI, provides hospital professional liability, employment practices liability and commercial general liability coverage, primarily to MBOs related to CHI either on a directly written basis or through reinsurance fronting relationships with commercial carriers such as PPIC. Policies written provide coverage with primary limits in the amount of \$8 million for each and every claim. At June 30, 2011 and 2010, investments and assets limited as to use held for insurance purposes included \$58 million and \$69 million, respectively, as collateral for the reinsurance fronting arrangement with PPIC. In addition, CHI purchases excess insurance of \$150 million per claim and in the aggregate for professional and general liability risks from commercial carriers.

FIIL provides workers' compensation coverage, either on a directly written basis or through reinsurance fronting relationships with commercial carriers for amounts above \$1 million per claim. Coverage of \$500,000 in excess of \$500,000 per claim is reinsured with an unrelated commercial carrier. FIIL also underwrites the property and casualty risks of CHI for up to \$1 million per claim. Unrelated commercial insurance carriers reinsure losses in excess of the per-claim limits.

The liability for self-insured reserves and claims represents the estimated ultimate net cost of all reported and unreported losses incurred through June 30. The reserves for unpaid losses and loss adjustment expenses are estimated using individual case-based valuations, statistical analyses and the expertise of an independent actuary.

The estimates for loss reserves are subject to the effects of trends in loss severity and frequency. Although considerable variability is inherent in such estimates, management believes that the reserves for unpaid losses and loss adjustment expenses are adequate. The estimates are reviewed periodically, with consultation from independent actuaries, and any adjustments to the loss reserves are reflected in current operations. As a result of these reviews of claims experience, estimated reserves were reduced by \$19 million and \$77 million in 2011 and 2010, respectively, due to favorable loss development. The reserves for unpaid losses and loss adjustment expenses relating to the workers' compensation program were discounted, assuming a 4% annual return at June 30, 2011 and 2010, to a present value of \$148.8 million and \$139.2 million at June 30, 2011 and 2010, respectively, and represented a discount of \$32.2 million and \$32.5 million in 2011 and 2010, respectively. Reserves related to professional liability, employment practices and general liability are not discounted.

Catholic Health Initiatives
Notes to Consolidated Financial Statements (continued)

13. Insurance Programs (continued)

FIIL holds \$715.7 million and \$658.4 million of investments held for insurance purposes as of June 30, 2011 and 2010, respectively. Distribution of amounts from FIIL to CHI are subject to the approval of the Cayman Island Monetary Authority. CHI established a captive management operation (Captive Management Initiatives, Ltd.) based in the Cayman Islands, which currently manages FIIL as well as operations of other unrelated parties.

CHI, through its Welfare Benefit Administration and Development Trust, provides comprehensive health and dental coverage to certain employees and dependents through a self-insured medical plan. Accounts payable and accrued expenses include \$45 million and \$50 million for unpaid claims and claims adjustment expenses for CHI's self-insured medical plan at June 30, 2011 and 2010, respectively. Those estimates are subject to the effects of trends in loss severity and frequency. Although considerable variability is inherent in such estimates, management believes that the reserves for unpaid losses and loss adjustment expenses are adequate. The estimates are reviewed periodically and, as adjustments to the liability become necessary, such adjustments are reflected in current operations. CHI has stop-loss insurance to cover unusually high costs of care beyond a predetermined annual amount per enrolled participant.

14. Subsequent Events

CHI's management has evaluated events subsequent to June 30, 2011 through September 13, 2011, which is the issuance date of this report. There have been no material events noted during this period that would either impact the results reflected in this report or CHI's results going forward, except as disclosed below.

Statewide Health Care Network in Kentucky

Effective in June 2011, CHI entered into a formal agreement with two other parties, Jewish Hospital and St. Mary's HealthCare/Jewish Hospital HealthCare Services, and the University of Louisville Hospital/James Graham Brown Cancer Center, to create a new statewide health care network in Kentucky. The new network would serve more than two million patients annually at more than 91 locations, ranging from critical access hospitals to major quaternary facilities capable of transplant procedures. The agreement provides CHI with a 70% controlling interest in the new network and calls for CHI to make a \$320 million capital investment. The new network is pending regulatory and Church approvals.

Catholic Health Initiatives
Notes to Consolidated Financial Statements (continued)

14. Subsequent Events (continued)

Nebraska Heart Institute and Nebraska Heart Hospital

Effective in August 2011, CHI acquired Nebraska Heart Institute and Nebraska Heart Hospital for cash proceeds of \$131 million. CHI is currently in the process of finalizing the purchase price allocation.

Other Financial Information

Report of Independent Auditors on Other Financial Information

Board of Stewardship Trustees
Catholic Health Initiatives

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements of Catholic Health Initiatives as a whole. The following consolidating financial information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in our audits of the consolidated financial statements and, in our opinion, based on our audits and the report of other auditors, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Ernst & Young LLP

September 13, 2011

Catholic Health Initiatives Consolidating Balance Sheet

June 30, 2011
(In Thousands)

	MBOs	Corporate	FHIL	CHI Welfare Benefits Trust	Other	Eliminations and Adjustments	Consolidated
Assets							
Current assets							
Cash and equivalents	\$ 432.606	\$ (54.915)	\$ 102	\$ 28.377	\$ 3.504	\$ 40.000	\$ 449.674
Net patient accounts receivable, less allowance of \$650.617	1,133.819	—	—	—	—	—	1,133.819
Other accounts receivable	92.252	106.004	(2,319)	469	11.624	(99.182)	108.848
Current portion of investments and assets limited as to use	58.146	1,408	—	—	—	(40,000)	19,554
Inventories	173.316	—	—	—	—	—	173,316
Assets held for sale	23.987	—	—	—	—	—	23,987
Prepaid and other	47.838	22,760	17	157	33	—	70,805
Total current assets	1,961.964	75,257	(2,200)	29,003	15,161	(99,182)	1,980,003
Investments and assets limited as to use							
Internally designated for capital and other funds	2,904,604	1,625,262	—	87,315	—	—	4,617,181
Mission and Ministry Fund	—	117,832	—	—	—	—	117,832
Capital Resource Pool	—	268,690	—	—	—	—	268,690
Held by trustees	5,488	—	—	—	—	—	5,488
Held for insurance purposes	23,363	—	715,708	—	—	—	739,071
Restricted by donors	152,122	2,445	—	—	—	—	154,567
Total investments and assets limited as to use	3,085,577	2,014,229	715,708	87,315	—	—	5,902,829
Property and equipment, net	4,704,801	229,312	—	—	1,406	—	4,935,519
Deferred financing costs	568	11,253	—	—	—	—	11,821
Investments in unconsolidated organizations	262,629	135,664	—	—	11,127	(55,971)	353,449
Intangible assets	57,486	—	—	—	—	—	57,486
Notes receivable and other	65,750	2,586,254	21,620	—	—	(2,033,597)	640,027
Total assets	\$ 10,138,775	\$ 5,051,969	\$ 735,128	\$ 116,318	\$ 27,694	\$ (2,188,750)	\$ 13,881,134

Continued on following page

Catholic Health Initiatives
Consolidating Balance Sheet (continued)

June 30, 2011
(In Thousands)

	MBOs	Corporate	FHIL	CHI Welfare Benefits Trust	Other	Eliminations and Adjustments	Consolidated
Liabilities and net assets							
Current liabilities							
Compensation and benefits	\$ 344,238	\$ 62,037	\$ —	\$ 964	\$ 1,136	\$ —	\$ 408,375
Third-party liabilities	66,283	—	—	—	—	—	66,283
Accounts payable and accrued expenses	521,312	133,604	3,893	45,378	2,395	(99,182)	607,400
Variable-rate debt with self liquidity	—	163,400	—	—	—	—	163,400
Current portion of long-term debt	179,244	780,190	—	—	—	(123,233)	836,201
Total current liabilities	1,111,077	1,139,231	3,893	46,342	3,531	(222,415)	2,081,659
Pension liability	5,619	309,904	—	—	—	—	315,523
Self-insured reserves and claims	13,467	17,446	418,027	—	—	—	448,940
Other liabilities	163,729	105,934	—	—	(1)	—	269,662
Long-term debt	1,976,735	3,056,630	—	—	—	(1,910,364)	3,123,001
Total liabilities	3,270,627	4,629,145	421,920	46,342	3,530	(2,132,779)	6,238,785
Net assets							
Net assets attributable to CHI	6,676,445	420,339	313,208	69,976	24,164	(55,971)	7,448,161
Net assets attributable to noncontrolling interests	8,967	—	—	—	—	—	8,967
Unrestricted	6,685,412	420,339	313,208	69,976	24,164	(55,971)	7,457,128
Temporarily restricted	120,310	2,485	—	—	—	—	122,795
Permanently restricted	62,426	—	—	—	—	—	62,426
Total net assets	6,868,148	422,824	313,208	69,976	24,164	(55,971)	7,642,349
Total liabilities and net assets	\$ 10,138,775	\$ 5,051,969	\$ 735,128	\$ 116,318	\$ 27,694	\$ (2,188,750)	\$ 13,881,134

Catholic Health Initiatives Consolidating Statement of Operations

Year Ended June 30, 2011
(In Thousands)

	MBOs	Corporate	FILL	CHI Welfare Benefits Trust	Other	Eliminations and Adjustments	Consolidated
Revenues							
Net patient services	\$ 9 109 778	\$ -	\$ -	\$ -	\$ -	\$ (104 800)	\$ 9 004 978
Nonpatient							
Donations	24 620	19	-	-	-	-	24 639
Changes in equity of unconsolidated organizations	28 989	10 864	-	-	(678)	(1 116)	38 059
Investment income from self-insured trust funds	-	-	97 907	-	-	-	97 907
Other	313 824	779 020	98 556	368 939	4 350	(1 098 504)	466 185
Total nonpatient revenues	367 433	789 903	196 463	368 939	3 672	(1 099 620)	626 790
Total operating revenues	9 477 211	789 903	196 463	368 939	3 672	(1 204 420)	9 631 768
Expenses							
Salaries and wages	3 408 645	213 891	-	-	10 270	(45)	3 632 761
Employee benefits	845 812	41 378	-	349 333	1 428	(464 911)	773 040
Purchased services medical professional fees consulting and legal	1 056 960	93 578	475	1 502	993	(286 359)	867 149
Supplies	1 541 454	7 974	-	-	266	-	1 549 694
Bad debts	718 577	-	-	-	-	-	718 577
Utilities	112 116	10 052	-	-	27	-	122 195
Rentals leases maintenance and insurance	307 774	267 164	110 019	-	873	(196 039)	489 791
Depreciation and amortization	443 554	26 772	-	-	343	-	470 669
Interest	93 066	136 833	-	-	-	(96 476)	133 423
Other	617 706	33 503	453	569	731	(159 474)	493 488
Total operating expenses before restructuring impairment and other losses	9 145 664	831 145	110 947	351 404	14 931	(1 203 304)	9 250 787
Income (loss) from operations before restructuring impairment and other losses	331 547	(41 242)	85 516	17 535	(11 259)	(1 116)	380 981
Restructuring impairment and other losses	25 085	570	-	-	-	-	25 655
Income (loss) from operations	306 462	(41 812)	85 516	17 535	(11 259)	(1 116)	355 326
Nonoperating gains (losses)							
Investment income net	449 528	294 195	-	9 945	96	-	753 764
Gain on escrow restructuring and defeasance of bonds net	-	-	-	-	-	-	-
Realized and unrealized losses on interest rate swaps	-	(4 870)	-	-	-	-	(4 870)
Other nonoperating gains	16 462	-	-	-	-	-	16 462
Total nonoperating gains	465 990	289 325	-	9 945	96	-	765 356
Excess (deficiency) of revenues over expenses	<u>\$ 772,452</u>	<u>\$ 247,513</u>	<u>\$ 85,516</u>	<u>\$ 27,480</u>	<u>\$ (11,163)</u>	<u>\$ (1,116)</u>	<u>\$ 1,120,682</u>
Excess of revenues over expenses attributable to noncontrolling interest	<u>\$ 3 298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3 298</u>
Excess (deficiency) of revenues over expenses attributable to CHI	<u>\$ 769 154</u>	<u>\$ 247 513</u>	<u>\$ 85 516</u>	<u>\$ 27 480</u>	<u>\$ (11 163)</u>	<u>\$ (1 116)</u>	<u>\$ 1 117 384</u>

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