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Form 990   Department of the Treasury Internal Revenue Service	<b>Return of Organization Exempt From Income Tax</b>  <b>Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)</b>  ▶ The organization may have to use a copy of this return to satisfy state reporting requirements	OMB No 1545-0047  <b>2010</b>  <b>Open to Public Inspection</b>
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<b>A For the 2010 calendar year, or tax year beginning 07-01-2010 and ending 06-30-2011</b>		
<b>B</b> Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization Hickman Community Health Services Inc	<b>D Employer identification number</b>  58-1737573
	Doing Business As Hickman Community Hospital	<b>E Telephone number</b>  (931) 729-4271
	Number and street (or P O box if mail is not delivered to street address) 135 East Swan Street	Room/suite
	City or town, state or country, and ZIP + 4 Centerville, TN 370331417	
	<b>F</b> Name and address of principal officer Jack Keller 135 East Swan Street Centerville, TN 370331417	
<b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
<b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)		
<b>H(c)</b> Group exemption number ▶ 0928		
<b>I</b> Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) ◀ (Insert no ) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
<b>J Website:</b> ▶ www.hickmanhospital.com		
<b>K</b> Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		<b>L</b> Year of formation 1964
		<b>M</b> State of legal domicile TN

<b>Part I</b>	<b>Summary</b>
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Activities & Governance	1 Briefly describe the organization's mission or most significant activities High quality acute care hospital, intermediate care nursing home & physician services		
	2 Check this box <input type="checkbox"/> 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	25
	4 Number of independent voting members of the governing body (Part VI, line 1b) . . . . .	4	22
	5 Total number of individuals employed in calendar year 2010 (Part V, line 2a) . . . .	5	196
6 Total number of volunteers (estimate if necessary) . . . . .	6	21	
7a Total unrelated business revenue from Part VIII, column (C), line 12 . . . .	7a	0	
7b Net unrelated business taxable income from Form 990-T, line 34 . . . .	7b	0	
Revenue	8 Contributions and grants (Part VIII, line 1h) . . . . .	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g) . . . . .	334,609	1,829,611
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d ) . . . . .	13,541,198	14,710,488
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	3,946	6,256
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) . . . . .	125,569	154,345
		14,005,322	16,700,700
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3 ) . . . .	0	0
	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)	8,531,299	9,402,608
	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) . . . . .	7,511,037	6,740,419
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	16,042,336	16,143,027
	19 Revenue less expenses Subtract line 18 from line 12 . . . . .	-2,037,014	557,673
Net Assets or Fund Balances	Beginning of Current Year		End of Year
	20 Total assets (Part X, line 16) . . . . .	9,872,091	16,116,751
	21 Total liabilities (Part X, line 26) . . . . .	17,294,600	22,348,043
	22 Net assets or fund balances Subtract line 21 from line 20 . . . . .	-7,422,509	-6,231,292

<b>Part II</b>	<b>Signature Block</b>
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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.

<b>Sign Here</b>	▶ Signature of officer		2012-05-11			
			Date			
<b>Paid Preparer Use Only</b>	Print/Type preparer's name Alicia Janisch		Preparer's signature Alicia Janisch	Date	Check if self-employed <input type="checkbox"/>	PTIN
	Firm's name ▶ Deloitte Tax LLP					Firm's EIN ▶
	Firm's address ▶ 250 East Fifth Street Suite 1900 Cincinnati, OH 45202					Phone no ▶ (513) 784-7100

May the IRS discuss this return with the preparer shown above? (see instructions) . . . . . ☒ Yes ☐ No

Part III

Statement of Program Service Accomplishments

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

1

Briefly describe the organization’s mission

Hickman Community Health Services, Inc (HCHS) provides high quality acute care hospital services, intermediate care nursing home services, and physician services to the residents of Hickman County, Tennessee and the surrounding area HCHS provided 1,157 days of acute inpatient care, 11,639 days of intermediate nursing care, 4,904 emergency room visits, 5,696 outpatient visits, and 20,119 physician clinic visits

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

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?

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 \$ 11,119,306 including grants of \$ ) (Revenue \$ 14,710,488 )

Hickman Community Hospital operates a hospital and nursing home It provides quality health care services to the residents of Hickman County, Tennessee See Schedule O for Community Benefit Report

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 \$ 11,119,306

Part IV Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A.	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? If "Yes," complete Schedule C, Part I.		No
4	<b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II.		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III.		
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I.		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II.		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III.		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV.		No
10	Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V.		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? If "Yes," complete Schedule D, Part VI.	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII.		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII.		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX.		No
e	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.	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)? If "Yes," complete Schedule D, Part X.		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII.		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E.		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? If "Yes," complete Schedule F, Parts I and IV.		No
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U.S.? If "Yes," complete Schedule F, Parts II and IV.		No
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U.S.? If "Yes," complete Schedule F, Parts III and IV.		No
17	Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions).		No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II.		No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III.		No
20a	Did the organization operate one or more hospitals? If "Yes," complete Schedule H.	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? <b>Note.</b> Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions).	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		No
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	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <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> . . . . . <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
36	<b>Section 501(c)(3) organizations.</b> 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? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . . .	38	Yes	

<b>Part V</b> <b>Statements Regarding Other IRS Filings and Tax Compliance</b>			
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>			
		<b>Yes</b>	<b>No</b>
<b>1a</b>	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	<b>1a</b>	24
<b>b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	<b>1b</b>	0
<b>c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	<b>1c</b>	Yes
<b>2a</b>	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.	<b>2a</b>	196
<b>b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	<b>2b</b>	Yes
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year?	<b>3a</b>	No
<b>b</b>	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	<b>3b</b>	
<b>4a</b>	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)?	<b>4a</b>	No
<b>b</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.		
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	<b>5a</b>	No
<b>b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	<b>5b</b>	No
<b>c</b>	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	<b>5c</b>	
<b>6a</b>	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?	<b>6a</b>	No
<b>b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	<b>6b</b>	
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
<b>a</b>	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?	<b>7a</b>	No
<b>b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided?	<b>7b</b>	
<b>c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	<b>7c</b>	No
<b>d</b>	If "Yes," indicate the number of Forms 8282 filed during the year.	<b>7d</b>	
<b>e</b>	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<b>7e</b>	No
<b>f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	<b>7f</b>	No
<b>g</b>	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	<b>7g</b>	
<b>h</b>	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	<b>7h</b>	
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	<b>8</b>	
<b>9</b>	<b>Sponsoring organizations maintaining donor advised funds.</b>		
<b>a</b>	Did the organization make any taxable distributions under section 4966?	<b>9a</b>	
<b>b</b>	Did the organization make a distribution to a donor, donor advisor, or related person?	<b>9b</b>	
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter:		
<b>a</b>	Initiation fees and capital contributions included on Part VIII, line 12.	<b>10a</b>	
<b>b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	<b>10b</b>	
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter:		
<b>a</b>	Gross income from members or shareholders.	<b>11a</b>	
<b>b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	<b>11b</b>	
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	<b>12a</b>	
<b>b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	<b>12b</b>	
<b>13</b>	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
<b>a</b>	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.	<b>13a</b>	
<b>b</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.	<b>13b</b>	
<b>c</b>	Enter the amount of reserves on hand.	<b>13c</b>	
<b>14a</b>	Did the organization receive any payments for indoor tanning services during the tax year?	<b>14a</b>	No
<b>b</b>	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	<b>14b</b>	

Part VI

Governance, Management, and Disclosure

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

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	25	
b	Enter the number of voting members included in line 1a, above, who are independent	1b	22	
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	Yes	
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	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a		No
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	TN
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request	
19	Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization.	Jack Keller 135 East Swan St Centerville, TN 370331717 (931) 729-4271

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

**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

[illegible]



## Part VII

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: 7

---

## Section B. Independent Contractors

(A) Name and business address	(B) Description of services	(C) Compensation
----------------------------------	--------------------------------	---------------------

<b>2</b> Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization ▶3	
--	--

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	<b>1a</b> Federated campaigns . . . <b>1a</b>				
	<b>b</b> Membership dues . . . . <b>1b</b>				
	<b>c</b> Fundraising events . . . . <b>1c</b>				
	<b>d</b> Related organizations . . . . <b>1d</b>		1,731,394		
	<b>e</b> Government grants (contributions) <b>1e</b>		88,669		
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above <b>1f</b>		9,548		
	<b>g</b> Noncash contributions included in lines 1a-1f \$				
	<b>h Total.</b> Add lines 1a-1f . . . . .		1,829,611		
	Program Service Revenue			Business Code	
<b>2a</b> Hospital		621990	10,335,835	10,335,835	
<b>b</b> Rural Health Clinic		621990	2,291,864	2,291,864	
<b>c</b> Nursing Home		621990	2,082,789	2,082,789	
<b>d</b>					
<b>e</b>					
<b>f</b> All other program service revenue					
<b>g Total.</b> Add lines 2a-2f . . . . .		14,710,488			
Other Revenue		<b>3</b> Investment income (including dividends, interest and other similar amounts) . . . . .			
			6,256		6,256
	<b>4</b> Income from investment of tax-exempt bond proceeds . . .				
	<b>5</b> Royalties . . . . .				
			(i) Real	(ii) Personal	
	<b>6a</b> Gross Rents		31,165		
	<b>b</b> Less rental expenses				
	<b>c</b> Rental income or (loss)		31,165		
	<b>d</b> Net rental income or (loss) . . . . .		31,165		31,165
			(i) Securities	(ii) Other	
	<b>7a</b> Gross amount from sales of assets other than inventory				
	<b>b</b> Less cost or other basis and sales expenses				
	<b>c</b> Gain or (loss)				
	<b>d</b> Net gain or (loss) . . . . .				
	<b>8a</b> Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . .				
	<b>a</b>				
	<b>b</b> Less direct expenses . . . . <b>b</b>				
	<b>c</b> Net income or (loss) from fundraising events . . .				
	<b>9a</b> Gross income from gaming activities See Part IV, line 19 . <b>a</b>				
	<b>b</b> Less direct expenses . . . . . <b>b</b>				
	<b>c</b> Net income or (loss) from gaming activities . . .				
	<b>10a</b> Gross sales of inventory, less returns and allowances .				
	<b>a</b>				
<b>b</b> Less cost of goods sold . . . <b>b</b>					
<b>c</b> Net income or (loss) from sales of inventory . . .					
Miscellaneous Revenue		Business Code			
<b>11a</b> Home Health - PT/OT		621990	29,850		29,850
<b>b</b> Cafeteria Sales		722320	16,465		16,465
<b>c</b> Transcription Fees		621990	5,511		5,511
<b>d</b> All other revenue . . . . .			71,354		71,354
<b>e Total.</b> Add lines 11a-11d . . . . .			123,180		
<b>12 Total revenue.</b> See Instructions . . . . .		16,700,700	14,710,488	0	160,601

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				
2	Grants and other assistance to individuals in the U S See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees . . . . .	92,780		92,780	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . .				
7	Other salaries and wages	7,108,583	5,407,175	1,701,408	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions) . . . . .	392,775	294,974	97,801	
9	Other employee benefits . . . . .	1,370,602	1,029,322	341,280	
10	Payroll taxes . . . . .	437,868	328,839	109,029	
a	Fees for services (non-employees)				
	Management . . . . .	427,968		427,968	
b	Legal . . . . .	16,656		16,656	
c	Accounting . . . . .				
d	Lobbying . . . . .				
e	Professional fundraising services See Part IV, line 17 . . . . .				
f	Investment management fees . . . . .				
g	Other . . . . .	1,198,064	959,412	238,652	
12	Advertising and promotion . . . . .				
13	Office expenses . . . . .	83,578		83,578	
14	Information technology . . . . .				
15	Royalties . . . . .				
16	Occupancy . . . . .	451,214	451,214		
17	Travel . . . . .	31,150	15,243	15,907	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .				
19	Conferences, conventions, and meetings . . . . .				
20	Interest . . . . .				
21	Payments to affiliates . . . . .				
22	Depreciation, depletion, and amortization . . . . .	304,509	304,509		
23	Insurance . . . . .	31,319		31,319	
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	Supplies	1,124,245	832,624	291,621	
b	Corporate Allocations	1,054,340		1,054,340	
c	Bad Debt Expense	1,014,909	1,014,909		
d	Equipment Rental	663,123	259,400	403,723	
e	Nursing Home License	90,290	90,290		
f	All other expenses	249,054	131,395	117,659	
25	Total functional expenses. Add lines 1 through 24f	16,143,027	11,119,306	5,023,721	0
26	Joint costs. Check here <input checked="" type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

						(A)		(B)
						Beginning of year		End of year
Assets	1	Cash—non-interest-bearing . . . . .				4,623,803	1	7,702,323
	2	Savings and temporary cash investments . . . . .				61,988	2	62,245
	3	Pledges and grants receivable, net . . . . .					3	
	4	Accounts receivable, net . . . . .				1,900,831	4	2,256,993
	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 . . . . .				753,575	7	605,528
	8	Inventories for sale or use . . . . .				185,546	8	232,237
	9	Prepaid expenses and deferred charges . . . . .				30,667	9	27,415
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D . . . . .	10a	10,007,553				
	b	Less: accumulated depreciation . . . . .	10b	4,795,832		2,297,735	10c	5,211,721
	11	Investments—publicly traded securities . . . . .					11	
	12	Investments—other securities. See Part IV, line 11 . . . . .					12	
	13	Investments—program-related. See Part IV, line 11 . . . . .					13	
	14	Intangible assets . . . . .					14	
	15	Other assets. See Part IV, line 11 . . . . .				17,946	15	18,289
	16	Total assets. Add lines 1 through 15 (must equal line 34) . . . . .				9,872,091	16	16,116,751
Liabilities	17	Accounts payable and accrued expenses . . . . .				17,250,671	17	22,304,465
	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 . . . . .				43,929	25	43,578
	26	Total liabilities. Add lines 17 through 25 . . . . .				17,294,600	26	22,348,043
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.							
	27	Unrestricted net assets . . . . .				-7,422,509	27	-6,231,292
	28	Temporarily restricted net assets . . . . .					28	
	29	Permanently restricted net assets . . . . .					29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.							
	30	Capital stock or trust principal, or current funds . . . . .					30	
	31	Paid-in or capital surplus, or land, building or equipment fund . . . . .					31	
	32	Retained earnings, endowment, accumulated income, or other funds . . . . .					32	
	33	Total net assets or fund balances . . . . .				-7,422,509	33	-6,231,292
	34	Total liabilities and net assets/fund balances . . . . .				9,872,091	34	16,116,751

**Part XI Reconciliation of Net Assets**

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

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12)	<b>1</b>	16,700,700
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25)	<b>2</b>	16,143,027
<b>3</b>	Revenue less expenses Subtract line 2 from line 1	<b>3</b>	557,673
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	<b>4</b>	-7,422,509
<b>5</b>	Other changes in net assets or fund balances (explain in Schedule O)	<b>5</b>	633,544
<b>6</b>	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	<b>6</b>	-6,231,292

**Part XII Financial Statements and Reporting**

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

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

SCHEDULE A

(Form 990 or 990EZ)

Department of the Treasury  
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2010

Open to Public  
Inspection

Name of the organization Hickman Community Health Services Inc	Employer identification number 58-1737573
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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?

11g(i)

☐

☐

(ii)

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

11g(ii)

☐

☐

(iii)

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

11g(iii)

☐

☐

h

☐

Provide the following information about the supported organization(s)

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

For Paperwork Reduction Act Notice, see the Instructions for Form 990

Cat No 11285F

Schedule A (Form 990 or 990-EZ) 2010

Part II

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

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


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



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

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




Part IIIPart III

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

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

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

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

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



Part IV

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

Additional Data

Software ID:

Software Version:

EIN: 58-1737573

Name: Hickman Community Health Services Inc

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week	(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				
Steve Gregory President/Chairman	1 00	X		X				0	0	0	
Tod Lambert Sch O Director	1 00	X						323,392	0	25,892	
Neil Jobe Secretary/Treasurer	1 00	X		X				0	0	0	
Clark Baker Director	1 00	X						0	0	0	
Sister Sherry Barrett Director	1 00	X						0	0	0	
James Bearden Director	1 00	X						0	0	0	
Tom Blankenship Sch O Director	1 00	X						0	254,827	43,652	
William Coltharp MD Director	1 00	X						0	0	0	
R Seth Cooper MD Director	1 00	X						0	0	0	
Michael Curb Director	1 00	X						0	0	0	
Dana Dye Director	1 00	X						0	0	0	
Webb Earthman Director	1 00	X						0	0	0	
Mary Falls Esq Director	1 00	X						0	0	0	
Anthony Heard Director	1 00	X						0	0	0	
Scott Jenkins Director	1 00	X						0	0	0	
Sally Killian MD Director	1 00	X						0	0	0	
Randy Laszewski Director	1 00	X						0	0	0	
Bill McDonald Director	1 00	X						0	0	0	
Matt Murfree Esq Director	1 00	X						0	0	0	
Wayne Qualls Director	1 00	X						0	0	0	
Sean Ryan Director	1 00	X						0	0	0	
Mike Schatzlein MD Sch O Director	1 00	X						0	565,713	11,549	
Sheila Sffrella Sch O Director	1 00	X						0	257,640	20,601	
Sister Dinah White DC Director	1 00	X						0	0	0	
Brian Wilcox MD Director	1 00	X						0	0	0	

**Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

(A) Name and Title	(B) Average hours per week	(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				
Shirley Zeitlin Director	1 00	X						0	0	0	
Jana Buckles Chief Nursing Officer	40 00			X				88,250	0	4,530	
Marek Durakiewicz MD Physician	40 00					X		294,139	0	6,480	
Zachary Hutchens MD Physician	40 00					X		149,104	0	3,156	
Muhammad Mirza MD Physician	40 00					X		187,572	0	5,266	
Elyas Safar MD Physician	40 00					X		129,504	0	12,217	
John Sexton MD Physician	40 00					X		136,637	0	12,752	

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**  
Hickman Community Health Services Inc

**Employer identification number**  
58-1737573

Part I

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

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

Part II

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

1

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

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

☐ Preservation of an historically importantly land area

☐ Protection of natural habitat

☐ Preservation of a certified historic structure

☐ Preservation of open space

2

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

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

3

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

4

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

5

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

☐ Yes☐ No

6

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

7

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

8

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

☐ Yes☐ No

9

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

Part III

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

1a

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

b

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

(i) Revenues included in Form 990, Part VIII, line 1▶ \$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X▶ \$ \_\_\_\_\_

2

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

a

Revenues included in Form 990, Part VIII, line 1▶ \$ \_\_\_\_\_

b

Assets included in Form 990, Part X▶ \$ \_\_\_\_\_

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 . . . . .		15,326		15,326
b Buildings . . . . .		5,350,425	1,707,081	3,643,344
c Leasehold improvements . . . . .		141,510	117,957	23,553
d Equipment . . . . .		4,500,292	2,970,794	1,529,498
e Other . . . . .				
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) . . . . . ▶				5,211,721



Part XI

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

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

Part XII

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

Part XIII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

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

Part XIV

Supplemental Information

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

Identifier	Return Reference	Explanation
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SCHEDULE 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**  
Hickman Community Health Services Inc

**Employer identification number**  
58-1737573

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  <input checked="" type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> Generally tailored to individual hospitals <input type="checkbox"/> Applied uniformly to most 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  <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> 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 . . . . .  <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input checked="" type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> 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"? . . . . .	Yes	
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? . . . . .	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? . . . . .		No
6a	Does the organization prepare a community benefit report during the tax year? . . . . .	Yes	
6b	If "Yes," did the organization make it available to the public? . . . . .  Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H	Yes	

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			518,395	173,677	344,718	2 280 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			3,409,859	3,820,679	-410,820	0 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs . . . . .			3,928,254	3,994,356	-66,102	2 280 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			2,625		2,625	0 020 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)			20,414		20,414	0 130 %
j Total Other Benefits . . . . .			23,039		23,039	0 150 %
k Total. Add lines 7d and 7j . . . . .			3,951,293	3,994,356	-43,063	2 430 %



Part II

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

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

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15? . . . . .	1	No
2	Enter the amount of the organization's bad debt expense (at cost) . . . . .	2	578,978
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	386,932
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	4,521,521
6	Enter Medicare allowable costs of care relating to payments on line 5 . . . . .	6	4,899,889
7	Subtract line 6 from line 5. This is the surplus or (shortfall) . . . . .	7	-378,368
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		

Section C. Collection Practices

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

Part IV

Management Companies and Joint Ventures

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1				
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? 4

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

Identifier	ReturnReference	Explanation
		Part I, Line 7 The cost of providing charity care, means tested government programs, and community benefit programs is estimated using internal cost data, and is calculated in compliance with Catholic Health Association ("CHA") guidelines HCHS uses a cost accounting system that addresses all patient segments (for example, inpatient, outpatient, emergency room, private insurance, Medicaid, Medicare, uninsured, or self pay) The best available data was used to calculate the amounts reported in the table For certain categories in the table, this was a cost accounting system, in other categories, a specific cost-to-charge ratio was applied

Identifier	ReturnReference	Explanation
		Part I, Line 7g HCHS employs its physicians in its emergency room and at physician clinics, thus the associated costs and charges relating to the physician services are included in all relevant categories in Part I

Identifier	ReturnReference	Explanation
		Part I, L7 Col(f) The amount of bad debt expense reported on Form 990, Part IX, Line 25, column (A ), but subtracted for purposes of calculating the percentages in Part I, Line 7, column (f) is \$1,014,909

Identifier	ReturnReference	Explanation
		Part II HCHS strives to promote the health of the communities it serves through various community outreach activities. These activities are not provided as a marketing tool for the organization or to increase referrals of patients, but to improve the health of the community. Some examples include providing wellness programs on the local radio station and providing articles on various topics to the local newspaper. HCHS also provided seminars and classes to the community covering such topics as suicide prevention, depression, diabetes education, and smoking cessation. HCHS believes that it is important to educate the community regarding the types of behavior that improve their chances of living a health life. HCHS has also worked with others in the community to address health concerns through the Hickman Alzheimer Support Group, Hickman Suicide Prevention Task Force, and the Dispensary of Hope.

Identifier	ReturnReference	Explanation
		<p>Part III, Line 4 HCHS is part of the Ascension Health consolidated audit. The footnote that references bad debt expense in the 2010 consolidated audit is as follows: The provision for bad debts is based upon management's assessment of expected new collections considering economic conditions, historical experience, trends in health care coverage, and other collections indicators. Periodically throughout the year, management assesses the adequacy of allowance for uncollectible accounts based upon historical write off experience by payor category, including those amounts not covered by insurance. The results of this review are then used to make any modifications to the provision for bad debts to establish an appropriate allowance for uncollectible accounts. After satisfaction of amounts due from insurance and reasonable efforts to collect from the patient have been exhausted, the organization follows established guidelines for placing certain past due patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by the organization. Accounts receivable are written off after collection efforts have been followed in accordance with the organization's policies. The HCHS share of bad debt expense in 2010 was \$1,879,830 at charges (\$1,157,795 at cost).</p>



Identifier	ReturnReference	Explanation
		Part III, Line 8 Ascension Health and related health ministries follow the Catholic Health Association (CHA) guidelines for determining community benefit CHA community benefit reporting guidelines suggest that Medicare shortfall is not treated as community benefit

Identifier	ReturnReference	Explanation
		Part III, Line 9b HCHS has a written debt collection policy that also includes a provision on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance If a patient qualifies for charity or financial assistance certain collection practices do not apply

Identifier	ReturnReference	Explanation
		HCHS is a licensed hospital in the state of Tennessee which serves as a general medical and surgical hospital. It is also a Critical Access Hospital for the purposes of Medicare and TennCare reimbursement which operates a 24-hour emergency room.

Identifier	ReturnReference	Explanation
		Part VI, Line 2 HCHS contracted with an outside research company to conduct a focused needs assessment with different community groups Three groups were assembled One group consisted of individuals from the business or education sectors of the community, and the other two consisted of randomly selected individuals from throughout the community Hospital representatives attempted to learn what the organization does well, where the facility could improve, and additional services the organization could provide

Identifier	ReturnReference	Explanation
		Part VI, Line 3 Education of eligibility for assistance at HCHS begins at registration with signage displayed at all registration points notifying patients that we have a Financial Assistance program, as well as contact information for the patient to use should they need assistance Brochures containing this information are also available for patients at all registration points HCHS registration associates discuss the estimated balance that will be due with both insured and self-pay patients Should the associate identify that the patient may need assistance with that balance he/she will provide the patient with a Financial Assistance application and help them complete it, if needed All self-pay and underinsured patients are screened by HCHS for alternative coverage including Medicaid, SSI/SSD, Cobra, student coverage, and crime victims' compensation If no alternative is identified then an associate will work with the patient to complete a Financial Assistance application Also, contact information is listed on HCHS billing statements for the patient to use in the event they need assistance with their balances, and collections associates have been trained to offer patients a Financial Assistance application if needed by the patient HCHS works with third party collection vendors who are required to follow the hospital's Financial Assistance policy

Identifier	ReturnReference	Explanation
		Part VI, Line 4 HCCHS is a 25 bed Critical Access Hospital and 40 bed Intermediate Care Nursing Facility, with two provider-based Rural Health Clinics Hickman Community Healthcare Services serves Hickman County, Tennessee and portions of the surrounding counties of Lewis, Perry, Humphreys, Maury, and Dickson HCCHS seeks to improve the physical, mental, social and spiritual health status of its surrounding community Approximately 70% of the patients served are dependent on public health programs such as Medicare and TennCare, 18% are covered through commercial insurance, and 12% are not covered by any type of insurance

Identifier	ReturnReference	Explanation
		Part VI, Line 6 Other ways in which HCHS strives to further its exempt purpose through community involvement include comprising a majority of the organization's governing body with residents of the local community and extending medical staff privileges to all qualified physicians in the community HCHS also partners with the Hickman County Health Department and the Hickman County Health Foundation to improve community health and well-being HCHS is designated as a Critical Access Hospital by the State of Tennessee, also providing a 24-hour emergency room to the community HCHS participates in the government sponsored health care programs of Medicare, TennCare, CHAMPUS, and Tricare and provides financial assistance and sliding scale discounts to those not covered by health insurance

Identifier	ReturnReference	Explanation
		<p>Part VI, Line 7 Hickman Community Health Services, Inc (HCHS) is a wholly owned subsidiary of Saint Thomas Health Services, which is a member of Ascension Health. Ascension Health is a Catholic, national health system consisting primarily of nonprofit corporations that own and operate local health care facilities, or Health Ministries, located in 20 of the United States and the District of Columbia. Ascension Health is sponsored by the Northeast, Southeast, East Central, and West Central Provinces of the Daughters of Charity of St. Vincent de Paul, the Congregation of St. Joseph, and the Sisters of St. Joseph of Carondelet (CSJ). HCHS, located in Centerville, TN, is a nonprofit acute care hospital. HCHS provides inpatient, outpatient, and emergency care services for the residents of Centerville, TN. Admitting physicians are primarily practitioners in the local area. The Medical Center is related to Ascension Health's other sponsored organizations through common control. Substantially all expenses of Ascension Health and its sponsored organizations are related to providing health care services. Mission: Ascension Health directs its governance and management activities toward strong, vibrant, Catholic Health Ministries united in service and healing and dedicates its resources to spiritually centered care which sustains and improves the health of the individuals and communities it serves. In accordance with Ascension Health's mission of service to those who are poor and vulnerable, each Health Ministry accepts patients regardless of their ability to pay. Ascension Health uses four categories to identify the resources utilized for the care of persons who are poor and community benefit programs:</p> <ul style="list-style-type: none"> <li>-Traditional charity care includes the cost of services provided to persons who cannot afford health care because of inadequate resources and/or who are uninsured or underinsured.</li> <li>-Unpaid cost of public programs represents the unpaid cost of services provided to persons covered by public programs for the poor.</li> <li>-Cost of other programs for the poor includes unreimbursed costs of programs intentionally designed to serve the poor and vulnerable of the community, including substance abusers, the homeless, victims of child abuse, and persons with acquired immune deficiency syndrome.</li> <li>-Community benefit consists of the unreimbursed costs of community benefit programs and services for the general community, not solely for the poor, including health promotion and education, health clinics and screenings, and medical research.</li> </ul> <p>Discounts are provided to all uninsured patients, including those with the means to pay. Discounts provided to those patients who did not qualify for assistance under charity care guidelines are not included in the cost of providing care of persons who are poor and community benefit programs. The cost of providing care of persons who are poor and community benefit programs is estimated using internal cost data.</p>



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 Hickman Community Health Services Inc	Employer identification number 58-1737573
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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		
	<div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div></div> <div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain	1b	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	2	
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply		
	<div><div><input type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div></div> <div><div><input type="checkbox"/> Written employment contract</div><div><input type="checkbox"/> Compensation survey or study</div><div><input type="checkbox"/> Approval by the board or compensation committee</div></div>		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
a	Receive a severance payment or change-of-control payment from the organization or a related organization?	4a	No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	Yes
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c	No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of		
a	The organization?	5a	No
b	Any related organization?	5b	No
	If "Yes," to line 5a or 5b, describe in Part III		
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of		
a	The organization?	6a	No
b	Any related organization?	6b	No
	If "Yes," to line 6a or 6b, describe in Part III		
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7	No
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	8	No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	9	

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

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) Tod Lambert Sch O	(i) (ii)	263,444 0	18,943 0	41,005 0	4,900 0	20,992 0	349,284 0	 0
(2) Tom Blankenship Sch O	(i) (ii)	0 210,830	0 15,378	0 28,619	0 23,510	0 20,142	0 298,479	 0
(3) Mike Schatzlein MD Sch O	(i) (ii)	0 352,812	0 150,000	0 62,901	0 0	0 11,549	0 577,262	 0
(4) Sherla Sffrella Sch O	(i) (ii)	0 214,407	0 15,285	0 27,948	0 11,235	0 9,366	0 278,241	 0
(5) Marek Durakiewicz MD	(i) (ii)	277,355 0	0 0	16,784 0	4,900 0	1,580 0	300,619 0	 0
(6) Zachary Hutchens MD	(i) (ii)	140,620 0	1,478 0	7,006 0	2,964 0	192 0	152,260 0	 0
(7) Muhammad Mirza MD	(i) (ii)	187,492 0	0 0	80 0	0 0	5,266 0	192,838 0	 0
( 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
	Part I, Line 4b	Eligible executives participate in a program that provides for supplemental retirement benefits. The payment of benefits under the program, if any, is entirely dependent upon the facts and circumstances under which the executive terminates employment with the organization. Benefits under the program are unfunded and non-vested. Due to the substantial risk of forfeiture provision, there is no guarantee that these executives will ever receive any benefit under the program. Any amount ultimately paid under the program to the executive is reported as compensation on Form 990, Schedule J, Part II, Column B in the year paid. Amounts Paid: Sheila Sferrella - \$6,335; Thomas Blankenship - \$18,786.

**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**

<b>Name of the organization</b> Hickman Community Health Services Inc	<b>Employer identification number</b> 58-1737573
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Identifier	Return Reference	Explanation
Explanation of Attached Audited Financial Statements	Form 990, Part IV, Line 20b	The financial statements of Saint Thomas Health, which included the activity of Hickman Community Health Services, Inc D/B/A Hickman Community Hospital, fall under the specific scope audit The activity of Hickman Community Health Services, Inc and other members of Saint Thomas Health are reported in the consolidated financial statements of Ascension Health No individual audit of Hickman Community Health Services, Inc D/B/A Hickman Community Hospital is completed Therefore, the attached audited financial statements are of Ascension Health and Affiliates (which include the activity of Hickman Community Health Services, Inc )

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 3		Operational and financial management is provided by Millennium Medical Trust, Inc

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 6		Hickman Community Health Services, Inc has a single corporate member, Baptist Health Care Affiliates, Inc

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 7a		Hickman Community Health Services, Inc has a single corporate member, Baptist Health Care Affiliates, Inc , who has the ability to elect members to the governing body of the Hickman Community Health Services, Inc

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 7b		All decisions that have a material impact to Hickman Community Health Services, Inc financial information or corporation as a whole are subject to approval by its sole corporate member, Baptist Health Care Affiliates, Inc (a member of the Saint Thomas Health) Ascension Health, the sole corporation member of Saint Thomas Health, has designed a system authority matrix which assigns authority for key decisions that are necessary in the operation of the System Specific areas that are identified in the authority matrix are new organizations & major transactions, governing documents, appointments/removals, evaluation, debt limits, strategic & financial plans, assets, system policies & procedures These areas are subject to certain levels of approval by Ascension per the system authority matrix



Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 11		Management, including certain officers, works diligently to complete the Form 990 and attached schedules in a thorough manner. Management presents the Form 990 to the Board, or a designated committee, to review and answer any questions. Prior to filing the return, all Board Members are provided the Form 990 and management team members are available to answer any Board Members questions.

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 12c	The organization regularly and consistently monitors and enforces compliance with the conflict of interest policy in that any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of the committees with governing board delegated powers considering the proposed transaction or arrangement. The remaining individuals on the governing board or committee will decide if conflicts of interest exist. Each director, principal officer and member of a committee with governing board delegated powers annually signs a statement which affirms such person has received a copy of the conflict of interest policy, has read and understands the policy, has agreed to comply with the policy, and understands that the organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish its tax-exempt purpose.

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 15b	This question is more appropriately answered "not applicable" as Hickman Community Health Services, Inc does not compensate a CEO, Executive Director, or top management official. In determining the compensation of other officers of the organization, the process performed by Saint Thomas Health Services, a related organization of Hickman Community Health Services, Inc , included a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision. The executive committee reviewed and approved the compensation. In the review of the compensation, the other officers of the organization were compared to other organizations' employees in the area that hold the same title. During the review and approval of the compensation, documentation of the decision was recorded in the executive committee minutes.

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section C, line 19	The organization will provide any documents open to public inspection upon request

Identifier	Return Reference	Explanation
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 5	Deferred Pension Cost 183,516 Transfer of Assets 450,028 Total to Form 990, Part XI, Line 5 633,544

Identifier	Return Reference	Explanation
Explanation of Board Member Compensation	Form 990, Part VII, Section A	Tom Blankenship and Mike Schatzlein receive compensation from Saint Thomas Health, a related organization of Hickman Community Hospital. The compensation they receive is for their role at Saint Thomas Health, and not for their role as a director of Hickman Community Hospital.

Identifier	Return Reference	Explanation
Explanation of Board of Directors Listing	Form 990, Part VII, Section A	Baptist Health Care Affiliates, Inc (a member of the Saint Thomas Health) is the sole corporate member of Hickman Community Hospital. As a member of Saint Thomas Health, Saint Thomas Health retains reserved authority over certain activity of Hickman Community Hospital. Therefore, Saint Thomas Health's board of directors is listed on Form 990, Part VII.

Identifier	Return Reference	Explanation
		<p>Hickman Community Healthcare Services, Inc COMMUNITY BENEFIT REPORT For the year ended June 30, 2011 This report illustrates the significant degree to which Hickman Community Healthcare Services, Inc contributes to the positive health status of the communities it serves As a member of Ascension Health, the nation's largest Catholic healthcare system, Hickman Community Healthcare Services, Inc continues to build and strengthen sustainable collaborative efforts that benefit the health of individuals, families, and society as a whole Ascension Health directs its governance and management activities toward strong, vibrant, Catholic Health Ministries united in service and healing and dedicates its resources to spiritually centered care which sustains and improves the health of the individuals and communities it serves In accordance with Ascension Health's mission of service to those who are poor and vulnerable, each Health Ministry accepts patients regardless of their ability to pay Hickman Community Healthcare Services, Inc has engaged in the following activities to ensure that our mission is accomplished</p> <p>Unreimbursed Services Provided to the Elderly and the Poor Hickman Community Healthcare Services, Inc provides a substantial portion of its services to the elderly and poor During the fiscal year ending June 30, 2011, approximately 44% of the value of services rendered were to elderly patients under the Medicare program, and approximately 22% of the services were provided to patients who were deemed indigent under state, county, or Medical Center Guidelines In the spirit of principles adopted by Ascension Health, Hickman Community Healthcare Services, Inc has taken proactive steps to address those issues that will affect accessibility, the financing, and the delivery of healthcare to all persons, especially the uninsured, underinsured, and the underserved During the fiscal year ending June 30, 2011, the estimated unreimbursed cost of services provided to the elderly, uninsured, and underinsured totaled \$344,718</p> <p>Patient Services Hickman Community Healthcare Services, Inc provides the following in-patient and out-patient medical services to the community Inpatient Acute Beds Swing Beds Intermediate Care Nursing Home Facility Rural Health Clinics (2) Respiratory Therapy Physical Therapy Laboratory Services Radiology Services Social Services Surgical Services Pharmacy Some of the services listed above operate at a loss in order to ensure that all services are available to meet community health care needs During the fiscal year ending June 30, 2011, our Medical Center treated 406 adults and children in the community for a total of 1,157 hospital patient days of service and 11,639 ICF nursing facility patient days of service The Medical Center also provided services to 30,402 outpatients, including 268 outpatient surgery patients, 4,904 emergency care visits, and 19,802 rural health clinic visits</p> <p>Community Outreach activities Hickman Community Healthcare Services, Inc seeks to improve the physical, mental, social and spiritual health status of its surrounding community In addition to providing health care services to all individuals who require medical attention, Hickman Community Healthcare Services, Inc has developed the following programs to help achieve its mission Expanding Awareness, Education, and Health Promotion Hickman Community Healthcare Services, Inc believes that it is essential to educate people regarding the types of behavior that improve their chances of living a healthy life Hickman Community Healthcare Services, Inc has invested significantly in unique, top quality health education and materials to accomplish its goals Hickman Community Healthcare Services, Inc has provided throughout the year various wellness programs twice weekly on the local radio station, articles on various health topics to the local Hickman County Times newspaper, and other seminars provided to the community covering topics such as suicide prevention, diabetes education to individuals and groups, CPR training, depression recognition, hypothermia, and smoking cessation Hickman Community Healthcare Services, Inc has provided charitable contributions to several community organizations during the year including the Hickman Civitan Club, the Hickman County Library, the Centerville Lions Club, the Hickman County Education Foundation, the Hickman County Humane Society, the Middle Tennessee Council of the Boy Scouts of America, the National Child Safety Council, and the Tennessee Kidney Foundation Hickman Community Healthcare Services, Inc also participated in other charitable programs this year which included providing sports physicals for Hickman County High School and the local middle schools athletes, providing physicals for the local Department of Transportation school bus drivers, assistance to local Adult Protective Services, providing books to the local elementary schools, the Hickman Alzheimer</p>



Identifier	Return Reference	Explanation
		<p>er Support Group, and the Hickman Suicide Prevention Task Force. Hickman has also collaborated with other community organizations to improve community health that include the Hickman County Health Department, the Hickman County Health Foundation, and the Dispensary of Hope Medical Education. Hickman Community Healthcare Services, Inc. believes that, in order to provide the best health care to the community, its clinical personnel must receive ongoing medical education. Hickman Community Healthcare Services, Inc. has provided seminars during the year to its medical staff on topics such as dementia, CPR-Heartsavers classes, ACLS classes, pericare, back safety in lifting and turning patients, infection control, and food and drug interaction. Summary: Hickman Community Healthcare Services, Inc. furthers its charitable purposes by providing a broad array of services to meet the healthcare needs of patients and organizations in the community. We provide essential medical services to the community, train and recruit healthcare professionals to serve the needs of the broader community, provide appropriate charity services to those patients who are not able to pay for their own healthcare needs, provide services to other organizations that allow them to provide quality services to their patients or constituents, and present education information classes and activities to the community in order to improve its overall health status.</p>

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  
Hickman Community Health Services Inc

Employer identification number  
58-1737573

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) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) Baptist Womens Health Center LLC dba The Center For Spinal Surgery  2011 Murphy Avenue Nashville, TN37203 62-1772195	Owns and Operates Specialty Hospital	TN	N/A									
(2) Middle Tennessee Ambulatory Surgery Center LP  500 N Highland Avenue Murfreesboro, TN37130	Operates Outpatient Surgery Center	TN	N/A									
(3) Middle Tennessee Imaging LLC  400 N Highland Avenue Murfreesboro, TN37219 01-0570490	Diagnostic Imaging Center	TN	N/A									
(4) Murfreesboro Diagnostic Imaging LLC  400 N Highland Avenue Murfreesboro, TN37219 20-0291952	Diagnostic Imaging Center	TN	N/A									
(5) Nashville Diagnostic Imaging LLC  30 Burton Hills Blvd Suite 165 Nashville, TN37215	Inactive	TN	N/A									
(6) STHS Sleep Center LLC  618 Church Street Suite 520 Nashville, TN37219 20-3664894	Operates a Sleep Center	TN	N/A									

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

No

No

No

No

No

No

Yes

Yes

No

No

No

No

No

Yes

No

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) Baptist Real Estate Services	J	70,089	Actual Amount Paid
(2) Hickman Community Home Care	P	331,371	Actual Amount Paid
(3) Saint Thomas Foundations	C	1,731,394	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:

Software Version:

EIN: 58-1737573

Name: Hickman Community Health Services Inc

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled organization	
						Yes	No
Ascension Health  PO Box 45998 St Louis, MO 63134 31-1662309	National Health System	MO	Section 501(c)(3)	Schedule A, Line 11a	N/A		No
Saint Thomas Health  4220 Harding Rd Nashville, TN 37205 58-1716804	Health System Parent Company	TN	Section 501(c)(3)	Schedule A, Line 11c	Ascension Health		No
Saint Thomas Hospital Inc  4220 Harding Road Nashville, TN 37205 62-0347580	Hospital	TN	Section 501(c)(3)	Schedule A, Line 3	Saint Thomas Health		No
Saint Thomas Network  4220 Harding Road Nashville, TN 37205 62-1284994	Health Investment Entity	TN	Section 501(c)(3)	Schedule A, Line 9	Saint Thomas Health		No
Saint Thomas Health Foundations FKA Saint Thomas Health Services Fund  4220 Harding Road Nashville, TN 37205 58-1663055	Operates Foundation	TN	Section 501(c)(3)	Schedule A, Line 7	Saint Thomas Network		No
Middle Tennessee Medical Center Inc  400 N Highland Avenue Murfreesboro, TN 37219 62-0475842	Hospital	TN	Section 501(c)(3)	Schedule A, Line 3	Saint Thomas Health		No
Middle Tennessee Medical Center Development Foundation  400 N Highland Avenue Murfreesboro, TN 37219 62-1167917	Foundation	TN	Section 501(c)(3)	Schedule A, Line 11a	Middle Tennessee Medical Center Inc		No
Seton Corporation  4220 Harding Road Nashville, TN 37205 62-1869474	Acute Care Hospital	TN	Section 501(c)(3)	Schedule A, Line 3	Saint Thomas Health		No
Baptist Health Care Group  2000 Church Street Nashville, TN 37236 62-1529858	Healthcare Provider	TN	Section 501(c)(3)	Schedule A, Line 3	Seton Corporation		No
Baptist Saint Thomas Home Care  2000 Church Street Nashville, TN 37236 51-0172298	Home Health Care	TN	Section 501(c)(3)	Schedule A, Line 9	Seton Corporation		No
Baptist Hospital Foundation of Nashville Inc  2000 Church Street Nashville, TN 37236 58-1861378	Inactive	TN	Section 501(c)(3)	Schedule A, Line 11a	Seton Corporation		No
Baptist Health Care Affiliates Inc  2000 Church Street Nashville, TN 37236 58-1509251	Community Health Promotion	TN	Section 501(c)(3)	Schedule A, Line 11a	Seton Corporation		No

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
Hickman Community Home Care Inc  135 East Swan St Centerville, TN37033 62-1836937	Home Health Care	TN	Section 501(c) (3)	Schedule A, Line 9	Hickman Community Health Care Services Inc	Yes	



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
Mid-State Properties Inc 2000 Church Street Nashville, TN37236 62-1232018	Pharmacy	TN	N/A	C			
Sova Inc 102 Woodmont Blvd Suite 700 Nashville, TN37205 26-1319638	Health Services	TN	N/A	C			
Vincentian Ventures Inc 4220 Harding Road Nashville, TN37205 62-1331896	Health Services	TN	N/A	C			
Comp Plus Inc 2000 Church Street Nashville, TN37236 62-1626010	Healthcare	TN	N/A	C			
Manaco Management Services Inc 400 North Highland Avenue Murfreesboro, TN37130 62-1718479	Health Services	TN	N/A	C			
St Thomas Medical Clinic 4220 Harding Road Nashville, TN37205 62-1583605	Health Services	TN	N/A	C			
Baptist Health Care Ventures Inc 2000 Church Street Nashville, TN37236 62-0469214	Holding Company	TN	N/A	C			
Middle Tennessee Network Inc 2000 Church Street Nashville, TN37236 62-1570989	Health Services	TN	N/A	C			
Health Net Reserve Inc 44 Vantage Way Suite 300 Nashville, TN37202 62-1540604	Health Management	TN	N/A	C			

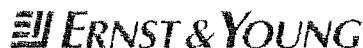
CONSOLIDATED FINANCIAL  
STATEMENTS

Ascension Health  
Years Ended June 30, 2011 and 2010  
With Report of Independent Auditors

Ascension Health  
Consolidated Financial Statements  
Years Ended June 30, 2011 and 2010

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## Report of Independent Auditors

The Board of Trustees  
Ascension Health

We have audited the accompanying consolidated balance sheets of Ascension Health (as identified in Note 1) as of June 30, 2011 and 2010, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of Ascension Health's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 Ascension Health'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 Ascension Health'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 provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ascension Health at June 30, 2011 and 2010, and the consolidated results of its operations and changes in net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

*Ernst & Young LLP*

September 8, 2011

# Ascension Health

## Consolidated Balance Sheets

(Dollars in Thousands)

	June 30,	
	2011	2010
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 1,117,574	\$ 1,168,278
Short-term investments	91,146	81,650
Accounts receivable, less allowances for uncollectible accounts (\$1,091,291 and \$1,018,364 in 2011 and 2010, respectively)	1,700,917	1,590,084
Assets limited as to use	161,300	158,676
Inventories	192,057	201,353
Estimated third-party payor settlements	90,365	115,798
Other	297,549	313,698
Total current assets	3,650,908	3,629,537
Board-designated and other investments	8,251,466	6,701,328
Property and equipment, net	6,013,874	6,093,288
Other assets:		
Investment in unconsolidated entities	889,077	809,488
Capitalized software costs, net	486,916	388,701
Other	660,818	487,782
Total other assets	2,036,811	1,685,971
Total assets	<u>\$ 19,953,059</u>	<u>\$ 18,110,124</u>

	June 30,	
	2011	2010
<b>Liabilities and net assets</b>		
Current liabilities:		
Current portion of long-term debt	\$ 29,563	\$ 31,221
Long-term debt subject to short-term remarketing arrangements*	1,662,950	1,228,115
Accounts payable and accrued liabilities	1,831,710	1,734,533
Estimated third-party payor settlements	281,007	254,232
Current portion of self-insurance liabilities	191,551	188,114
Other	75,963	67,955
Total current liabilities	4,072,744	3,504,170
Noncurrent liabilities:		
Long-term debt (senior and subordinated)	2,546,785	3,007,210
Self-insurance liabilities	448,624	461,907
Pension and other postretirement liabilities	396,903	1,022,488
Other	681,626	659,390
Total noncurrent liabilities	4,073,938	5,150,995
Total liabilities	8,146,682	8,655,165
Net assets:		
Unrestricted	11,332,631	9,013,920
Temporarily restricted	331,563	310,032
Permanently restricted	99,444	89,871
Total net assets excluding noncontrolling interests	11,763,638	9,413,823
Noncontrolling interests	42,739	41,136
Total net assets	11,806,377	9,454,959
Total liabilities and net assets	\$ 19,953,059	\$ 18,110,124

\*Consists of variable rate demand bonds with put options that may be exercised at the option of the bondholders, with stated repayment installments through 2047, as well as certain serial income bonds with scheduled remarketing/mandatory tender dates occurring prior to June 30, 2012. In the event that bonds are not remarketed upon the exercise of put options or the scheduled mandatory tenders, management would utilize other sources to access the necessary liquidity. Potential sources include liquidating investments, drawing upon the \$500,000 line of credit, and issuing commercial paper. The \$250,000 commercial paper program is supported by lines of credit totaling \$250,000, as discussed in the Long-Term Debt note.

*The accompanying notes are an integral part of the consolidated financial statements*

# Ascension Health

## Consolidated Statements of Operations and Changes in Net Assets (Dollars in Thousands)

	Year Ended June 30,	
	2011	2010
Operating revenue:		
Net patient service revenue	\$ 14,719,615	\$ 13,967,469
Other revenue	844,747	788,842
Total operating revenue	15,564,362	14,756,311
Operating expenses		
Salaries and wages	6,264,651	5,762,470
Employee benefits	1,462,380	1,358,256
Purchased services	781,392	837,171
Professional fees	895,074	747,007
Supplies	2,279,657	2,253,201
Insurance	92,610	120,350
Bad debts	1,001,893	973,767
Interest	130,725	114,323
Depreciation and amortization	659,673	666,933
Other	1,570,018	1,397,185
Total operating expenses before self-insurance trust fund investment return and impairment, restructuring, and nonrecurring expenses	15,138,073	14,230,663
Income from operations before self-insurance trust fund investment return and impairment, restructuring, and nonrecurring expenses	426,289	525,648
Self-insurance trust fund investment return	90,402	73,976
Income from operations before impairment, restructuring, and nonrecurring expenses	516,691	599,624
Impairment, restructuring, and nonrecurring expenses	92,458	31,111
Income from operations	424,233	568,513
Nonoperating gains (losses):		
Investment return	1,140,325	722,870
Loss on extinguishment of debt	(1,007)	(7,515)
Gain on interest rate swaps	30,941	3,119
Income from unconsolidated entities	11,915	10,147
Donations	(25,968)	(9,864)
Other	(43,077)	(33,762)
Total nonoperating gains, net	1,113,129	684,995
Excess of revenues and gains over expenses and losses	1,537,362	1,253,508
Less excess of revenues and gains over expenses and losses attributable to noncontrolling interests	27,484	23,423
Excess of revenues and gains over expenses and losses attributable to controlling interest	1,509,878	1,230,085

# Ascension Health

## Consolidated Statements of Operations and Changes in Net Assets (continued) (Dollars in Thousands)

	Year Ended June 30,	
	2011	2010
Unrestricted net assets, controlling interest:		
Excess of revenues and gains over expenses and losses	\$ 1,509,878	\$ 1,230,085
Contributed net assets	(374)	64
Transfers to sponsors and other affiliates, net	(16,959)	(86,940)
Net assets released from restrictions for property acquisitions	70,829	92,351
Pension and other postretirement liability adjustments	793,938	(4,361)
Change in unconsolidated entities' net assets	1,175	(20,113)
Deferred gain on interest rate swaps	(303)	(14,123)
Other	(96)	(224)
Increase in unrestricted net assets, controlling interest, before gain (loss) from discontinued operations and cumulative effect of change in accounting principle	2,358,088	1,196,739
Gain (loss) from discontinued operations	6,616	(48,911)
Cumulative effect of change in accounting principle	(45,993)	—
Increase in unrestricted net assets, controlling interest	2,318,711	1,147,828
Unrestricted net assets, noncontrolling interest		
Excess of revenues and gains over expenses and losses	27,484	23,423
Distributions and other	(25,881)	(38,046)
Increase (decrease) in unrestricted net assets, noncontrolling interest	1,603	(14,623)
Temporarily restricted net assets:		
Contributions and grants	100,884	109,068
Net change in unrealized gains/losses on investments	15,714	13,618
Investment return	8,295	2,602
Net assets released from restrictions	(103,972)	(128,604)
Other	610	(5,410)
Increase (decrease) in temporarily restricted net assets	21,531	(8,726)
Permanently restricted net assets:		
Contributions	8,030	2,607
Net change in unrealized gains/losses on investments	1,692	(151)
Investment return	(62)	(252)
Other	(87)	(2,225)
Increase (decrease) in permanently restricted net assets	9,573	(21)
Increase in net assets	2,351,418	1,124,458
Net assets, beginning of year	9,454,959	8,330,501
Net assets, end of year	\$ 11,806,377	\$ 9,454,959

The accompanying notes are an integral part of the consolidated financial statements



# Ascension Health

## Consolidated Statements of Cash Flows

(Dollars in Thousands)

	Year Ended June 30,	
	2011	2010
<b>Operating activities</b>		
Increase in net assets	\$ 2,351,418	\$ 1,124,458
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	659,673	666,933
Amortization of bond premiums	(9,951)	(9,390)
Loss on extinguishment of debt	1,007	7,515
Provision for bad debts	1,001,893	973,767
Pension and other postretirement liability adjustments	(793,938)	4,361
Contributed net assets	374	(64)
Interest, dividends, and net gains on investments	(1,256,366)	(812,663)
Change in market value of interest rate swaps	(25,257)	18,641
Deferred gain on interest rate swaps	(303)	(14,123)
Gain on sale of assets, net	(21,290)	(9,555)
Cumulative effect of change in accounting principle	45,993	—
Impairment and nonrecurring expenses	35,384	14,670
Transfers to sponsor and other affiliates, net	16,959	86,940
Restricted contributions, investment return, and other	(117,670)	(106,390)
Other restricted activity	(1,394)	20,524
Nonoperating depreciation expense	311	303
(Increase) decrease in:		
Short-term investments	(9,496)	(8,286)
Accounts receivable	(1,112,960)	(903,747)
Inventories and other current assets	18,489	11,699
Investments classified as trading	(295,223)	(478,803)
Other assets	(218,766)	(163,877)
Increase (decrease) in:		
Accounts payable and accrued liabilities	105,101	198,666
Estimated third-party payor settlements payable, net	52,208	(21,818)
Other current liabilities	36,358	(15,522)
Self-insurance liabilities	(9,846)	13,259
Other noncurrent liabilities	235,244	139,038
Net cash provided by continuing operating activities	687,952	736,536
Net cash used in discontinued operations	(2,098)	(27,738)
Net cash provided by operating activities	685,854	708,798

# Ascension Health

## Consolidated Statements of Cash Flows (continued)

(Dollars in Thousands)

	Year Ended June 30,	
	2011	2010
<b>Investing activities</b>		
Property, equipment, and capitalized software additions, net	\$ (730,404)	(622,308)
Proceeds from sale of property and equipment	25,714	3,001
Net cash used in investing activities	(704,690)	(619,307)
<b>Financing activities</b>		
Issuance of long-term debt	691,240	2,854,053
Repayment of long-term debt	(804,536)	(2,839,341)
Decrease in assets under bond indenture agreements	467	1,197
Transfers to sponsors and other affiliates, net	(36,709)	(13,930)
Restricted contributions, investment return, and other	117,670	106,390
Net cash (used in) provided by financing activities	(31,868)	108,369
Net (decrease) increase in cash and cash equivalents	(50,704)	197,860
Cash and cash equivalents at beginning of year	1,168,278	970,418
Cash and cash equivalents at end of year	\$ 1,117,574	\$ 1,168,278

The accompanying notes are an integral part of the consolidated financial statements

## Ascension Health

### Notes to Consolidated Financial Statements

*(Dollars in Thousands)*

June 30, 2011

#### **1. Organization and Mission**

##### **Organizational Structure**

Ascension Health is a Catholic, national health system consisting primarily of nonprofit corporations that own and operate local health care facilities, or Health Ministries, located in 20 of the United States and the District of Columbia. Ascension Health is sponsored by the Northeast, Southeast, East Central, and West Central Provinces of the Daughters of Charity of St. Vincent de Paul, the Congregation of St. Joseph, and the Congregation of the Sisters of St. Joseph of Carondelet. All of the Health Ministries are related through common control. Substantially all expenses of Ascension Health are related to providing health care services.

##### **Mission**

Ascension Health directs its governance and management activities toward strong, vibrant, Catholic Health Ministries united in service and healing, and dedicates its resources to spiritually centered care which sustains and improves the health of the individuals and communities it serves. In accordance with Ascension Health's mission of service to those persons living in poverty and other vulnerable persons, each Health Ministry accepts patients regardless of their ability to pay. Ascension Health uses four categories to identify the resources utilized for the care of persons living in poverty and community benefit programs:

- Traditional charity care includes the cost of services provided to persons who cannot afford health care because of inadequate resources and/or who are uninsured or underinsured.
- Unpaid cost of public programs, excluding Medicare, represents the unpaid cost of services provided to persons covered by public programs for persons living in poverty and other vulnerable persons.
- Cost of other programs for persons living in poverty and other vulnerable persons includes unreimbursed costs of programs intentionally designed to serve the persons living in poverty and other vulnerable persons of the community, including substance abusers, the homeless, victims of child abuse, and persons with acquired immune deficiency syndrome.

## Ascension Health

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### 1. Organization and Mission (continued)

- Community benefit consists of the unreimbursed costs of community benefit programs and services for the general community, not solely for the persons living in poverty, including health promotion and education, health clinics and screenings, and medical research.

Discounts are provided to all uninsured patients, including those with the means to pay. Discounts provided to those patients who did not qualify for assistance under charity care guidelines are not included in the cost of providing care of persons living in poverty and community benefit programs. The cost of providing care to persons living in poverty and community benefit programs is estimated using each facility's internal cost data and is calculated in compliance with guidelines established by both the Catholic Health Association (CHA) and the Internal Revenue Service. The amount of traditional charity care provided, determined on the basis of cost, was \$408,894 and \$375,039 for the years ended June 30, 2011 and 2010, respectively. The amount of unpaid cost of public programs, cost of other programs for persons living in poverty and other vulnerable persons, and community benefit cost are reported in the accompanying other financial information.

#### 2. Significant Accounting Policies

##### Principles of Consolidation

All corporations and other entities for which operating control is exercised by Ascension Health or one of its member corporations are consolidated, and all significant inter-entity transactions have been eliminated in consolidation. Investments in entities where Ascension Health does not have operating control are recorded under the equity or cost method of accounting. Income from unconsolidated entities is included in consolidated excess of revenues and gains over expenses and losses in the consolidated statements of operations and changes in net assets as follows:

	<b>Year Ended June 30,</b>	
	<b>2011</b>	<b>2010</b>
Other revenue	\$ 138,469	\$ 131,680
Nonoperating gains, net	11,915	10,147

## Ascension Health

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### **2. Significant Accounting Policies (continued)**

##### **Use of Estimates**

Management has made estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

##### **Fair Value of Financial Instruments**

Carrying values of financial instruments classified as current assets and current liabilities approximate fair value. The fair values of other financial instruments are disclosed in the Fair Value Measurements note.

##### **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash and interest-bearing deposits with maturities of three months or less and certain highly liquid interest-bearing securities with maturities which may extend longer than three months but are convertible to cash within a one-month time period under the terms of the agreement with the investment manager.

##### **Investments and Investment Return**

Ascension Health holds investments through the Health System Depository (HSD), an investment pool of funds in which a limited number of nonprofit health care providers participate for purposes of establishing investment goals and monitoring performance under agreed-upon socially responsible investment guidelines. Investments are managed primarily by external investment managers within established investment guidelines. Ascension Health does not consolidate the entire investment pool of funds as a portion of the investment pool represents the interests of other entities. Accordingly, as related to the HSD, Ascension Health's investments recorded in the accompanying consolidated financial statements consist only of Ascension Health's pro rata share of the HSD's investments held for participants.

The HSD's assets required to be recorded at fair value are comprised of equity and various fixed income investments. The HSD also holds investments in hedge funds, private equity, and real estate funds, which are valued using the equity method of accounting. In addition, the HSD participates in securities lending transactions whereby a portion of its investments is loaned to selected established brokerage firms in return for cash and securities from the brokers as collateral for the investments loaned.

## Ascension Health

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### 2. Significant Accounting Policies (continued)

Investment returns are comprised of dividends, interest, and gains and losses. The cost of substantially all securities sold is based on the average cost method. Investment return on self-insurance trust funds is reported as a separate component of income from operations in the consolidated statements of operations and changes in net assets. Investment return from all other investments is reported as nonoperating gains (losses) in the consolidated statements of operations and changes in net assets unless the return is restricted by donor or law.

#### Inventories

Inventories, consisting primarily of medical supplies and pharmaceuticals, are stated at the lower of cost or market value utilizing first-in, first-out (FIFO), or a methodology that closely approximates FIFO.

#### Intangible Assets

Intangible assets primarily consist of goodwill and capitalized computer software costs, including software internally developed. Costs incurred in the development and installation of internal use software are expensed or capitalized depending on whether they are incurred in the preliminary project stage, application development stage, or post-implementation stage. Intangible assets are included in other noncurrent assets in the consolidated balance sheets and are comprised of the following:

	June 30,	
	2011	2010
Goodwill	\$ 118,871	\$ 93,324
Capitalized computer software costs, net	486,916	388,701
Other, net	29,404	5,624
Total intangible assets	<u>\$ 635,191</u>	<u>\$ 487,649</u>

Intangible assets whose lives are indefinite, primarily goodwill, are not amortized and are evaluated for impairment at least annually, while intangible assets with definite lives, primarily capitalized computer software costs, are amortized over their expected useful lives. Amortization expense for these intangible assets in 2011 and 2010 was \$86,741 and \$87,440, respectively.

## Ascension Health

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 2. Significant Accounting Policies (continued)

During the year ended June 30, 2010, Ascension Health began a significant multi-year, System-wide enterprise resource planning initiative including information technology and process standardization project (Symphony), which is expected to continue through December 2014. The project is anticipated to result in a transition to a common software product for various finance, information technology, procurement, and human resources management processes, including standardization of those processes throughout Ascension Health. Capitalized costs of Symphony were approximately \$162,000 and \$49,000 at June 30, 2011 and 2010, respectively. Certain costs of this project were also expensed. See the Impairment, Restructuring, and Nonrecurring Expenses discussion for additional information about costs associated with Symphony.

#### Property and Equipment

Property and equipment are stated at cost or, if donated, at fair market value at the date of the gift. A summary of property and equipment at June 30, 2011 and 2010, is as follows:

	June 30,	
	2011	2010
Land and improvements	\$ 621,874	\$ 606,425
Building and equipment	12,405,114	11,904,661
Construction in progress	150,376	861,463
	<u>13,177,364</u>	<u>13,372,549</u>
Less accumulated depreciation	7,163,490	7,279,261
Total property and equipment, net	<u>\$ 6,013,874</u>	<u>\$ 6,093,288</u>

Depreciation is determined on a straight-line basis over the estimated useful lives of the related assets. Depreciation expense in 2011 and 2010 was \$569,633 and \$574,609, respectively.

Several capital projects have remaining construction and related equipment purchase commitments of approximately \$114,000.

## Ascension Health

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### **2. Significant Accounting Policies (continued)**

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

Temporarily restricted net assets are those assets whose use by Ascension Health 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, which include endowment funds. Temporarily restricted net assets and earnings on permanently restricted net assets, including earnings on endowment funds, are used in accordance with the donors' wishes, primarily to purchase equipment and to provide charity care and other health and educational services. Contributions with donor-imposed restrictions that are met in the same reporting period are reported as unrestricted.

##### **Performance Indicator**

The performance indicator is excess of revenues and gains over expenses and losses. Changes in unrestricted net assets that are excluded from the performance indicator primarily include pension and other postretirement liability adjustments, transfers to or from sponsors and other affiliates, net assets released from restrictions for property acquisitions, change in unconsolidated entities' net assets, cumulative effect of change in accounting principle, discontinued operations, and contributions of property and equipment.

##### **Operating and Nonoperating Activities**

Ascension Health'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, 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 Ascension Health's primary mission are considered to be nonoperating. Several primary care clinics that are not associated with an acute care hospital and that rely significantly on contributions from foundations are also considered nonoperating.



## Ascension Health

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### **2. Significant Accounting Policies (continued)**

##### **Net Patient Service Revenue, Accounts Receivable, and Allowance for Uncollectible Accounts**

Net patient service revenue is reported at the estimated realizable amounts from patients, third-party payors, and others for services provided excluding the provision for bad debt expense and includes estimated retroactive adjustments under reimbursement agreements with third-party payors. Revenue under certain third-party payor agreements is subject to audit, retroactive adjustments, and significant regulatory actions. Provisions for third-party payor settlements and adjustments are estimated in the period the related services are provided and adjusted in future periods as additional information becomes available and as final settlements are determined.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a possibility that recorded estimates will change by a material amount in the near term. Adjustments to revenue related to prior periods increased net patient service revenue by approximately \$83,416 and \$69,091 for the years ended June 30, 2011 and 2010, respectively.

During 2011, approximately 36% of net patient service revenue was earned under the Medicare program and 11% under various state Medicaid programs. During 2010, approximately 36% of net patient service revenue was earned under the Medicare program and 10% under various state Medicaid programs. Ascension Health grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor arrangements. Significant concentrations of accounts receivable at June 30, 2011, include Medicare (20%) and various states' Medicaid programs (10%). Significant concentrations of accounts receivable at June 30, 2010, include Medicare (21%) and various states' Medicaid programs (10%).

## Ascension Health

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### **2. Significant Accounting Policies (continued)**

The provision for bad debt expense is based upon management's assessment of expected net collections considering economic conditions, historical experience, trends in health care coverage, and other collection indicators. Periodically throughout the year, management assesses the adequacy of the allowance for uncollectible accounts based upon historical write-off experience by payor category, including those amounts not covered by insurance. The results of this review are then used to make any modifications to the provision for bad debt expense to establish an appropriate allowance for uncollectible accounts. After satisfaction of amounts due from insurance and reasonable efforts to collect from the patient have been exhausted, Ascension Health follows established guidelines for placing certain past-due patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by Ascension Health. Accounts receivable are written off after collection efforts have been followed in accordance with Ascension Health's policies.

#### **Impairment, Restructuring, and Nonrecurring Expenses**

During the years ended June 30, 2011 and 2010, Ascension Health recorded total impairment, restructuring, and nonrecurring expenses of \$92,458 and \$31,111, respectively. For the year ended June 30, 2011, this amount was comprised of long-lived asset impairments of approximately \$21,834 and restructuring and nonrecurring expenses of approximately \$70,624. The restructuring and nonrecurring expenses for the year ended June 30, 2011, included approximately \$44,355 of nonrecurring expenses associated with Symphony. Symphony nonrecurring expenses include project management and process reengineering costs, as well as costs to establish a shared service center and develop a business intelligence data warehouse.

For the year ended June 30, 2010, total impairment, restructuring, and nonrecurring expenses of \$31,111 were comprised of approximately \$7,629 of restructuring and nonrecurring expenses related to changes in business operations, including reorganization and severance charges, as well as approximately \$14,670 of long-lived asset impairments. Restructuring and nonrecurring expenses for the year ended June 30, 2010, also include \$8,812 associated with Symphony.

#### **Amortization**

Bond issuance costs, discounts, and premiums are amortized over the term of the bonds using a method approximating the effective interest method.

## Ascension Health

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### **2. Significant Accounting Policies (continued)**

##### **Income Taxes**

The member health care entities of Ascension Health are primarily tax-exempt organizations under Internal Revenue Code Section 501(c)(3) or Section 501(c)(2), and their related income is exempt from federal income tax under Section 501(a).

##### **Regulatory Compliance**

Various federal and state agencies have initiated investigations regarding reimbursement claimed by certain members of Ascension Health. The investigations are in various stages of discovery, and the ultimate resolution of these matters, including the liabilities, if any, cannot be readily determined; however, in the opinion of management, the results of the investigations will not have a material adverse impact on the consolidated financial statements of Ascension Health.

##### **Reclassifications**

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

##### **Subsequent Events**

Ascension Health evaluates the impact of subsequent events, which are events that occur after the balance sheet date but before the financial statements are issued, for potential recognition in the financial statements as of the balance sheet date. For the year ended June 30, 2011, Ascension Health evaluated subsequent events through September 8, 2011, representing the date on which the accompanying audited consolidated financial statements were issued.

## Ascension Health

### Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

#### **2. Significant Accounting Policies (continued)**

##### **Adoption of New Accounting Standards**

In January 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2010-07, *Not-for-Profit Entities: Mergers and Acquisitions*, which establishes accounting and disclosure requirements for how a not-for-profit entity determines whether a combination is a merger or an acquisition, how to account for each, and the required disclosures. In addition, ASU 2010-07 includes amendments to FASB's Accounting Standards Codification (the Codification, or ASC) Topic 350, *Intangibles – Goodwill and Other*, and ASC Topic 810, *Consolidation*, to make both applicable to not-for-profit entities. ASC Topic 350 clarifies the accounting for goodwill and indefinite-lived identifiable intangible assets recognized in a not-for-profit entity's acquisition of a business or nonprofit activity. Such assets are not amortized and are tested for impairment at least annually. ASC Topic 810 clarifies the accounting for noncontrolling interests and establishes accounting and reporting standards for the noncontrolling interest in a subsidiary, including classification as a component of net assets. Ascension Health adopted the guidance relative to ASU 2010-07 as of July 1, 2010. The adoption of this guidance resulted in goodwill impairment of \$45,993 recorded as a cumulative effect of change in accounting principle on the consolidated statements of operations and changes in net assets for the year ended June 30, 2011.

#### **3. Organizational Changes**

On April 20, 2011, Ascension Health signed a non-binding Letter of Intent with Alexian Brothers Health System (Alexian Brothers) to assess a potential transaction whereby Ascension Health would become the sole corporate member of Alexian Brothers. Alexian Brothers is a Catholic health care organization which oversees the operations of four hospitals, ambulatory care clinics, physician practices, and senior living facilities.

On April 29, 2011, the Federal Trade Commission completed its review of a proposed affiliation between Seton Health System, Inc. (Seton Health) in Troy, New York, Northeast Health, Inc. and St. Peter's Health Care Services. Under the terms of the related agreements, it is anticipated that Ascension Health will retain certain limited rights as an ongoing member of Seton Health in Troy, New York. With this clearance received, the organizations will move forward to create an affiliated health system which is anticipated to result in Seton Health no longer being under the control of Ascension Health.

## Ascension Health

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### **3. Organizational Changes (continued)**

##### **Discontinued Operations**

Effective July 1, 2009, Catholic Health Partners (CHP) and Saint Anthony Hospital (SAH) separated from Ascension Health and Missionary Sisters of the Sacred Heart of Jesus-Provincial Council of the Stella Maris Province (MS-SMP) as agreed upon in the Separation Agreement dated May 28, 2009, to allow SAH to operate as a freestanding, community-based, Catholic hospital serving its community in Chicago, Illinois. The operating results of CHP and SAH are classified in Ascension Health's accompanying consolidated financial statements as discontinued operations.

Ascension Health reported an increase in net assets from discontinued operations of \$6,616 for the year ended June 30, 2011, representing the excess of revenues over expenses for previously discontinued lines of business in Michigan and Tennessee, as well as the fair value of net assets relinquished under the Separation Agreement for the CHP and SAH operations. These entities had recorded operating revenues totaling \$29,066 during the period that they were operational during the year ended June 30, 2011.

Ascension Health reported a decrease in net assets from discontinued operations of \$48,911 for the year ended June 30, 2010, representing the deficit of revenues over expenses for previously discontinued lines of business in Michigan and Tennessee, as well as the fair value of net assets relinquished under the Separation Agreement for the CHP and SAH operations. These entities had recorded operating revenues totaling \$34,898 during the period that they were operational during the year ended June 30, 2010.

The accompanying consolidated balance sheets include assets held for sale and liabilities related to assets held for sale associated with the above transactions. At June 30, 2011 and 2010, assets held for sale consist primarily of accounts receivable and property and equipment while liabilities related to assets held for sale consist primarily of accounts payable, other liabilities, and self-insurance liabilities.

## Ascension Health

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### 4. Cash and Cash Equivalents, Investments, and Assets Limited as to Use

Ascension Health's investments are comprised of its pro rata share of the HSD's funds held for participants and certain other investments such as those investments held and managed by foundations. Board-designated investments represent investments designated by resolution of the Board of Trustees to put amounts aside primarily for future capital expansion and improvements. Assets limited as to use include investments placed in trust for payment of self-insured claims and investments restricted by donors. Ascension Health's investments are reported in the accompanying consolidated balance sheets as presented in the following table:

	<b>June 30,</b>	
	<b>2011</b>	<b>2010</b>
Cash and cash equivalents	<b>\$ 1,117,574</b>	\$ 1,168,278
Short-term investments	<b>91,146</b>	81,650
Assets limited as to use	<b>161,300</b>	158,676
Board-designated and other investments:		
Board-designated investments	<b>623,129</b>	3,804,898
Other investments	<b>6,713,801</b>	1,994,816
Assets limited as to use:		
Under bond indenture agreement	<b>439</b>	906
Self-insurance trust funds, less current portion	<b>495,232</b>	517,302
Temporarily or permanently restricted	<b>418,865</b>	383,406
Total assets limited as to use	<b>914,536</b>	901,614
Total Board-designated and other investments	<b>8,251,466</b>	6,701,328
Total	<b>\$ 9,621,486</b>	\$ 8,109,932

## Ascension Health

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### 4. Cash and Cash Equivalents, Investments, and Assets Limited as to Use (continued)

The composition of cash and investments classified as cash and cash equivalents, short-term investments, Board-designated investments, assets limited as to use, and other investments is summarized as follows:

	June 30,	
	2011	2010
Cash and cash equivalents	\$ 459,550	\$ 459,198
Short-term investments	60,559	73,440
U.S. government obligations	49,958	59,058
Corporate and foreign fixed income investments	50,813	62,421
Asset-backed securities	60,280	52,194
Equity securities	316,338	260,569
Private equity and other investments	164,894	132,666
Other assets limited as to use	78,340	79,571
Subtotal, included in cash and cash equivalents, short-term investments, and Board-designated and other investments	1,240,732	1,179,117
Ascension Health's pro rata share of HSD funds held for participants	8,380,754	6,930,815
Cash and cash equivalents, short-term investments, and Board-designated and other investments	<u>\$ 9,621,486</u>	<u>\$ 8,109,932</u>

Ascension Health's pro rata share of the HSD's funds held for participants was \$8,380,754 and \$6,930,815 at June 30, 2011 and 2010, respectively, representing 77.2% and 76.1% of the funds held for participants in the HSD at those respective dates.

# Ascension Health

## Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

### 4. Cash and Cash Equivalents, Investments, and Assets Limited as to Use (continued)

As disclosed in the Significant Accounting Policies note, Ascension Health holds investments through the HSD. The following is a condensed balance sheet of the entire HSD, including the interests of Ascension Health and all other participating entities, at June 30, 2011 and 2010:

	<b>June 30,</b>	
	<b>2011</b>	<b>2010</b>
<b>Assets</b>		
Cash	\$ 26,757	\$ 24,023
Loans, interest, and other receivables	88,180	96,575
Due from brokers	799,869	1,411,218
Securities lending collateral	378,877	364,608
Derivative asset	33,208	21,281
Investments, at fair value:		
Short-term investments	747,955	502,600
U.S. government obligations	3,056,988	2,375,313
Corporate and foreign fixed income investments	1,260,685	1,605,176
Asset-backed securities	1,764,404	1,037,000
Equity, private equity, and other investments	2,287,580	2,216,625
Equity method investments	2,026,142	1,390,415
Total assets	<u>\$ 12,470,645</u>	<u>\$ 11,044,834</u>
<b>Liabilities and funds held for participants</b>		
Due to brokers	\$ 1,032,350	\$ 1,471,668
Derivative liability	34,768	49,711
Investments sold, not yet settled	166,663	36,963
Other payables	6,743	5,191
Payable under securities lending program	380,684	368,282
Total liabilities	<u>1,621,208</u>	<u>1,931,815</u>
Funds held for participants	<u>10,849,437</u>	<u>9,113,019</u>
Total liabilities and funds held for participants	<u>\$ 12,470,645</u>	<u>\$ 11,044,834</u>



## Ascension Health

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### 4. Cash and Cash Equivalents, Investments, and Assets Limited as to Use (continued)

Ascension Health's investment strategy includes investing in alternative investments, such as private equity and real estate funds, a portion of which are valued up to 90 days in arrears. Ascension Health's investment in alternative investment funds include contractual commitments to portfolio venture funds and other funds to provide capital contributions during the investment period which is typically five years and can extend to the end of the fund term. During these contractual periods, investment managers may require Ascension Health to invest in accordance with the terms of the agreement. Commitments not funded during the investment period will expire and remain unfunded. As of June 30, 2011, investment periods expire between August 2011 and December 2016. The remaining unfunded capital commitments for all HSD participants and a joint venture consolidated for financial reporting purposes total approximately \$659,000 for 40 individual contracts as of June 30, 2011.

Due to the uncertainty surrounding whether the contractual commitments will require funding during the contractual period, future minimum payments to meet these commitments cannot be reasonably estimated. These committed amounts have not been reduced by the anticipated cash inflows from liquidating previous investments in alternative investment funds.

Investment return recognized by Ascension Health is summarized as follows:

	<b>Year Ended June 30,</b>	
	<b>2011</b>	<b>2010</b>
Investment return in HSD	<b>\$ 1,152,338</b>	\$ 756,437
Interest and dividends	<b>17,051</b>	15,872
Net gains on investments reported at fair value	<b>80,814</b>	38,760
Restricted investment income	<b>6,163</b>	1,594
Total investment return	<b><u>\$ 1,256,366</u></b>	<b><u>\$ 812,663</u></b>

## Ascension Health

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### **5. Fair Value Measurements**

Ascension Health categorizes, for disclosure purposes, assets and liabilities measured at fair value in the financial statements based upon whether the inputs used to determine their fair values are observable or unobservable. Observable inputs are inputs which are based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about pricing the asset or liability, based on the best information available in the circumstances.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement of the asset or liability. Ascension Health's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Ascension Health follows the three-level fair value hierarchy to categorize these assets and liabilities recognized at fair value at each reporting period, which prioritizes the inputs used to measure such fair values. Level inputs are defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities on the reporting date. Investments classified in this level generally include exchange-traded equity securities, futures, real estate investment trusts, pooled short-term investment funds, options, and exchange-traded mutual funds.

Level 2 – Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Investments classified in this level generally include fixed income securities, including fixed income government obligations, asset-backed securities, certificates of deposit, and derivatives.

Level 3 – Inputs that are unobservable for the asset or liability. Investments classified in this level generally include alternative investments, private equity investments, limited partnerships, and certain fixed income securities, including fixed income government obligations, and derivatives.

## Ascension Health

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### **5. Fair Value Measurements (continued)**

Assets and liabilities classified as Level 1 are valued using unadjusted quoted market prices for identical assets or liabilities in active markets. Ascension Health uses techniques consistent with the market approach and income approach for measuring fair value of its Level 2 and Level 3 assets and liabilities. The market approach is a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The income approach generally converts future amounts (cash flows or earnings) to a single present value amount (discounted).

As of June 30, 2011 and 2010, the Level 2 and Level 3 assets and liabilities listed in the fair value hierarchy tables below utilize the following valuation techniques and inputs:

#### **Cash and cash equivalents and short-term investments**

Short-term investments designated as Level 2 investments are primarily comprised of commercial paper, whose fair value is based on amortized cost. Significant observable inputs include security cost, maturity, and credit rating. Cash and cash equivalents and additional short-term investments are primarily comprised of certificates of deposit, whose fair value is based on cost plus accrued interest. Significant observable inputs include security cost, maturity, and relevant short-term interest rates.

#### **Derivative assets and liabilities**

The fair value of derivative contracts is primarily determined using techniques consistent with the market approach. Derivative contracts include interest rate, credit default, and total return swaps. Significant observable inputs to valuation models include interest rates, Treasury yields, volatilities, credit spreads, maturity, and recovery rates.

#### **U.S. government obligations**

The fair value of investments in U.S. government, state, and municipal obligations is primarily determined using techniques consistent with the income approach. Significant observable inputs to the income approach include data points for benchmark constant maturity curves and spreads.

## Ascension Health

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### **5. Fair Value Measurements (continued)**

##### **Asset-backed securities**

The fair value of U.S. agency and corporate asset-backed securities is primarily determined using techniques consistent with the income approach, such as a discounted cash flow model. Significant observable inputs include prepayment speeds and spreads, benchmark yield curves, volatility measures, and quotes.

##### **Corporate and foreign fixed income investments**

The fair value of investments in U.S. and international corporate bonds, including commingled funds that invest primarily in such bonds, and foreign government bonds is primarily determined using techniques that are consistent with the market approach. Significant observable inputs include benchmark yields, reported trades, observable broker/dealer quotes, issuer spreads, and security specific characteristics, such as early redemption options.

##### **Equity securities**

The fair value of investments in U.S. and international equity securities is primarily determined using the calculated net asset value. The values for underlying investments are fair value estimates determined by external fund managers based on operating results, balance sheet stability, growth, and other business and market sector fundamentals.

##### **Investments sold, not yet settled**

The fair value of investments sold, not yet settled is primarily determined using techniques consistent with the income approach. Significant observable inputs to the income approach include data points for benchmark, constant maturity curves, and spreads.

##### **Securities lending collateral**

The fair value of collateral received under HSD's securities lending program is determined using the calculated net asset value for the commingled fund in which the collateral is invested. The underlying investments are valued using techniques consistent with the market approach, which utilizes significant observable market inputs such as available trades, quotes, benchmark curves, sector groupings, and matrix pricing.

## Ascension Health

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### **5. Fair Value Measurements (continued)**

##### **Guaranteed pooled fund**

The fair value of guaranteed pooled fund investments is based on cost plus guaranteed, annuity contract-based interest rates. Significant unobservable inputs to the guaranteed rate include the fair value and average duration of the portfolio of investments underlying the annuity contract, the contract value, and the annualized weighted-average yield to maturity of the underlying investment portfolio.

##### **Private equity investments**

The fair value of private equity investments is primarily determined using techniques consistent with both the market and income approaches, based on Ascension Health's estimates and assumptions in absence of observable market data. The market approach considers comparable company, comparable transaction, and company-specific information, including but not limited to restrictions on disposition, subsequent purchases of the same or similar securities by other investors, pending mergers or acquisitions, and current financial position and operating results. The income approach considers the projected operating performance of the portfolio company.

As discussed in the Significant Accounting Policies and the Cash and Cash Equivalents, Investments, and Other Assets Limited as to Use notes, Ascension Health holds investments through the HSD representing 77.2% and 76.1% of the net asset value of the HSD as of June 30, 2011 and 2010, respectively. The HSD's investments include equities, various fixed income securities, and alternative investments.

## Ascension Health

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 5. Fair Value Measurements (continued)

The following table summarizes fair value measurements, by level, at June 30, 2011 and 2010, for all the HSD financial assets and liabilities measured at fair value on a recurring basis in the HSD's financial statements:

	Level 1	Level 2	Level 3	Total
<b>June 30, 2011</b>				
Assets included in:				
Securities lending collateral	\$ —	\$ 378,877	\$ —	\$ 378,877
Derivative asset	19,649	2,303	11,256	33,208
Short-term investments	689,742	58,213	—	747,955
U.S. government obligations	—	3,046,822	10,166	3,056,988
Corporate and foreign fixed income investments	—	1,144,643	116,042	1,260,685
Asset-backed securities	—	1,719,704	44,700	1,764,404
Equity, private equity, and other investments	2,240,360	—	47,220	2,287,580
Liabilities included in:				
Derivative liability	1,162	3,116	30,490	34,768
Investments sold, not yet settled	—	166,663	—	166,663
<b>June 30, 2010</b>				
Assets included in:				
Securities lending collateral	\$ —	\$ 364,608	\$ —	\$ 364,608
Derivative asset	7,256	8,569	5,456	21,281
Short-term investments	353,700	148,900	—	502,600
U.S. government obligations	—	2,367,973	7,340	2,375,313
Corporate and foreign fixed income investments	—	1,437,703	167,473	1,605,176
Asset-backed securities	—	1,010,931	26,069	1,037,000
Equity, private equity, and other investments	1,716,904	76,146	423,575	2,216,625
Liabilities included in:				
Derivative liability	2,029	1,777	45,905	49,711
Investments sold, not yet settled	—	36,963	—	36,963

## Ascension Health

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### 5. Fair Value Measurements (continued)

For the years ended June 30, 2011 and 2010, the changes in the fair value of the HSD assets measured using significant unobservable inputs (Level 3) were comprised of the following:

	U.S. Government Obligations	Corporate and Foreign Fixed Income Investments	Asset- Backed Securities	Equity, Private Equity, and Other Investments	Net Derivatives
<b>June 30, 2011</b>					
Beginning balance	\$ 7,340	\$ 167,473	\$ 26,069	\$ 423,575	\$ (40,449)
Total realized and unrealized gains included in nonoperating gains	202	8,209	1,514	99,730	180,214
Purchases, issuances, and settlements	1,199	(42,171)	19,814	(476,085)	(158,999)
Transfers into (out of) Level 3	1,425	(17,469)	(2,697)	—	—
Ending balance	<u>\$ 10,166</u>	<u>\$ 116,042</u>	<u>\$ 44,700</u>	<u>\$ 47,220</u>	<u>\$ (19,234)</u>

The amount of total gains or losses  
for the period included in  
nonoperating gains (losses)  
attributable to the change in  
unrealized gains or losses  
relating to assets still held at  
June 30, 2011

\$ 107	\$ (1,948)	\$ 781	\$ 5,872	\$ (146,992)
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<b>June 30, 2010</b>					
Beginning balance	\$ 25,746	\$ 244,131	\$ 87,091	\$ 80,437	\$ (23,159)
Total realized and unrealized gains (losses) included in nonoperating gains (losses)	449	16,515	11,091	(38,308)	(20,928)
Purchases, issuances, and settlements	(13,179)	(43,078)	(12,967)	393,715	2,242
Transfers (out of) into Level 3	(5,676)	(50,095)	(59,146)	(12,269)	1,396
Ending balance	<u>\$ 7,340</u>	<u>\$ 167,473</u>	<u>\$ 26,069</u>	<u>\$ 423,575</u>	<u>\$ (40,449)</u>

The amount of total gains or losses  
for the period included in  
nonoperating gains (losses)  
attributable to the change in  
unrealized gains or losses  
relating to assets still held at  
June 30, 2010

\$ —	\$ 3,937	\$ (704)	\$ 31,635	\$ (9,236)
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## Ascension Health

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### 5. Fair Value Measurements (continued)

The basis for recognizing and valuing transfers into or out of Level 3, in the Level 3 rollforward, is as of the beginning of the period in which the transfers occur.

The following table summarizes fair value measurements, by level, at June 30, 2011, for all other financial assets and liabilities, measured at fair value on a recurring basis in the Ascension Health consolidated financial statements:

	Level 1	Level 2	Level 3	Total
<b>June 30, 2011</b>				
Cash and cash equivalents	\$ 86,946	\$ 6,954	\$ —	\$ 93,900
Short-term investments	15,592	44,768	—	60,360
U.S. government obligations	—	49,516	442	49,958
Corporate and foreign fixed income investments	—	45,789	5,024	50,813
Asset-backed securities	—	58,356	1,924	60,280
Equity, private equity, and other investments	286,961	17,878	101,681	406,520
Assets not at fair value				<u>518,901</u>
Subtotal, included in cash and cash equivalents, short-term investments, assets limited as to use, and Board-designated and other investments				<u>\$ 1,240,732</u>
Deferred compensation assets, included in other noncurrent assets, invested in:				
Equity securities	\$ 140,238	\$ —	\$ —	\$ 140,238
Guaranteed pooled fund	—	—	32,116	32,116
Interest rate swaps, included in other noncurrent assets	—	64,426	—	64,426
Interest rate swaps, included in other noncurrent liabilities	—	141,287	—	141,287



## Ascension Health

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### 5. Fair Value Measurements (continued)

The following table summarizes fair value measurements, by level, at June 30, 2010, for all other financial assets and liabilities, measured at fair value on a recurring basis in the Ascension Health consolidated financial statements:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>June 30, 2010</b>				
Cash and cash equivalents	\$ 77,740	\$ 7,845	\$ —	\$ 85,585
Short-term investments	30,016	42,212	201	72,429
U.S. government obligations	—	58,616	442	59,058
Corporate and foreign fixed income investments	—	57,576	4,845	62,421
Asset-backed securities	—	52,005	189	52,194
Equity, private equity, and other investments	241,052	10,337	74,335	325,724
Assets not at fair value				<u>521,706</u>
Subtotal, included in cash and cash equivalents, short-term investments, assets limited as to use, and Board-designated and other investments				<u>\$ 1,179,117</u>
Deferred compensation assets, included in other noncurrent assets, invested in:				
Equity securities	\$ 107,239	\$ —	\$ —	\$ 107,239
Guaranteed pooled fund	—	—	28,694	28,694
Interest rate swaps, included in other noncurrent assets	—	66,929	—	66,929
Interest rate swaps, included in other noncurrent liabilities	—	169,047	—	169,047

# Ascension Health

## Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

### 5. Fair Value Measurements (continued)

During the years ended June 30, 2011 and 2010, the changes in the fair value of the foregoing assets measured using significant unobservable inputs (Level 3) were comprised of the following:

	Short-Term Investments	U.S. Government Obligations	Corporate and Foreign Fixed Income Investments	Asset- Backed Securities	Equity, Private Equity, and Other Investments	Guaranteed Pooled Fund
<b>June 30, 2011</b>						
Beginning balance	\$ 201	\$ 442	\$ 4,845	\$ 189	\$ 74,335	\$ 28,694
Total realized and unrealized gains (losses):						
Included in income from operations	—	—	412	(16)	676	—
Included in nonoperating gains (losses)	—	—	—	—	(73)	—
Included in changes in net assets	—	—	—	—	315	—
Purchases, issuances, and settlements	—	—	(233)	1,463	27,493	2,609
Transfers (out of) into Level 3	(201)	—	—	288	(1,065)	813
Ending balance	\$ —	\$ 442	\$ 5,024	\$ 1,924	\$ 101,681	\$ 32,116
<b>June 30, 2010</b>						
Beginning balance	\$ —	\$ —	\$ 4,474	\$ 201	\$ 43,135	\$ 25,961
Total realized and unrealized gains (losses):						
Included in income from operations	—	—	938	2	531	—
Included in nonoperating gains (losses)	—	—	—	—	(425)	(59)
Included in changes in net assets	—	—	—	—	1,296	—
Purchases, issuances, and settlements	—	442	(567)	187	(4,704)	3,125
Transfers into (out of) Level 3	201	—	—	(201)	34,502	(333)
Ending balance	\$ 201	\$ 442	\$ 4,845	\$ 189	\$ 74,335	\$ 28,694

The basis for recognizing and valuing transfers into or out of Level 3, in the Level 3 rollforward, is as of the beginning of the period in which the transfers occur.

## Ascension Health

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### 6. Significant Investments in Unconsolidated Entities

Ascension Health has a 50% membership interest in Via Christi Health, Inc. (VCH). Ascension Health accounts for this membership interest under the equity method of accounting. Ascension Health's investment in VCH is \$499,910 and \$452,781 at June 30, 2011 and 2010, respectively, and is reported in the consolidated balance sheets in investment in unconsolidated entities. Ascension Health's investment in VCH reflects the financial performance of VCH one month in arrears.

At June 30, 2011 and 2010, the difference between the amount at which Ascension Health's investment in VCH is carried in the accompanying consolidated balance sheets and its interest in the underlying net assets of VCH is \$30,568 and \$33,309, respectively. This difference relates primarily to the excess of the fair value of VCH property and equipment and long-term debt over their carrying values at the date Ascension Health received the interest in VCH. The difference is being amortized over the remaining life of the property and equipment and term of the long-term debt.

Condensed financial information of VCH as of and for the years ended June 30, 2011 and 2010, is summarized below:

	June 30,	
	2011	2010
Current assets	\$ 748,221	\$ 694,549
Noncurrent assets	932,313	859,460
Total assets	<u>\$ 1,680,534</u>	<u>\$ 1,554,009</u>
Current liabilities	\$ 120,335	\$ 99,460
Noncurrent liabilities	555,415	556,460
Total liabilities	675,750	655,920
Net assets	1,004,784	898,089
Total liabilities and net assets	<u>\$ 1,680,534</u>	<u>\$ 1,554,009</u>
Total revenues	\$ 1,094,925	\$ 996,949
Total expenses	(1,072,680)	(942,838)
Total investment return	97,573	60,134
Excess of revenues over expenses	<u>\$ 119,818</u>	<u>\$ 114,245</u>

## Ascension Health

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 7. Long-Term Debt

Long-term debt consists of the following:

	June 30,	
	2011	2010
Tax-exempt hospital revenue bonds – secured.		
Variable rate demand bonds, subject to a put provision which provides for a cumulative 7-month notice and remarketing period, payable through November 2047, interest (0.18% at June 30, 2011) tied to a market index plus a spread	\$ 320,480	\$ 320,480
Variable rate demand bonds, subject to a 7-day put provision, payable through November 2047; interest set at prevailing market rates	–	274,070
Variable rate demand bonds, subject to a 7-day put provision, payable through November 2039; interest (0.06% at June 30, 2011) set at prevailing market rates	246,730	–
Variable rate demand bonds, subject to a 7-day put provision, payable through November 2033; interest (0.06% at June 30, 2011) set at prevailing market rates, swapped to fixed rates of 5.544% through maturity	150,325	150,325
Indexed put bonds subject to weekly rate resets based on a taxable index, payable through November 2046, interest (3.076% at June 30, 2011) swapped to a variable rate tied to a tax-exempt market index plus a spread through November 2016	153,800	153,800
Fixed rate put bonds (converted from an indexed put bond mode based on a taxable index in May 2009) payable through November 2046, interest (4.10% at June 30, 2011) swapped to a variable rate tied to a market index plus a spread through November 2016	153,690	153,690
Fixed rate serial and term bonds payable in installments through November 2040; interest at 4.125% to 5.75%	984,635	1,004,530
Fixed rate serial and term bonds payable in installments through November 2039; interest at 5.00% swapped to variable rates over the life of the bonds	599,490	599,490
Fixed rate serial mode bonds payable through 2047 with purchase dates ranging from August 2011 through June 2014; interest at 0.45% to 3.75% through the purchase dates	823,560	549,490
Fixed rate serial mode bonds payable through 2033 with purchase dates through May 2012; interest at 1.25%, swapped to fixed rates of 5.454% to 5.544% through maturity	156,975	403,705

# Ascension Health

## Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

### 7. Long-Term Debt (continued)

	June 30,	
	2011	2010
Tax-exempt hospital revenue bonds – unsecured:		
Variable rate demand bonds issued under the Subordinate Master Trust Indenture, subject to a 7-day put provision, payable through November 2027, interest (0.06% at June 30, 2011) set at prevailing market rates	\$ 57,815	\$ 57,815
Fixed rate serial mode bonds issued under the Subordinate Master Trust Indenture payable through 2027 with purchase dates through November 2012; interest at 5.00%, swapped to variable mode through the purchase dates	149,470	246,570
Fixed rate serial mode bonds issued under the Subordinate Master Trust Indenture payable through 2027 with purchase dates through June 2017; interest at 5.00%	303,270	216,315
Total hospital revenue bonds	4,100,240	4,130,280
Other debt		
Obligations under capital leases	34,865	38,196
Other	36,960	30,747
	4,172,065	4,199,223
Unamortized premium, net	67,233	67,323
Less current portion	(29,563)	(31,221)
Less long-term debt subject to short-term remarketing arrangements	(1,662,950)	(1,228,115)
Long-term debt, less current portion and long-term debt subject to short-term remarketing arrangements	\$ 2,546,785	\$ 3,007,210
Senior Master Trust Indenture long-term debt obligations, including unamortized premium, net	\$ 1,953,354	\$ 2,414,076
Subordinate Master Trust Indenture long-term debt obligations, including unamortized premium, net	528,917	535,270
Other	64,514	57,864
Long-term debt, less current portion, and long-term debt subject to short-term remarketing arrangements	\$ 2,546,785	\$ 3,007,210

## Ascension Health

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### 7. Long-Term Debt (continued)

Scheduled principal repayments of long-term debt, considering obligations subject to short-term remarketing as due according to their long-term amortization schedule, as of June 30, 2011, are as follows:

Year ending June 30:	
2012	\$ 29,563
2013	28,502
2014	71,733
2015	66,526
2016	57,836
Thereafter	<u>3,917,905</u>
Total	<u>\$ 4,172,065</u>

The carrying amounts of variable rate bonds and other notes payable approximate fair value. The fair values of the unsecured fixed rate serial and term bonds are estimated based on discounted cash flow analyses that consider current incremental borrowing rates for similar types of borrowing arrangements. The fair value of fixed rate serial and term bonds, including the component of variable rate demand bonds subject to long-term fixed interest rates, approximates carrying value at June 30, 2011 and 2010. During the years ended June 30, 2011 and 2010, interest paid was approximately \$147,800 and \$136,500, respectively. Capitalized interest was approximately \$7,100 and \$12,800 for the years ended June 30, 2011 and 2010, respectively.

Certain members of Ascension Health formed the Ascension Health Credit Group (Senior Credit Group). Each Senior Credit Group member is identified as either a senior obligated group member, senior designated affiliate or senior limited designated affiliate. Senior obligated group members are jointly and severally liable under a Senior Master Trust Indenture (Senior MTI) to make all payments required with respect to obligations under the Senior MTI and may be entities not controlled directly or indirectly by Ascension Health. Senior designated affiliates and senior limited designated affiliates are not obligated to make debt service payments on the obligations under the Senior MTI. Ascension Health may cause each senior designated affiliate to transfer such amounts as are necessary to enable the obligated group to comply with the terms of the Senior MTI, including payment of the outstanding obligations. Additionally, each senior limited designated affiliate has an independent limited designated affiliate agreement and promissory note with Ascension Health with stipulated repayment terms and conditions, each subject to the governing law of the senior limited designated affiliate's state of incorporation.

## Ascension Health

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### **7. Long-Term Debt (continued)**

Pursuant to a Supplemental Master Indenture dated February 1, 2005, senior obligated group members, which are operating entities, have pledged and assigned to the Master Trustee a security interest in all of their rights, title, and interest in their pledged revenues and proceeds thereof.

A Subordinate Credit Group, which is comprised of subordinate obligated group members, subordinate designated affiliates, and subordinate limited designated affiliates, was created under the Subordinate Master Trust Indenture (Subordinate MTI). The subordinate obligated group members are jointly and severally liable under the Subordinate MTI to make all payments required with respect to obligations under the Subordinate MTI and may be entities not controlled directly or indirectly by Ascension Health. Subordinate designated affiliates and subordinate limited designated affiliates are not obligated to make debt service payments on the obligations under the Subordinate MTI. Ascension Health may cause each subordinate designated affiliate to transfer such amounts as are necessary to enable the obligated group members to comply with the terms of the Subordinate MTI, including payment of the outstanding obligations. Additionally, each subordinate limited designated affiliate has an independent subordinate limited designated affiliate agreement and promissory note with Ascension Health with stipulated repayment terms and conditions, each subject to the governing law of the subordinate limited designated affiliate's state of incorporation.

The unsecured variable rate demand bonds of both the Senior and Subordinate Credit Groups, while subject to long-term amortization periods, may be put to Ascension Health at the option of the bondholders in connection with certain remarketing dates. To the extent that bondholders may, under the terms of the debt, put their bonds within 12 months after June 30, 2011, the principal amount of such bonds has been classified as a current obligation in the accompanying consolidated balance sheets. Management believes the likelihood of a material amount of bonds being put to Ascension Health to be remote. However, to address this possibility, management has taken steps to provide various sources of liquidity in the event any bonds would be put, including entering into certain bond repurchase agreements, assessing alternate sources of financing, including the line of credit and commercial paper program, and maintaining unrestricted assets as a source of self-liquidity.

## Ascension Health

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### **7. Long-Term Debt (continued)**

In January 2010, Ascension Health issued \$157,000 of commercial paper for previous capital expenditures. In February and March 2010, Ascension Health used existing cash and investments to defease or redeem \$558,737 of bonds and commercial paper originally issued from 1999 through 2010. In March 2010, Ascension Health issued a total of \$1,326,870 of bonds (Series 2010A through 2010F) through five different issuing authorities in five states. The proceeds of the bonds, including original issue premium, were used to reimburse Ascension Health for previous capital expenditures, to refinance the outstanding commercial paper issued January 2010, and to refund \$742,550 of current bonds which were originally issued in 1999 and 2008. The Series 2010A through 2010E bonds bear interest at fixed interest rates with principal maturities through November 2040, while the Series 2010F bonds are variable rate bonds with weekly-resetting interest rates and principal maturities through 2047. Due to aggregate financing activity during the fiscal years ended June 30, 2011 and 2010, including the aforementioned activities as well as the scheduled remarketing of certain serial mode bonds with unamortized issuance costs, losses on extinguishment of debt of \$1,007 and \$7,515 were recorded, which are included as nonoperating gains (losses) in the accompanying consolidated statements of operations and changes in net assets.

Ascension Health is a party to multiple interest rate swap agreements that convert the variable or fixed rates of certain debt issues to fixed or variable rates, respectively. See the Derivative Instruments note for a discussion of these derivatives.

As of June 30, 2011, the Senior Credit Group has a line of credit of \$250,000 related to its commercial paper program toward which bank commitments totaling \$250,000 extend to November 18, 2013. As of June 30, 2011 and 2010, there were no borrowings under the line of credit.

As of June 30, 2011, the Senior Credit Group has a line of credit of \$500,000 for general corporate purposes toward which bank commitments totaling \$500,000 extend to April 2, 2012. As of June 30, 2011 and 2010, there were no borrowings under the line of credit.

As of June 30, 2011, the Subordinate Credit Group has a \$50,000 revolving line of credit related to its letters of credit program toward which a bank commitment of \$50,000 extends to December 28, 2011. The revolving line of credit may be accessed solely in the form of Letters of Credit issued by the bank for the benefit of the members of the Credit Groups. Of this \$50,000 revolving line of credit, letters of credit totaling \$37,162 have been issued as of June 30, 2011. No borrowings were outstanding under the letters of credit as of June 30, 2011 and 2010.



## Ascension Health

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### **8. Derivative Instruments**

Ascension Health uses interest rate swap agreements to manage interest rate risk associated with its outstanding debt. These swaps effectively convert interest rates on variable rate bonds to fixed rates and rates on fixed rate bonds to variable rates. At June 30, 2011 and 2010, the notional values of outstanding interest rate swaps were \$2,310,187 and \$2,431,137, respectively.

Ascension Health recognizes the fair value of its interest rate swaps in the consolidated balance sheet as assets, recorded in other noncurrent assets, or liabilities, recorded in other noncurrent liabilities, as appropriate. At June 30, 2011 and 2010, the fair value of interest rate swaps in an asset position were \$64,426 and \$66,929, respectively, while the fair value of interest rate swaps in a liability position were \$141,287 and \$169,047, respectively.

Prior to July 1, 2006, Ascension Health designated certain of its interest rate swaps as cash flow hedges, for accounting purposes, and accordingly deferred gains or losses associated with those swaps in net assets. Net gains of \$303 and \$14,123 were recognized in other nonoperating gains (losses) for the years ended June 30, 2011 and 2010, respectively, representing the recognition of interest rate swap gains deferred prior to July 1, 2006, when these swaps were designated and accounted for as cash flow hedges. For the year ended June 30, 2010, \$13,033 of the gain represented the recognition of deferred gains that were previously designated to long-term debt that was redeemed or defeased during the year ended June 30, 2010. The remaining amount of deferred gain at June 30, 2011, that will be reclassified into nonoperating gains (losses) over the next 12 months is immaterial.

Beginning July 1, 2006, previously designated cash flow hedging relationships were de-designated for accounting purposes. Accordingly, all changes in the fair value of interest rate swaps since that date have been recognized in nonoperating gains (losses) in the accompanying consolidated statements of operations and changes in net assets. A net nonoperating gain of \$25,257 was recognized for the year ended June 30, 2011, while a net nonoperating loss of \$18,641 was recognized for the year ended June 30, 2010.

## Ascension Health

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### **8. Derivative Instruments (continued)**

Ascension Health's interest rate swap agreements include collateral requirements for each counterparty under such agreements, based upon specific contractual criteria. Ascension Health's collateral requirements are based upon Ascension Health's Senior Credit Group long-term debt credit ratings (Senior Debt Credit Ratings), as obtained from each of two major credit rating agencies, as well as the net liability position of total interest rate swap agreements outstanding with each counterparty. At June 30, 2011 and 2010, based upon Ascension Health's net liability positions and Senior Debt Credit Ratings, no collateral on interest rate swap agreements was required to be posted. The aggregate net fair value of interest rate swap agreements with credit-risk-related contingent features on June 30, 2011 and 2010, was a liability of \$76,861 and \$102,118, respectively.

#### **9. Retirement Plans**

##### **Defined-Benefit Plans**

Certain Ascension Health entities participate in the Ascension Health Pension Plan (the Ascension Plan), which is a noncontributory, defined-benefit pension plan covering all eligible employees of certain Ascension Health entities. Benefits are based on each participant's years of service and compensation. Ascension Plan assets are invested in a master trust (the Trust) consisting of cash and cash equivalents, equity, fixed income funds, and alternative investments. Contributions to the Ascension Plan are based on actuarially determined amounts sufficient to meet the benefits to be paid to plan participants.

The assets of the Ascension Plan are available to pay the benefits of eligible employees and retirees of all participating entities. In the event entities participating in the Ascension Plan are unable to fulfill their financial obligations under the Ascension Plan, the other participating entities are obligated to do so.

Certain other Ascension Health entities participate in separate noncontributory, defined-benefit plans (the Other Ascension Health Plans) in which substantially all employees are eligible to participate. The Other Ascension Health Plans' benefits are based on each participant's years of service and compensation. Substantially all of the Other Ascension Health Plans' assets are invested in the Trust.

## Ascension Health

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### 9. Retirement Plans (continued)

The following table sets forth the combined benefit obligations, the assets of the Ascension Plan, and the Other Ascension Health Plans (collectively, the Ascension Health Pension Plans) at June 30, 2011 and 2010, components of net periodic benefit costs for the years then ended, and a reconciliation of the amounts recognized in the accompanying consolidated financial statements:

	<b>Year Ended June 30,</b>	
	<b>2011</b>	<b>2010</b>
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	<b>\$ 5,618,553</b>	\$ 4,755,922
Service cost	<b>208,253</b>	176,920
Interest cost	<b>304,365</b>	303,764
Amendments	<b>(476)</b>	(636)
Assumption change	<b>(154,944)</b>	558,866
Actuarial (gain) loss	<b>(29,136)</b>	14,521
Benefits paid	<b>(212,166)</b>	(190,804)
Projected benefit obligation at end of year	<b>5,734,449</b>	5,618,553
Accumulated benefit obligation at end of year	<b>5,140,261</b>	4,920,528
Change in plan assets:		
Fair value of plan assets at beginning of year	<b>4,624,393</b>	3,808,540
Actual return on plan assets	<b>848,439</b>	835,613
Employer contributions	<b>136,927</b>	171,044
Benefits paid	<b>(212,166)</b>	(190,804)
Fair value of plan assets at end of year	<b>5,397,593</b>	4,624,393
Net amount recognized at end of year and funded status	<b>\$ (336,856)</b>	\$ (994,160)

The Ascension Health Pension Plans' funded status as a percentage of the projected benefit obligation at June 30, 2011 and 2010, was 94.1% and 82.3%, respectively. The Ascension Health Pension Plans' funded status as a percentage of the accumulated benefit obligation at June 30, 2011 and 2010, was 105.0% and 94.0%, respectively.

# Ascension Health

## Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

### 9. Retirement Plans (continued)

Included in unrestricted net assets at June 30, 2011 and 2010, respectively, are the following amounts that have not yet been recognized in net periodic pension cost:

	<b>Year Ended June 30,</b>	
	<b>2011</b>	<b>2010</b>
Unrecognized prior service credit	\$ (69,548)	\$ (80,927)
Unrecognized actuarial loss	33,874	835,418
	<u>\$ (35,674)</u>	<u>\$ 754,491</u>

Changes in plan assets and benefit obligations recognized in unrestricted net assets during 2011 and 2010, respectively, include:

	<b>Year Ended June 30,</b>	
	<b>2011</b>	<b>2010</b>
Current year actuarial (gain) loss	\$ (671,223)	\$ 66,144
Amortization of actuarial loss	(130,321)	(72,948)
Current year prior service credit	(476)	(636)
Amortization of prior service credit	11,855	11,199
	<u>\$ (790,165)</u>	<u>\$ 3,759</u>

	<b>Year Ended June 30,</b>	
	<b>2011</b>	<b>2010</b>
<b>Components of net periodic benefit cost</b>		
Service cost	\$ 208,253	\$ 176,920
Interest cost	304,365	303,764
Expected return on plan assets	(361,295)	(328,370)
Amortization of prior service credit	(11,855)	(11,199)
Amortization of actuarial loss	130,321	72,948
Net periodic benefit cost	<u>\$ 269,789</u>	<u>\$ 214,063</u>

## Ascension Health

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### 9. Retirement Plans (continued)

The prior service credit and actuarial loss included in unrestricted net assets and expected to be recognized in net periodic pension cost during the year ending June 30, 2012, are \$10,600 and \$27,700, respectively.

The assumptions used to determine the benefit obligation and net periodic benefit cost for the Ascension Health Pension Plans are set forth below:

	<b>June 30,</b>	
	<b>2011</b>	<b>2010</b>
Weighted-average discount rate	<b>5.63%</b>	5.49%
Weighted-average rate of compensation increase	<b>4.00%</b>	4.00%
Weighted-average expected long-term rate of return on plan assets	<b>8.50%</b>	8.50%

The Ascension Health Pension Plans' assets are invested in a portfolio designated to protect principal and obtain competitive investment returns and long-term investment growth, consistent with actuarial assumptions, with a reasonable and prudent level of risk. Diversification is achieved by allocating to funds that correlate to three different economic regimes defined as growth, recession and inflation investment strategies. Growth strategies include long-only equity, long/short equity, private equity, and credit related instruments. Recession strategies include government bonds, investment grade bonds, hedge funds and cash. Inflation strategies include inflation-linked bonds, commodities, and real assets. The Plan retains multiple investment managers with complementary styles, philosophies, and approaches. In accordance with the Ascension Health Pension Plans' objectives, derivatives may also be used to gain market exposure in an efficient and timely manner.

## Ascension Health

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 9. Retirement Plans (continued)

In accordance with the Ascension Health Pension Plans' asset diversification targets, as presented in the table that follows, the Ascension Health Pension Plans invest in certain portfolio investment funds, or alternative investments. These Ascension Health Pension Plans' investments, comprised of various hedge funds, real estate funds, private equity funds, commodity funds, and certain other unregistered mutual funds, do not have observable market values. As such, these investments are valued at the funds' net asset values as determined by each fund's investment manager, which approximates fair value. The fair value of the Ascension Health Pension Plans' alternative investments as of June 30, 2011, is reported in the fair value measurement table that follows. Collectively, these funds have liquidity terms ranging from weekly to annual with notice periods ranging from 1 to 93 days. Due to redemption restrictions, investments in real estate and private equity funds, whose fair value was approximately \$346,401 at June 30, 2011, cannot be redeemed. However, the potential for the Ascension Health Pension Plans to sell their interest in real estate and private equity funds in a secondary market prior to the end of the fund term does exist.

The investments in these alternative investment funds also include contractual commitments to portfolio funds and other funds to provide capital contributions during the investment period, which is typically five years, and may extend to the end of the fund term. During these contractual periods, investment managers may require the Ascension Health Pension Plans to invest in accordance with the terms of the agreement. Commitments not funded during the investment period will expire and remain unfunded. As of June 30, 2011, investment periods expire between July 2011 and December 2016. The remaining unfunded capital commitments of the Ascension Plan total approximately \$437,000 for 35 individual contracts as of June 30, 2011.

The weighted-average asset allocation for the Ascension Health Pension Plans at the end of fiscal 2011 and 2010 and the target allocation for fiscal 2012, by asset category, are as follows:

Asset Category	Target Allocation	Percentage of Plan Assets at Year-End	
	2012	2011	2010
Growth	50%	52%	47%
Recession/deflation	30	32	44
Inflation	20	16	9
Total	100%	100%	100%

## Ascension Health

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### 9. Retirement Plans (continued)

Ascension Health adopted the FASB's authoritative disclosure guidance on reporting for assets of postretirement benefit plans for the fiscal year ended June 30, 2010. The following tables summarize fair value measurements at June 30, 2011 and 2010, by asset class and by level, for the Ascension Health Pension Plans' assets and liabilities in accordance with that guidance. As also discussed in the Fair Value Measurements note, Ascension Health follows the three-level fair value hierarchy to categorize plan assets and liabilities recognized at fair value, which prioritizes the inputs used to measure such fair values.

The inputs and valuation techniques discussed in the Fair Value Measurements note also apply to Plan assets and liabilities as presented in the following tables.

	Level 1	Level 2	Level 3	Total
<b>June 30, 2011</b>				
Short-term investments	\$ 433,526	\$ 12,682	\$ —	\$ 446,208
Derivative assets –				
interest rate	717	3	65,727	66,447
Derivative assets – other	74	2,939	1,159	4,172
U.S. government obligations	–	1,734,828	2,129	1,736,957
Corporate and foreign fixed				
income investments	–	406,793	19,462	426,255
Asset-backed securities	–	265,277	4,427	269,704
Equity securities	1,186,520	–	1,701	1,188,221
Alternative investments	–	–	1,591,483	1,591,483
Assets not at fair value				221,405
Total				5,950,852
Derivative liabilities –				
interest rate	17	283	258,882	259,182
Derivative liabilities – other	307	1,067	16,371	17,745
Investments sold,				
not yet settled	–	56,451	–	56,451
Liabilities not at fair value				219,881
Total				553,259
Fair value of plan assets				\$ 5,397,593

Ascension Health

Notes to Consolidated Financial Statements (continued)  
(Dollars in Thousands)

**9. Retirement Plans (continued)**

	Level 1	Level 2	Level 3	Total
<b>June 30, 2010</b>				
Short-term investments	\$ 196,039	\$ 92,170	\$ —	\$ 288,209
Derivative assets –				
interest rate	171	285	90,505	90,961
Derivative assets – other	1,260	5,058	197	6,515
U.S. government obligations	–	1,344,660	2,241	1,346,901
Corporate and foreign fixed				
income investments	–	447,515	52,193	499,708
Asset-backed securities	–	221,140	4,790	225,930
Equity securities	1,266,949	–	122,447	1,389,396
Alternative investments	–	–	1,163,027	1,163,027
Assets not at fair value				238,607
Total				5,249,254
Derivative liabilities –				
interest rate	159	128	323,977	324,264
Derivative liabilities – other	584	376	24,774	25,734
Investments sold,				
not yet settled	–	52,018	–	52,018
Liabilities not at fair value				222,845
Total				624,861
Fair value of plan assets				\$ 4,624,393



## Ascension Health

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### 9. Retirement Plans (continued)

For the years ended June 30, 2011 and 2010, the changes in the fair value of the Ascension Health Pension Plans' assets measured using significant unobservable inputs (Level 3) were comprised of the following:

	Net Derivatives	U.S. Government Obligations	Corporate and Foreign Fixed Income Investments	Asset- Backed Securities	Equity Securities	Alternative Investments
<b>June 30, 2011</b>						
Beginning balance	\$ (258,049)	\$ 2,241	\$ 52,193	\$ 4,790	\$ 122,447	\$1,163,027
Total actual return on plan assets	57,843	99	1,976	(8)	33,096	171,459
Purchases, issuances, and settlements	(8,161)	(211)	(29,882)	376	(153,343)	256,997
Transfers (out of) into Level 3	—	—	(4,825)	(731)	(499)	—
Ending balance	<u>\$ (208,367)</u>	<u>\$ 2,129</u>	<u>\$ 19,462</u>	<u>\$ 4,427</u>	<u>\$ 1,701</u>	<u>\$1,591,483</u>

Actual return on plan assets relating to plan assets still held at June 30, 2011	<u>\$ (25,056)</u>	<u>\$ 65</u>	<u>\$ (195)</u>	<u>\$ 195</u>	<u>\$ —</u>	<u>\$ 154,299</u>
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	Net Derivatives	U.S. Government Obligations	Corporate and Foreign Fixed Income Investments	Asset- Backed Securities	Equity Securities	Alternative Investments
<b>June 30, 2010</b>						
Beginning balance	\$ (515,560)	\$ —	\$ 93,599	\$ 6,626	\$ 407	\$ 585,210
Total actual return on plan assets	126,983	(2)	11,353	3,585	(8,642)	86,161
Purchases, issuances, and settlements	130,373	2,243	(36,314)	(5,421)	129,134	491,656
Transfers into (out of) Level 3	155	—	(16,445)	—	1,548	—
Ending balance	<u>\$ (258,049)</u>	<u>\$ 2,241</u>	<u>\$ 52,193</u>	<u>\$ 4,790</u>	<u>\$ 122,447</u>	<u>\$1,163,027</u>

Actual return on plan assets relating to plan assets still held at June 30, 2010	<u>\$ 75,541</u>	<u>\$ (2)</u>	<u>\$ 3,965</u>	<u>\$ 187</u>	<u>\$ (8,508)</u>	<u>\$ (778)</u>
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## Ascension Health

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### 9. Retirement Plans (continued)

The Trust has entered into a series of interest rate swap agreements with a net notional amount of approximately \$2,539,000. The combined targeted duration of these swaps and the Trust's fixed income investments approximates the duration of the liabilities of the Trust. Currently, 75% of the dollar duration of the liability is subject to this economic hedge. The purpose of this strategy is to economically hedge the change in the net funded status for a significant portion of the liability that can occur due to changes in interest rates.

The expected long-term rate of return on plan assets is based on historical and projected rates of return for current and planned asset categories in the Ascension Health Pension Plans' investment portfolio. Assumed projected rates of return for each asset category were selected after analyzing historical experience and future expectations of the returns and volatility for assets of that category using benchmark rates. Based on the target asset allocation among the asset categories, the overall expected rate of return for the portfolio was developed and adjusted for historical and expected experience of active portfolio management results compared to benchmark returns and for the effect of expenses paid from plan assets.

Information about the expected cash flows for the Ascension Health Pension Plans follows:

Expected employer contributions 2012	\$ 179,000
Expected benefit payments:	
2012	309,000
2013	329,000
2014	353,000
2015	374,000
2016	394,000
2017 – 2021	2,301,000

The contribution amount above includes amounts paid to the Trust. The benefit payment amounts above reflect the total benefits expected to be paid from the Trust.

## Ascension Health

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### **9. Retirement Plans (continued)**

##### **Other Postretirement Benefit Plans**

In addition to the retirement plan described above, several Health Ministries sponsor postretirement benefit plans that provide health care benefits to qualified retirees who meet certain eligibility requirements. The total benefit obligation of these plans at June 30, 2011 and 2010, is \$44,446 and \$50,557, respectively. The net obligation included in pension and other postretirement liabilities in the accompanying consolidated balance sheets at June 30, 2011 and 2010, is \$10,086 and \$21,702, respectively. The change in the plans' assets and benefit obligations recognized in unrestricted net assets during the year ended June 30, 2011, was \$6,778.

##### **Defined-Contribution Plans**

Ascension Health entities participate in contributory and noncontributory, defined-contribution plans covering all eligible associates. There are three primary types of contributions to these plans: employer automatic contributions, employee contributions, and employer matching contributions. Benefits for employer automatic contributions are determined as a percentage of a participant's salary and, for certain entities, increases over specified periods of employee service. These benefits are funded annually and participants become fully vested over a period of time. Benefits for employer matching contributions are determined as a percentage of an eligible participant's contributions each payroll period. These benefits are funded each payroll period and participants become fully vested in these employer contributions immediately. Expenses for the defined-contribution plans were \$113,337 and \$107,198 during 2011 and 2010, respectively.

#### **10. Self-Insurance Programs**

Certain Ascension Health hospitals and other entities participate in pooled risk programs to insure professional and general liability risks and workers' compensation risks to the extent of certain self-insured limits. In addition, various umbrella insurance policies have been purchased to provide coverage in excess of the self-insured limits. Trust funds and a captive insurance company have been established for the self-insurance programs, and actuarially determined amounts, discounted at 6%, are contributed to the trusts and the captive insurance company to provide for the estimated cost of claims. The loss reserves recorded for estimated self-insured professional, general liability, and workers' compensation claims include estimates of the ultimate costs for both reported claims and claims incurred but not reported and are discounted at

## Ascension Health

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### **10. Self-Insurance Programs (continued)**

6% in 2011 and 2010. Those entities not participating in the self-insured programs are insured under separate policies.

#### **Professional and General Liability Programs**

Professional and general liability coverage is provided on a claims-made basis through a wholly owned onshore trust and offshore captive insurance company, Ascension Health Insurance, Ltd. (AHIL), with a self-insured retention of \$10,000 per occurrence with no aggregate. Excess coverage is provided through AHIL with limits up to \$185,000. AHIL retains \$5,000 per occurrence and \$5,000 annual aggregate for professional liability. AHIL also retains a 20% quota share of the first \$25,000 of umbrella excess. The remaining excess coverage is reinsured by commercial carriers. Self-insured entities in the states of Indiana and Wisconsin are provided professional liability coverage on an occurrence basis with limits in compliance with participation in the Patient Compensation Funds. The Patient Compensation Funds apply to claims in excess of the primary self-insured limit.

Included in operating expenses in the accompanying consolidated statements of operations and changes in net assets is professional and general liability expense of \$69,073 and \$106,274 for the years ended June 30, 2011 and 2010, respectively. Included in current and long-term self-insurance liabilities on the accompanying consolidated balance sheets are professional and general liability loss reserves of approximately \$522,489 and \$536,506 at June 30, 2011 and 2010, respectively.

AHIL also offers physician professional liability coverage through insurance or reinsurance arrangements to nonemployed physicians practicing at Ascension Health's various facilities, primarily in Michigan. Coverage is offered to physicians with limits ranging from \$100 per claim to \$1,000 per claim with various aggregate limits.

#### **Workers' Compensation**

Workers' compensation coverage is provided on an occurrence basis through a grantor trust. The self-insured trust provides coverage up to \$1,000 per occurrence with no aggregate. The trust provides a mechanism for funding the workers' compensation obligations of its members. Excess insurance against catastrophic loss is obtained through commercial insurers. Premium payments made to the trust are expensed and represent claims reported and claims incurred but not reported.

## Ascension Health

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### 10. Self-Insurance Programs (continued)

Included in operating expenses in the accompanying consolidated statements of operations and changes in net assets is workers' compensation expense of \$41,973 and \$40,538 for the years ended June 30, 2011 and 2010, respectively. Included in current and long-term self-insurance liabilities on the accompanying consolidated balance sheets are workers' compensation loss reserves of \$98,867 and \$94,922 at June 30, 2011 and 2010, respectively.

#### 11. Lease Commitments

Future minimum payments under noncancelable operating leases with terms of one year or more are as follows:

Year ending June 30:	
2012	\$ 180,960
2013	169,374
2014	137,302
2015	109,610
2016	90,862
Thereafter	278,052
Total	<u>\$ 966,160</u>

Ascension Health and several of its Health Ministries are lessees under operating lease agreements for the use of space in buildings owned by third parties, including medical office buildings (MOBs) and medical and information technology equipment. In addition, certain Health Ministries have subleased space within buildings where the Health Ministry has a current operating lease commitment. Certain Health Ministries also are lessors under operating lease agreements, primarily ground leases related to third-party-owned MOBs on land owned by the Health Ministries.

Ascension Health's future minimum noncancelable payments associated with operating leases where Ascension Health is the lessee, as well as future minimum noncancelable receipts associated with operating leases where Ascension Health is the sublessor or lessor, are presented in the table that follows. Future minimum payments and receipts relate to noncancelable leases with terms of one year or more.

## Ascension Health

### Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

#### 11. Lease Commitments (continued)

	<b>Future Payments Where Ascension Health is Lessee</b>	<b>Future Receipts Where Ascension Health is Sublessor/Lessor</b>	<b>Net Future Payments (Receipts)</b>
Year ending June 30:			
2012	\$ 180,960	\$ 29,839	\$ 151,121
2013	169,374	25,688	143,686
2014	137,302	20,743	116,559
2015	109,610	16,620	92,990
2016	90,862	13,041	77,821
Thereafter	278,052	291,477	(13,425)
Total	<u>\$ 966,160</u>	<u>\$ 397,408</u>	<u>\$ 568,752</u>

Rental expense under operating leases amounted to \$295,190 and \$275,149 in 2011 and 2010, respectively.

In previous fiscal years, certain Health Ministries sold MOBs to third parties and contemporaneously leased back certain space in those buildings to support ongoing ministry operations. These space leases are being accounted for as operating leases based on their terms, and future minimum lease payments under these leases are included in the future minimum payment amounts reported above. As of June 30, 2011 and 2010, net deferred gains of \$7,226 and \$10,206, respectively, were included in other noncurrent liabilities in the accompanying consolidated balance sheets. These gains are being recognized as operating income over the related leaseback terms.

Also in previous fiscal years, certain Health Ministries entered into agreements to lease space in MOBs under construction by external development companies. Based on relevant authoritative accounting guidance, the Health Ministries were considered the owner of the MOBs during construction. In addition, because these transactions and the sales of other existing MOBs did not qualify for sale-leaseback accounting, they were treated as financing transactions. Accordingly, the associated financing obligations, along with their related construction in progress or building assets, of \$116,314 and \$116,449 at June 30, 2011 and 2010, respectively, are included in other noncurrent liabilities and construction in progress or building and equipment in the

## Ascension Health

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### **11. Lease Commitments (continued)**

accompanying consolidated balance sheets. The financing obligations associated with these transactions will not result in cash payments in excess of amounts paid under the related operating lease payments. All future cash obligations related to leased space within these MOBs are included in the future minimum payment amounts reported above.

#### **12. Contingencies and Commitments**

Ascension Health is involved in litigation and regulatory investigations arising in the ordinary course of business. Ascension Health is also involved in ongoing arbitration relative to a dispute regarding the termination of, and performance under, an information technology services contract. Regulatory investigations also occur from time to time. In the opinion of management, after consultation with legal counsel, these matters are expected to be resolved without material adverse effect on Ascension Health's consolidated balance sheets.

In September 2010, Ascension Health received a letter from the U.S. Department of Justice (the DOJ) in connection with its nationwide review to determine whether, in certain cases, implantable cardioverter defibrillators (ICDs) were provided to certain Medicare beneficiaries in accordance with national coverage criteria. In connection with this nationwide review, identified Ascension Health hospitals will be reviewing applicable medical records and responding to the DOJ. The DOJ's investigation spans a time frame beginning in 2003 and extending through the present time. At June 30, 2011, and through September 8, 2011, the review remains in its early stages. As such, no estimates of liability have been or can be reached relative to the impact this investigation could have on Ascension Health. Through September 8, 2011, the DOJ has not asserted any claims against any Ascension Health hospitals. Ascension Health continues to fully cooperate with the DOJ in its investigation.

Ascension Health enters into agreements with nonemployed physicians that include minimum revenue guarantees. The terms of the guarantees vary. The carrying amounts of the liability for Ascension Health's obligation under these guarantees were \$15,395 and \$9,779 at June 30, 2011 and 2010, respectively, and are included in other current and noncurrent liabilities in the accompanying consolidated balance sheets. The maximum amount of future payments that Ascension Health could be required to make under these guarantees is approximately \$41,000 and is included in the table that follows.

## Ascension Health

### Notes to Consolidated Financial Statements (continued)

*(Dollars in Thousands)*

#### 12. Contingencies and Commitments (continued)

Ascension Health entered into agreements with one of its sponsors for support through March 2016, which support is included in transfers to sponsor and other affiliates, net in the accompanying consolidated statements of changes in net assets for the year ended June 30, 2010. Ascension Health's obligation under these agreements totals \$53,259 at June 30, 2011, and is included in other current and noncurrent liabilities in the accompanying consolidated balance sheets.

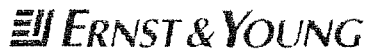
Guarantees and other commitments represent contingent commitments issued by Ascension Health Senior and Subordinate Credit Groups, generally to guarantee the performance of an affiliate to a third party in borrowing arrangements such as commercial paper issuances, bond financing, and other transactions. The terms of guarantees are equal to the terms of the related debt, which can be as short as 30 days or as long as 29 years.

The following summary represents the maximum potential amount of future payments the Senior and Subordinate Credit Groups could be required to make under its guarantees and other commitments at June 30, 2011:

Hospital de la Concepción 2000 Series A debt guarantee	\$ 31,910
St. Vincent de Paul Series 2000A debt guarantee	28,300
Rehab Hospital of Indiana, Inc. guarantee	6,400
Mercy Care Plan guarantee	5,000
Physician revenue guarantees	41,000
Other	37,642
Total guarantees and other commitments	<u>\$ 150,252</u>



## Other Financial Information



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## Report of Independent Auditors on Other Financial Information

The Board of Trustees  
Ascension Health

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Net Cost of Providing Care of Persons Living in Poverty and Community Benefit Programs, the Consolidating Balance Sheets with Details of Investment in Via Christi Health, Inc., and the Consolidating Statements of Operations and Changes in Net Assets with Details of Investment in Via Christi Health, Inc. are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as whole.

*Ernst & Young LLP*

September 8, 2011

# Ascension Health

## Schedule of Net Cost of Providing Care of Persons Living in Poverty and Community Benefit Programs (Dollars in Thousands)

Years Ended June 30, 2011 and 2010

The net cost, excluding the provision for bad debt expense, of providing care to persons living in poverty and community benefit programs is as follows:

	<u>2011</u>	<u>2010</u>
Traditional charity care provided	\$ 408,894	\$ 375,039
Unpaid cost of public programs for persons living in poverty	374,083	383,160
Other programs for persons living in poverty and other vulnerable persons	71,267	55,633
Community benefit programs	<u>372,644</u>	<u>261,318</u>
Care of persons living in poverty and community benefit programs	<u>\$ 1,226,888</u>	<u>\$ 1,075,150</u>