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Form 990  Department of the Treasury Internal Revenue Service	Return of Organization Exempt From Income Tax Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation) ▶ The organization may have to use a copy of this return to satisfy state reporting requirements	OMB No 1545-0047 2010 Open to Public Inspection
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A For the 2010 calendar year, or tax year beginning 07-01-2010 and ending 06-30-2011		
B Check if applicable <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	C Name of organization ST CLAIRE MEDICAL CENTER INC	D Employer identification number 61-0605336
	Doing Business As STCLAIRE REGIONAL MEDICAL CENTER	E Telephone number (606) 783-6508
	Number and street (or P O box if mail is not delivered to street address) 222 MEDICAL CIRCLE	
	Room/suite	
	City or town, state or country, and ZIP + 4 MOREHEAD, KY 40351	
	F Name and address of principal officer MARK J NEFF 222 MEDICAL CIRCLE MOREHEAD, KY 40351	H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number ▶
I 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		
J Website: ▶ WWW.ST-CLAIRE.ORG		
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		L Year of formation 1963
M State of legal domicile KY		

Part I	Summary
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Activities & Governance	1 Briefly describe the organization's mission or most significant activities THE MISSION IS TO PROCLAIM GOD'S GOODNESS THROUGH A HEALING MINISTRY TO THE PEOPLE OF EASTERN KY	
	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)	
	4 Number of independent voting members of the governing body (Part VI, line 1b)	
	5 Total number of individuals employed in calendar year 2010 (Part V, line 2a)	
6 Total number of volunteers (estimate if necessary)		
7a Total unrelated business revenue from Part VIII, column (C), line 12		
7b Net unrelated business taxable income from Form 990-T, line 34		
Revenue	8 Contributions and grants (Part VIII, line 1h)	
	9 Program service revenue (Part VIII, line 2g)	
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	
	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	
Expenses	14 Benefits paid to or for members (Part IX, column (A), line 4)	
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	
	16a Professional fundraising fees (Part IX, column (A), line 11e)	
	b Total fundraising expenses (Part IX, column (D), line 25) ▶ ⁰	
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	
	19 Revenue less expenses Subtract line 18 from line 12	
	Net Assets or Fund Balances	20 Total assets (Part X, line 16)
21 Total liabilities (Part X, line 26)		
22 Net assets or fund balances Subtract line 21 from line 20		
Prior Year		Current Year
1,283,111		1,387,266
125,750,000	133,822,171	
874,981	682,002	
1,856,630	2,655,892	
129,764,722	138,547,331	
66,734	27,376	
0	0	
65,133,147	72,769,139	
0	0	
62,603,772	64,322,255	
127,803,653	137,118,770	
1,961,069	1,428,561	
Beginning of Current Year	End of Year	
83,119,490	87,852,726	
41,165,225	43,628,149	
41,954,265	44,224,577	

Part II	Signature Block
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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.

Sign Here	***** Signature of officer	2012-05-11 Date			
	MARK J NEFF PRESIDENT & CEO Type or print name and title				
Paid Preparer Use Only	Print/Type preparer's name CARRIE A MERRILL CPA	Preparer's signature CARRIE A MERRILL CPA	Date	Check if self-employed <input type="checkbox"/>	PTIN
	Firm's name ▶ BLUE & CO LLC	Firm's EIN ▶			
	Firm's address ▶ ONE AMERICAN SQUARE 2200 INDIANAPOLIS, IN 46282	Phone no ▶ (317) 633-4705			

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

THE MISSION OF ST CLAIRE REGIONAL MEDICAL CENTER IS TO PROCLAIM GOD'S GOODNESS THROUGH A HEALING MINISTRY TO THE PEOPLE OF EASTERN KENTUCKY

2

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

☐ Yes ☒ No

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

3

Did the organization cease conducting, or make significant changes in how it conducts, any program services?

☐ Yes ☒ No

If “Yes,” describe these changes on Schedule O

4

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

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

4a

(Code) (Expenses \$ 91,236,456 including grants of \$ 40,415) (Revenue \$ 101,556,991)

ST CLAIRE REGIONAL MEDICAL CENTER SERVES AS A 159-BED REGIONAL REFERRAL CENTER AND IS THE LARGEST RURAL HOSPITAL IN NORTHEASTERN KENTUCKY SPONSORED BY THE SISTERS OF NOTRE DAME IN COVINGTON, KENTUCKY, ST CLAIRE REGIONAL SERVES AS A NOT-FOR-PROFIT HOSPITAL WITH NEARLY 1,400 EMPLOYEES, ST CLAIRE REGIONAL IS THE SECOND-LARGEST EMPLOYER IN THE REGION THE MEDICAL CENTER IS AN ESTABLISHED TRAINING SITE FOR THE UNIVERSITY OF KENTUCKY SCHOOL OF MEDICINES PHYSICIAN RESIDENCY PROGRAMS ST CLAIRE REGIONAL'S MEDICAL STAFF IS COMPRISED OF OVER 100 PHYSICIANS AND SURGEONS, REPRESENTING 31 MEDICAL AND SURGICAL SPECIALTIES CONTINUE ON SCHEDULE O IN ADDITION TO PROVIDING SERVICES AT THE MEDICAL CENTER'S MAIN CAMPUS IN MOREHEAD, ST CLAIRE REGIONAL'S OPERATIONS CONSIST OF A ST CLAIRE REGIONAL OUTPATIENT CENTER, CAVE RUN SURGICAL SPECIALISTS, MOREHEAD MEDICAL SPECIALISTS, FIVE COMPREHENSIVE FAMILY MEDICINE CLINICS AS WELL AS A FAMILY MEDICINE EXPRESS, A REGIONAL TELEMEDICINE SYSTEM, AND AN EIGHT-COUNTY HOME CARE SERVICE REGION COMPRISED OF HOME HEALTH, HOSPICE & PALLIATIVE CARE, AND HOME MEDICAL EQUIPMENT ADDITIONALLY, ST CLAIRE REGIONAL PARTNERS WITH THE UNIVERSITY OF KENTUCKY MEDICAL CENTER TO OFFER SERVICES THROUGH THE KENTUCKY CLINIC MOREHEAD CANCER TREATMENT CENTERST CLAIRE REGIONAL MEDICAL CENTER'S SERVICE REGION SERVES A POPULATION OF OVER 160,000 IN BATH, CARTER, ELLIOTT, FLEMING, LEWIS, MAGOFFIN, MENIFEE, MONTGOMERY, MORGAN, ROWAN AND WOLFE COUNTIES ST CLAIRE REGIONAL'S FIVE FAMILY MEDICINE CLINICS ARE LOCATED IN FRENCHBURG, MOREHEAD, OLIVE HILL, OWINGSVILLE, AND SANDY HOOK

4b

(Code) (Expenses \$ 11,443,230 including grants of \$) (Revenue \$ 13,097,836)

HOME CAREST CLAIRE HOMECARE IS A SERVICE PROVIDED BY ST CLAIRE REGIONAL MEDICAL CENTER OFFERING A FULL RANGE OF HOME CARE SERVICES FOR PATIENTS TO RECOVER IN THEIR OWN HOMES AS ONE OF THE LARGEST PROGRAMS IN THE STATE, ST CLAIRE HOMECARE IS A COMPREHENSIVE IN-HOME SERVICE SYSTEM COMPRISED OF HOME HEALTH, HOSPICE, AND HOME MEDICAL EQUIPMENT OUR COMMITTED STAFF INCLUDES NURSES, THERAPISTS AND AIDES WORKING AS A TEAM TO HELP MEET VIRTUALLY EVERY HOME CARE NEED CONTINUE ON SCHEDULE O THE JOINT COMMISSION ON THE ACCREDITATION OF HEALTHCARE ORGANIZATIONS (JCAHO) ACCREDITS BOTH ST CLAIRE REGIONAL MEDICAL CENTER AND ST CLAIRE HOMECARE ST CLAIRE HOMECARE IS MEDICARE-CERTIFIED AND LICENSED IN THE STATE OF KENTUCKY

4c

(Code) (Expenses \$ 6,991,353 including grants of \$) (Revenue \$ 6,869,350)

FAMILY MEDICINEST CLAIRE REGIONAL FAMILY MEDICINE IS A SYSTEM OF FIVE FAMILY MEDICINE CLINICS THAT PROVIDE A FULL RANGE OF PREVENTIVE AND THERAPEUTIC HEALTHCARE SERVICES, FROM NEWBORN TO GERIATRICS, INCLUDING OBSTETRICAL SERVICES THE ST CLAIRE REGIONAL FAMILY MEDICINE MEDICAL STAFF INCLUDES BOARD CERTIFIED FAMILY AND INTERNAL MEDICINE PHYSICIANS AS WELL AS ADVANCED REGISTERED NURSE PRACTITIONERS, CERTIFIED PHYSICIAN ASSISTANTS, CERTIFIED NURSE MIDWIVES, AND FAMILY MEDICINE RESIDENTS AFFILIATED WITH THE UNIVERSITY OF KENTUCKY ST CLAIRE REGIONAL FAMILY MEDICINE EXPRESS PROVIDES FAST, CONVENIENT WALK-IN TREATMENT FOR A VARIETY OF ROUTINE NON-URGENT MEDICAL SERVICES INCLUDING TREATMENT OF COMMON ILLNESSES, PHYSICAL EXAMS, AND FLU SHOTS

4d



















Other program services (Describe in Schedule O) See also Additional Data for Description

(Expenses \$ 13,785,435 including grants of \$) (Revenue \$ 12,635,191)

4e

Total program service expenses \$ 123,456,474

Part IV Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

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	Yes	
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	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26	Yes	
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	Yes	
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		No
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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance			
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>			
		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	1a	78
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	0
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return.	2a	1,514
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	No
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a	No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c	
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c	No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8	
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the organization make any taxable distributions under section 4966?	9a	
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b	
10	Section 501(c)(7) organizations. Enter		
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b	
11	Section 501(c)(12) organizations. Enter		
a	Gross income from members or shareholders.	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b	
c	Enter the amount of reserves on hand.	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b	

Part VI

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

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	14	
b	Enter the number of voting members included in line 1a, above, who are independent	1b	13	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5		No
6	Does the organization have members or stockholders?	6		No
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a	Yes	
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	8a	Yes	
b	Each committee with authority to act on behalf of the governing body?	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		No

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

			Yes	No
10a	Does the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?	10b		
11a	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990			
12a	Does the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes	
b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	12c	Yes	
13	Does the organization have a written whistleblower policy?	13	Yes	
14	Does the organization have a written document retention and destruction policy?	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a	Yes	
b	Other officers or key employees of the organization	15b	Yes	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (See instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		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 <input checked="" type="checkbox"/> KY
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. <input checked="" type="checkbox"/> WILLIAM BARTON DIRECTOR OF FINANCIAL SERVICES 222 MEDICAL CIRCLE MOREHEAD, KY 40351 (606) 783-6587

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

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

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

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

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

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

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

[illegible]

Part VII

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								3,854,041	0	497,833

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▶83

3 Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*

4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? *If "Yes," complete Schedule J for such individual*

5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*

Yes

No

3

No

4

Yes

5

No

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
ARAMARK ONE SERVICE MASTER WAY DOWNERS GROVE, IL 60515	CONTRACT SERVICE	1,612,299
PRECYSE SOLUTIONS PO BOX 11407 BIRMINGHAM, AL 352461736	TRANSCRIPTION SERVICE	550,825
PROFESSIONAL MEDICAL BILLING 7619 W JEFFERSON BLVD FORT WAYNE, IN 46804	BILLING SERVICE	534,125
KMSF-PATH FAC SERVICES 138 LEADER AVENUE LEXINGTON, KY 40506	PHYSICIAN SERVICES	335,554
NOLEN'S CONSTRUCTION 50 FAIRVIEW DRIVE MOREHEAD, KY 40351	CONSTRUCTION SERVICES	334,380

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization ▶14

Form 990 (2010)

Part VIII

Statement of Revenue

			(A)	(B)	(C)	(D)		
			Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512, 513, or 514		
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c	132,495				
	d	Related organizations	1d					
	e	Government grants (contributions)	1e	873,296				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	381,475				
	g	Noncash contributions included in lines 1a-1f \$		91,523				
	h	Total. Add lines 1a-1f		1,387,266				
	Program Service Revenue	2a	NET PATIENT SERVICE RE	621110	119,413,860	119,413,860		
b		HOME CARE REVENUE	621610	14,408,311	14,408,311			
c								
d								
e								
f		All other program service revenue						
g		Total. Add lines 2a–2f		133,822,171				
Other Revenue		3	Investment income (including dividends, interest and other similar amounts)		557,507		557,507	
	4	Income from investment of tax-exempt bond proceeds						
	5	Royalties						
	6a	Gross Rents	(i) Real					
			337,197					
		b	Less rental expenses					
		c	Rental income or (loss)	337,197				
	d	Net rental income or (loss)		337,197	337,197			
	7a	Gross amount from sales of assets other than inventory	(i) Securities	2,581,484	(ii) Other	207,097		
		b	Less cost or other basis and sales expenses	2,505,828		158,258		
		c	Gain or (loss)	75,656		48,839		
		d	Net gain or (loss)		124,495			124,495
	8a	Gross income from fundraising events (not including \$ 132,495 of contributions reported on line 1c) See Part IV, line 18						
		a		6,240				
		b	Less direct expenses	b	9,629			
	c	Net income or (loss) from fundraising events		-3,389			-3,389	
	9a	Gross income from gaming activities See Part IV, line 19	a					
		b	Less direct expenses	b				
		c	Net income or (loss) from gaming activities					
	10a	Gross sales of inventory, less returns and allowances						
a			137,282					
b		Less cost of goods sold	b	242,894				
c	Net income or (loss) from sales of inventory		-105,612			-105,612		
Miscellaneous Revenue			Business Code					
11a	OTHER OPERATING REV	900099	1,511,948			1,511,948		
	b	CAFETERIA INCOME	900099	699,443			699,443	
	c	CATERING	900099	203,174			203,174	
	d	All other revenue		13,131			13,131	
	e	Total. Add lines 11a–11d		2,427,696				
12	Total revenue. See Instructions		138,547,331	134,159,368	0	3,000,697		

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	27,376	27,376		
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	1,778,727	1,629,612	149,115	
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	56,796,296	52,184,028	4,612,268	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	2,354,329	1,710,022	644,307	
9	Other employee benefits	8,027,180	7,839,311	187,869	
10	Payroll taxes	3,812,607	3,439,456	373,151	
a	Fees for services (non-employees)				
	Management				
b	Legal	245,211	18,877	226,334	
c	Accounting	43,542		43,542	
d	Lobbying				
e	Professional fundraising services See Part IV, line 17				
f	Investment management fees				
g	Other	9,228,798	7,942,426	1,286,372	
12	Advertising and promotion	271,740	270,250	1,490	
13	Office expenses	18,762,296	18,123,659	638,637	
14	Information technology				
15	Royalties				
16	Occupancy	5,504,733	4,020,693	1,484,040	
17	Travel	191,069	154,133	36,936	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	299,422	278,078	21,344	
20	Interest	958,403	3,507	954,896	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	5,681,355	5,681,355		
23	Insurance	967,501	260,581	706,920	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	BAD DEBT EXPENSE	19,057,268	19,057,268		
b	PROVIDER TAX	1,535,187	156,340	1,378,847	
c	RECRUITMENT	581,882	90,461	491,421	
d	LICENSES & FEES	261,192	56,278	204,914	
e	DUES & SUBSCRIPTIONS	222,485	50,269	172,216	
f	All other expenses	510,171	462,494	47,677	
25	Total functional expenses. Add lines 1 through 24f	137,118,770	123,456,474	13,662,296	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				1	
	2	Savings and temporary cash investments			5,476,343	2	7,913,154
	3	Pledges and grants receivable, net			37,158	3	0
	4	Accounts receivable, net			14,693,078	4	19,587,397
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L			49,100	5	6,667
	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			607,709	7	603,264
	8	Inventories for sale or use			2,524,292	8	2,540,791
	9	Prepaid expenses and deferred charges			574,077	9	624,710
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	86,435,147	33,670,169	10c	35,718,084
	b	Less: accumulated depreciation	10b	50,717,063			
	11	Investments—publicly traded securities			22,209,522	11	18,119,390
	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			3,278,042	15	2,739,269
16	Total assets. Add lines 1 through 15 (must equal line 34)			83,119,490	16	87,852,726	
Liabilities	17	Accounts payable and accrued expenses			12,318,106	17	16,216,339
	18	Grants payable				18	
	19	Deferred revenue				19	
	20	Tax-exempt bond liabilities			20,601,161	20	18,678,290
	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			1,042,794	23	717,145
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities. Complete Part X of Schedule D			7,203,164	25	8,016,375
	26	Total liabilities. Add lines 17 through 25			41,165,225	26	43,628,149
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			41,954,265	27	44,224,577
	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			41,954,265	33	44,224,577
	34	Total liabilities and net assets/fund balances			83,119,490	34	87,852,726

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	138,547,331
2	Total expenses (must equal Part IX, column (A), line 25)	2	137,118,770
3	Revenue less expenses Subtract line 2 from line 1	3	1,428,561
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	41,954,265
5	Other changes in net assets or fund balances (explain in Schedule O)	5	841,751
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	44,224,577

Part XII Financial Statements and Reporting

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

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

SCHEDULE A
(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
ST CLAIRE MEDICAL CENTER INC

Employer identification number
61-0605336

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

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

1

☐

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

2

☐

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

3

☒

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

4

☐

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

5

☐

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

6

☐

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

7

☐

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

8

☐

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

9

☐

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

10

☐

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

11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

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

(i)

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

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

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

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

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

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

Part IIIPart III

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

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

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

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

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

Part IV

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

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

OMB No 1545-0047

2010

Open to Public Inspection

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

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

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

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

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

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

Name of the organization ST CLAIRES MEDICAL CENTER INC	Employer identification number 61-0605336
---	--

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

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

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

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

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

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

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

Part II-A

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

A

Check

☐

if the filing organization belongs to an affiliated group

B

Check

☐

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

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

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

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

Part II-B

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

		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
	a Volunteers?		No	
	b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
	c Media advertisements?		No	
	d Mailings to members, legislators, or the public?		No	
	e Publications, or published or broadcast statements?		No	
	f Grants to other organizations for lobbying purposes?		No	
	g Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
	h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
	i Other activities? If "Yes," describe in Part IV	Yes		4,031
	j Total lines 1c through 1i			4,031
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Identifier	Return Reference	Explanation
EXPLANATION OF OTHER LOBBYING ACTIVITIES	PART II-B, LINE 1I	PAY MEMBERSHIP DUES TO TRADE ORGANIZATIONS OF WHICH A PORTION OF THE DUES ARE USED FOR LOBBY EXPENSES BY THE TRADE ORGANIZATIONS

SCHEDULE D

(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
ST CLAIRE MEDICAL CENTER INC

Employer identification number

61-0605336

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
2a	
2b	
2c	
2d	

3

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

4

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

5

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

☐ Yes☐ No

6

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

7

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

8

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

☐ Yes☐ No

9

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

Part III

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

1a

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

b

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

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

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

2

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

a

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

b

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

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

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

☐ Yes

☐ No

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

1a

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

☐ Yes

☐ No

b

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

	Amount
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

3a(i)

Yes

No

(ii)

related organizations

3a(ii)

b

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

3b

4

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

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

Description of investment	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		977,373		977,373
b Buildings		45,593,728	26,570,451	19,023,277
c Leasehold improvements		544,581	544,581	0
d Equipment		37,704,449	23,602,031	14,102,418
e Other		1,615,016		1,615,016
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				35,718,084

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	138,547,331
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	137,118,770
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	1,428,561
4	Net unrealized gains (losses) on investments	4	1,295,450
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-453,699
9	Total adjustments (net) Add lines 4 - 8	9	841,751
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	2,270,312

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	140,095,304
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	1,295,450
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	1,295,450
3	Subtract line 2e from line 1	3	138,799,854
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	-252,523
c	Add lines 4a and 4b	4c	-252,523
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5	138,547,331

Part XIII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements	1	137,371,293
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	252,523
e	Add lines 2a through 2d	2e	252,523
3	Subtract line 2e from line 1	3	137,118,770
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	0
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)	5	137,118,770

Part XIV

Supplemental Information

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

Identifier	Return Reference	Explanation
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA REQUIRE MANAGEMENT TO EVALUATE TAX POSITIONS TAKEN BY THE MEDICAL CENTER AND RECOGNIZE A TAX LIABILITY IF THE MEDICAL CENTER HAS TAKEN AN UNCERTAIN POSITION THAT MORE LIKELY THAN NOT WOULD NOT BE SUSTAINED UPON EXAMINATION BY VARIOUS FEDERAL AND STATE TAXING AUTHORITIES. MANAGEMENT HAS ANALYZED THE TAX POSITIONS TAKEN BY THE MEDICAL CENTER, AND HAS CONCLUDED THAT AS OF JUNE 30, 2011 AND 2010, THERE ARE NO UNCERTAIN POSITIONS TAKEN OR EXPECTED TO BE TAKEN THAT WOULD REQUIRE RECOGNITION OF A LIABILITY OR DISCLOSURE IN THE ACCOMPANYING FINANCIAL STATEMENTS. THE MEDICAL CENTER IS SUBJECT TO ROUTINE AUDITS BY TAXING JURISDICTIONS, HOWEVER, THERE ARE CURRENTLY NO AUDITS FOR ANY TAX PERIODS IN PROGRESS.
PART XI, LINE 8 - OTHER ADJUSTMENTS		PRIOR PERIOD ADJUSTMENTS - FINANCIAL STATEMENT CORRECTION -453,699
PART XII, LINE 4B - OTHER ADJUSTMENTS		COST OF GOOD SOLD -242,894 SPECIAL EVENT EXPENSE -9,629
PART XIII, LINE 2D - OTHER ADJUSTMENTS		COST OF GOODS SOLD 242,894 SPECIAL EVENT EXPENSES 9,629

Part II Fundraising Events.

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

		(a) Event #1	(b) Event #2	(c) Other Events	(d) Total Events
		CHARITY GOLF OUTING (event type)	(event type)	(total number)	(Add col (a) through col (c))
Revenue	1	Gross receipts	138,735		138,735
	2	Less Charitable contributions	132,495		132,495
	3	Gross income (line 1 minus line 2)	6,240		6,240
Direct Expenses	4	Cash prizes			
	5	Non-cash prizes	2,368		2,368
	6	Rent/facility costs	4,000		4,000
	7	Food and beverages	2,489		2,489
	8	Entertainment			
	9	Other direct expenses	772		772
	10	Direct expense summary Add lines 4 through 9 in column (d) ▶			
	11	Net income summary Combine lines 3 and 10 in column (d). ▶			
					-3,389

Part III Gaming.

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

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

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

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

b If "No," Explain _____

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

b If "Yes," Explain _____

11

Does the organization operate gaming activities with nonmembers?

☐ Yes ☐ No

12

Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming?

☐ Yes ☐ No

13

Indicate the percentage of gaming activity operated in

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

14

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

Name ▶ _____

Address ▶ _____

15a

Does the organization have a contract with a third party from whom the organization receives gaming revenue?

☐ Yes ☐ No

b

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

c

If "Yes," enter name and address

Name ▶ _____

Address ▶ _____

16 Gaming manager information

Name ▶ _____

Gaming manager compensation ▶ \$ _____

Description of services provided ▶ _____

☐ Director/officer ☐ Employee ☐ Independent contractor

17

Mandatory distributions

a

Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license?

☐ Yes ☐ No

b

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

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

Identifier	ReturnReference	Explanation
------------	-----------------	-------------

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

OMB No 1545-0047

2010

Open to Public Inspection

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

Name of the organization
ST CLAIRE MEDICAL CENTER INC

Employer identification number
61-0605336

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	Yes	
1b	If "Yes," is it a written policy?	Yes	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year <input type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> Applied uniformly to most hospitals <input type="checkbox"/> Generally tailored to individual hospitals		
3	Answer the following based on the the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year 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 type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>125.000000000000 %</u> 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 checked="" type="checkbox"/> 200% <input type="checkbox"/> 250% <input 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	
5b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?		No
5c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?		
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?	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H		

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			6,696,370	1,230,685	5,465,685	4 630 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			18,206,575	12,187,714	6,018,861	5 100 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			24,902,945	13,418,399	11,484,546	9 730 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			29,499		29,499	0 020 %
f Health professions education (from Worksheet 5)			3,180,305		3,180,305	2 690 %
g Subsidized health services (from Worksheet 6)			14,195,220	12,994,539	1,200,681	1 020 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)						
j Total Other Benefits			17,405,024	12,994,539	4,410,485	3 730 %
k Total. Add lines 7d and 7j			42,307,969	26,412,938	15,895,031	13 460 %

Part II

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

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

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1	Yes
2	Enter the amount of the organization's bad debt expense (at cost)	2	6,374,081
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	573,667
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	34,697,358
6	Enter Medicare allowable costs of care relating to payments on line 5	6	35,384,704
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7	-687,346
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	No

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				

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

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

[illegible]

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

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

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

Name and address	Type of Facility (Describe)
1	
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	

Part VI

Supplemental Information

Complete this part to provide the following information

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

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) TOTAL BAD DEBT EXPENSE OF \$19,057,268 INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A) HAS BEEN EXCLUDED FROM THE DENOMINATOR FOR THE PERCENTAGE CALCULATION PER IRS INSTRUCTIONS

Identifier	ReturnReference	Explanation
		PART II THE ORGANIZATION DOES NOT PROVIDE ANY COMMUNITY BUILDING ACTIVITIES

Identifier	ReturnReference	Explanation
		<p>PART III, LINE 4 SECTION A BAD DEBT EXPENSE LINE 2 FOOTNOTE TO ORGANIZATION'S FINANCIAL STATEMENTS THAT DESCRIBES BAD DEBT EXPENSE THE MEDICAL CENTER HAS A FINANCIAL ASSISTANCE POLICY THAT STATES PARTICIPATION IN CHARITY PROGRAM REQUIRES THAT CANDIDATES FULLY COOPERATE THE MEDICAL CENTER EDUCATES PATIENTS WILL LIMITED ABILITY TO PAY REGARDING FINANCIAL ASSISTANCE AND PROVIDES ACCESS TO DEDICATED FINANCIAL COUNSELORS DAILY FOR THIS REASON THE MEDICAL CENTER BELIEVES THAT IT IS ACCURATELY CAPTURING ALL CHARITY CARE DEDUCTIONS ACCORDING TO THE FINANCIAL ASSISTANCE POLICY AND THE AMOUNT OF BAD DEBT EXPENSE ATTRIBUTABLE UNDER THE ORGANIZATION CHARITY CARE POLICY IS NEGLIGIBLE SECTION A BAD DEBT EXPENSE LINE 3 EXPLANATION FOR RATIONAL FOR INCLUDING OTHER BAD DEBT AMOUNT IN COMMUNITY BENEFIT BAD DEBT EXPENSE IS RECORDED AS A GROSS AMOUNT ON THE FINANACIAL STATEMENTS COSTS ASSOCIATED WITH THIS EXPENSE ARE CALCULATED BY USING THE COST TO CHARGE RATIO WITHIN EACH RESPECTIVE DIVISION OF THE MEDICAL CENTER</p>

Identifier	ReturnReference	Explanation
		PART III, LINE 8 THE SOURCE USED TO DETERMINE THE AMOUNT OF MEDICARE ALLOWABLE COSTS REPORTED FOR PART III, SECTION B, MEDICARE HAS BEEN PROVIDED FROM THE YEAR ENDED JUNE 30, 2011 REPORT HOSPITAL STATEMENT OF REIMBURSABLE COST

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 THE ORGANIZATION ASSESS COMMUNITY NEEDS THROUGH VOLUNTEER BOARDS, COMMUNITY INVOLVEMENT, VOLUNTEERING, AND BOARD SERVICE

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 PATIENT FINANCIAL SERVICES' PATIENT ACCESS/REGISTRATION STAFF AND CASHIER ASSIST PATIENTS WITH INFORMING AND EDUCATING PATIENTS ABOUT THEIR ACCOUNTS AND CHARGES

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 ST CLAIRE REGIONAL MEDICAL CENTER'S SERVICE REGION SERVES A POPULATION OF OVER 160,000 IN BATH, CARTER, ELLIOTT, FLEMING, LEWIS, MAGOFFIN, MENIFEE, MONTGOMERY, MORGAN, ROWAN AND WOLFE COUNTIES ST CLAIRE REGIONAL'S FIVE FAMILY MEDICINE CLINICS ARE LOCATED IN FRENCHBURG, MOREHEAD, OLIVE HILL, OWINGSVILLE, AND SANDY HOOK

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 THE ORGANIZATION FURTHERS ITS EXEMPT PURPOSE BY PROMOTING HEALTH OF THE COMMUNITY THROUGH THE FOLLOWING THE MAJORITY OF THE ORGANIZATION'S GOVERNING BODY IS COMPRISED OF PERSONS WHO RESIDE IN THE ORGANIZATION'S PRIMARY SERVICE AREA THESE VOLUNTEERS ARE NEITHER EMPLOYEES NOR INDEPENDENT CONTRACTORS OF THE ORGANIZATION, NOR FAMILY MEMBERS THEREOF ANY SURPLUS FUNDS ARE APPLIED DIRECTLY OR INDIRECTLY TO IMPROVE SERVICES

Identifier	ReturnReference	Explanation
		PART VI, LINE 7 NOT APPLICABLE THE ORGANIZATION IS NOT PART OF AN AFFILIATED HEALTH CARE SYSTEM

Identifier	ReturnReference	Explanation
REPORTS FILED WITH STATES	PART VI, LINE 7	KY

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2010

Open to Public
Inspection

Name of the organization
ST CLAI RE MEDICAL CENTER INC

Employer identification number
61-0605336

Part I

General Information on Grants and Assistance

- 1

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

☒ Yes ☐ No
- 2

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

Part II

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

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

- 2

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

Enter total number of other organizations ▶

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

(a)Type of grant or assistance	(b)Number of recipients	(c)Amount of cash grant	(d)Amount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance
(1) SCHOLARSHIPS	3	21,000			

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

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 HOSPITAL MAKES SCHOLARSHIPS AVAILABLE TO ELIGIBLE PERSONS TO FURTHER HEALTHCARE IN THE COMMUNITY

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2010

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization
ST CLAIRE MEDICAL CENTER INC

Employer identification number
61-0605336

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><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 checked="" type="checkbox"/> Compensation committee</div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input checked="" type="checkbox"/> Form 990 of other organizations</div><div><input type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input checked="" 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	No
c	Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III	4c	No
	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? If "Yes," to line 5a or 5b, describe in Part III	5b	No
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? If "Yes," to line 6a or 6b, describe in Part III	6b	No
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) MARK NEFF	(i)	329,986	0	0	50,750	12,932	393,668	0
	(ii)	0	0	0	0	0	0	0
(2) SONNY JONES	(i)	161,530	0	0	24,087	6,656	192,273	0
	(ii)	0	0	0	0	0	0	0
(3) DR KIM WILLIAMS	(i)	227,727	0	0	49,877	6,874	284,478	0
	(ii)	0	0	0	0	0	0	0
(4) DR WILL MELAHN	(i)	194,935	0	0	24,467	15,766	235,168	0
	(ii)	0	0	0	0	0	0	0
(5) DR WILLIAM LEWIS	(i)	668,941	0	0	45,250	15,334	729,525	0
	(ii)	0	0	0	0	0	0	0
(6) DR CRAIG BUTLER	(i)	636,604	0	0	45,250	22,343	704,197	0
	(ii)	0	0	0	0	0	0	0
(7) DR STEPHEN WILLIAMS	(i)	595,124	0	0	45,250	9,988	650,362	0
	(ii)	0	0	0	0	0	0	0
(8) DR CHARLES CROUSE	(i)	655,964	0	0	45,250	20,182	721,396	0
	(ii)	0	0	0	0	0	0	0
(9) DR MOHAMMAD ANWAR	(i)	383,230	0	0	43,923	13,654	440,807	0
	(ii)	0	0	0	0	0	0	0
(10)								
(11)								
(12)								
(13)								
(14)								
(15)								
(16)								

Part III **Supplemental Information**

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

Identifier	Return Reference	Explanation
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Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2010

Open to Public
Inspection

Name of the organization
ST CLAI RE MEDICAL CENTER INC

Employer identification number
61-0605336

Part I

Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	ROWAN COUNTY KENTUCKY	61-6000882		03-22-2010	6,000,000	PURCHASE AND INSTALL MEDICAL EQUIPMENT		X		X		X
B	ROWAN COUNTY KENTUCKY	61-6000882		12-22-2010	14,000,000	ACQUIRE, CONSTRUCT, EQUIP FACILITIES/ RETIRE 1994 ISSUANCE		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired	11,550,615		11,550,615					
2	Amount of bonds legally defeased								
3	Total proceeds of issue	6,000,000		14,000,000					
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrow								
7	Issuance costs from proceeds	115,000		115,000					
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	6,000,000							
11	Other spent proceeds								
12	Other unspent proceeds								
13	Year of substantial completion	2010							
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X	X					
15	Were the bonds issued as part of an advance refunding issue?		X		X				
16	Has the final allocation of proceeds been made?	X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III

Private Business Use

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

Part III

Private Business Use (Continued)

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

Part IV

Arbitrage

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

Part V

Supplemental Information

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

Identifier	Return Reference	Explanation
PART I, LINE A, COLUMN (F)	DESCRIPTION OF PURPOSE	ISSUANCE USED TO ACQUIRE AND INSTALL EQUIPMENT FOR HEALTH CARE AND HEALTH RELATED FACILITIES LOCATED AT 222 MEDICAL CIRCLE, MOREHEAD, KENTUCKY 40351 AND TO PAY ISSUANCE COSTS
PART I, LINE B, COLUMN (F)	DESCRIPTION OF PURPOSE	ISSUANCE USED TO FINANCE ACQUTION, CONSTRUCTION AND EQUIPPING OF HEALTH CARE AND HEALTH RELATED FACILITIES LOCATED AT 222 MEDICAL CIRCLE, MOREHEAD, KENTUCKY AND PAY DEBT SERVICE OF/REDEEM ALL THE OUTSTANDING KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY HOSPITAL FACILITIES REVENUE REFUNDING BONDS, SERIES 1994

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V lines 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
ST CLARE MEDICAL CENTER INC

Employer identification number

61-0605336

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

(a) Name of interested person and purpose	(b) Loan to or from the organization?		(c)Original principal amount	(d)Balance due	(e) In default?		(f) Approved by board or committee?		(g)Written agreement?	
	To	From			Yes	No	Yes	No	Yes	No
(1) DR CHARLES CROUSE SIGNING/EDUCATIONAL LOAN BONUS		X	40,000	6,667		No	Yes		Yes	
Total				6,667						

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No

Part V

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

Identifier	Return Reference	Explanation
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SCHEDULE M
(Form 990)

Department of the Treasury
Internal Revenue Service

NonCash Contributions

►Complete if the organization answered "Yes" on Form 990, Part IV, lines 29 or 30.
► Attach to Form 990.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
ST CLAIRE MEDICAL CENTER INC

Employer identification number
61-0605336

Part I Types of Property

	(a) Check if applicable	(b) Number of Contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining oncash contribution amounts
1 Art—Works of art				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles .				
7 Boats and planes				
8 Intellectual property . .				
9 Securities—Publicly traded				
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests .				
12 Securities—Miscellaneous				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other . .				
15 Real estate—Residential .				
16 Real estate—Commercial				
17 Real estate—Other . .				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies	X	8	91,523	FMV
21 Taxidermy				
22 Historical artifacts . .				
23 Scientific specimens . .				
24 Archeological artifacts .				
25 Other ► ()				
26 Other ►()				
27 Other ►()				
28 Other ► ()				
29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement			29	
30a During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?				Yes No
b If "Yes," describe the arrangement in Part II				
31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?				Yes
32a Does the organization hire or use third parties or related organizations to solicit, process, or sell non-cash contributions?				No
b If "Yes," describe in Part II				
33 If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II				

Part III

Supplemental Information. Complete this part to provide the information required by Part I, lines 30b, 32b, and 33. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
THIRD PARTY USE	PART I, LINE 32B	THE ST CLAIRES FOUNDATION SHALL RESERVE THE RIGHT TO ACCEPT OR REJECT ALL GIFT OFFERS THE FINAL DECISION SHALL BE MADE BY THE VICE PRESIDENT FOR DEVELOPMENT IN CONSULTATION WITH THE PRESIDENT OF THE ST CLAIRES REGIONAL MEDICAL CENTER, WHEN APPROPRIATE HE MAY ALSO REFER A PROPOSED GIFT TO THE FOUNDATION'S EXECUTIVE COMMITTEE FOR THEIR RECOMMENDATION

SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2010

Open to Public
Inspection

Name of the organization ST CLAIRE MEDICAL CENTER INC	Employer identification number 61-0605336
--	--

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A		THE PRESIDENT OF THE SISTERS OF NOTRE DAME OF COVINGTON, KY IS THE PERSON WHO APPOINTS ALL THE DIRECTORS

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		THE PROCESS OF REVIEWING THE FORM 990 ENTAILS A DETAILED REVIEW BY THE CFO AND BY THE ACCOUNTING DEPARTMENT. THE GOVERNING BODY REVIEWS AND APPROVES THE FORM 990 AND THE FINAL FORM 990 INCLUDING REQUESTED SCHEDULES, AS ULTIMATELY FILED WITH THE IRS, ARE PROVIDED TO EACH VOTING MEMBER OF THE ORGANIZATION'S GOVERNING BODY PRIOR TO FILING.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	MEMBERS OF THE BOARD OF DIRECTORS, BOARD COMMITTEES, AND MEDICAL CENTER LEADERSHIP SIGN A CONFLICT OF INTEREST STATEMENT ON INITIAL APPOINTMENT OR EMPLOYMENT AND ANNUALLY THEREAFTER THE WRITTEN CONFLICT OF INTEREST POLICY IS REGULARLY AND CONSISTENTLY MONITORED AND COMPLIANCE ENFORCED BY THE DEPARTMENT HEAD OF BOARD/ADMINISTRATION THE SCOPE OF THIS POLICY INCLUDES BOARD OF DIRECTORS, BOARD COMMITTEES, ADMINISTRATIVE STAFF, EMPLOYEES, AND MEDICAL STAFF THE POLICY IS IN PLACE TO AVOID CONFLICTS OF INTEREST OR THE APPEARANCE OF CONFLICTS BETWEEN PERSONAL INTERESTS AND ONE'S OFFICIAL RESPONSIBILITIES AND PERFORMANCE OF DUTIES ON BEHALF OF THE MEDICAL CENTER THE COVERED PERSONS ARE TO AVOID BEING PLACED IN A POSITION FOR PERSONAL PROFIT, EITHER THROUGH MONEY , GOODS, OR INFLUENCE FROM THE CONDUCTING OF MEDICAL CENTER RESPONSIBILITIES A SELF DISCLOSURE FROM COVERED PERSONS TO THE INTEGRITY OFFICER IS REQUIRED ON ANY POTENTIAL CONFLICTS OF INTEREST THE COVERED PERSONS ARE TO REFUSE FROM PARTICIPATING IN ANY DELIBERATION OR DECISIONS ON SUCH TRANSACTIONS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	THE CEO'S COMPENSATION IS ESTABLISHED ANNUALLY BY THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS AND IS BASED ON PERFORMANCE CRITERIA AND ON PUBLISHED MARKET SURVEY COMPARISONS FOR HEALTHCARE INSTITUTIONS SIMILAR IN SIZE AND SCOPE OF OPERATIONS COMPENSATION FOR OTHER OFFICERS AND KEY EMPLOYEES IS ESTABLISHED BY THE CEO, BASED ON PERFORMANCE CRITERIA, AND PUBLISHED MARKET SURVEY COMPARISONS, AND IS REVIEWED AND BY THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION DOES NOT MAKE THE GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, OR FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED GAINS ON INVESTMENTS 1,295,450 PRIOR PERIOD ADJUSTMENTS - FINANCIAL STATEMENT CORRECTION -453,699 TOTAL TO FORM 990, PART XI, LINE 5 841,751

Identifier	Return Reference	Explanation
OVERSIGHT OF AUDIT	FORM 990, PART XI, LINE 2C	THE BOARD OF DIRECTORS ASSUMES RESPONSIBILITY FOR OVERSIGHT OF THE AUDIT OF THE FINANCIAL STATEMENTS AND SELECTION OF THE INDEPENDENT ACCOUNTANT, AND NO PROCESSES HAVE CHANGED FROM PRIOR YEAR

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
ST CLAIRE MEDICAL CENTER INC

Employer identification number
61-0605336

Part I

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

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

Part II

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) SISTERS OF NOTRE DAME OF COVINGTON KENTUCKY INC 1601 DIXIE HIGHWAY COVINGTON, KY 41011	RELIGIOUS ORDER	KY	501(C)(3)	LINE 1	N/A		No

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) CLAIRE-FRANCIS HEALTH SERVICES PLLC DBA INFUSION SOLUTIONS 200 MALL ROAD STE 3 ASHLAND, KY41101 31-1517507	HOME INFUSION SERVICES	KY			96,145	470,926		No			No	33 000 %

Part IV

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

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

Part V

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

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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by other organization(s)

f

Sale of assets to other organization(s)

g

Purchase of assets from other organization(s)

h

Exchange of assets

i

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

j

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

k

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

l

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

m

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

n

Sharing of paid employees

o

Reimbursement paid to other organization for expenses

p

Reimbursement paid by other organization for expenses

q

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

r

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

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

No

No

No

No

No

No

No

No

No

No

No

Yes

No

No

No

No

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)			
(2)			
(3)			
(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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FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

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Blue & Co., LLC 2050 Eastport Parkway, Suite 300, Louisville KY 40223
tel: 502.692.2600 fax: 502.692.3609 email: blue@bluendco.com

bluendco.com

REPORT OF INDEPENDENT AUDITORS

Board of Directors
St. Claire Regional Medical Center, Inc.
Morehead, Kentucky

We have audited the accompanying balance sheets of St. Claire Regional Medical Center, Inc. (the "Medical Center"), as of June 30, 2011 and 2010, and the related statements of operations, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Medical Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

Blue & Co., LLC

August 23, 2011

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

BALANCE SHEETS JUNE 30, 2011 AND 2010

ASSETS		
	<u>2011</u>	<u>2010, As Restated</u>
Current assets		
Cash and cash equivalents	\$ 7,913,154	\$ 5,476,343
Patient accounts receivable, net of estimated uncollectibles of \$14,797,726 in 2011 and \$9,336,441 in 2010	19,587,397	14,693,078
Short-term investments	2,719,477	2,468,269
Inventories	2,540,791	2,524,292
Prepaid expenses and other current assets	1,227,974	1,218,944
Other assets, current portion	210,664	350,437
Current portion of assets whose use is limited	<u>-0-</u>	<u>1,075,929</u>
Total current assets	34,199,457	27,807,292
 Assets whose use is limited, net of amount required to meet current obligations	 15,399,913	 18,665,324
 Property and equipment		
Land and land improvements	2,275,208	1,660,770
Buildings and building improvements	46,138,309	45,690,470
Equipment	<u>36,406,614</u>	<u>56,924,623</u>
	84,820,131	104,275,863
Less accumulated depreciation	<u>50,717,063</u>	<u>73,764,716</u>
	34,103,068	30,511,147
Construction in progress	<u>1,615,016</u>	<u>3,159,022</u>
Property and equipment, net	35,718,084	33,670,169
 Other assets, net of current portion	 <u>2,535,272</u>	 <u>2,976,705</u>
 Total assets	 <u><u>\$ 87,852,726</u></u>	 <u><u>\$ 83,119,490</u></u>

See accompanying notes to financial statements.

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

BALANCE SHEETS JUNE 30, 2011 AND 2010

LIABILITIES AND NET ASSETS

	2011	2010, As Restated
Current liabilities		
Accounts payable	\$ 2,678,982	\$ 2,670,297
Accrued payroll and payroll withholdings	8,116,725	7,021,198
Accrued expenses	5,420,632	3,080,310
Estimated third-party payor settlements	3,500,000	3,526,094
Current portion of obligations under capital leases	248,052	247,567
Current portion of long-term debt	1,741,491	2,731,357
Total current liabilities	21,705,882	19,276,823
Long-term liabilities		
Obligations under capital leases, net of current portion	221,166	467,635
Long-term debt, net of current portion	17,184,726	18,197,396
Interest rate swap	254,533	-0-
Deferred compensation	1,410,512	963,027
Reserves for professional liability claims	2,851,330	2,714,043
Total long-term liabilities	21,922,267	22,342,101
Total liabilities	43,628,149	41,618,924
Unrestricted net assets	44,224,577	41,500,566
Total liabilities and net assets	\$ 87,852,726	\$ 83,119,490

See accompanying notes to financial statements.

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

STATEMENTS OF OPERATIONS YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
Changes in unrestricted net assets		
Operating revenues		
Net patient service revenue	\$ 133,822,171	\$ 125,184,269
Other revenue	<u>3,917,629</u>	<u>3,557,517</u>
Total operating revenues	137,739,800	128,741,786
Operating expenses		
Salaries and wages	58,721,611	52,813,413
Employee benefits and payroll taxes	14,112,568	12,494,626
Professional medical fees	1,836,437	2,373,389
Medical supplies	10,068,113	10,258,127
Other supplies	2,538,451	2,257,630
Pharmaceuticals	5,889,950	5,651,563
Repairs and maintenance	2,805,816	2,570,287
Contract services	7,145,295	6,380,539
Utilities	1,619,002	1,611,056
Insurance	967,501	628,964
Depreciation and amortization	5,681,355	5,050,169
Interest	958,403	1,030,804
Provision for bad debts	19,057,444	19,018,444
Travel and education	903,101	1,050,244
Other operating expenses	3,531,059	3,348,039
Provider tax	<u>1,535,187</u>	<u>1,502,695</u>
Total operating expenses	137,371,293	128,039,989
Income from operations	368,507	701,797
Nonoperating revenues (expenses)		
Investment income	557,507	712,567
Realized gain on sale of investments	75,656	157,787
Unrealized gain on investments	2,177,472	884,169
Unrealized loss on investments reclassified as trading securities	-0-	(1,386,913)
Contributions	378,052	384,291
Loss on extinguishment of debt	(627,489)	-0-
Change in value of interest rate swap	(254,533)	-0-
Other	<u>48,839</u>	<u>4,627</u>
Total nonoperating revenues (expenses)	2,355,504	756,528
Excess revenues	2,724,011	1,458,325
Unrealized loss on investments reclassified as trading securities	<u>-0-</u>	<u>1,386,913</u>
Change in net assets	<u>\$ 2,724,011</u>	<u>\$ 2,845,238</u>

See accompanying notes to financial statements.

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

STATEMENTS OF CHANGES IN NET ASSETS YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010, As Restated</u>
Unrestricted Net Assets		
Beginning of year, as previously reported	\$ 41,500,566	\$ 39,109,027
Prior period adjustment	<u>-0-</u>	<u>(453,699)</u>
Beginning of year, as restated	41,500,566	38,655,328
Change in unrestricted net assets	<u>2,724,011</u>	<u>2,845,238</u>
End of year	<u>\$ 44,224,577</u>	<u>\$ 41,500,566</u>

See accompanying notes to financial statements.

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010, As Restated
Operating activities		
Change in net assets	\$ 2,724,011	\$ 2,845,238
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Prior period adjustment	-0-	(453,699)
Depreciation	5,660,611	5,015,671
Amortization	20,744	34,498
Change in value of interest rate swap	254,533	-0-
Provision for bad debts	19,057,444	19,018,444
Realized and unrealized gains and losses on investments	(2,253,128)	(1,041,956)
Gain on disposal of property and equipment	(48,839)	(4,627)
Loss on extinguishment of debt	627,489	-0-
Changes in operating assets and liabilities		
Patient accounts receivable	(23,951,763)	(20,130,686)
Inventories	(16,499)	69,187
Prepaid expenses and other current assets	(9,030)	342,903
Accounts payable	(258,223)	17,517
Accrued payroll and payroll withholdings	1,095,527	612,087
Accrued expenses	2,340,322	(1,692,260)
Estimated third-party payor settlements	(26,094)	(126,661)
Change in deferred compensation	447,485	295,992
Reserves for professional liability claims	137,287	(197,450)
Net cash flows from operating activities	5,801,877	4,604,198
Investing activities		
Purchases of property and equipment	(7,599,876)	(5,570,601)
Proceeds from sale of property and equipment	207,097	4,627
Change in investments and assets whose use is limited	6,343,260	(4,067,959)
Change in other assets	280,681	503,457
Net cash flows from investing activities	(768,838)	(9,130,476)
Financing activities		
Principal payments on long-term debt	(16,366,543)	(2,485,655)
Principal payments on obligations under capital leases	(245,984)	(200,836)
Borrowings on long-term debt	14,000,000	6,575,000
Change in bond discount	16,299	32,598
Net cash flows from financing activities	(2,596,228)	3,921,107
Net change in cash and cash equivalents	2,436,811	(605,171)
Cash and cash equivalents, beginning of year	5,476,343	6,081,514
Cash and cash equivalents, end of year	<u>\$ 7,913,154</u>	<u>\$ 5,476,343</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 1,154,111	\$ 1,046,373
Supplemental disclosure of noncash operating and investing activities		
Equipment acquired included in accounts payable	\$ 266,908	\$ 389,562
Supplemental disclosure of noncash investing and financing activities		
Equipment acquired under capital leases	\$ -0-	\$ 171,077

See accompanying notes to financial statements.

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

1. NATURE OF OPERATIONS

St. Claire Regional Medical Center, Inc. (the "Medical Center"), a non-profit organization, was incorporated in 1963 for the purpose of operating a hospital to provide inpatient and outpatient services to residents in Rowan County and northeastern Kentucky. The Medical Center also serves as a regional referral center and provides healthcare services through off campus facilities including primary care, specialty care, home health, hospice, and home medical equipment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the Medical Center in the preparation of the financial statements are summarized below:

Management's Estimates

Management uses estimates and assumptions in preparing the financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, if any, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid assets with maturity dates of 90 days or less when purchased, excluding amounts reported in assets whose use is limited.

Classification of Investments

Effective July 1, 2009, the Medical Center changed the accounting classification of substantially all of its investments in debt and equity securities from available-for-sale to trading. This change in classification requires the Medical Center to recognize unrealized gains and losses on substantially all of its investments in debt and equity securities as nonoperating gains (losses) within the performance indicator in the statement of operations.

Prior to July 1, 2009, these investments had been classified as nontrading, and changes in the fair value of these investment securities were recorded as other changes in net assets. Accordingly, the cumulative amount of unrealized losses on investments at July 1, 2009, of \$1,386,913 has been included in unrealized gains in trading securities and removed from other changes in unrestricted net assets within the 2010 statement of operations.

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

Patient Accounts Receivable and Net Patient Service Revenue

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

Allowance for Uncollectible Patient Accounts Receivable

The Medical Center estimates an allowance for uncollectible patient accounts receivable based on an evaluation of the aging of the accounts, historical losses, current economic conditions, and other factors unique to their service area and the healthcare industry.

Inventories

Inventories consist of medical supplies and pharmaceuticals and are valued at the lower-of-cost or market, with cost being determined on the first-in, first-out (FIFO) method.

Investments and Assets Whose Use Is Limited

Assets whose use is limited include assets set aside by the Medical Center's Board of Directors for future capital improvements and other long-term uses, over which the Board retains control and may at its discretion subsequently use for other purposes; assets held by trustees under bond indenture and insurance trust agreements; and amounts that have been set aside as part of deferred compensation plans.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair market value in the balance sheets. Investment income or loss, including realized gains and losses on investments, unrealized gains and losses on investments, interest, and dividends, is included in nonoperating revenues of unrestricted net assets, unless the income is restricted by donor or law.

Other Assets

Other assets consist of notes receivable, bond issue costs, ownership in a joint venture, and prepaid rent expense.

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

Provider notes receivable are in varying amounts maturing through June 2021. If the providers meet the period of service requirement, the Medical Center will forgive these notes. If the providers do not meet the period-of-service requirement, the notes are immediately due in full. Interest rates vary from 0 percent to 9.25 percent.

Bond issue costs are being amortized over the lives of the bonds. The joint venture investment is being accounted for using the equity method.

Prepaid rent expense represents exclusive rights to approximately 12,750 square feet of space in a health, education, and research facility belonging to Morehead State University. The Medical Center received these rights in exchange for donating the land upon which the facility was constructed. The Medical Center recorded this asset at its fair market value and is amortizing the asset based on fair value rental rates for the Medical Center's leased facilities.

Property and Equipment

Property and equipment are recorded at cost, except for donations, which are recorded at the fair market value at the date of the donation.

Property and equipment include expenditures for additions and repairs which substantially increase the useful lives of property and equipment. Maintenance, repairs, and minor improvements are expensed as incurred. All property and equipment other than land and construction in progress are depreciated using the half-year, straight-line method of depreciation over their estimated useful lives based upon the American Hospital Association's *Estimated Useful Lives of Depreciable Hospital Assets*.

Reserves for Professional Liability Claims

The reserves for professional liability claims include estimates of the ultimate costs for both reported claims and claims incurred but not reported.

Net Assets

Temporarily restricted net assets are those whose use by the Medical Center has been limited by donors to a specific time period or purpose, if any. Permanently restricted net assets have been restricted by donors to be maintained by the Medical Center in perpetuity, if any. Unrestricted net assets are remaining net assets that do not meet the definition of temporarily restricted or permanently restricted net assets. At June 30, 2011 and 2010, there were no temporarily or permanently restricted net assets.

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

Statements of Operations – Income From Operations

For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of healthcare services are reported as operating revenues and expenses and included within the line *income from operations* in the Statements of Operations. Peripheral and incidental transactions are reported as nonoperating revenues and expenses and are excluded from *income from operations*. Nonoperating revenues and expenses which are excluded from *income from operations* include contributions, investment income, and unrealized and realized gain (loss) on sale of investments.

Performance Indicator

The Statements of Operations include the performance indicator *excess revenues*. Consistent with industry practice, changes in net assets which are excluded from *excess revenues* include, if any, changes in net unrealized gains and losses on non-trading investments, permanent transfers of assets to and from affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions by which donor restriction were to be used for the purposes of acquiring such assets.)

Charity Care

The Medical Center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Amounts determined to qualify as charity care are reported as deductions from gross revenue.

Income Taxes

The Medical Center is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Medical Center and recognize a tax liability if the Medical Center has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Medical Center, and has concluded that as of June 30, 2011 and 2010, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. The Medical Center is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

Risk Management

The Medical Center is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Provider Recruitment Guarantees

The Financial Accounting Standards Board ("FASB") has issued accounting standards which require the Medical Center to report a liability for provider revenue guarantees on its balance sheets at fair value and amortize that liability and corresponding intangible asset over the income guarantee period. As cash payments are made to the providers in accordance with the terms of the income guarantees, the Medical Center records a note receivable from each participating provider. These notes are either paid back to the Medical Center or are forgiven by the Medical Center in accordance with the terms of each separate income guarantee agreement. As of June 30, 2011 and 2010, the Medical Center had matching assets and liabilities relating to provider guarantees of \$0 and \$91,279, respectively. These amounts represent the maximum amounts required to be paid out under the income guarantee agreements at June 30, 2011 and 2010, respectively.

Subsequent Events

The Medical Center has evaluated events or transactions occurring subsequent to the balance sheet date for recognition and disclosure in the accompanying financial statements through the date the financial statements are issued which is August 23, 2011.

Reclassifications

Certain 2010 amounts have been reclassified to provide for consistency with reporting of 2011 information. These reclassifications have no effect on the previously reported change in net assets or total net assets.

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

3. INVESTMENTS AND ASSETS WHOSE USE IS LIMITED

Total investments consist of the following at June 30, 2011 and 2010:

	2011	%	2010	%
Certificate of deposits	\$ 1,418,851	52.2 %	\$ 1,375,771	55.7 %
U.S. Government securities	52,641	1.9	53,422	2.2
Mutual funds	1,247,985	45.9	1,039,076	42.1
Total Investments	\$ 2,719,477	100.0 %	\$ 2,468,269	100.0 %

Assets whose use is limited that are required for obligations classified as current liabilities are reported in current assets. Assets whose use is limited are reported at market value and cost that approximates market value, and consist of the following at June 30, 2011 and 2010:

	2011	%	2010	%
Cash and cash equivalents	\$ 390,729	2.5 %	\$ 5,880,185	29.8 %
Certificates of deposit	-0-	0.0	150,632	0.8
Fixed Income	513,479	3.3	-0-	0.0
Guaranteed investment contracts	-0-	0.0	1,637,188	8.3
Mutual funds	5,461,829	35.5	4,016,943	20.3
Hedge funds	1,385,943	9.0	1,300,190	6.6
Common stocks	4,383,719	28.5	3,248,712	16.5
Corporate bonds	2,442,506	15.9	1,867,964	9.4
U.S. Government securities	821,708	5.3	1,639,439	8.3
Total assets whose use is limited	15,399,913	100.0 %	19,741,253	100.0 %
Less current portion of assets whose use is limited	-0-		1,075,929	
Assets whose use is limited, net of amount required to meet current obligations	\$ 15,399,913		\$ 18,665,324	

	2011	%	2010	%
Board-designated depreciation reserve fund	\$ 11,051,191	71.8 %	\$ 9,249,291	46.9 %
Trustee-held under insurance trust	2,825,928	18.3	2,480,871	12.5
Trustee-held under bond indenture agreement	112,282	0.7	7,048,064	35.7
Deferred compensation fund	1,410,512	9.2	963,027	4.9
Total assets whose use is limited	\$ 15,399,913	100.0 %	\$ 19,741,253	100.0 %

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

Board-Designated Depreciation Reserve Fund

The Medical Center's Board of Directors approved a depreciation reserve fund to meet the capital asset replacement needs of the facility. All income earned by the fund is left to accumulate as an addition to the fund.

Trustee-Held Under Insurance Trust

The trustee-held under insurance trust amounts represent assets held under reserve for professional liability claims.

Trustee-Held Under Bond Indenture Agreement

The trustee-held under bond indenture agreement amounts were restricted for the payments of principal and interest related to the 1994 bond agreement, and include current unused debt proceeds related to the 2010 bond agreement.

Deferred Compensation Fund

The deferred compensation fund represents assets that have accumulated under the Medical Center's deferred compensation plan. The Medical Center simply maintains the funds for the participants until they are withdrawn. The Medical Center records a liability equal to the deferred compensation assets.

Fair Value Measurements and Disclosures

Major classes of assets and liabilities that are measured at fair value are categorized according to a fair value hierarchy that prioritizes the inputs to value techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

Level 1 inputs are readily determinable using unadjusted quoted prices for identical assets or liabilities in active markets. Level 2 inputs are derived from quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets (other than those included in Level 1) which are observable for the asset or liability, either directly or indirectly. Level 3 inputs are derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable. If the inputs used fall within different levels of the hierarchy, the categorization is based upon the lowest level input that is significant to the fair value measurement.

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

Assets and liabilities measured at fair value on a recurring basis as of June 30, 2011 are as follows:

	Level 1	Level 2	Level 3	Total
Investments				
U S Government securities	\$ -0-	\$ 52,641	\$ -0-	\$ 52,641
Mutual funds				
Equity mutual funds	723,225	-0-	-0-	723,225
Fixed income mutual funds	333,175	-0-	-0-	333,175
Foreign equity mutual funds	191,585	-0-	-0-	191,585
Total mutual funds	<u>\$ 1,247,985</u>	<u>-0-</u>	<u>-0-</u>	<u>1,247,985</u>
Total Investments	<u>\$ 1,247,985</u>	<u>\$ 52,641</u>	<u>\$ -0-</u>	<u>\$ 1,300,626</u>
Assets whose use is limited				
Mutual funds				
Equity mutual funds	\$ 4,486,123	\$ -0-	\$ -0-	\$ 4,486,123
Fixed income mutual funds	288,253	-0-	-0-	288,253
Foreign equity mutual funds	687,453	-0-	-0-	687,453
Total mutual funds	<u>\$ 5,461,829</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 5,461,829</u>
Hedge funds				
Preferred funds	-0-	-0-	400,136	400,136
Low volatility funds	-0-	-0-	589,994	589,994
Multi-strategy funds	-0-	-0-	395,813	395,813
Total hedge funds	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,385,943</u>	<u>\$ 1,385,943</u>
Common stocks	4,383,719	-0-	-0-	4,383,719
Corporate bonds	-0-	2,442,506	-0-	2,442,506
U S Government securities	-0-	513,479	-0-	513,479
Guaranteed investment contracts	-0-	821,708	-0-	821,708
Total assets whose use is limited	<u>\$ 9,845,548</u>	<u>\$ 3,777,693</u>	<u>\$ 1,385,943</u>	<u>\$ 15,009,184</u>
Liabilities				
Interest rate swap	<u>\$ -0-</u>	<u>\$ 254,533</u>	<u>\$ -0-</u>	<u>\$ 254,533</u>

Assets and liabilities measured at fair value on a recurring basis as of June 30, 2010 are as follows:

	Level 1	Level 2	Level 3	Total
Investments				
U.S. Government securities	\$ -0-	\$ 53,422	\$ -0-	\$ 53,422
Mutual funds	1,039,076	-0-	-0-	1,039,076
	<u>\$ 1,039,076</u>	<u>\$ 53,422</u>	<u>\$ -0-</u>	<u>\$ 1,092,498</u>
Assets whose use is limited				
Mutual funds	\$ 4,016,943	\$ -0-	\$ -0-	\$ 4,016,943
Hedge funds	-0-	-0-	1,300,190	1,300,190
Common stocks	3,248,712	-0-	-0-	3,248,712
Corporate bonds	-0-	1,867,964	-0-	1,867,964
U.S. Government securities	-0-	1,639,439	-0-	1,639,439
Guaranteed investment contracts	-0-	1,637,188	-0-	1,637,188
	<u>\$ 7,265,655</u>	<u>\$ 5,144,591</u>	<u>\$ 1,300,190</u>	<u>\$ 13,710,436</u>

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

The following table sets forth a summary of changes in the fair values of the Medical Center's Level 3 assets for the year ended June 30, 2011:

	Hedge funds
Balance, beginning of year	\$ 1,300,190
Realized gains (losses)	197,088
Unrealized gains (losses) relating to instruments still held at the reporting date	70,107
Purchases, sales, issuances, and settlements, net	(181,442)
Balance, end of year	\$ 1,385,943

The following table sets forth a summary of changes in the fair values of the Medical Center's Level 3 assets for the year ended June 30, 2010:

	Hedge funds
Balance, beginning of year	\$ 1,187,647
Realized gains (losses)	233,360
Unrealized gains (losses) relating to instruments still held at the reporting date	205,357
Purchases, sales, issuances, and settlements, net	(326,174)
Balance, end of year	\$ 1,300,190

Investments in Hedge Funds are recorded at fair value as reported by the Fund's administrator or investment manager, which represents the Fund's *pro rata* interest in the net assets of the Funds, substantially all of which are valued on a mark-to-market basis.

Risks and Uncertainties

The national and world-wide investment market conditions have deteriorated significantly subsequent to June 30, 2011, and continue to be volatile. The Medical Center holds investments in common stocks, mutual funds, fixed income securities, hedge funds, corporate bonds, and U.S. Government securities. Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

statements. The Medical Center's management is currently unable to determine the effect, if any, the decline in the market conditions may ultimately have on the Medical Center's investment portfolio and ability to fund certain projects.

4. OBLIGATIONS UNDER CAPITAL LEASES

The Medical Center is the lessee of certain equipment under capital leases expiring in various years through 2015. The assets and liabilities under capital leases are initially recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. Amortization of assets held under capital leases is included in depreciation expense and was \$233,304 and \$216,197 for the years ended June 30, 2011 and 2010, respectively. The capital lease obligations carry imputed interest rates and are collateralized by the leased equipment.

Following is a summary of property held under capital leases:

	<u>2011</u>	<u>2010</u>
Equipment	\$ 1,075,974	\$ 1,075,974
Less accumulated depreciation	<u>571,126</u>	<u>337,822</u>
	<u>\$ 504,848</u>	<u>\$ 738,152</u>

Minimum future lease payments under capital leases as of June 30, 2011, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 259,576
2013	174,644
2014	47,832
2015	<u>3,744</u>
	485,796
Less amount representing interest	<u>16,578</u>
Present value of minimum lease payments	<u>\$ 469,218</u>

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

5. LONG-TERM DEBT

At June 30, 2011 and 2010, the Medical Center was obligated for long-term debt agreements as follows:

	2011	2010
Series 2010 A bonds	\$ 5,047,290	\$ 5,821,682
Series 2010 B bonds	13,631,000	-0-
Sizemore note payable	81,927	88,845
Bayless note payable	166,000	190,000
Bonds and notes paid off in 2011	-0-	15,192,233
Total long-term debt	18,926,217	21,292,760
Less unamortized bond discount	-0-	(364,007)
Less current portion	(1,741,491)	(2,731,357)
Total long-term debt, net of current portion	<u>\$ 17,184,726</u>	<u>\$ 18,197,396</u>

Series 2010 A Bonds

In March 2010, the County of Rowan, Kentucky, issued \$6,000,000 of Kentucky Industrial Building Revenue Bonds ("Series 2010 A Bonds"), dated March 22, 2010, on behalf of the Medical Center. The proceeds of the bonds are required to be used for the purchase and installation of medical equipment. The 2010 A Bonds bear interest at a fixed rate of 3.42 percent per annum until March 31, 2015. At March 31, 2015, the interest rate will be reset equal to the Five Year Constant Maturity Treasury Rate as of March 31, 2015, plus 1.94 percent. However, the reset interest rate shall not be less than 4 percent per annum, nor more than 24 percent per annum. The Series 2010 A Bonds mature in April 2017, require the Medical Center to make quarterly principal and interest payments, and are unsecured.

Series 2010 B Bonds

In December 2010, the County of Rowan, Kentucky, issued \$14,000,000 of Kentucky Industrial Building Revenue Bonds ("Series 2010 B Bonds"), dated December 22, 2010, on behalf of the Medical Center. The proceeds of the bonds are required to be used for the purchase and construction of buildings and medical equipment. The 2010 B Bonds bear interest at a variable rate (1.42 percent at June 30, 2011), mature in January, 2025, and require the Medical Center to make monthly principal and interest payments. The 2010 B Bonds are secured by the Medical Center's gross revenues. In addition, the

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

Medical Center entered into an interest rate swap with a notional amount that matches the outstanding principal amount of the Series 2010 B Bonds.

Sizemore Note Payable

The Medical Center has a note payable to Wanda and Carl Sizemore, in the original amount of \$100,000. The note is payable in monthly installments of \$1,000, including interest at a fixed rate of 6 percent per annum with a final balloon payment of \$66,115 due July 2013. The note payable is unsecured.

Bayless Note Payable

The Medical Center has a note payable to Joseph and Virginia Bayless, in the original amount of \$240,000. The note is non-interest bearing and is payable in monthly installments of \$2,000 through 2018. The note payable is unsecured.

Maturities of long-term debt for each of the five years subsequent to June 30, 2011, are as follows:

<u>Year Ending June 30,</u>	<u>Principal Amount</u>
2012	\$ 1,741,491
2013	1,803,622
2014	1,926,762
2015	1,926,733
2016	1,994,832
Thereafter	<u>9,532,777</u>
Total	<u>\$ 18,926,217</u>

The Medical Center's debt agreements contain various restrictive covenants, including limits on additional indebtedness, submission of audited financial statements, minimum debt service coverage ratio, minimum days cash on hand ratio, and maximum debt to capitalization ratio.

Interest Rate Swaps

Objectives and Strategies for Using Derivatives

The Medical Center makes limited use of derivative financial instruments for the purpose of managing rate risk. In particular, the Medical Center uses a forward interest rate swap to manage the risk associated with interest rates on variable rate borrowings and to lower its overall borrowing costs.

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

At June 30, 2011, the Medical Center had outstanding an interest rate swap agreement with a commercial bank as follows:

Notional Amount	Effective Date	Fixed Rate Paid	Variable Rate Received (1)	Fair Value	Termination Date	Counterparty Credit Rating (2)
\$ 13,631,000	1/4/2011	1.99%	65% of LIBOR	\$ (254,533)	1/1/2021	A

(1) LIBOR - London Interbank Offered Rate

(2) As rated by DBRS

The swap agreement effectively changes the Medical Center's interest rate exposure on its 2010 B Bonds to a fixed 3.29 percent. The Medical Center is exposed to credit loss in the event of nonperformance by the counterparty to the interest rate swap agreement. However, the Medical Center does not anticipate nonperformance by the counterparty.

This derivative is not designed as a hedging instrument, and is marked-to-market on the balance sheets at fair value at the end of each fiscal year. The change in fair value of the interest rate swap is included as a component of investment income in nonoperating revenues (expenses), and therefore, is included within the performance indicator on the statements of operations. Cash flows from the interest rate swap agreement are classified as an operating activity on the statements of cash flows.

Tabular Disclosures

The liability derivative recorded in the balance sheets is reported as Interest Rate Swap. At June 30, 2011, the fair value of the derivative reported in the balance sheet is as follows:

	Asset	Liability
Interest rate swap	\$ -0-	\$ 254,533

For the year ended June 30, 2011, the change in fair value recognized in the statements of operations (and the location) is as follows:

	Change in Fair Value	Location
Interest rate swap	\$ (254,533)	Nonoperating revenues (expenses)

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

Additional information regarding fair value measurements of the interest rate swap agreement is disclosed in Note 3.

6. NET PATIENT SERVICE REVENUE

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

- **Medicare.** The Medical Center is a provider of services to patients entitled to coverage under Title XVIII (Medicare) of the Health Insurance Act. The Medical Center is reimbursed for Medicare inpatient services based on a fixed price per discharge for each diagnosis related grouping (DRG) and Medicare outpatient services based on a fixed price per clinical unit of service. Differences between the total program billed charges and the payments received are reflected as deductions from revenue. At the Medical Center's year end, a cost report is filed with the Medicare program computing reimbursement amounts related to Medicare patients. The difference between computed reimbursement and interim reimbursement is reflected as a receivable from or payable to the third-party program. The Medical Center's classification of patients under the Medicare program and the appropriateness of their admissions are subject to an independent review by a peer review organization under contract with the Medical Center.

As of June 30, 2011, the Medical Center's submitted Medicare cost reports have been final settled with the fiscal intermediary through June 30, 2007.

- **Medicaid.** The Commonwealth of Kentucky Department for Medicaid Services reimburses the Medical Center for care rendered to Medicaid patients based on a diagnosis related grouping (DRG) payment system for inpatient care. Certain outpatient services related to Medicaid beneficiaries are paid based upon a cost reimbursement methodology. The Medical Center is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports filed by the Medical Center and audits thereof by Medicaid.

As of June 30, 2011, the Medical Center's submitted Medicaid cost reports have been final settled with the fiscal intermediary through June 30, 2007, excluding 2005.

The Kentucky General Assembly enacted legislation which established a healthcare provider tax for the purpose of funding the Medicaid program. Historically, the tax on hospitals was 2.5 percent of net patient service revenue received. Long-term care services were taxed at 2 percent. Beginning in 2006, the provider tax was capped at the amount hospitals paid in 2005 – 2006. The Medical Center incurred

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

\$1,535,187 and \$1,502,695 in provider taxes for the years ended June 30, 2011 and 2010, respectively.

- **Indigent Care Reimbursements.** In addition to the Medicaid cost reimbursement program, the Kentucky 1992 General Assembly created a Medicaid disproportionate share plan for indigent care. The distribution formula for indigent care under the plan gives special consideration to care provided to indigent patients below the federal poverty level, and the percentage of each facility's indigent patient volume to Kentucky's total indigent patient volume. The Medical Center recognized payments under the disproportionate share plan in the amounts of \$1,230,685 and \$1,271,535 for the years ended June 30, 2011 and 2010, respectively.
- **Other.** The Medical Center has also entered into preferred provider agreements with certain commercial insurance carriers. The basis for payment to the Medical Center under these agreements is a discount from established charges.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Final determination of compliance with such laws and regulations is subject to future government review and interpretation. Violations may result in significant regulatory action including fines, penalties, and exclusions from the Medicare and Medicaid programs. The Medical Center believes that it is in compliance with all applicable laws and regulations.

7. CHARITY CARE AND UNINSURED DISCOUNTS

The Medical Center maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies provided under its charity care policy. The following information measures the level of charity care provided for the years ended June 30, 2011 and 2010:

	2011	2010
Charges forgone, based on established rates	\$ 12,932,096	\$ 8,859,524
Discounts given to the uninsured	3,409,385	3,551,565
	<u>\$ 16,341,481</u>	<u>\$ 12,411,089</u>

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

8. RETIREMENT PLANS

The Medical Center has a discretionary, non-matching 401(k) plan. Eligible employees can contribute up to 10% of their earnings via payroll deductions, but not to exceed certain Internal Revenue Code limits. The plan does not have a matching component; however, the Medical Center may contribute a discretionary amount to the plan each year. The withheld amounts and Medical Center contributions are deposited into investment accounts held at Transamerica Retirement Services (Transamerica) and employees can direct where the funds are invested. For the years ended June 30, 2011 and 2010, the amount of retirement expense was \$2,356,504 and \$1,996,687, respectively.

The Medical Center offers a non-matching 403(b) retirement plan to all eligible employees, which permits them to defer a portion of their salary until future years. The Medical Center incurs no expense related to this plan, as all custodial and investment fees are borne by the plan participants. The Medical Center records no assets or liabilities related to this plan.

The Medical Center offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, available to all Medical Center eligible employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, the employee reaching 70 ½ years of age, unforeseeable emergency, or de minimis exception as defined by the plan agreement. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Medical Center (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Medical Center's general creditors. Participants' rights under the plans are equal to those of general creditors of the Medical Center in an amount equal to the fair market value of the deferred account for each participant. The Medical Center believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future. The deferred compensation assets and related liabilities under this plan were \$1,410,512 and \$963,027 for the years ended June 30, 2011 and 2010, respectively.

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

9. OPERATING LEASES

The Medical Center leases certain equipment and building space under noncancelable operating leases expiring through 2016. Minimum future rental payments under these noncancelable operating leases as of June 30, 2011, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 894,589
2013	736,013
2014	471,022
2015	524,689
2016	242,303
Thereafter	<u>173,550</u>
Total minimum lease payments	<u>\$ 3,042,166</u>

The Medical Center incurred \$1,555,710 and \$1,335,724 in total rent expense for the years ended June 30, 2011 and 2010, respectively, under both cancelable and noncancelable leases.

10. CONCENTRATIONS OF CREDIT RISK

The Medical Center grants credit without collateral to its patients, most of who are local residents and insured under third-party payor agreements. The mix of receivables from patients and third-party payors at June 30, 2011 and 2010 is as follows:

	<u>2011</u>		<u>2010</u>	
	<u>Revenues</u>	<u>Receivables</u>	<u>Revenues</u>	<u>Receivables</u>
Medicare	44 %	48 %	47 %	51 %
Medicaid	20	10	22	14
Blue Cross	11	8	10	5
Other third-party payors	15	14	14	11
Patients	<u>10</u>	<u>20</u>	<u>7</u>	<u>19</u>
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

The Medical Center maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. The Medical Center has not experienced any losses on such accounts. The Medical Center believes it is not exposed to any significant credit risk on cash.

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

11. FUNCTIONAL EXPENSES

The Medical Center provides general healthcare services to residents within its geographic area. Expenses related to providing these services are broken down as follows for the years ended June 30, 2011 and 2010:

	2011	2010
Healthcare services	\$ 123,708,997	\$ 115,789,408
General and administrative	13,662,296	12,250,581
	<u>\$ 137,371,293</u>	<u>\$ 128,039,989</u>

12. COMMITMENTS AND CONTINGENCIES

The Medical Center carries professional and general liability insurance on an occurrence basis to cover losses, if any, within policy limits. In 1987, the Medical Center established an irrevocable trust to provide for professional liability losses in excess of insurance coverage.

Prior to July 1, 1992, the Medical Center had professional and general liability coverage of \$1 million per claim and \$3 million in the aggregate, and was self-insured for amounts over such coverage. Effective July 1, 1992, the Medical Center changed its insurance coverage so that it is self-insured for the first \$1 million per claim and \$3 million in the aggregate. Excess commercial insurance coverage for claims over the self-insured limit has been obtained.

The Medical Center has been named a defendant in certain litigation. In management's opinion, professional and general liability insurance and insurance trust funding are adequate to cover related losses, if any, from such litigation.

As of June 30, 2011, the Medical Center has construction and renovation project commitments as follows:

Project	Expected Date of Completion	Estimated Total Cost of Project	Costs Incurred As of June 30, 2011
Women's Center	August 2011	\$ 700,000	\$ 480,543
Cath Lab	September 2011	1,215,531	1,105,029
Meditech Phase II	June 2012	1,300,000	-0-
All Other Projects	Various	75,000	29,444
Total		<u>\$ 3,290,531</u>	<u>\$ 1,615,016</u>

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

13. RELATED PARTY TRANSACTIONS

The Medical Center is sponsored by The Sisters of Notre Dame of Covington, Kentucky, Inc. The Medical Center contracts with The Sisters of Notre Dame for the professional services of Sisters working in the Medical Center. Total expenses related to professional services provided by the Sisters of Notre Dame were \$192,318 and \$175,910 for the years ended June 30, 2011 and 2010, respectively.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Cash and Cash Equivalents

The carrying amount reported in the balance sheets for cash and cash equivalents approximates its fair value based on short maturities of those items.

Investments and Assets Whose Use is Limited

These assets are reported in the balance sheets at fair value or cost that approximates fair value. The fair value amounts are based on quoted market prices, if available, or are estimated using quoted market prices for similar securities.

Accounts Payable, Accrued Payroll and Payroll Withholdings, and Accrued Expenses

The carrying amounts reported in the balance sheets for accounts payable, accrued payroll and payroll withholdings, and accrued expenses approximate their fair value based upon short maturities of those items.

Estimated Third-Party Payor Settlements

The carrying amount reported in the balance sheets for estimated third-party payor settlements approximates its fair value because they are expected to be settled in the near future.

Long-Term Debt, Obligations Under Capital Leases, and Deferred Compensation Liabilities

The carrying amount and fair value reported in the balance sheets for the combined amounts of long-term debt and obligations under capital leases were \$19,395,435 and \$19,645,236, respectively, for 2011 and \$21,643,955 and \$22,667,170, respectively, for 2010. The carrying amount reported in the balance sheets for debt and capital leases approximates fair value based upon the variable nature of the primary debt. The carrying

ST. CLAIRE REGIONAL MEDICAL CENTER, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

amount reported in the balance sheets for deferred compensation liabilities approximates its fair value.

Reserves for Professional Liability Claims

The carrying amount reported in the balance sheets for reserves for professional liability claims approximates its fair value because they are expected to be settled in the near future.

Interest Rate Swap

The carrying amount reported in the balance sheets for the interest rate swap approximates its fair value based upon interest yield curves.

15. PRIOR PERIOD ADJUSTMENT

The accompanying financial statements for 2010 have been restated to correct an error identified related to the lack of accruals for FICA expense. The effect of this prior period adjustment on the Medical Center's 2010 financial statements follows:

	Previously Reported 2010		Prior Period Adjustment		As Restated 2010	
Balance Sheets						
Net assets, beginning of year	\$	39,109,027	\$	(453,699)	\$	38,655,328
Accrued expenses	\$	2,626,611	\$	453,699	\$	3,080,310
Statements of Cash Flows						
Accrued expenses	\$	(2,145,959)	\$	453,699	\$	(1,692,260)
Prior period adjustment	\$	-0-	\$	(453,699)	\$	(453,699)

Additional Data

Software ID:

Software Version:

EIN: 61-0605336

Name: ST CLAIRE MEDICAL CENTER 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			
ROBERT G STEVENS BOARD CHAIR	2 00	X						0	0	0
SISTER MARY LUANN BENDER BOARD VICE CHAIR	2 00	X						0	0	0
GARREN COLVIN BOARD TREASURER	2 00	X						0	0	0
BOB ALBERT BOARD SECRETARY	2 00	X						0	0	0
SISTER MARY KAY KRAMER MEMBER	2 00	X						0	0	0
DAN MARKWELL MEMBER	2 00	X						0	0	0
SAMUEL MATHENY MD MEMBER	2 00	X						0	0	0
SISTER MARLA MONAHAN MEMBER	2 00	X						0	0	0
JOHN NORTHCUT MEMBER	2 00	X						0	0	0
SISTER MARY JOELL OVERMAN MEMBER	2 00	X						0	0	0
BETH PATRICK MEMBER	2 00	X						0	0	0
SISTER MARY EVELYNN REINKE MEMBER	2 00	X						0	0	0
EWELL SCOTT MD MEMBER	2 00	X						0	0	0
STEPHEN DAMRON MD NON-VOTING MEMBER	2 00	X						0	0	0
MARK NEFF CEO	50 00	X		X				329,986	0	63,682
SONNY JONES VP FINANCIAL SERVICES, CFO	50 00				X			161,530	0	30,743
TRAVIS BAILEY VP, ADMINISTRATION	50 00				X			134,955	0	36,880
RANDY MCCLEESE VP, INFORMATION SERVICES	50 00				X			110,152	0	38,665
JOAN WELLS VP, NURSING SERVICES	50 00				X			146,007	0	36,517
GREG BAUSCH VP, REGIONAL SERVICES	50 00				X			138,015	0	16,300
LINDA FULTZ VP, QUALITY AND RESOURCE M	50 00				X			93,361	0	24,211
DR KIM WILLIAMS VP, SPECIAL PROJECTS	50 00				X			227,727	0	56,751
DR WILL MELAHN VP, MEDICAL DIRECTOR	50 00				X			194,935	0	40,233
LERAE WILSON VP NURSING	50 00				X			102,617	0	20,753
KAREN HOLIFIELD VP POST ACUTE SERVICES	50 00				X			91,665	0	23,420

Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)

4d. Other program services			
(Code) (Expenses \$	13,785,435	including grants of \$ (Revenue \$ 12,635,191)
PHYSICIAN SERVICESST CLAIRES REGIONAL OFFERS A COMPREHENSIVE ARRAY OF PHYSICIAN SERVICES SPECIALTIES EMPLOYED BY ST CLAIRES INCLUDE RADIOLOGY, EMERGENCY MEDICINE, ONCOLOGY, NEPHROLOGY, GENERAL SURGERY, AND ORTHOPEDIC SURGERY			

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			
DR WILLIAM LEWIS RADIOLOGIST	40 00					X		668,941	0	60,584
DR CRAIG BUTLER RADIOLOGIST	40 00					X		636,604	0	67,593
DR STEPHEN WILLIAMS RADIOLOGIST	40 00					X		595,124	0	55,238
DR CHARLES CROUSE ORTHOPEDIC SURGEON	40 00					X		655,964	0	65,432
DR MOHAMMAD ANWAR RADIOLOGIST	40 00					X		383,230	0	57,577