See a Social Security Number? Say Something!
Report Privacy Problems to https://public.resource.org/privacy
Or call the IRS Identity Theft Hotline at 1-800-908-4490

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493136032512

Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2010

Open to Public Inspection

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

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

C Name of organization
Providence Hospital

Doing Business As

Number and street (or P O box if mail is not delivered to street address) 6801 Airport Boulevard | Room/suite

City or town, state or country, and ZIP + 4
Mobile, AL 36608

D Employer identification number
63-0288861

E Telephone number
(251)633-1080

G Gross receipts $ 231,489,904

F Name and address of principal officer
Susan Cornejo
6801 Airport Boulevard
Mobile, AL 36608

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

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

H(c) Group exemption number ▶ 0928

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

J Website: ▶ www providencehospital org

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1858 | **M** State of legal domicile AL

Part I Summary

1 Briefly describe the organization's mission or most significant activities
Providence Hospital is a full service 349 bed medical/surgical facility

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	9
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	7
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	**5**	1,927
6	Total number of volunteers (estimate if necessary)	**6**	273
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	1,113,300
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

Activities & Governance

Revenue

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	1,762,545	1,047,971
9	Program service revenue (Part VIII, line 2g)	207,889,026	214,610,859
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	16,584,303	14,536,923
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,101,121	1,281,013
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	227,336,995	231,476,766

Expenses

13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	84,256,228	86,044,194
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	121,512,920	123,449,803
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	205,769,148	209,493,997
19	Revenue less expenses Subtract line 18 from line 12	21,567,847	21,982,769

Net Assets or Fund Balances

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	318,425,838	347,945,355
21	Total liabilities (Part X, line 26)	124,723,717	108,547,107
22	Net assets or fund balances Subtract line 21 from line 20	193,702,121	239,398,248

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature of officer — Date: 2012-05-15

Susan Cornejo Chief Financial Officer
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed	PTIN
Alicia Janisch	Alicia Janisch		☐	

Firm's name ▶ Deloitte Tax LLP — Firm's EIN ▶

Firm's address ▶ 250 East Fifth Street Suite 1900
Cincinnati, OH 45202 — Phone no ▶ (513) 784-7100

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

Rooted in the loving ministry of Jesus as a healer, we commit ourselves to serving all persons with special attention to those who are poor and vulnerable Our Catholic health ministry is dedicated to spiritually centered, holistic care which sustains and improves the health of individuals and communities We are advocates of a compassionate and just society through our actions and our words

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 $ 182,785,351 including grants of $) (Revenue $ 213,631,657)

In the fiscal year ending June 30, 2011, Providence Hospital furnished a significant portion of its services to persons who were elderly, poor or otherwise vulnerable Medicare services to elderly or disabled persons accounted for 52 percent of gross patient revenue, and Medicaid services to indigent persons accounted for another 7 percent of gross patient revenue Beyond these, the hospital furnished $11 89 million in services to persons who met hospital, state or federal charity guidelines, Uncollectable account write-offs totaled an additional $12 48 million, so the hospital's total uncompensated care was $24 37 million, or 3 4 percent of gross patient revenue Thus, 62 4 percent of the hospital's total gross patient revenue consisted of services to elderly persons or persons who were not able to pay all or most of their hospital bills

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

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

4d Other program services (Describe in Schedule O)
(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶ $ 182,785,351

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		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d	Yes	
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		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	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? *If "Yes," complete Schedule I, Parts I and II*	**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? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	**35**	Yes	
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2* ☑ Yes ☐ No			
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**	Yes	
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	60		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		1c		
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	2a	1,927		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?		2b	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?		3a	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*		3b	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		4a		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .		5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?		5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?		6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		6b		
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?		7a		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .		7f		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		8		
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?		9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?		9b		
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?		12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O		13a		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?		14a		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .		14b		

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

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

Section A. Governing Body and Management

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

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

			Yes	No
10a	Does the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?	10b		
11a	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990			
12a	Does the organization have a written conflict of interest policy? *If "No," go to line 13*	12a	Yes	
b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	12c	Yes	
13	Does the organization have a written whistleblower policy?	13	Yes	
14	Does the organization have a written document retention and destruction policy?	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a	Yes	
b	Other officers or key employees of the organization	15b	Yes	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (See instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	Yes	
b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?	16b	Yes	

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed ▶ AL

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you make these available Check all that apply

☐ Own website ☐ Another's website ☑ Upon request

19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public See Additional Data Table

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶

Susan Cornejo
6801 Airport Blvd
Mobile, AL 36608
(251) 633-1670

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Beth McFadden Rouse Sch O Board Chair	10 00	X		X				0	0	0
(2) Clark Christianson Sch O Pres & CEO	40 00	X		X				868,117	0	17,053
(3) Robert W Israel MD Secretary	2 00	X		X				455,483	0	17,581
(4) W Bradley Bead Jr Board Member	2 00	X						0	0	0
(5) Marcia J Littles MD Board Member	2 00	X						0	0	0
(6) Carol M Harrison Board Member	2 00	X						0	0	0
(7) L Page Stallcup III CPA Board Member	2 00	X						0	0	0
(8) Sister Joanne Cozzi Board Member	2 00	X						0	0	0
(9) C Adrien Bodet III Board Member	2 00	X						0	0	0
(10) Susan Cornejo VP CFO	40 00			X				205,688	0	60,737
(11) James Walker Sch O VP Quality	40 00			X				446,252	0	16,772
(12) William Lightfoot VP Medical Services	40 00			X				152,983	0	15,859
(13) Susan Breslin VP Nursing	40 00			X				218,957	0	14,612
(14) Adine Waddell VP Gen, Counsel	40 00			X				160,369	0	13,597
(15) David Powell VP Human Resourses	40 00			X				221,559	0	16,639
(16) Jason Alexander VP & COO	40 00			X				335,394	0	18,836

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(17) Lynn Tate VP Mission Services	40 00			X				152,955	0	12,829
(18) Paul Hii Medical Physicist	40 00					X		205,770	0	16,100
(19) Diane Robison Director of Oncology	40 00					X		152,718	0	11,698
(20) Thomas Van Antwerp Foundation Director	40 00					X		144,279	0	14,602
(21) Leaonard Metzger Providence Building Dir	40 00					X		170,310	0	13,112
(22) Charles Bullington Medical Physicist	40 00					X		155,682	0	10,185
(23) Vincent Formica Former CFO (End 3/31/10)	40 00						X	319,813	0	6,978
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								4,366,329	0	277,190

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 ▶ 43

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
FMC Mobile Inpatient Services PO Box 62760 New Orleans, LA 70162	Patient Care	404,474
Holmes Healthcare 20 Mill Creek Rd Warrior, AL 35180	Patient Care	301,576
Arup Lab PO Box 27964 Salt Lake City, UT 84127	Patient Care	255,274
Radiology Associates of Mobile 6576 Airport Blvd Mobile, AL 36608	Patient Care	159,150
Emergency Medicine Association PO Box 851897 Mobile, AL 36685	Patient Care	148,769

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 ▶ 6

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a Federated campaigns . . 1a					
	b Membership dues 1b					
	c Fundraising events 1c					
	d Related organizations . . . 1d	127,331				
	e Government grants (contributions) 1e	920,640				
	f All other contributions, gifts, grants, and similar amounts not included above 1f					
	g Noncash contributions included in lines 1a-1f $					
	h **Total.** Add lines 1a-1f . . . . . ▶		1,047,971			
Program Service Revenue		Business Code				
	2a Net Patient Revenue	621990	142,461,577	141,392,611	1,068,966	
	b Medicare/Medicaid Paym	621990	72,149,282	72,149,282		
	c					
	d					
	e					
	f All other program service revenue					
	g **Total.** Add lines 2a–2f . . . . . ▶		214,610,859			
	3 Investment income (including dividends, interest and other similar amounts) . . . . . ▶		14,546,865			14,546,865
	4 Income from investment of tax-exempt bond proceeds . . ▶					
	5 Royalties . . . . . ▶					
		(i) Real	(ii) Personal			
	6a Gross Rents	44,334				
	b Less rental expenses					
	c Rental income or (loss)	44,334				
	d Net rental income or (loss) . . . . . ▶		44,334		44,334	
		(i) Securities	(ii) Other			
	7a Gross amount from sales of assets other than inventory		3,196			
	b Less cost or other basis and sales expenses		13,138			
	c Gain or (loss)		-9,942			
	d Net gain or (loss) . . . . . ▶		-9,942			-9,942
Other Revenue	8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . . a					
	b Less direct expenses . . . b					
	c Net income or (loss) from fundraising events . . ▶					
	9a Gross income from gaming activities See Part IV, line 19 . a					
	b Less direct expenses . . . . . b					
	c Net income or (loss) from gaming activities . . . ▶					
	10a Gross sales of inventory, less returns and allowances . a					
	b Less cost of goods sold . . b					
	c Net income or (loss) from sales of inventory . . ▶					
	Miscellaneous Revenue	Business Code				
	11a Cafeteria/Vending Rev	722210	1,046,807			1,046,807
	b Medical Record	621990	75,188			75,188
	c Medical Edu Classes	621990	24,920			24,920
	d All other revenue		89,764	89,764		
	e **Total.** Add lines 11a–11d . . . . . ▶		1,236,679			
	12 **Total revenue.** See Instructions . . . ▶		231,476,766	213,631,657	1,113,300	15,683,838

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.
All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U S See Part IV, line 21				
2 Grants and other assistance to individuals in the U S See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	3,343,404	588,153	2,755,251	
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	65,575,634	60,060,600	5,515,034	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	3,994,870	3,515,486	479,384	
9 Other employee benefits	7,534,304	6,630,188	904,116	
10 Payroll taxes	5,595,982	4,924,464	671,518	
a Fees for services (non-employees) Management	4,739,943	4,171,150	568,793	
b Legal	683,010		683,010	
c Accounting	517,032		517,032	
d Lobbying				
e Professional fundraising services *See Part IV, line 17*				
f Investment management fees				
g Other	994,916	845,679	149,237	
12 Advertising and promotion	116,031	98,626	17,405	
13 Office expenses	286,245		286,245	
14 Information technology	11,788,751	10,020,438	1,768,313	
15 Royalties				
16 Occupancy	623,944	467,958	155,986	
17 Travel	196,737	147,553	49,184	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	2,919,819	2,189,864	729,955	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	8,190,686	7,371,617	819,069	
23 Insurance	2,210,094	1,989,085	221,009	
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a Supplies	45,036,397	40,532,757	4,503,640	0
b Bad Debt	12,484,872	11,236,385	1,248,487	0
c Purchased Services	10,099,116	8,584,249	1,514,867	0
d Utilities	2,816,704	2,535,034	281,670	0
e Maintenance & Repair	1,847,711	1,662,940	184,771	0
f All other expenses	17,897,795	15,213,125	2,684,670	
25 **Total functional expenses.** Add lines 1 through 24f	209,493,997	182,785,351	26,708,646	0
26 **Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing			1	
	2	Savings and temporary cash investments		8,547,437	2	8,203,035
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		19,420,542	4	19,971,085
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Schedule L			6	
	7	Notes and loans receivable, net		325,579	7	325,579
	8	Inventories for sale or use		3,366,442	8	3,228,945
	9	Prepaid expenses and deferred charges		1,736,448	9	3,343,598
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 206,455,914			
	b	Less accumulated depreciation	10b 148,893,336	60,172,702	10c	57,562,578
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		224,856,688	15	255,310,535
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		318,425,838	16	347,945,355
Liabilities	17	Accounts payable and accrued expenses		23,616,727	17	23,560,396
	18	Grants payable			18	
	19	Deferred revenue		360,000	19	
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		100,746,990	25	84,986,711
	26	**Total liabilities.** Add lines 17 through 25		124,723,717	26	108,547,107
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		192,489,073	27	238,867,329
	28	Temporarily restricted net assets			28	
	29	Permanently restricted net assets		1,213,048	29	530,919
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		193,702,121	33	239,398,248
	34	Total liabilities and net assets/fund balances		318,425,838	34	347,945,355

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	231,476,766
2	Total expenses (must equal Part IX, column (A), line 25)	2	209,493,997
3	Revenue less expenses Subtract line 2 from line 1	3	21,982,769
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	193,702,121
5	Other changes in net assets or fund balances (explain in Schedule O)	5	23,713,358
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	239,398,248

Part XII Financial Statements and Reporting

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

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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493136032512

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
Providence Hospital

Employer identification number
63-0288861

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

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

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

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

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

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

_____

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

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

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

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

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

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

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

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Other

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (See instructions) **12**

13 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2010 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2009 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2010.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2009.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2009.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

18 **Private Foundation** If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions ▶☐

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in)	**(a)** 2006	**(b)** 2007	**(c)** 2008	**(d)** 2009	**(e)** 2010	**(f)** Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support** (Add lines 9, 10c, 11 and 12)						

14 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2010** (line 10c column (f) divided by line 13 column (f))	**17**	
18	Investment income percentage from **2009** Schedule A, Part III, line 17	**18**	

19a **33 1/3% support tests—2010.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2009.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

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

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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493136032512

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
Providence Hospital

Employer identification number
63-0288861

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

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

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

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit ☐ Yes ☐ No

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or pleasure)
☐ Preservation of an historically importantly land area
☐ Protection of natural habitat
☐ Preservation of a certified historic structure
☐ Preservation of open space

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

			Held at the End of the Year
a	Total number of conservation easements	2a	
b	Total acreage restricted by conservation easements	2b	
c	Number of conservation easements on a certified historic structure included in (a)	2c	
d	Number of conservation easements included in (c) acquired after 8/17/06	2d	

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

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

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

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

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

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? ☐ Yes ☐ No

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

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

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

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

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

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

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

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

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

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

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

- a ☐ Public exhibition
- b ☐ Scholarly research
- c ☐ Preservation for future generations
- d ☐ Loan or exchange programs
- e ☐ Other

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

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

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

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

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

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

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

b If "Yes," explain the arrangement in Part XIV

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance					
b Contributions					
c Investment earnings or losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶
- c Term endowment ▶

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

		Yes	No
(i) unrelated organizations	3a(i)		
(ii) related organizations	3a(ii)		
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

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

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

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land				
b Buildings		92,193,882	68,172,112	24,021,770
c Leasehold improvements		14,209,082	5,292,042	8,917,040
d Equipment		100,052,950	75,429,182	24,623,768
e Other				
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				57,562,578

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶		

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

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

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
See Additional Data Table	
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	255,310,535

Part X Other Liabilities. See Form 990, Part X, line 25.

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
Long-Term Self Insurance Liability	1,232,425
Estimated Settlements to Third Party Payors	2,352,371
Pension and Other Post-Retirement Benefits	155,000
Deferred Compensation	6,746,768
Other Current Liabilities	831,437
Intercompany Debt to Ascension Health	72,284,158
Valuation Allowance	1,315,156
Other Liabilities	69,396
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	84,986,711

2. Fin 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC740)

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

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

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
Description of Uncertain Tax Positions Under FIN 48	Part X	N/A

Additional Data

Software ID:
Software Version:
EIN: 63-0288861
Name: Providence Hospital

Form 990, Schedule D, Part IX, - Other Assets

(a) Description	**(b)** Book value
Estimated Settlements from Third Party Payors	1,160,049
Deferred Compensation	6,746,768
Advances to Affiliated Entities	87,342,426
Due from Affiliates	102,742
Other Miscellaneous Receivables	1,632,324
Pension Asset	1,434,824
Other Miscellaneous	655,732
Board Designated Investments	25,350,950
Donor Restricted Accounts	174,578
Other Unrestricted Long-Term Investments	130,710,142

Form 990, Schedule D, Part X, - Other Liabilities

1 **(a)** Description of Liability	**(b)** Amount
Long-Term Self Insurance Liability	1,232,425
Estimated Settlements to Third Party Payors	2,352,371
Pension and Other Post-Retirement Benefits	155,000
Deferred Compensation	6,746,768
Other Current Liabilities	831,437
Intercompany Debt to Ascension Health	72,284,158
Valuation Allowance	1,315,156
Other Liabilities	69,396

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493136032512

SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Providence Hospital

Employer identification number
63-0288861

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			9,233,757		9,233,757	4 690 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			23,335,994	26,909,917	-3,573,923	0 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			32,569,751	26,909,917	5,659,834	4 690 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			65,610		65,610	0 030 %
f Health professions education (from Worksheet 5)			85,245		85,245	0 040 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)			648,718	500,300	148,418	0 080 %
i Cash and in-kind contributions to community groups (from Worksheet 8)			49,692		49,692	0 030 %
j **Total** Other Benefits			849,265	500,300	348,965	0 180 %
k **Total.** Add lines 7d and 7j			33,419,016	27,410,217	6,008,799	4 870 %

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

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development						
3	Community support			2,200		2,200	0 %
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**			2,200		2,200	

Part III **Bad Debt, Medicare, & Collection Practices**

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15?	1			No
2	Enter the amount of the organization's bad debt expense (at cost)	2	12,484,872		
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	7,531,723		
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	55,303,929		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	51,349,098		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	3,954,831		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV **Management Companies and Joint Ventures**

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

Part V Facility Information

Section A. Hospital Facilities

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

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

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	Providence Hospital 6801 Airport Blvd Mobile, AL 36608	X	X					X		

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, Line 7, Column (f) The Bad Debt expense included on Form 990, Part IX, Line 25, Column (A), but subtracted for purposes of calculating the percentage in this column is $ 12484872

Identifier	ReturnReference	Explanation
		Part II Diabetes is one of the primary health problems in Alabama Statistics show that 11% of Alabama residents have diabetes as opposed to 8 5% nationally The percent of diabetics in Alabama is the 5th highest rate in the country but there is a shortage of educational programs available to uninsured diabetics Victory Health Clinic, a local clinic for the working uninsured, participated in our 2011 community needs assessment and identified a need for diabetic education programs for their clients As a result, Providence Hospital's Diabetes Center is now offering a diabetes education program to Victory clients for a nominal fee The program, identical to the program provided insured clients, teaches diabetics how to monitor and manage their diabetes Success is measured by monitoring hemoglobin A1c values on a quarterly basis Providence is committed to supporting Penelope House, a local domestic violence shelter The Providence Hospital Domestic Violence Committee participates in fund raising and community education programs on an ongoing basis In October, which is Domestic Violence month, the Hospital hosts multiple fund raisers to support Penelope House Domestic violence literature, including emergency contact information is maintained in public areas In 2003, Sister Mary Elizabeth, a Daughter of Charity and VP of Mission Services, formed the Hispanic Health Concerns Committee in Mobile The goal of the committee, and of the Daughters of Charity nationally, was to improve the health of the Hispanic people Members of the committee included Providence Hospital, the Mobile County Health Department (MCHD), local churches and non profit agencies The group determined that the Semmes, Al area has a large population of Hispanic migrant workers with health and social needs and that a multi-purpose center was needed to meet those needs In 2004 Providence Hospital and MCHD opened the Guadalupe Center In shared space the Center offers the services of a health clinic, and transportation, translation and advocacy services Providence Hospital Outreach/Guadalupe associates have had over 11,000 encounters with individuals needing their services Providence Outreach Services in Bayou La Batre has been serving South Mobile County since 2005 Initially established to assist survivors of Hurricane Katrina the program continues based on the ongoing needs identified by staff Slowly recovering from Hurricane Katrina the impoverished area was further decimated by the BP oil spill and medical and social needs are extensive The Outreach team in south Mobile County consists of a registered nurse, a Daughter of Charity, and a licensed medical social worker The primary goal of the team is to identify individuals with health care needs and assist them in accessing care The team works closely with local health care providers, churches, and community agencies to identify and assist those in need Many of the residents lack transportation so Sister Marilyn Moore delivers medicine from a charitable pharmacy in Moblle to their homes The team nurse is a diabetic educator She provides diabetic education and diet instruction to residents along with monitoring their blood sugars She also helps them apply for medication assistance programs The social worker assists them in identifying and applying for resources such as food stamps, job training programs, and Medicaid The Providence program is the only agency that has consistently remained in the area since Katrina so other agencies often call for information and assistance Project Rebound is a social service support agency funded by BP oil spill money Their staff frequently refers clients for assistance with medical needs and in return, they provide translators when needed by Providence staff

Identifier	ReturnReference	Explanation
		Part VI, Line 2 As part of our mission to serve the poor and vulnerable, Providence Hospital established an Outreach Services Department in 1999 Since its inception, the department has provided services to the poor and the uninsured in our area including free health screenings, diabetes education, and medically related advocacy services Outreach staff members are continually assessing individual and community needs in these areas and providing feedback to the hospital regarding programs and services Staff members from the different programs refer to each other as needs are identified For instance, when staff members conducting health screens in south Mobile County identify a resident needing diabetic instruction they refer to the nurse educator in that area for follow up Also, the team in south Mobile County contacts the team at the Gaudalupe Center if they have a Hispanic client needing assistance with immigration issues In the fall of 2008, with the assistance of Ascension Health experts, providence Hospital conducted an assessment of community needs in our service area, including Mobile and Baldwin counties in Alabama, and George Coutny in Mississippi The input of community leaders and non-profit representatives in the areas of medical, mental, and legal issues was solicited and results of the assessment were presented to community leaders in January of 2009 The data collected in this assessment process was instrumental in the development of the Hospitals Access Leadership Plan and Integrated Strategic, Operational and Financial Plan As a result of the needs assessment Providence collaborated with other community agencies to develop programs such as PACE (Programs of All-encompassing Care for the Elderly), diabetic education program for clients of victory health Clinic, and an expansion of pharmaceutical programs through the Dispensary of Hope and Ozanam Charitable Pharmacy A community resource guide developed by our Outreach social worker is revised annually and distributed to local community agencies and churches and a medication resource guide is given to every patient receiving care in our facility An internal hospital committee comprised of associates from Outreach Services, Planning and Marketing, and Mission Services has developed a plan and process to conduct a community needs assessment in 2012 Community agencies including the Mobile County Health Department, Victory Health Clinic, Alta Pointe, Area Agency on Aging and others will be invited ot participate in the gathering of data and the development of short and long-term goals to assist the poor and vulnerable in our community As it was in all previous needs assessments, data gathered in the process will be included in the development of the Hospital's Integrated Strategic, Operational and Financial Plan (ISOFP) and the Access Leadership Plan

Identifier	ReturnReference	Explanation
		Part VI, Line 3 Patients or persons who may be billed for patient care are informed and educated about their potential eligibility for federal, state, local or Hospital assistance in the following manner - An explanation of the Hospital's billing process and contact information for financial counselors is posted on the Hospital's web site and in all inpatient and outpatient registration areas A summary of the Hospital's Billing and Payment Philosophy is included in every patient's registration packet The information is provided in English and Spanish and interpreter services for other languages are available as needed - Financial counselors visit every uninsured patient on the day after their admission to explain available resources and, when appropriate, initiate the application process for assistance Financial counselors have completed specific training for Medicaid, CHIPS, SOBRA, and All-Kids and will receive additional training as the need is identified If the financial counselors identify additional financial or social needs they will refer the patient to a hospital social worker - A listing of community resources is included in each patient's discharge materials- Within 24 hours of admission the case management department conducts a screening for potential discharge needs on every patient Those patients identified as needing assistance with their Hospital bill or applying for state and federal assistance are referred to the financial counselors by the Hospital social workers

Identifier	ReturnReference	Explanation
		Part VI, Line 4 Providence Hospital's primary service area (PSA) is defined using Medicare's definition of the "geographic area served by the hospital " Specifically, this is the smallest number of contiguous ZIP codes from which the hospital derives 75 percent of its patients The PSA comprises seventeen ZIP codes with a combined 2011 population of 341,846 Aggregate growth in the PSA by 2016 is projected to be 2 6 percent Of the seventeen ZIP codes, sixteen are in Mobile County, Alabama, the remaining one is Lucedale (George County), Mississippi Much of the PSA is suburban, although it does include portions of urban Mobile as well as outlying, rural areas Providence's secondary service area includes twenty-six additional ZIP codes spread over a nine-county region in southwest Alabama and southeast Mississippi When combined with the PSA, the SSA ZIP codes account for 90 percent of Providence Hospital's inpatient discharges The estimated total population of the SSA in 2011 was 272,381, the forecasted five-year growth is 1 3 percent Providence Hospital's regional service area consists of the nine counties (seven in southwest Alabama and two in southeast Mississippi)that include the PSA and SSA ZIP code areas The total population of the regional service area is 873,178, and the aggregate five-year growth is 2 6 percent, the same as Providence's PSA PSA Population by Age Cohort - 2011 Age Cohort 20110-17 88,24518-34 122,67235-64 88,09265+ 42,837The racial and ethnic composition of the Providence PSA is shown below Segments projected to show the most growth through 2016 are Hispanics and Asians PSA Population by Race/Ethnicity - 2011Race/Ethnicity 2011Caucasian 237,088African-American 83,568Hispanic 7,844Asian 6,832Other 6,514Unemployment Rates - 2011 Unemployment Rate 2011Mobile County 10 1%State of Alabama 9%Hospitals Four hospitals are located in Providence Hospital's primary service area - Providence Hospital, with 349 licensed beds - Springhill Medical Center, a privately-held for-profit facility with 252 licensed beds- Infirmary West Hospital, part of Infirmary Health System, with 124 licensed acute beds and 191 licensed long-term acute beds- George Regional Hospital, a county-owned facility in Lucedale, Mississippi with 47 licensed bedsThe other Mobile County hospitals are - Mobile Infirmary Medical Center, the flagship of Infirmary Health System, with 605 licensed acute beds, 49 licensed psychiatric beds and 50 licensed inpatient rehabilitation beds- University of South Alabama (USA) Medical Center, 399 licensed beds- USA Children's and Women's Hospital, 152 licensed bedsHealth Conditions By all measures, the health of Mobile-area residents-and indeed, the state of Alabama as a whole-is below average The rates of smoking, obesity, diabetes, low birth weight, premature death, unnecessary hospitalizations and other health indicators are extremely high in Mobile County, Alabama and George County, Mississippi A new report released by the Gallup organization and Healthways confirms this, finding that the Mobile metropolitan area ranked 181 out of 190 communities on the Gallup-Healthways Well-Being Index, "an average of six sub-indexes, which individually examine life evaluation, emotional health, work environment, physical health, healthy behaviors, and access to basic necessities "The Providence health ministry is engaged in a variety of activities to improve the health of area residents, including the following - Health screenings at area schools, churches, senior centers and other organizations- Direct outreach to disadvantaged communities in west Mobile and south Mobile County- Innovative health and wellness programs for ministry associates and other area employers- Three primary care practices with Patient-Centered Medical Home recognition- Physicians with special training in chronic disease management for diabetes, cardiovascular disease and stroke- Monthly health education lectures for the general community and the ministry's senior affinity network, "Senior Spirit"- Community collaboration to enhance the effectiveness of health and human services agencies, including VIA, CMS, Social Security, Area Agency on Aging, Mobile County Health Department, Franklin Primary Health Centers, Bayou Clinic and Ozanam Charitable Pharmacy- Regular community health needs assessments to identify areas of need and opportunity

Identifier	ReturnReference	Explanation
		Part VI, Line 6 Providence Hospital demonstrates its commitment to its exempt purpose by promoting the health and wellbeing of the communities it serves This is demonstrated by the following - First, the hospital facilitates the participation of the community in governance and fundraising Of the nine Providence Hospital board members, only two - Clark Christianson and Dr Robert Israelare employees of a hospital entity Dr Thomas Myers, an employed physician, serves on the six-member Seton Health Corporation of South Alabama board along with Mr Christianson The remaining board members on both local boards are neither employees nor contractors of the hospital nor any of its affiliated entities, and all of the board members reside in the local area Providence Hospital also has a very active Auxiliary for adult volunteers and offers a teenage volunteer program during the summer months, and the Providence Hospital Foundation allows individuals to support the hospital of the hospital through donations and fundraisers, and actively involves the community in its fundraising activities - Second, the hospital extends medical staff privileges to all qualified physicians in most clinical services More than 500 physicians comprise the hospital's medical staff, representing every major medical specialty and subspecialty - Third, the hospital uses its resources to improve community health Surplus funds are reinvested for improvements in patient care and as noted in preceding sections of this Schedule, the hospital supports a wide range of health education, screening, outreach and support ervices, with a special emphasis on underserved and disadvantaged populations The hospital conducts assessments of health care needs in its community and works with a variety of agencies to address these needs - Fourth, the hospital makes its medical services broadly available Providence Hospital participates in Medicare, Medicaid and CHAMPUS, the Emergency Department serves all persons with acute medical needs regardless of their ability to pay, and the hospital offers financial assistance with the cost of medical services to qualified individuals - Finally, the hospital is actively involved with health professional education and clinical research Providence Hospital has a graduate medical education program for gastroenterology in collaboration with University of South Alabama College of Medicine, and serves as a clinical venue for several schools of nursing and other health professional education programs Seton Medical Management has a clinical research division to facilitate participation in clinical research Providence Hospital also sponsors the Gulf Coast Minority-Based Community Clinical Oncology Program, a National Cancer Institute-sponsored initiative which allows cancer patients to participate in clinical research

Identifier	ReturnReference	Explanation
		Part VI, Line 7 Providence Hospital of Mobile (the Hospital) and Seton Health Corporation of South Alabama (Seton) and Member Entities (collectively referred to as the Health Ministry) are members of Ascension Health Ascension Health is a Catholic, national health system consisting primarily of nonprofit corporations that own and operate local health care facilities, or Health Ministries, located in 20 of the United States and the District of Columbia Ascension Health is sponsored by the Northeast, Southeast, East Central, and West Central Provinces of the Daughters of Charity of St Vincent de Paul, the Congregation of St Joseph, and the Congregation of the Sisters of St Joseph of Carondelet The Hospital, located in Mobile, Alabama, is a nonprofit acute care Hospital The Hospital provides inpatient, outpatient and emergency care services for the residents of Mobile Admitting physicians are primarily practitioners in the local area The Hospital is related to AscensionHealth's other sponsored organizations through common control Substantially all expenses of Ascension Health are related to providing health care services The entities comprising the Health Ministry are under common management and control by Ascension Health and serve the same community The combined financial statements include the accounts of the Hospital, Seton, and Seton's member entities All significant intercompanyaccounts have been eliminated Member entities of Seton include - Providence Foundation of Mobile (the Foundation) - established to receive, maintain,and administer funds to be used for the development and expansion of the Hospital or its related organizations and to support the corporate purposes of Ascension Health The Foundation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code - Providence Building Corporation of Mobile - established to hold title to property and to collect income therefrom and to support the corporate purposes of Ascension Health Providence Building Corporation of Mobile is a tax-exempt organization under Section 501(c)(2) of the Internal Revenue Code - Providence Healthcare Services of Mobile - established to operate and support healthcare institutions which are sponsored by or affiliated with Ascension Health Providence Healthcare Services of Mobile is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code - Providence Park, Inc - established to maintain and develop property adjacent to the Hospital for purposes of Ascension Health Providence Park, Inc is taxable under the Internal Revenue Code - Seton Medical Management - established to own and operate physician practices Seton Medical Management is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code - Anesthesia Solutions - established to provide anesthesia services for the Hospital Anesthesia Solutions is a taxable organization the Internal Revenue Code

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493136032512

Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Providence Hospital

Employer identification number
63-0288861

Part I Questions Regarding Compensation

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

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

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) Clark Christianson Sch O	(i)	390,022	307,463	170,632	9,900	7,153	885,170	0
	(ii)	0	0	0	0	0	0	0
(2) Robert W Israel MD	(i)	453,722	0	1,761	9,900	7,681	473,064	0
	(ii)	0	0	0	0	0	0	0
(3) Susan Cornejo	(i)	146,828	22,000	36,860	54,568	6,169	266,425	0
	(ii)	0	0	0	0	0	0	0
(4) James Walker Sch O	(i)	367,582	32,136	46,534	9,900	6,872	463,024	0
	(ii)	0	0	0	0	0	0	0
(5) William Lightfoot	(i)	124,658	25,749	2,576	7,822	8,037	168,842	0
	(ii)	0	0	0	0	0	0	0
(6) Susan Breslin	(i)	158,080	33,000	27,877	9,465	5,147	233,569	0
	(ii)	0	0	0	0	0	0	0
(7) Adine Waddell	(i)	115,200	23,780	21,389	5,945	7,652	173,966	0
	(ii)	0	0	0	0	0	0	0
(8) David Powell	(i)	152,466	29,816	39,277	9,448	7,191	238,198	0
	(ii)	0	0	0	0	0	0	0
(9) Jason Alexander	(i)	225,014	46,000	64,380	9,900	8,936	354,230	0
	(ii)	0	0	0	0	0	0	0
(10) Lynn Tate	(i)	109,733	22,019	21,203	7,682	5,147	165,784	0
	(ii)	0	0	0	0	0	0	0
(11) Paul Hii	(i)	181,157	4,203	20,410	9,051	7,049	221,870	0
	(ii)	0	0	0	0	0	0	0
(12) Diane Robison	(i)	135,213	14,288	3,217	5,266	6,432	164,416	0
	(ii)	0	0	0	0	0	0	0
(13) Thomas Van Antwerp	(i)	129,956	13,658	665	6,575	8,027	158,881	0
	(ii)	0	0	0	0	0	0	0
(14) Leaonard Metzger	(i)	150,886	15,944	3,480	7,599	5,513	183,422	0
	(ii)	0	0	0	0	0	0	0
(15) Charles Bullington	(i)	149,844	2,969	2,869	2,996	7,189	165,867	0
	(ii)	0	0	0	0	0	0	0
(16) Vincent Formica	(i)	45,167	37,308	237,338	2,891	4,087	326,791	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	Part I, Line 1a	Ten Officers and one former officer, received gross up payments One officer received club dues These amounts were included on their W-2
Supplemental Information	Part III	Sch J, Part I, Line 4b Eligible executives participate in a program that provides for supplemental retirement benefits The payment of benefits under the program, if any, is entirely dependent upon the facts and circumstances under which the executive terminates employment with the organization Benefits under the program are unfunded and non-vested Due to the substantial risk of forfeiture provision, there is no guarantee that these executives will ever receive any benefit under the program Any amount ultimately paid under the program to the executive is reported as compensation on Form 990, Schedule J, Part II, Column B in the year paid The following individual received payments from the supplemental nonqualified retirement plan in the amount as noted - Susan Breslin - $5,721

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 63-0288861
Name: Providence Hospital

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) 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 compensation				
Clark Christianson Sch O	(I)	390,022	307,463	170,632	9,900	7,153	885,170	0
	(II)	0	0	0	0	0	0	0
Robert W Israel MD	(I)	453,722	0	1,761	9,900	7,681	473,064	0
	(II)	0	0	0	0	0	0	0
Susan Cornejo	(I)	146,828	22,000	36,860	54,568	6,169	266,425	0
	(II)	0	0	0	0	0	0	0
James Walker Sch O	(I)	367,582	32,136	46,534	9,900	6,872	463,024	0
	(II)	0	0	0	0	0	0	0
William Lightfoot	(I)	124,658	25,749	2,576	7,822	8,037	168,842	0
	(II)	0	0	0	0	0	0	0
Susan Breslin	(I)	158,080	33,000	27,877	9,465	5,147	233,569	0
	(II)	0	0	0	0	0	0	0
Adine Waddell	(I)	115,200	23,780	21,389	5,945	7,652	173,966	0
	(II)	0	0	0	0	0	0	0
David Powell	(I)	152,466	29,816	39,277	9,448	7,191	238,198	0
	(II)	0	0	0	0	0	0	0
Jason Alexander	(I)	225,014	46,000	64,380	9,900	8,936	354,230	0
	(II)	0	0	0	0	0	0	0
Lynn Tate	(I)	109,733	22,019	21,203	7,682	5,147	165,784	0
	(II)	0	0	0	0	0	0	0
Paul Hii	(I)	181,157	4,203	20,410	9,051	7,049	221,870	0
	(II)	0	0	0	0	0	0	0
Diane Robison	(I)	135,213	14,288	3,217	5,266	6,432	164,416	0
	(II)	0	0	0	0	0	0	0
Thomas Van Antwerp	(I)	129,956	13,658	665	6,575	8,027	158,881	0
	(II)	0	0	0	0	0	0	0
Leaonard Metzger	(I)	150,886	15,944	3,480	7,599	5,513	183,422	0
	(II)	0	0	0	0	0	0	0
Charles Bullington	(I)	149,844	2,969	2,869	2,996	7,189	165,867	0
	(II)	0	0	0	0	0	0	0
Vincent Formica	(I)	45,167	37,308	237,338	2,891	4,087	326,791	0
	(II)	0	0	0	0	0	0	0

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493136032512

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
Providence Hospital

Employer identification number
63-0288861

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 6		Providence Hospital has a single corporate member, Ascension Health

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 7a		Providence Hospital has a single corporate member, Ascension Health, who has the ability to elect members to the governing body of Providence Hospital

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 7b		Ascension Health has designed a system authority matrix which assigns authority for key decisions that are necessary in the operation of the system Specific areas that are identified in the authority matrix are new organizations & major transactions, governing documents, appointments/removals, evaluation, debt limits, strategic & financial plans, assets, system policies & procedures These areas are subject to certain levels of approval by Ascension per the system authority

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

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

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 15	In determining compensation of the organization's CEO, the process included a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision The audit committee reviewed and approved the compensation In the review of the compensation, the CEO was compared to employees at other organizations in the area who hold the same title During the review and approval of the compensation, documentation of the decision was recorded in the board minutes The individual was not present when his compensation was decided In determining compensation of other officers of the organization, the included a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision The executive committee reviewed and approved the compensation In the review of the compensation, the other officers of the organization were compared to employees at other organizations employees in the area who hold the same title During the review and approval of the compensation, documentation of the decision was recorded in the executive committee minutes

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

Identifier	Return Reference	Explanation
Explanation of hours worked for Officers	Form 990, Part VII, Section A	Clark Christianson and James Walker provide services to Providence Hospital and its subsidiaries Hours worked are not tracked on an entity by entity basis Therefore, their hours reported on Form 990, Part VII, Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors represent aggregate hours worked per week for all entities Beth McFadden Rouse serves as a board member of Seton Health Corporation of South Alabama and its subsidiaries Hours worked are not tracked on an entity by entity basis Therefore, her hours reported on Form 990, Part VII, Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors represent aggregate hours served as a board member per week for all entities

Identifier	Return Reference	Explanation
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 5	Net unrealized gains on investments 10,713,214 Investment expenses 15,014 Transfers to/from Affiliates -4,877,080 Sister Services -264,165 Ascension Health Deferred Pension cost 18,126,375 Total to Form 990, Part XI, Line 5 23,713,358

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493136032512

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
Providence Hospital

Employer identification number
63-0288861

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) Ascension Health PO Box 45998 St Louis, MO 63145 31-1662309	National Health System	MO	Section 501(c)(3)	Schedule A, Line 11a	N/A		No
(2) Seton Health Corporation of South Alabama 6801 Airport Blvd Mobile, AL 36608 63-0934712	Support Providence Hospital	AL	Section 501(c)(3)	Schedule A, Line 11c	Ascension Health		No
(3) Providence Foundation 6801 Airport Blvd Mobile, AL 36608 63-0915493	Support Providence Hospital	AL	Section 501(c)(3)	Schedule A, Line 11c	Seton Health Corporation of South AL	Yes	
(4) Providence Healthcare Services 6801 Airport Blvd Mobile, AL 36608 63-0937705	Support Providence Hospital	AL	Section 501(c)(3)	Schedule A, Line 11c	Seton Health Corporation of South AL	Yes	
(5) Seton Medical Management 6801 Airport Blvd Mobile, AL 36608 63-0937704	Support Providence Hospital	AL	Section 501(c)(3)	Schedule A, Line 11b	Seton Health Corporation of South AL	Yes	
(6) Providence Building Corporation 6801 Airport Blvd Mobile, AL 36608 63-0914564	Support Providence Hospital	AL	Section 501(c)(2)	N/A	Seton Health Corporation of South Alabama	Yes	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership

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
(1) Providence Park PO Box 850429 Mobile, AL36685 63-0886846	Real Estate	AL	N/A	C			
(2) Anesthesia Solutions of Mobile Inc 6701 Airport Blvd Suite D-430B Mobile, AL36608 82-0547505	Anesthesia Services	AL	N/A	C			
(3) Gulf Coast Regional Preferred PO Box 3201 Mobile, AL36652 63-0931788	Professional Association	AL	N/A	C			

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

		Yes	No
Note. Complete line 1 if any entity is listed in Parts II, III or IV			
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity	1a	Yes	
b Gift, grant, or capital contribution to other organization(s)	1b		No
c Gift, grant, or capital contribution from other organization(s)	1c	Yes	
d Loans or loan guarantees to or for other organization(s)	1d		No
e Loans or loan guarantees by other organization(s)	1e		No
f Sale of assets to other organization(s)	1f		No
g Purchase of assets from other organization(s)	1g		No
h Exchange of assets	1h		No
i Lease of facilities, equipment, or other assets to other organization(s)	1i	Yes	
j Lease of facilities, equipment, or other assets from other organization(s)	1j		No
k Performance of services or membership or fundraising solicitations for other organization(s)	1k		No
l Performance of services or membership or fundraising solicitations by other organization(s)	1l		No
m Sharing of facilities, equipment, mailing lists, or other assets	1m		No
n Sharing of paid employees	1n	Yes	
o Reimbursement paid to other organization for expenses	1o	Yes	
p Reimbursement paid by other organization for expenses	1p		No
q Other transfer of cash or property to other organization(s)	1q		No
r Other transfer of cash or property from other organization(s)	1r		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) Providence Park	A	1,831,674	Journal Entry
(2) Seton Medical Management	I	576,736	Journal Entry
(3) Ascension Health	N	2,064,747	Journal Entry
(4) Providence Building Corporation	N	229,952	Journal Entry
(5) Providence Foundation	N	358,348	Journal Entry
(6) Ascension Health	O	18,399,944	Journal Entry

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

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

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

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation

Additional Data

Return to Form

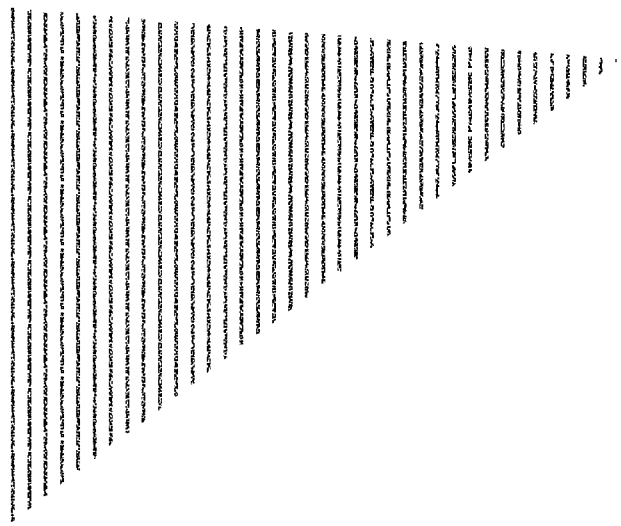
Software ID:
Software Version:
EIN: 63-0288861
Name: Providence Hospital

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
Ascension Health PO Box 45998 St Louis, MO63145 31-1662309	National Health System	MO	Section 501(c)(3)	Schedule A, Line 11a	N/A		No
Seton Health Corporation of South Alabama 6801 Airport Blvd Mobile, AL36608 63-0934712	Support Providence Hospital	AL	Section 501(c)(3)	Schedule A, Line 11c	Ascension Health		No
Providence Foundation 6801 Airport Blvd Mobile, AL36608 63-0915493	Support Providence Hospital	AL	Section 501(c)(3)	Schedule A, Line 11c	Seton Health Corporation of South AL	Yes	
Providence Healthcare Services 6801 Airport Blvd Mobile, AL36608 63-0937705	Support Providence Hospital	AL	Section 501(c)(3)	Schedule A, Line 11c	Seton Health Corporation of South AL	Yes	
Seton Medical Management 6801 Airport Blvd Mobile, AL36608 63-0937704	Support Providence Hospital	AL	Section 501(c)(3)	Schedule A, Line 11b	Seton Health Corporation of South AL	Yes	
Providence Building Corporation 6801 Airport Blvd Mobile, AL36608 63-0914564	Support Providence Hospital	AL	Section 501(c)(2)	N/A	Seton Health Corporation of South Alabama	Yes	

Form 990, Schedule R, Part V - Transactions With Related Organizations

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)	(d) Method of determining amount involved
(1)	Providence Park	A	1,831,674	Journal Entry
(2)	Seton Medical Management	I	576,736	Journal Entry
(3)	Ascension Health	N	2,064,747	Journal Entry
(4)	Providence Building Corporation	N	229,952	Journal Entry
(5)	Providence Foundation	N	358,348	Journal Entry
(6)	Ascension Health	O	18,399,944	Journal Entry



COMBINED FINANCIAL STATEMENTS

Providence Hospital of Mobile and Seton Health Corporation
of South Alabama and Member Entities –
Member of Ascension Health
Years Ended June 30, 2011 and 2010
With Report of Independent Auditors

Ernst & Young LLP

ERNST & YOUNG

Providence Hospital of Mobile and Seton Health Corporation of South Alabama and Member Entities

Combined Financial Statements

Years Ended June 30, 2011 and 2010

Contents

Report of Independent Auditors....1

Combined Financial Statements

Combined Balance Sheets....2
Combined Statements of Operations and Changes in Net Assets....4
Combined Statements of Cash Flows....6
Notes to Combined Financial Statements....8

Other Financial Information

Report of Independent Auditors....36

Schedule of Net Cost of Providing Care of Persons Living in Poverty and Community Benefit Programs....37

Ernst & Young LLP

Report of Independent Auditors

The Board of Directors
Providence Hospital of Mobile and Seton Health
Corporation of South Alabama and Member Entities

We have audited the accompanying combined balance sheets of Providence Hospital of Mobile and Seton Health Corporation of South Alabama and Member Entities (the Health Ministry) as of June 30, 2011 and 2010, and the related combined statements of operations and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Health Ministry's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Health Ministry's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Health Ministry's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of Providence Hospital of Mobile and Seton Health Corporation of South Alabama and Member Entities as of June 30, 2011 and 2010, and the combined changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

September 23, 2011

Providence Hospital of Mobile and Seton Health Corporation of South Alabama and Member Entities

Combined Balance Sheets

(Dollars in Thousands)

	June 30	
	2011	**2010**
Assets		
Current assets:		
Cash and cash equivalents	**$ 9,277**	$ 13,320
Accounts receivable, less allowances for uncollectible accounts ($17,762 and $22,979 at 2011 and 2010, respectively)	**24,474**	24,620
Estimated third-party payor settlements	**1,160**	6,906
Inventories	**3,596**	3,650
Other	**7,664**	8,712
Total current assets	**46,171**	57,208
Board-designated and other investments	**166,314**	126,687
Property and equipment, net	**66,464**	70,715
Other assets:		
Investment in unconsolidated entities	**812**	867
Other	**9,009**	5,961
Total other assets	**9,821**	6,828
Total assets	**$ 288,770**	$ 261,438

See accompanying notes

	June 30	
	2011	**2010**
Liabilities and net assets		
Current liabilities:		
Current portion of long-term debt	**$ 598**	$ 588
Accounts payable and accrued liabilities	**27,659**	27,704
Estimated third-party payor settlements	**2,352**	2,039
Current portion of self-insurance liabilities	**391**	762
Other	**363**	489
Total current liabilities	**31,363**	31,582
Noncurrent liabilities:		
Long-term debt	**71,833**	72,284
Self-insurance liabilities	**1,528**	1,517
Pension and other postretirement liabilities	**156**	16,883
Other	**8,065**	6,865
Total noncurrent liabilities	**81,582**	97,549
Net assets:		
Unrestricted	**174,422**	130,203
Temporarily restricted	**1,403**	2,104
Total net assets	**175,825**	132,307
Total liabilities and net assets	**$ 288,770**	$ 261,438

See accompanying notes

Providence Hospital of Mobile and Seton Health Corporation of South Alabama and Member Entities

Combined Statements of Operations and Changes in Net Assets

(Dollars in Thousands)

	Year Ended June 30	
	2011	**2010**
Operating revenue:		
Net patient service revenue	**$ 257,734**	$ 252,569
Other revenue	**6,987**	6,655
Net assets released from restrictions for operations	**734**	970
Total operating revenue	**265,455**	260,194
Operating expenses:		
Salaries and wages	**98,653**	98,739
Employee benefits	**20,803**	19,116
Purchased services	**25,021**	25,680
Professional fees	**5,793**	5,157
Supplies	**50,768**	51,994
Insurance	**2,373**	3,846
Bad debts	**13,284**	17,142
Interest	**2,920**	2,238
Depreciation	**10,000**	10,409
Other	**30,550**	22,943
Total operating expenses	**260,165**	257,264
Income from operations	**5,290**	2,930
Nonoperating gains:		
Investment return	**24,745**	15,053
Other	**104**	169
Total nonoperating gains	**24,849**	15,222
Excess of revenues and gains over expenses and losses	**30,139**	18,152

Continued on next page

Providence Hospital of Mobile and Seton Health Corporation of South Alabama and Member Entities

Combined Statements of Operations and Changes in Net Assets (continued)

(Dollars in Thousands)

	Year Ended June 30	
	2011	**2010**
Unrestricted net assets:		
Excess of revenues and gains over expenses and losses	**30,139**	18,152
Pension and other postretirement liability adjustments	**18,126**	1,838
Transfers to sponsor and other affiliates, net	**(5,141)**	(4,142)
Net assets released from restrictions for property acquisitions	**1,094**	1,300
Increase in unrestricted net assets	**44,218**	17,148
Temporarily restricted net assets:		
Contributions and grants	**1,078**	1,988
Net change in unrealized gains/losses on investments	**23**	16
Investment return	**26**	15
Net assets released from restrictions	**(1,828)**	(2,270)
Decrease in temporarily restricted net assets	**(701)**	(251)
Increase in net assets	**43,517**	16,897
Net assets, beginning of year	**132,308**	115,410
Net assets, end of year	**$ 175,825**	$ 132,307

See accompanying notes

Providence Hospital of Mobile and Seton Health Corporation of South Alabama and Member Entities

Combined Statements of Cash Flows

(Dollars in Thousands)

	Year Ended June 30	
	2011	**2010**
Operating activities		
Increase in net assets	**$ 43,517**	$ 16,897
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation and amortization	**10,000**	10,409
Provision for bad debts	**13,284**	17,142
Interest, dividends, and net gains on investments	**(13,213)**	(7,697)
Gain on sale of assets, net	**–**	(647)
Deferred pension cost	**(18,126)**	(1,838)
Transfers to sponsor and other affiliates, net	**5,141**	4,142
Restricted contributions, investment return and other	**(1,104)**	(2,019)
Change in unrealized gain on investments	**(11,532)**	(7,388)
(Increase) decrease in:		
Accounts receivable	**(13,138)**	(15,486)
Estimated third-party payor settlements receivable (payable), net	**5,746**	(5,597)
Inventories and other current assets	**1,102**	852
Board Designated Investments	**122,680**	(12,392)
Investments classified as trading	**(137,562)**	(223)
Other assets	**(2,992)**	549
Increase (decrease) in:		
Accounts payable and accrued liabilities	**(45)**	10,340
Estimated third-party payor settlements payable, net	**313**	331
Self-insurance liabilities	**(360)**	(443)
Other current liabilities	**(126)**	83
Other noncurrent liabilities	**2,599**	1,870
Net cash provided by operating activities	**6,184**	8,885

Continued on next page

Providence Hospital of Mobile and Seton Health Corporation of South Alabama and Member Entities

Combined Statements of Cash Flows (continued)

(Dollars in Thousands)

	Year Ended June 30	
	2011	**2010**
Investing activities		
Property and equipment additions, net	**(5,568)**	(3,013)
Proceeds from sale of property and equipment	**–**	624
Net cash used in investing activities	**(5,568)**	(2,389)
Financing activities		
Repayment of long-term debt	**(622)**	(945)
Transfers to sponsors and other affiliates, net	**(5,141)**	(3,937)
Restricted contributions, investment income, and other	**1,104**	2,049
Net cash used in financing activities	**(4,659)**	(2,833)
Net (decrease) increase in cash and cash equivalents	**(4,043)**	3,663
Cash and cash equivalents at beginning of year	**13,320**	9,657
Cash and cash equivalents at end of year	**$ 9,277**	$ 13,320
Noncash investing and financing activities		
Capital lease obligations incurred for acquisiton of assets	**$ 181**	$ –

See accompanying notes

Providence Hospital of Mobile and Seton Health Corporation of South Alabama and Member Entities

Notes to Combined Financial Statements

June 30, 2011
(Dollars in Thousands)

1. Organization and Mission

Organizational Structure

Providence Hospital of Mobile (the Hospital) and Seton Health Corporation of South Alabama (Seton) and Member Entities (collectively referred to as the Health Ministry) are members of Ascension Health. Ascension Health is a Catholic, national health system consisting primarily of nonprofit corporations that own and operate local health care facilities, or Health Ministries, located in 20 of the United States and the District of Columbia. Ascension Health is sponsored by the Northeast, Southeast, East Central, and West Central Provinces of the Daughters of Charity of St. Vincent de Paul, the Congregation of St. Joseph, and the Congregation of the Sisters of St. Joseph of Carondelet.

The Hospital, located in Mobile, Alabama, is a nonprofit acute care hospital. The Hospital provides inpatient, outpatient and emergency care services for the residents of Mobile. Admitting physicians are primarily practitioners in the local area. The Hospital is related to Ascension Health's other sponsored organizations through common control. Substantially all expenses of Ascension Health are related to providing health care services.

The entities comprising the Health Ministry are under common management and control by Ascension Health and serve the same community. The combined financial statements include the accounts of the Hospital, Seton, and Seton's member entities. All significant intercompany accounts have been eliminated. Member entities of Seton include:

- Providence Foundation of Mobile (the Foundation) – established to receive, maintain, and administer funds to be used for the development and expansion of the Hospital or its related organizations and to support the corporate purposes of Ascension Health. The Foundation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

- Providence Building Corporation of Mobile – established to hold title to property and to collect income therefrom and to support the corporate purposes of Ascension Health. Providence Building Corporation of Mobile is a tax-exempt Organization under Section 501(c)(2) of the Internal Revenue Code.

1. Organization and Mission (continued)

- Providence Healthcare Services of Mobile – established to operate and support healthcare institutions which are sponsored by or affiliated with Ascension Health. Providence Healthcare Services of Mobile is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

- Providence Park, Inc. – established to maintain and develop property adjacent to the Hospital for purposes of Ascension Health. Providence Park, Inc. is taxable under the Internal Revenue Code.

- Seton Medical Management – established to own and operate physician practices. Seton Medical Management is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

- Anesthesia Solutions – established to provide anesthesia services for the Hospital. Anesthesia Solutions is taxable under the Internal Revenue Code.

Mission

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

- Traditional charity care includes the cost of services provided to persons who cannot afford health care because of inadequate resources and/or who are uninsured or underinsured.

- Unpaid cost of public programs, excluding Medicare, represents the unpaid cost of services provided to persons covered by public programs for persons living in poverty and other vulnerable persons.

(Dollars in Thousands)

1. Organization and Mission (continued)

- Cost of other programs for persons living in poverty and other vulnerable persons includes unreimbursed costs of programs intentionally designed to serve the persons living in poverty and other vulnerable persons of the community, including substance abusers, the homeless, victims of child abuse, and persons with acquired immune deficiency syndrome.

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

Discounts are provided to all uninsured patients, including those with the means to pay. Discounts provided to those patients who did not qualify for assistance under charity care guidelines are not included in the cost of providing care of persons living in poverty and community benefit programs. The cost of providing care of persons living in poverty and community benefit programs is estimated using internal cost data and is calculated in compliance with guidelines established by both the Catholic Health Association (CHA) and the Internal Revenue Service (IRS).

The amount of traditional charity care provided, determined on the basis of cost, excluding the provision for bad debt expense, was approximately $3,315 and $6,001 for the years ended June 30, 2011 and 2010, respectively. The amount of unpaid cost of public programs, cost of other programs for persons living in poverty and other vulnerable persons, and community benefit cost are reported in the accompanying other financial information.

(Dollars in Thousands)

2. Significant Accounting Policies

Principles of Consolidation

All corporations and other entities for which operating control is exercised by the Health Ministry or one of its member corporations are combined, and all significant inter-entity transactions have been eliminated in consolidation. Investments in entities where the Health Ministry does not have operating control are recorded under the equity or cost method of accounting. For entities recorded under the equity method of accounting, the following reflects the Health Ministry's interest in uncombined entities in the combined balance sheet:

	Investment Recorded in Combined Balance Sheets as of June 30	
	2011	**2010**
HighProv LLC: Hampton Inn and Suites – Mobile	**$ 812**	$ 867

Use of Estimates

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

Fair Value of Financial Instruments

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

Cash and Cash Equivalents

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

2. Significant Accounting Policies (continued)

Investments and Investment Return

The Health Ministry holds investments through the Health System Depository (HSD), an investment pool of funds in which a limited number of nonprofit health care providers participate for purposes of establishing investment goals and monitoring performance under agreed-upon socially responsible investment guidelines. Investments are managed primarily by external investment managers within established investment guidelines. The value of the Health Ministry's investment in the HSD represents the Health Ministry's pro rata share of the HSD's investments held for participants. At June 30, 2011 and 2010, the Health Ministry's investment in the HSD, which includes certain cash and cash equivalents, was $166,397 and $132,729, respectively.

The Health Ministry also invests in stocks and bonds through Brokerage Firms that are locally managed. All of these funds are held in the Providence Foundation where the Health Ministry has control over the foundation assets. The Health Ministry reports both its investment in the HSD and in locally managed investments in the accompanying combined balance sheets based upon the long or short term nature of its investment and whether such investments are restricted by law or donors or designated for specific purposes by a governing body of Ascension Health.

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

Investment returns are comprised of dividends, interest, and gains and losses. The cost of substantially all securities sold is based on the average cost method. All of the Health Ministry's investments, including its investment in the HSD, are designated as trading investments. Accordingly, all investment returns, including unrealized gains and losses, are reported as nonoperating gains (losses) in the combined statements of operations and changes in net assets unless the return is restricted by donor or law.

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

Inventories

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

Other Noncurrent Assets

Other noncurrent assets consist of capitalized computer software costs, deferred compensation assets, prepaid pension costs and miscellaneous other long-term assets, and are comprised of the following:

	June 30	
	2011	**2010**
Capitalized computer software costs	**$ 203**	$ –
Deferred compensation costs	**6,746**	5,387
Prepaid pension costs	**1,435**	–
Miscellaneous other long-term assets	**625**	574
	$ 9,009	$ 5,961

Intangible Assets

Intangible assets consist of capitalized computer software costs, including software internally developed. Costs incurred in the development and installation of internal use software are expensed or capitalized depending on whether they are incurred in the preliminary project stage, application development stage, or post-implementation stage. Intangible assets are included in other noncurrent assets on the combined balance sheets and are amortized over their expected useful lives

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

Property and Equipment

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

	June 30	
	2011	**2010**
Land and improvements	**$ 19,228**	$ 19,232
Building and equipment	**238,655**	234,595
Construction in progress	**–**	168
	257,883	253,995
Less accumulated depreciation	**(191,419)**	(183,280)
Total property and equipment, net	**$ 66,464**	$ 70,715

Depreciation is determined on a straight-line basis over the estimated useful lives of the related assets. Depreciation expense in 2011 and 2010 was $10,000 and $10,409, respectively.

Estimated useful lives by asset category are as follows: land improvements – 5 to 15 years; buildings – 10 to 20 years; and equipment – 3 to 10 years.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those assets whose use by the Health Ministry has been limited by donors to a specific time period or purpose. Temporarily restricted net assets are used in accordance with the donor's wishes, primarily to purchase equipment and to provide charity care and other health and educational services. Contributions with donor-imposed restrictions that are met in the same reporting period are reported as unrestricted.

2. Significant Accounting Policies (continued)

Performance Indicator

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

Operating and Nonoperating Activities

The Health Ministry's primary mission is to meet the health care needs in its market area through a broad range of general and specialized health care services, including inpatient acute care, outpatient services, long-term care, and other health care services. Activities directly associated with the furtherance of this purpose are considered to be operating activities. Other activities that result in gains or losses peripheral to the Health Ministry's primary mission are considered to be nonoperating, consisting primarily of return on investments.

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

Net patient service revenue is reported at the estimated realizable amounts from patients, third-party payors, and others for services provided excluding the provision for bad debt expense and includes estimated retroactive adjustments under reimbursement agreements with third-party payors. Revenue under certain third-party payor agreements is subject to audit, retroactive adjustments, and significant regulatory actions. Provisions for third-party payor settlements and adjustments are estimated in the period the related services are provided and adjusted in future periods as additional information becomes available and as final settlements are determined. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a possibility that recorded estimates will change by a material amount in the near term. Adjustments to revenue related to prior periods increased net patient service revenue by approximately $41 for the year ended June 30, 2011 and decreased net patient service revenue by approximately $1,075 for the year ended June 30, 2010.

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

During 2011, approximately 43.2% of net patient service revenue was received under the Medicare program and 11.8% under various state Medicaid programs. During 2010, approximately 43.4% of net patient service revenue was received under the Medicare program and 6.9% under various state Medicaid programs. The Health Ministry grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor arrangements. Significant concentrations of accounts receivable at June 30, 2011 include Medicare 32.2%. Significant concentrations of accounts receivable at June 30, 2010, include Medicare 38.8%.

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

Health Ministry Income Taxes

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

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

Regulatory Compliance

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

Reclassifications

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

Subsequent Events

The Health Ministry evaluates the impact of subsequent events, which are events that occur after the balance sheet date but before the financial statements are issued, for potential recognition in the financial statements as of the balance sheet date. For the year ended June 30, 2011, the Health Ministry evaluated subsequent events through September 23, 2011, representing the date on which the accompanying audited combined financial statements were available to be issued. During this period, there were no subsequent events that required recognition in the combined financial statements. Additionally, there were no nonrecognized subsequent events that required disclosure.

Adoption of New Accounting Standards

In January 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2010-07, *Not-for-Profit Entities: Mergers and Acquisitions* (ASU 2010-07), which establishes accounting and disclosure requirements for how a not-for-profit entity determines whether a combination is a merger or an acquisition, how to account for each, and the required disclosures. In addition, ASU 2010-07 included amendments to FASB's Accounting Standards Codification™ (the Codification, or ASC) Topic 350, *Intangibles – Goodwill and Other* (ASC Topic 350), and Topic 810, *Consolidation* (ASC Topic 810), to make

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

both applicable to not-for-profit entities. ASC Topic 350 clarifies the accounting for goodwill and indefinite-lived identifiable intangible assets recognized in a not-for-profit entity's acquisition of a business or nonprofit activity. Such assets are not amortized and are tested for impairment at least annually. ASC Topic 810 clarifies the accounting for noncontrolling interests and establishes accounting and reporting standards for the noncontrolling interest in a subsidiary, including classification as a component of net assets. The Health Ministry adopted the guidance relative to ASU 2010-07 as of July 1, 2010. The adoption of this guidance did not have a material effect on the combined statements of operations and changes in net assets for the year ended June 30, 2011.

3. Cash and Cash Equivalents, Investments, and Assets Limited as to Use

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

	June 30	
	2011	**2010**
Cash and cash equivalents	**$ 9,277**	$ 13,320
Board-designated investments	**25,351**	122,537
Other investments	**139,560**	1,998
Assets limited as to use	**1,403**	2,152
Total	**$ 175,591**	$ 140,007

(Dollars in Thousands)

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

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

	June 30	
	2011	**2010**
Cash and cash equivalents	**$ 5,842**	$ 3,415
U.S. government obligations	**–**	50
Corporate and foreign fixed income investments	**884**	717
Equity securities	**1,349**	1,180
Other assets limited as to use	**1,119**	1,916
Subtotal, included in cash and cash equivalents, short-term investments, and Board-designated investments and other investments	**9,194**	7,278
Pro rata share of HSD funds held for participants	**166,397**	132,729
Cash and cash equivalents, short-term investments and Board-designated investments and other investments	**$ 175,591**	$ 140,007

As of June 30, 2011 and 2010, the composition of total HSD investments is as follows:

	June 30	
	2011	**2010**
Cash, cash equivalents and short-term investments	**6.9%**	5.8%
U.S. government obligations	**27.4**	26.0
Asset backed securities	**15.8**	11.3
Corporate and foreign fixed income investments	**11.3**	17.5
Equity, private equity, and other investments	**38.6**	39.4
Total	**100.0%**	100.0%

(Dollars in Thousands)

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

Investment return recognized by the Health Ministry is summarized as follows:

	Year Ended June 30	
	2011	**2010**
Investment return in HSD	**$ 24,466**	$ 14,860
Interest and dividends	**6**	13
Net gains on investments reported at fair value	**322**	211
Total investment return	**$ 24,794**	$ 15,084
Investment return included in nonoperating gains	**$ 24,745**	$ 15,053
Increase in restricted net assets	**49**	31
Total investment return	**$ 24,794**	$ 15,084

4. Fair Value Measurements

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

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

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

4. Fair Value Measurements (continued)

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

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

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

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

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

Cash and cash equivalents and short-term investments

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

4. Fair Value Measurements (continued)

short-term investments are primarily comprised of certificates of deposit, whose fair value is based on cost plus accrued interest. Significant observable inputs include security cost, maturity, and relevant short-term interest rates.

U.S. government obligations

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

Corporate and foreign fixed income investments

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

Equity securities

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

Guaranteed pooled fund

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

(Dollars in Thousands)

4. Fair Value Measurements (continued)

Private equity investments

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

As discussed in the Significant Accounting Policies and the Cash and Cash Equivalents, Investments, and Other Assets Limited as to Use notes, the Health Ministry has an investment in the HSD and certain other investments, such as those investments held and managed by foundations. As of June 30, 2011, 31%, 67% and 2% of total HSD assets that are measured at fair value on a recurring basis were measured based on Level 1, Level 2 and Level 3 inputs, respectively, while 1%, 84% and 15% of total HSD liabilities that are measured at fair value on a recurring basis were measured at such fair values based on Level 1, Level 2 and Level 3 inputs, respectively. As of June 30, 2010, 25%, 67% and 8% of total HSD assets that are measured at fair value on a recurring basis were measured based on level 1, level 2 and level 3 inputs, respectively, while 2%, 45% and 53% of total HSD liabilities that are measured at fair value on a recurring basis were measured based on level 1, level 2 and level 3 inputs, respectively.

(Dollars in Thousands)

4. Fair Value Measurements (continued)

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

June 30, 2011	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 5,842	$ –	$ –	$ 5,842
Corporate and foreign fixed income investments	–	884	–	884
Equity, private equity, and other investments	1,349	1,119	–	2,468
Subtotal, included in cash and cash equivalents, short-term investments, Board-designated investments, assets limited as to use, and other investments	7,191	2,003	–	9,194
Deferred compensation assets, included in other noncurrent assets, invested in:				
Cash and cash equivalents	299	–	–	299
Equity securities	4,816	–	–	4,816
Guaranteed pooled fund	–	–	1,631	1,631

(Dollars in Thousands)

4. Fair Value Measurements (continued)

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

June 30, 2010	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 3,415	$ –	$ –	$ 3,415
U.S. government obligations	–	50	–	50
Corporate and foreign fixed income investments	–	717	–	717
Equity, private equity, and other investments	1,180	1,916	–	3,096
Subtotal, included in cash and cash equivalents, short-term investments, Board-designated investments, assets limited as to use, and other investments	4,595	2,683	–	7,278
Deferred compensation assets, included in other noncurrent assets, invested in:				
Mutual funds	3,956	–	–	3,956
Insurance contracts	–	–	1,431	1,431

For the year ended June 30, 2011, the changes in the fair value of the deferred compensation assets measured using significant unobservable inputs (Level 3) were comprised of the following:

	Insurance Contracts
Beginning balance, June 30, 2010	$ 1,431
Purchases, issuances, and settlements, net	151
Transfers into Level 3	49
Ending balance, June 30, 2011	1,631

(Dollars in Thousands)

5. Long Term Debt

Long-term debt consists of the following:

	June 30 2011	June 30 2010
Intercompany debt with Ascension Health, payable in installments through November 2047; interest (3.62% and 3.95% at June 30, 2011 and 2010, respectively) adjusted based on prevailing blended market interest rate of underlying debt obligations	**$ 72,284**	$ 72,872
Obligations under capital leases	**147**	–
Less current portion	**(598)**	(588)
Long-term debt, less current portion	**$ 71,833**	$ 72,284

Scheduled principal repayments of long-term debt are as follows:

Year ending June 30:	
2012	$ 598
2013	555
2014	1,104
2015	1,038
2016	1,014
Thereafter	68,122
Total	$ 72,431

5. Long Term Debt (continued)

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

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

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

(Dollars in Thousands)

5. Long Term Debt (continued)

The borrowing portfolio of the Senior and Subordinate Credit Group includes a combination of fixed and variable rate hospital revenue bonds, commercial paper and other obligations, the proceeds of which are in turn loaned to the Senior and Subordinate Credit Group members subject to a long-term amortization schedule of 1 to 37 years.

Certain portions of Senior and Subordinate Credit Group borrowings may be periodically subject to interest rate swap arrangements to effectively convert borrowing rates on such obligations from a floating to a fixed interest rate or vice versa based on market conditions. Additionally, Senior and Subordinate Credit Group borrowings may, from time to time, be refinanced or restructured in order to take advantage of favorable market interest rates or other financial opportunities. Any gain or loss on refinancing, as well as any bond premiums or discounts, are allocated to the Senior and Subordinate Credit Group members based on their pro rata share of the Senior and Subordinate Credit Group's obligations. Senior and Subordinate Credit Group refinancing transactions rarely have a significant impact on the outstanding borrowings or intercompany debt amortization schedule of any individual Senior and Subordinate Credit Group member. Members of Ascension Health may also periodically draw from the invested funds of other members of Ascension Health on a relatively short-term basis and subject to certain conditions.

The carrying amounts of intercompany debt with Ascension Health and other debt approximate fair value based on a portfolio market valuation provided by a third party. The Senior and Subordinate Credit Group financing documents contain certain restrictive covenants, including a debt service coverage ratio.

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

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

5. Long Term Debt (continued)

As of June 30, 2011, the Subordinate Credit Group has a $50,000 revolving line of credit related to its letters of credit program toward which a bank commitment of $50,000 extends to December 28, 2011. As of June 30, 2011, $37,162 of letters of credit had been extended under the revolving line of credit, although there were no borrowings under any of the letters of credit.

The outstanding principal amount of all hospital revenue bonds is $4,100,240 which represents 38% of the combined unrestricted net assets of the Senior and Subordinate Credit Group members at June 30, 2011.

Guarantees are contingent commitments issued by the Senior and Subordinate Credit Groups, generally to guarantee the performance of a sponsored organization or an affiliate to a third party in borrowing arrangements such as commercial paper issuances, bond financing, and similar transactions. The term of the guarantee is equal to the term of the related debt which can be as short as 30 days or as long as 29 years. The maximum potential amount of future payments the Senior and Subordinate Credit Groups could be required to make under its guarantees and other commitments at June 30, 2011 is approximately $150,000.

During the years ended June 30, 2011 and 2010, interest paid was approximately $2,771 and $2,084, respectively.

6. Pension Plans

The Health Ministry participates in the Ascension Health Pension Plan, the Ascension Health Defined Contribution Plan. Details of these plans are as follows.

Ascension Health Pension Plan

The Health Ministry participates in the Ascension Health Pension Plan, (the Ascension Plan), a noncontributory defined benefit pension plan sponsored by Ascension Health, which covers all eligible employees of certain Ascension Health entities. Benefits are based on each participant's years of service and compensation. The Ascension Plan's assets are invested in the Ascension Health Master Pension Trust (the Trust), a master trust consisting of cash and cash equivalents, equity, fixed income funds and alternative investments. The Trust also invests in derivative

6. Pension Plans (continued)

instruments, the purpose of which is to economically hedge the change in the net funded status of the Ascension Plan for a significant portion of the total pension liability that can occur due to changes in interest rates. Contributions to the Ascension Plan are based on actuarially determined amounts sufficient to meet the benefits to be paid to plan participants. Net periodic pension cost of $3,995 in 2011 and $3,242 in 2010 was charged to the Health Ministry. The service cost component of net periodic pension cost charged to the Health Ministry is actuarially determined while all other components are allocated based on the Health Ministry's pro rata share of Ascension Health's overall projected benefit obligation.

The assets of the Ascension Plan are available to pay the benefits of eligible employees of all participating entities. In the event participating entities are unable to fulfill their financial obligations under the Ascension Plan, the other participating entities are obligated to do so. As of June 30, 2011, the Ascension Plan had a net unfunded liability of $226,238, which was significantly reduced from prior year due to improved performance and changes in various assumptions, including an increase in the discount rate. The Health Ministry's allocated share of the Ascension Plan's net unfunded liability reflected in the accompanying combined balance sheets at June 30, 2011 and 2010, was $0 and $16,678, respectively. As a result of updating the funded status of the Plan, the Health Ministry's allocated share of the Plan's net funded liability was reduced by $16,678 during 2011. These allocations are included in transfers from (to) sponsor and other affiliates, net, in the accompanying combined statements of operations and changes in net assets.

As of June 30, 2011 and 2010, the fair value of the Ascension Plan's assets available for benefits was $3,616,141 and $3,089,076, respectively. As discussed in the Fair Value Measurements note, the Health Ministry, as well as Ascension Health, follows a three-level hierarchy to categorize assets and liabilities measured at fair value. In accordance with this hierarchy, as of June 30, 2011, 27%, 45% and 28% of the Ascension Plan's assets which are measured at fair value on a recurring basis were categorized as Level 1, Level 2 and Level 3 investments, respectively. With respect to the Ascension Plan's liabilities measured at fair value on a recurring basis, 0%, 17% and 83% were categorized as Level 1, Level 2 and Level 3, respectively, as of June 30, 2011. Additionally, as of June 30, 2010, 29%, 42% and 29% of the Ascension Plan's assets which are measured at fair value on a recurring basis were categorized as Level 1, Level 2 and Level 3 investments, respectively. With respect to the Ascension Plan's liabilities measured at fair value on a recurring basis, 0%, 13% and 87% were categorized as Level 1, Level 2 and Level 3, respectively, as of June 30, 2010.

6. Pension Plans (continued)

Ascension Health Defined Contribution Plan

The Health Ministry participates in the Ascension Health Defined Contribution Plan (the Defined Contribution Plan), a contributory and noncontributory, defined contribution plan sponsored by Ascension Health which covers all eligible associates. There are three primary types of contributions to the Defined Contribution Plan: employer automatic contributions, employee contributions, and employer matching contributions. Benefits for employer automatic contributions are determined as a percentage of a participant's salary and increases over specified periods of employee service. These benefits are funded annually and participants become fully vested over a period of time. Benefits for employer matching contributions are determined as a percentage of an eligible participant's contributions each payroll period. These benefits are funded each payroll period and participants become fully vested in all employer contributions immediately. Defined contribution expense, representing both employer automatic contributions and employer matching contributions, was $1,233 and $1,576 for the years ended June 30, 2011 and 2010, respectively.

7. Self-Insurance Programs

The Health Ministry participates in pooled risk programs to insure professional and general liability risks and workers' compensation risks to the extent of certain self-insured limits. In addition, various umbrella insurance policies have been purchased to provide coverage in excess of the self-insured limits. Actuarially determined amounts, discounted at 6%, are contributed to the trusts and the captive insurance company to provide for the estimated cost of claims. The loss reserves recorded for estimated self-insured professional, general liability, and workers' compensation claims include estimates of the ultimate costs for both reported claims and claims incurred but not reported and are discounted at 6% in 2011 and 2010. In the event that sufficient funds are not available from the self-insurance programs, each participating entity may be assessed its pro rata share of the deficiency. If contributions exceed the losses paid, the excess may be returned to participating entities.

(Dollars in Thousands)

7. Self-Insurance Programs (continued)

Professional and General Liability Programs

The Health Ministry participates in Ascension Health's professional and general liability self-insured program which provides claims-made coverage through a wholly owned on-shore trust and offshore captive insurance company, Ascension Health Insurance, Ltd. (AHIL), with a self-insured retention of $10,000 per occurrence with no aggregate. The Health Ministry has a deductible of $100 per claim. Excess coverage is provided through AHIL with limits up to $185,000. AHIL retains $5,000 per occurrence and $5,000 annual aggregate for professional liability. AHIL also retains a 20% quota share of the first $25,000 of umbrella excess. The remaining excess coverage is reinsured by commercial carriers.

Included in operating expenses in the accompanying combined statements of operations and changes in net assets is professional and general liability expense of $1,962 and $3,402 for the years ended June 30, 2011 and 2010, respectively. Included in current and long-term self-insurance liabilities on the accompanying combined balance sheets are professional and general liability loss reserves of approximately $1,918 and $2,279, at June 30, 2011 and 2010, respectively.

Workers' Compensation

The Health Ministry participates in Ascension Health's workers' compensation program which provides occurrence coverage through a grantor trust. The trust provides coverage up to $1,000 per occurrence with no aggregate. The trust provides a mechanism for funding the workers' compensation obligations of its members. Excess insurance against catastrophic loss is obtained through commercial insurers. Premium payments made to the trust are expensed and reflect both claims reported and claims incurred but not reported.

Included in operating expenses in the accompanying combined statements of operations and changes in net assets is workers' compensation expense of $947 and $1,039 for the years ended June 30, 2011 and 2010, respectively.

(Dollars in Thousands)

8. Lease Commitments

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

Year ending June 30:		
2012	$	1,810
2013		1,540
2014		450
2015		31
2016		–
Thereafter		–
Total	$	3,831

In addition, the Health Ministry is a lessor under certain operating lease agreements, primarily ground leases related to third-party owned medical office buildings on land owned by the Health Ministry. Future minimum rental receipts under all noncancellable operating leases with terms of one year or more are as follows:

Year ending June 30:		
2012	$	1,551
2013		962
2014		832
2015		310
2016		234
Thereafter		158
Total	$	4,047

Rental expense under operating leases amounted to $1,920 and $1,514 in 2011 and 2010, respectively.

(Dollars in Thousands)

9. Related-Party Transactions

The Health Ministry utilized various centralized programs and overhead services of Ascension Health or its other sponsored organizations including risk management, retirement services, treasury, debt management, executive management support, administrative services, and information technology services. The charges allocated to the Health Ministry for these services represent both allocations of common costs and specifically identified expenses that are incurred by Ascension Health on behalf of the Health Ministry. Allocations are based on relevant metrics such as the Health Ministry's pro rata share of revenues, certain costs, debt, or investments to the combined totals of Ascension Health. The amounts charged to the Health Ministry for these services may not necessarily result in the net costs that would be incurred by the Health Ministry on a stand-alone basis. The charges allocated to the Health Ministry were approximately $19,315 and $20,099 for the years ended June 30, 2011 and 2010, respectively.

In addition to the charges discussed above, the HM made payments to Ascension Health of $3,156 for the year ended June 30, 2011, representing Health Ministry's share of costs to fund an Ascension Health system-wide information technology and process standardization project that is expected to continue through December 2014. These payments are included in transfers to sponsor and other affiliates, net, in the accompanying statements of operations and changes in net assets. On July 24, 2010, the Health Ministry transferred cash and investments of $1,564 in support of Ascension Health's strategic initiatives.

10. Contingencies and Commitments

In addition to professional liability claims, the Health Ministry is involved in litigation and regulatory investigations arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, these matters are expected to be resolved without material adverse effect on the Health Ministry's combined balance sheets.

10. Contingencies and Commitments (continued)

In September 2010, Ascension Health received a letter from the U.S. Department of Justice (the DOJ) in connection with its nationwide review to determine whether, in certain cases, implantable cardioverter defibrillators (ICDs) were provided to certain Medicare beneficiaries in accordance with national coverage criteria. In connection with this nationwide review, identified Ascension Health hospitals will be reviewing applicable medical records and responding to the DOJ. The DOJ's investigation spans a time frame beginning in 2003 and extending through the present time. At June 30, 2011, and through September 23, 2011, the review remains in its early stages. As such, no estimates of liability have been or can be reached relative to the impact this investigation could have on the Health Ministry. Through September 23, 2011, the DOJ has not asserted any claims against any Ascension Health hospitals. Ascension Health continues to fully cooperate with the DOJ in its investigation.

Other Financial Information

Ernst & Young LLP

Report of Independent Auditors on Other Financial Information

The Board of Directors
Providence Hospital of Mobile and Seton Health
Corporation of South Alabama and Member Entities

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of net cost of providing care of persons who are living in poverty and community benefit programs is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as whole.

Ernst & Young LLP

September 23, 2011

Providence Hospital of Mobile and Seton Health Corporation of South Alabama and Members Entities

Schedule of Net Cost of Providing Care of Persons Living in Poverty and Community Benefit Programs

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

	Year Ended June 30	
	2011	**2010**
	(In Thousands)	
Traditional charity care provided	**$ 3,315**	$ 6,001
Unpaid cost of public programs for persons living in poverty	**479**	2,309
Other programs for persons living in poverty and other vulnerable persons	**93**	130
Community benefit programs	**116**	110
Care of persons living in poverty and community benefit programs	**$ 4,003**	$ 8,550

Ernst & Young LLP

Assurance | Tax | Transactions | Advisory

[illegible]