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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2010

Open to Public Inspection

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

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

C Name of organization
Mark Twain St Joseph's
Healthcare Corporation

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
768 Mountain Ranch Road

City or town, state or country, and ZIP + 4
San Andreas, CA 95249

D Employer identification number
68-0127677

E Telephone number
(209) 754-3521

G Gross receipts $ 75,736,334

F Name and address of principal officer
JACOB LEWIS CFO
768 MOUNTAIN RANCH ROAD
SAN ANDREAS, CA 95249

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 ▶

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

J Website: ▶ www chwhealth org

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1987 | **M** State of legal domicile CA

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities
To continuously improve the health status of our community

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	6
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	4
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	5	366
6	Total number of volunteers (estimate if necessary)	6	68
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
b	Net unrelated business taxable income from Form 990-T, line 34	7b	0

			Prior Year	Current Year
Revenue	8	Contributions and grants (Part VIII, line 1h)	1,151,100	368,501
	9	Program service revenue (Part VIII, line 2g)	50,209,449	51,421,244
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	758,526	1,239,637
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	232,682	312,068
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	52,351,757	53,341,450
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	162,512	451,057
	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)	25,677,183	27,204,408
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶323,745		
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	20,724,666	23,068,280
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	46,564,361	50,723,745
	19	Revenue less expenses Subtract line 18 from line 12	5,787,396	2,617,705

			Beginning of Current Year	End of Year
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	44,752,898	47,454,837
	21	Total liabilities (Part X, line 26)	11,708,232	9,679,791
	22	Net assets or fund balances Subtract line 21 from line 20	33,044,666	37,775,046

Part II Signature Block

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

Sign Here

▶ Signature of officer | 2012-04-25 Date

▶ JACOB LEWIS CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed ▶ ☐	PTIN
Firm's name ▶ KPMG LLP				Firm's EIN ▶
Firm's address ▶ 55 SECOND STREET SUITE 1400 SAN FRANCISCO, CA 94105				Phone no ▶ (415) 963-5100

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

TO CONTINUOUSLY IMPROVE THE HEALTH STATUS OF OUR COMMUNITY

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 $ 44,316,409 including grants of $ 451,057) (Revenue $ 51,431,314)

The hospital provides routine patient care in private and semi-private rooms as well as various inpatient and outpatient ancillary services such as x-ray, lab, emergency room, etc During the fiscal year 2011, 1,365 patients were admitted to the facility and 37,999 patient visits were recorded at our 5 rural health clinics

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**▶$ 44,316,409

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b	Yes	
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f		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)*

			Yes	No
21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	21	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25*	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	26	Yes	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *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	Yes	
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	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	33		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	34	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	35	Yes	
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2* ☑ **Yes** ☐ **No**			
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

					Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	1a	153			
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	2a	366			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			2b	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			3a		No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			3b		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			4a		No
b	If "Yes," enter the name of the foreign country ▶ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?			5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			6b		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			7a		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 6		
b	Enter the number of voting members included in line 1a, above, who are independent . . .	1b 4		
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		No
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990			
12a	Does the organization have a written conflict of interest policy? *If "No," go to line 13*	12a	Yes	
b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	12c	Yes	
13	Does the organization have a written whistleblower policy?	13	Yes	
14	Does the organization have a written document retention and destruction policy?	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a		No
b	Other officers or key employees of the organization	15b		No
	If "Yes" to line 15a or 15b, describe the process in Schedule O (See instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		No
b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure

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

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 ▶

CRYSTAL CARRASCO FINANCE DEPT
3400 DATA DRIVE
RANCHO CORDOVA, CA 95670
(916) 851-2106

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply): Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
(1) Dr Dean Kelaita Board Member	4 0	X						15,100	0	0
(2) Ken McInturf Board Member	4 0	X						0	0	0
(3) Colleen Smart thru 22011 Board Member	4 0	X						0	0	0
(4) Lewis Steele Board Member	4 0	X						0	0	0
(5) Donald Wiley Board Member	4 0	X						0	651,183	81,121
(6) Robert Campana Chairman	4 0	X		X				0	0	0
(7) Tracy Church thru 52011 Secretary	4 0	X		X				0	483,918	69,554
(8) David Woodhams DDS Treasurer	4 0	X		X				0	0	0
(9) Feliciano Jiron President & CEO	40 0			X				0	304,671	47,460
(10) Jacob Lewis VP & CFO	40 0			X				0	191,197	29,599
(11) Melissa M Cuevas VP & CNE	40 0				X			189,535	0	53,201
(12) Anthony C Halat Physician	40 0					X		262,947	0	40,725
(13) Maria Michnowski Physician	40 0					X		240,600	0	42,217
(14) Jill Ortiz Director of Pharmacy	40 0					X		194,945	0	59,591
(15) Joann Rosenfeld Physician	40 0					X		275,977	0	43,975
(16) Tran C Thuy Physician	40 0					X		227,071	0	31,693

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply): Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
1b Sub-Total ▶										
c Total from continuation sheets to Part VII, Section A ▶										
d Total (add lines 1b and 1c) ▶								1,406,175	1,630,969	499,136

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 ▶61

			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**		No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *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
RODGER ORMAN MD INC PO BOX 2189 MURPHYS, CA 95247	Medical Services	684,214
ALLIANCE HEALTHCARE SERVICES FILE 55826 LOS ANGELES, CA 900745826	Diagnostic Imaging S	523,257
EMERGENCY PHYSICIAN MED GROUP PO BOX 79345 CITY OF INDUSTRY, CA 917169345	Medical Services	260,966
SILVER OAK MEDICAL OFFICE INC PO BOX 636 SAN ANDREAS, CA 95249	Medical Services	243,990
AIRE SERV OF THE GOLD COUNTRY PO BOX 533 VALLEY SPRINGS, CA 95252	Maintenance Services	232,183

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

Part VIII Statement of Revenue

Section	Line	Description	(i)	Amount / Business Code / (ii)	(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						
	e	Government grants (contributions) 1e		146,712				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f		221,789				
	g	Noncash contributions included in lines 1a-1f $		221,789				
	h	**Total.** Add lines 1a-1f . . . . ▶			368,501			
Program Service Revenue				Business Code				
	2a	PATIENT REV/CHARITY CARE		900099	25,771,927	25,771,927		
	b	MED OFFICE BLDG		900099	55,633	55,633		
	c	MEDICARE / MEDICAID PAYMENTS		900099	25,547,121	25,547,121		
	d	OTHER RELATED/EXEMPT INCOME		900099	46,563	46,563		
	e							
	f	All other program service revenue						
	g	**Total.** Add lines 2a–2f . . . . ▶			51,421,244			
Other Revenue	3	Investment income (including dividends, interest and other similar amounts) . . . . . ▶			484,143			484,143
	4	Income from investment of tax-exempt bond proceeds . . ▶			0			
	5	Royalties . . . . ▶			0			
			(i) Real	(ii) Personal				
	6a	Gross Rents						
	b	Less rental expenses						
	c	Rental income or (loss)						
	d	Net rental income or (loss) . . . . ▶						
			(i) Securities	(ii) Other				
	7a	Gross amount from sales of assets other than inventory	22,925,146	225,232				
	b	Less cost or other basis and sales expenses	22,173,095	221,789				
	c	Gain or (loss)	752,051	3,443				
	d	Net gain or (loss) . . . . ▶			755,494			755,494
	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 . . ▶			0			
	9a	Gross income from gaming activities See Part IV, line 19 . a						
	b	Less direct expenses . . . . b						
	c	Net income or (loss) from gaming activities . . . ▶			0			
	10a	Gross sales of inventory, less returns and allowances . a						
	b	Less cost of goods sold . . b						
	c	Net income or (loss) from sales of inventory . . ▶			0			
		Miscellaneous Revenue		Business Code				
	11a	ADMIN SERVICES FOR MOB TENANTS		561000	64,493		0	64,493
	b	CAFETERIA		900099	64,389			64,389
	c	MEDICAL RECORDS SALES		900099	10,070	10,070		
	d	All other revenue			173,116		0	173,116
	e	**Total.** Add lines 11a–11d . . . . . . ▶			312,068			
	12	**Total revenue.** See Instructions . . . ▶			53,341,450	51,431,314	0	1,541,635

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	451,057	451,057		
2	Grants and other assistance to individuals in the U S See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	239,482	219,432	18,237	1,813
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	105,974	105,974		
7	Other salaries and wages	21,289,805	19,400,090	1,718,796	170,919
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	1,087,075	990,585	87,763	8,727
9	Other employee benefits	3,004,498	2,737,813	242,565	24,120
10	Payroll taxes	1,477,574	1,346,423	119,289	11,862
a	Fees for services (non-employees) Management	0			
b	Legal	96,731	14,763	81,968	
c	Accounting	17,493		17,493	
d	Lobbying	5,523		5,523	
e	Professional fundraising services *See Part IV, line 17*	0			
f	Investment management fees	74,404		74,404	
g	Other	7,014,580	4,513,154	2,501,232	194
12	Advertising and promotion	260,027	5,370	254,657	
13	Office expenses	1,300,270	1,107,492	191,882	896
14	Information technology	1,858,165	1,827,115	31,050	
15	Royalties	0			
16	Occupancy	946,145	506,161	338,410	101,574
17	Travel	101,029	79,360	21,669	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	66,671	25,070	41,601	
20	Interest	337,007	337,007		
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	1,915,831	1,877,360	38,471	
23	Insurance	362,861	362,861		
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	BAD DEBT	4,627,460	4,627,460		
b	MEDICAL SUPPLIES	3,604,199	3,603,772	427	
c	FOOD SUPPLIES	175,290	132,388	42,902	
d	RECRUITING	111,599		111,599	
e	DUES & SUBSCRIPTIONS	75,722	11,517	64,205	
f	All other expenses	117,273	34,185	79,448	3,640
25	**Total functional expenses.** Add lines 1 through 24f	50,723,745	44,316,409	6,083,591	323,745
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

Section	Line	Description			(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing			1,658	1	1,260
	2	Savings and temporary cash investments			5,222,815	2	0
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			6,546,873	4	11,392,797
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			67,965	5	49,705
	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			78,459	7	541,999
	8	Inventories for sale or use			953,585	8	983,299
	9	Prepaid expenses and deferred charges			171,159	9	324,345
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a	31,874,690			
	b	Less accumulated depreciation	10b	17,742,106	14,436,950	10c	14,132,584
	11	Investments—publicly traded securities			13,481,408	11	15,817,415
	12	Investments—other securities See Part IV, line 11			3,229,988	12	3,570,518
	13	Investments—program-related See Part IV, line 11			222,585	13	333,101
	14	Intangible assets				14	
	15	Other assets See Part IV, line 11			339,453	15	307,814
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)			44,752,898	16	47,454,837
Liabilities	17	Accounts payable and accrued expenses			5,706,599	17	2,057,037
	18	Grants payable				18	
	19	Deferred revenue				19	904,583
	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			6,001,633	25	6,718,171
	26	**Total liabilities.** Add lines 17 through 25			11,708,232	26	9,679,791
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			32,822,082	27	37,441,946
	28	Temporarily restricted net assets			138,815	28	249,331
	29	Permanently restricted net assets			83,769	29	83,769
		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			33,044,666	33	37,775,046
	34	Total liabilities and net assets/fund balances			44,752,898	34	47,454,837

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	53,341,450
2	Total expenses (must equal Part IX, column (A), line 25)	2	50,723,745
3	Revenue less expenses Subtract line 2 from line 1	3	2,617,705
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	33,044,666
5	Other changes in net assets or fund balances (explain in Schedule O)	5	2,112,675
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	37,775,046

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Mark Twain St Joseph's
Healthcare Corporation

Employer identification number
68-0127677

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	No	**(v)** Did you notify the organization in col (i) of your support? Yes	No	**(vi)** Is the organization in col (i) organized in the U S ? Yes	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).

Facts And Circumstances Test

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

OMB No 1545-0047

2010

Open to Public Inspection

If the organization answered "Yes," to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then
- Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C
- Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B
- Section 527 organizations Complete Part I-A only

If the organization answered "Yes," to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then
- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

If the organization answered "Yes," to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35a (Proxy Tax), then
- Section 501(c)(4), (5), or (6) organizations Complete Part III

Name of the organization	Employer identification number
Mark Twain St Joseph's Healthcare Corporation	68-0127677

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

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

2 Political expenditures ▶ $

3 Volunteer hours

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities ▶ $

3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ $

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

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

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

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

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

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

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

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

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		5,523
j	Total lines 1c through 1i			5,523
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A **Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).**

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

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

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

Part IV **Supplemental Information**

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

Identifier	Return Reference	Explanation
PART II - B, Line 1i		Lobbying expenditures paid directly by the filing organization for annual membership dues Natl Rural Health Assoc $22 AMER Dietetic Association $19 ----- SUBTOTAL $41 Lobbying expenditures paid by the Parent organization for annual membership dues where expenses are allocated to the hospital American Hospital Association $ 576 Catholic Health Association $ 363 Hospital Association of So Cal $4,543 ------ SUBTOTAL $5,482 ------ TOTAL $5,523 ======

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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
Mark Twain St Joseph's
Healthcare Corporation

Employer identification number
68-0127677

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		15,637,430	8,145,878	7,491,552
c Leasehold improvements		3,077,059	1,864,164	1,212,895
d Equipment		11,618,762	7,054,296	4,564,466
e Other		1,541,439	677,768	863,671
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				14,132,584

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		
(3) Other (A) POOLED INVESTMENTS	3,570,518	F
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶	3,570,518	

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

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

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

(a) Description	(b) Book value
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . ▶	

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	0
DEFERRED COMPENSATION	42,381
DUE TO RELATED PARTIES	6,496,371
PENSION PAYABLE	152,000
OTHER NON-CURRENT LIABILITIES	27,419
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	6,718,171

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

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
Mark Twain St Joseph's
Healthcare Corporation

Employer identification number
68-0127677

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a finnancial assistance policy during the tax year? If "No," skip to question 6a .	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☐ 150% ☑ 200% ☐ Other ______ %	3a	Yes	
b	Does the organization use FPG to determine eligibility for providing *discounted* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☑ Other 500. %	3b	Yes	
c	If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	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)		601	194,117	0	194,117	0 420 %
b Unreimbursed Medicaid (from Worksheet 3, column a)		18,910	7,355,895	8,030,621	-674,726	1 460 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)		4,610	2,372,614	1,626,572	746,042	1 620 %
d **Total** Financial Assistance and Means-Tested Government Programs		24,121	9,922,626	9,657,193	265,433	0 580 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)		15,093	55,536	450	55,086	0 120 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)		12,776	266,733	0	266,733	0 580 %
j **Total** Other Benefits		27,869	322,269	450	321,819	0 700 %
k **Total.** Add lines 7d and 7j		51,990	10,244,895	9,657,643	587,252	1 280 %

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	1	0	4,208	0	4,208	0 010 %
2	Economic development						
3	Community support						
4	Environmental improvements						
5	Leadership development and training for community members	1	140	1,986	0	1,986	
6	Coalition building						
7	Community health improvement advocacy	2	64	1,221	0	1,221	
8	Workforce development						
9	Other						
10	**Total**	4	204	7,415	0	7,415	0 010 %

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

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense (at cost)	2	1,726,262		
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy	3	0		

4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	11,472,558
6	Enter Medicare allowable costs of care relating to payments on line 5	6	23,526,490
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-12,053,932

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

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

			Yes	No
9a	Does the organization have a written debt collection policy?	9a	Yes	
b	If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI	9b	Yes	

Part IV **Management Companies and Joint Ventures**

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

Part V Facility Information

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

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

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	Mark Twain St Joseph's Healthcare Corp 768 Mountain Ranch Rd San Andreas, CA 95249	X	X						X	

Part V Facility Information *(continued)*

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, measured by total revenue per facility, from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? 5

	Name and address	Type of Facility (Describe)
1	Angels Camp Family Medical Center Angels Towne Center 222 S Main St Angels Camp, CA 95222	HEALTH CENTER
2	Angels Camp Family Medical Center Angels Towne Center 222 S Main St Angels Camp, CA 95222	HEALTH CENTER
3	Angels Camp Family Medical Center Angels Towne Center 222 S Main St Angels Camp, CA 95222	HEALTH CENTER
4	Angels Camp Family Medical Center Angels Towne Center 222 S Main St Angels Camp, CA 95222	HEALTH CENTER
5	Angels Camp Family Medical Center Angels Towne Center 222 S Main St Angels Camp, CA 95222	HEALTH CENTER
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the description required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
Schedule H, Part I, Line 7, column (f)		The amount of bad debt expense included on Form 990, Part IX, line 25, column (A) is $4,627,460 and has been subtracted for purposes of calculating the percentages in column (f)

Identifier	ReturnReference	Explanation
Schedule H, Part I, Line 7		MTSJHC follows the method used by CHW For purposes of calculating the amounts provided in the table, MTSJHC uses a cost accounting system that combines relative value units (RVU) and cost to charge ratios (CCR) to allocate costs to the patient level The cost accounting system algorithm allocates total operating expenses to the procedure charge code level based upon an RVU for procedures that have been studied and assigned an RVU, or based upon a CCR for unstudied procedures that do not have an RVU assigned When a CCR is used, the system calculates that CCR on a departmental specific basis at each individual facility where the services were provided The calculation is similar to the Worksheet 2 of Schedule H, Ratio of Patient Care Cost to Charges, except it is calculated on a departmental specific basis, not in the aggregate The allocated procedure charge code level costs are then rolled up to the patient level based upon the billed procedure charge codes associated with those services provided to each specific patient This is done for all patient segments including inpatient, outpatient, emergency department, private insurance, Medicaid, Medicare, uninsured and self pay The cost accounting system is utilized to determine the unreimbursed cost of Medicaid and other means-tested government programs The cost of charity care is calculated by applying the CCR derived from the cost accounting system on a per facility basis, to the charges incurred on patients that qualify for charity care at the respective facility The actual cost is reported for other community benefit activities such as community health improvement services, community benefit operations and cash and in-kind donations

Identifier	ReturnReference	Explanation
Schedule H, Part II - Community Building Activities		Mark Twain St Joseph's Hospital has formed many relationships with community organizations to improve community health, improve access to health care, provide health education and in other ways that benefit our residents In the area of Physical Improvements and Housing, the hospital supports the Resource Connection new Community Garden and continues to work with the local chapter of Habitat for Humanity by providing resources including the recyclable furniture from hospital renovations We also partner with the Hospital Foundation on "Pink in the Night" activities which light up several communities during Breast Cancer Awareness Month In the area of Leadership Development and Training for Members of the Community, the hospital organized the 5th Annual Summer Health Career Camp for high school seniors and juniors who are interested in a future health career The hospital also participated in various Career Day activities at local high schools We continue to participate in the Chamber of Commerce's Leadership Calaveras program and provide education about local health care access In the area of Local Community Organizing, Mark Twain St Joseph's Hospital provides transportation services to persons who have scheduled appointments for radiation therapy outside the local community This transportation is also available to other patients if schedule permits We work closely on developing community-wide plans for disaster preparedness and provide respirator fit testing for all first responders in the community

Identifier	ReturnReference	Explanation
Schedule H, Part III, Line 4		The amount of the organization's bad debt at cost is determined by applying the CCR (see above) to patient charges that are deemed to be uncollectible This amount represents the cost of services provided to patients who are unable or refuse to pay their bills and do not qualify for free or discounted care, government sponsored programs or other financial assistance, and are otherwise uninsured Any portion of a patient bill remaining after applying financial, uninsured or other discounts or payments received on the account that are ultimately determined to be uncollectible are written off to bad debt As noted in Part I, Line 3, MTSJHC provides free or discounted care to uninsured or under-insured individuals at or below 500% of the Federal Poverty Level MTSJH also provides patients options for prompt pay discounts, discounts for the medically indigent, and interest-free extended payment plans for patients who have demonstrated good faith and are cooperating in resolving their hospital bills All accounts for eligible uninsured patients receive an automatic uninsured discount of 25% for patients seen The expected patient payment amount on the patient's bill reflects this discount MTSJHC makes every effort in determining if a patient qualifies for charity care upon admission MTSJHC follows CHW's financial assistance policy CHW's financial assistance policy is communicated to patients upon admission and is available in the languages primarily spoken in the community It is also posted in various common areas of the hospital and is provided upon billing if eligibility is not previously determined Eligibility is reevaluated as needed and amounts are classified as charity as soon as eligibility is known CHW also utilizes a Payment Assistance Rank Ordering (PARO) scoring system to assist in determining if a patient may qualify for charity care even though they have not applied for it PARO is a methodology that applies consistent screening and application standards to all patients utilizing historical data to develop a predictive model for healthcare financial assistance In its development, special attention was paid to those socio-economic factors that might adversely affect those patients deserving the most attention Other criteria are also utilized to ensure that no services that have qualified as charity are reported as bad debt As such, MTSJHC does not believe that any amounts included in Part III, Line 2, are attributable to patients eligible under the organization's charity care policy The following is an excerpt from CHW and its subordinate corporations' consolidated annual audited financial statements for the year ended June 30, 2011, related to accounts receivable and allowances for charity and doubtful accounts Patient accounts receivable and net patient service revenue are reported at the net realizable amount from patients, third-party payers, and others for services rendered MTSJHC manages its collection risk by regularly reviewing its accounts and contracts and by providing appropriate allowances Reserves for charity and uncollectible amounts have been established and are netted against patient accounts receivable in the consolidated balance sheet

Identifier	ReturnReference	Explanation
Schedule H, Part III, Line 8		MTSJHC prepares Medicare cost reports in a manner that comports with Provider Reimbursement Manual (PRM) 15-1, 2150ff and PRM 15-2, 1000ff As such, the following language per the PRM 15-1 describes the computation of costs per the Medicare Cost Report Total allowable costs of a provider are apportioned between program beneficiaries and other patients so that the share borne by the program is based upon actual services received by program beneficiaries The ratio of covered beneficiary charges to total patient charges for the services of each ancillary department is applied to the cost of the department Added to this amount is the cost of routine services for program beneficiaries, determined on the basis of a separate average cost per diem for all patients for general routine patient care areas Another factor to be considered is a separate average cost per diem for each intensive care unit, coronary care unit, and other special care inpatient hospital units CHW believes that the entire Medicare shortfall of $429 3 million, as reported below in Part VI, Line 6, constitutes community benefit The IRS Community Benefit Standard includes the provision of care to the elderly and Medicare patients Medicare shortfalls must be absorbed by MTSJHC in order to continue treating the elderly in our communities The hospitals provide care regardless of this shortfall and thereby relieve the federal government of the burden of paying the full cost for Medicare beneficiaries This shortfall includes $12 0 million reported on Part III, Section B, Line 7, primarily for fee for service Medicare patients, as well as the unreimbursed portion of Medicare Managed Care and Medicare Capitated programs for MTSJHC

Identifier	ReturnReference	Explanation
Schedule H, Part III, Line 9b		MTSJHC ensures that patient accounts are processed fairly and consistently MTSJHC also follows CHW's collection policy CHW's collection policy contains provisions that prohibit the collection of amounts due from patients who the organization knows qualify for charity care Accounts with incorrect or incomplete demographic information are assigned to a collection agency if MTSJHC or billing company retained by CHW is unable to obtain an updated address through skip tracing or other means For patients who have an application pending for either government-sponsored financial assistance or for assistance under CHW's Patient Payment Assistance Policy, or where the patient is attempting in good faith to settle an outstanding bill with the facility via payment plans, MTSJHC will not knowingly send that patient's bill to an outside collection agency Legal action will not be pursued to collect debts from patients who have qualified for charity or are cooperating in good faith to resolve their debt MTSJHC does not impose wage garnishments or liens on primary residences On self-pay accounts that do not meet the criteria noted above, the initial determination of assignment to a collection agency will vary depending on the nature of the account with the final decision being at the discretion of MTSJHC'S patient financial assistance department Upon assignment of such a patient account to a collection agency, MTSJHC requires the agency to comply with the Fair Debt Collection Practices Act

Identifier	ReturnReference	Explanation
Schedule H, Part VI, Line 2 - Needs Assessment		A Community Health Needs Assessment was last conducted in 2008, as required by State law (SB 697) It was a collaborative effort involving the Mark Twain St Joseph's Health Care District Board of Directors, The Calaveras County Department of Public Health, practicing physicians, various community members and the Calaveras County Superintendent of Schools and various Board members The needs assessment WAS a primary tool used by the hospital to determine its community benefit plan, which outlined how the hospital GAVE back to the community in the form of health care and other community services to address unmet community health needs This assessment incorporated components of primary data collection and secondary data analysis that focused on the health and social needs of the MTSJH Service Area The primary Service Area encompassed the cities, towns and communities of Calaveras County that include 20 zip code areas Targeted interviews were used to gather primary data collection information and opinions from members of the MTSJH community For the interviews, community leaders were contacted and asked to participate in the needs assessment 80% of those contacted agreed to participate Secondary data were collected by obtaining and analyzing a variety of local, county and state sources to present a community profile, birth and death characteristics, access to health care, chronic diseases, social issues, and school and student characteristics The Community Needs Assessment identified the following sizeable and severe needs Health Issues -Residents have high rates of death from cancer, lung disease and heart disease -A large percentage of youth (17 9%) suffer from asthma -Disease rates of arthritis, asthma, cancer, heart disease and hypertension are high in the County -The area has high rates of skin, cervical and colon cancer -Limited services and service providers make it difficult to access mental health, obstetrical and specialty care services -Females suffer from diabetes at higher rates than men in the County -An increase in preventive care is needed, including flu shots, Pap smears, mammograms and other recommended routine screening tests -There is inadequate attention given to preventive care, healthy lifestyles, nutrition and exercise Social/Demographic Issues -The area reflects an aging population with a median age of 44 6 years The population of seniors is 18 2% -A declining economy is impacting the community by increased joblessness, decreases in employer-based health insurance, higher costs for transportation and decreased availability of affordable housing -A lack of providers in the County (primary care, mental health, specialists) negatively impacts access to care and requires residents to travel outside of the County to obtain services -Large numbers of youth and adults are overweight and obese -Smoking among adults and teens is a concern -ER usage increases among the County's poorest residents

Identifier	ReturnReference	Explanation
Schedule H, Part VI, Line 3 - Patient Education of Eligibility for	Assistance	Communication of the Financial Assistance Program to Patients and the Public Information about patient financial assistance is available at MTSJHC and all of its community locations, including a contact number for patients to call for information and assistance The information is disseminated by MTSJHC by various means to include notices on patient bills, brochures at all registration desks and in all waiting rooms, and notices posted in the emergency department Such information is provided in English and Spanish At the point of registration, all patients receive brochures explaining the facility's charity care program and the availability of government sponsored programs Uninsured patients receive copies of the charity care and Medicaid applications in addition to the brochure upon admission to the facility It is MTSJHC's policy that at the time of patient billing, MTSJHC provides to all uninsured patients the same billing information concerning services and charges provided to all other patients who receive care at MTSJHC If financial assistance eligibility is not determined prior to billing, initial billing statements to uninsured patients include a request to the patient to provide any insurance information that was valid for the dates of service billed, a statement informing patients without insurance coverage they may be eligible for a government sponsored program or facility funded charity care, instructions on how to apply for a government program or charity care and the provision of such applications Additionally, MTSJHC, in partnership with Calaveras County, provides County Social Workers to assist patients in obtaining governmental assistance in the Valley Springs and Arnold Rural Health Clinics Any member of MTSJHC staff or medical staff may refer a patient for financial assistance The patient, a family member, a close friend or an associate of the patient may also make a request for financial assistance

Identifier	ReturnReference	Explanation
Schedule H, Part VI, Line 4 - Community Information		Calaveras County is approximately 130 miles east of San Francisco, 60 miles southeast of Sacramento and 50 miles east of Stockton The total population is about 43,000 with an area of 1,008 square miles Our only incorporated city, the City of Angels has a population of about 3,200 Calaveras County has been designated by the Health Resources & Services Administration, Department of Health & Human Services as a health professional shortage area (HPSA) Mark Twain St Joseph's Hospital is the sole community hospital in Calaveras County Mark Twain St Joseph's Hospital's Family Medical Centers include five Federally-qualified Rural Health Clinics strategically located in remote communities of Calaveras County Geographic Area and Target Population The population (2010) of Calaveras County by ethnic group is 86 5% White, 10 3% Hispanic, 1 2% Asian, 8% Black and 1 2% Native American Our top ten admitting diagnoses for FY 2010 were Major Joint Replacement, Esophagitis, Gastroent & Misc Digestive Disorders, Septicemia, Heart Failure, Chronic Obstructive Pulmonary Disease, Pneumonia, Cellulitis, Cardiac Arrhythmia, Kidney/Urinary Infection, and CVA Mark Twain's patient population (gross charges) consists of 48 3% Medicare, 15 0% Medi-Cal, 27 7% Commercial and 9 0% other Catholic Healthcare West developed a Community Needs Index (CNI) that considers in aggregate the socio-economic barriers residents face Each geographic service area, determined by 80% or more of hospital discharges, was considered The higher the score, the greater risk residents of the zip code have in needing health services CHW's community benefit efforts have a primary focus on the areas with disproportionate unmet health-related needs Primary Service Area CNI Score 95252 2 4 95249 3 8 95222 3 8 95247 3 0 95223 2 4 95246 3 0 95245 3 2 95228 2 8 Total 2 9

Identifier	ReturnReference	Explanation
Schedule H, Part VI, Line 5 - Promotion of Community Health		Hospital Leadership oversees community benefit activities for the hospital as it meets the health and wellness needs of the local community Several members of Mark Twain's senior and middle management team serve the community on a variety of community based not for profit Boards, such as Children and Families Commission, Habitat for Humanity, Calaveras County Business Council, Soroptomists International, Chamber of Commerce and United Way, to name a few The Hospital is governed by a Board of Trustees, the majority of whom reside within its primary service area and who are not employees, contractors or family members thereof In addition, most employees have linkages to various service organizations throughout the communities Community involvement is evidenced by participation of local business and community leaders in the Hospital's Governing Boards, Finance Committee, Ethics Committee and our Parish Nurse Advisory Committee MTSJHC extends medical staff privileges to all qualified physicians in and outside its community who request said privileges All surplus funds generated by MTSJHC are reinvested back into the organization to improve patient care and provide health care services to its community

Identifier	ReturnReference	Explanation
Schedule H, Part VI, Line 6 - Affiliated Health Care System		MTSJHC is affiliated with CHW Affiliates of CHW also promote the health of additional communities in Bakersfield, San Bernardino, San Francisco, San Andreas, and Grass Valley/Nevada City, California These affiliates follow practices similar to those noted above in determining the unmet healthcare needs of their communities Total unsponsored community benefit expense for CHW and its subordinate corporations for the year ended June 30, 2011, is as follows Persons Net Comm % of Served Benefit Exp excl Bad Debt Benefits for the Poor Traditional Charity Care 97,422 152,563,579 1 6% Unpaid Costs of Medicaid/Medi-Cal 1,035,601 444,972,896 4 7% Other Means-tested Programs 253,140 63,978,237 0 7% Community Services Community Health Services 552,089 49,285,673 0 5% Health Professions Education 21,637 10,998,382 0 1% Subsidized Health Services 219,756 37,388,406 0 4% Donations 233,077 37,415,522 0 4% Community Building Activities 15,081 1,642,251 0 0% Community Benefit Operations 19,210 6,983,659 0 1% Total Community Services for the poor 1,060,850 143,713,893 1 5% Total Benefits for the Poor 2,447,013 805,228,605 8 5% Benefits for the Broader Community Community Services Community Health Services 2,004,902 23,003,029 0 2% Health Professions Education 52,255 65,128,468 0 7% Subsidized Health Services 124,290 11,026,699 0 1% Research 5,057 24,166,007 0 3% Donations 202,417 7,914,381 0 1% Community Building Activities 63,555 8,148,278 0 1% Community Benefit Operations 937 2,883,276 0 0% Total Benefits for the Broader Community 2,453,413 142,270,138 1 5% Total Community Benefits 3,562,475 571,626,794 10 0% Unpaid Costs of Medicare 1,109,062 429,356,656 4 5% Total Community Benefits including Cost of Medicare 6,009,488 1,376,855,399 14 5%

Identifier	ReturnReference	Explanation
Schedule H, Part I, line 7b, column (f)		In January 2010, the State of California enacted legislation that provided for supplemental Medi-Cal payments to certain hospitals funded by a quality assurance fee paid by participating hospitals and matching federal funds ("the 2010 Hospital Fee Program") The legislation covered the period of April 1, 2009 through December 31, 2010 The Centers for Medicare & Medicaid Services approved the 2010 Hospital Fee Program in its entirety in December 2010, and therefore all activity of the program was recognized during the year ended June 30, 2011 Fee-for-service supplemental payments of $2 1 million recognized during the year are reflected under the Medicaid program as direct offsetting revenue (Part I, line 7b, column d) This net reduction in the cost of the Medicaid program is driving a large decrease in the overall cost of community benefit expense as a percent of total expenses when compared to prior year which was 7 11% The California Hospital Association created a private program, the California Health Foundation and Trust ("CHFT"), established for several purposes, including aggregating and distributing financial resources to support charitable activities at various hospitals and health systems in California Upon approval of the legislation noted above in December 2010, MTSJHC recorded a pledge to a grant fund established by CHFT in the amount $0 2 million The grant is reported under other benefits (Part I, line 7i, column c), as cash and in-kind contributions to community groups

Identifier	ReturnReference	Explanation
STATE FILING OF COMMUNITY BENEFIT REPORT	990 SCHEDULE H, PART VI	CA,

Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Mark Twain St Joseph's Healthcare Corporation

Employer identification number
68-0127677

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . ☑ **Yes** ☐ **No**

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

Part II Grants and Other Assistance to Governments and Organizations in the United States.

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

1 (a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) Mark Twain Foundation 768 Mountain Ranch Rd San Andreas, CA 95249	68-0023507	501(c)(3)	220,995	0	N/A	N/A	Foundation Support
(2) California Health Foundation and Trust1215 K Street Ste 800 Sacramento, CA 95814	94-1498697	501(c)(3)	218,800	0	N/A	N/A	Improve access to and betterment of healthcare

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

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

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

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

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

Identifier	Return Reference	Explanation
PART I, LINE 2		As a 501(C)(3) organization, we provide assistance to various charitable ORGANIzATiONS TO PROMOTE CHW'S MISSION A DESIGNATED COMMITTEE consisting primarily of the executive team, establishes and evaluates priorities and allocation of funds with emphasis on promotion of healthy communities and community collaboration We do not monitor and report program outcomes Spending is tracked on an ongoing basis to ensure that it is generally within the budgeted amount

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
Mark Twain St Joseph's
Healthcare Corporation

Employer identification number
68-0127677

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**		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**		
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply ☐ Compensation committee ☐ Written employment contract ☐ Independent compensation consultant ☐ Compensation survey or study ☐ Form 990 of other organizations ☐ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment from the organization or a related organization?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	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) Donald Wiley	(i)	0	0	0	0	0	0	0
	(ii)	382,627	253,945	14,611	43,411	37,710	732,304	0
(2) Tracy Church thru 52011	(i)	0	0	0	0	0	0	0
	(ii)	300,691	181,373	1,854	34,514	35,040	553,472	0
(3) Feliciano Jiron	(i)	0	0	0	0	0	0	0
	(ii)	192,207	104,903	7,561	16,904	30,556	352,131	0
(4) Jacob Lewis	(i)	0	0	0	0	0	0	0
	(ii)	148,572	39,536	3,089	17,112	12,487	220,796	0
(5) Melissa M Cuevas	(i)	155,612	32,849	1,074	25,647	27,554	242,736	0
	(ii)	0	0	0	0	0	0	0
(6) Anthony C Halat	(i)	252,861	150	9,936	16,339	24,386	303,672	0
	(ii)	0	0	0	0	0	0	0
(7) Maria Michnowski	(i)	238,987	150	1,463	13,614	28,603	282,817	0
	(ii)	0	0	0	0	0	0	0
(8) Jill Ortiz	(i)	166,111	21,338	7,496	32,023	27,568	254,536	0
	(ii)	0	0	0	0	0	0	0
(9) Joann Rosenfeld	(i)	274,263	450	1,264	23,072	20,903	319,952	0
	(ii)	0	0	0	0	0	0	0
(10) Tran C Thuy	(i)	226,350	450	271	19,513	12,180	258,764	0
	(ii)	0	0	0	0	0	0	0
(11)								
(12)								
(13)								
(14)								
(15)								
(16)								

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
PART I, LINE 3		Although the organization employs personnel, the Organization relied on a related organization, Catholic Healthcare West, that used one or more of the methods described in Schedule J, Part I, Line 3, to establish the Organization's top management official's compensation See Schedule O disclosure for Form 990, Part VI, Section B, Line 15a for additional information
PART I, LINE 4a		The organization's key employees and its highest compensated employees participate in a severance plan that provides market-standard compensation, ranging from payments of 6 months to 2 years of base compensation, depending on the executive's position, in the event of a position elimination or other involuntary termination, in accordance with the guidelines of the plan No payments were made to any listed persons during 2010 pursuant to this plan
PART I, LINE 4b		Certain officers and key employees participate in the CHW Excess Benefit Plan, a nonqualified supplemental benefit plan limited to participants in the CHW retirement plan whose benefits are affected by the limitations imposed by Sections 401(a)(17) and 415 of the Internal Revenue Code Benefit service under this plan was frozen as of January 1, 2008 No payments were made to any listed persons during 2010 pursuant to this plan Certain listed persons hired prior to June 30, 2006 are eligible to participate in the 2007 CHW Executive Deferred Compensation Plan, a nonqualified 457(f) plan that is subject to substantial risk of forfeiture, as required by the IRS The 2007 CHW Executive Deferred Compensation Plan is intended to to bridge the difference, if any, between the benefit provided under the CHW Excess Benefit Plan had benefit service not been frozen at January 1, 2008, and the benefits provided from all other qualified and non-qualified plans No benefit under this formula will vest under this 457(f) plan before the attainment of age 62 or the completion of 15 years of service No payments were made under this plan during 2010 Certain listed persons participate in the CHW Key Employee Share Option Plan (KeySOP), which was frozen in May 2002 The KeySOP program was established in 2001 with the purpose of providing income deferral opportunities to employees eligible for the company's key employee retention program No payments were made under this plan during 2010
PART II - SUPPLEMENTAL DISCLOSURES		The organization's executive compensation philosophy is designed tto assist the organization in attracting and retaining the caliber of executives required to enable the organization to fulfill its mission of providing high quality healthcare for all persons regardless of their ability to pay for services, improving the quality of life in the communities the organization serves, promoting patient and employee satisfaction, and ensuring financial stability A substantial portion of executive compensation is performance based and is linked to organizational goals approved in advance by the Human Resources and Compensation Committee These goals include attainment of annual and long-term financial performance, certain healthcare quality standards and the organization's commitment to serving the poor and disenfranchised in the communities it serves
Part III - Supplemental Disclosures		Dr Dean Kelaita'S COMPENSATION IS FOR PHYSICIAN SERVICES PROVIDED TO THE ORGANIZATION

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047
2010
Open to Public Inspection

Name of the organization
Mark Twain St Joseph's
Healthcare Corporation

Employer identification number
68-0127677

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	No	(f) Approved by board or committee? Yes	No	(g) Written agreement? Yes	No
(1) Dr Anthony Halat physician loan		X	35,191	27,638	Yes			No	Yes	
(2) DR Jo Ann Rosenfeld physician loan		X	43,956	15,116		No		No	Yes	
(3) DR Tran C Thuy physician loan		X	20,000	6,951		No		No	Yes	
Total . . . . ▶ $				49,705						

Part III Grants or Assistance Benefitting Interested Persons.

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

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

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) Randall Smart	SON OF BOD, C SMART	28,206	MEDICAL STAFF PAYMENTS		No
(2) LORI SKEVINGTON	DAUGHTER OF BOD, C SMART	77,768	COMPENSATION		No

Part V **Supplemental Information**

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

Identifier	Return Reference	Explanation

SCHEDULE M (Form 990)

Department of the Treasury
Internal Revenue Service

NonCash Contributions

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization	Employer identification number
Mark Twain St Joseph's Healthcare Corporation	68-0127677

Part I Types of Property

	(a) Check if applicable	(b) Number of Contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining oncash contribution amounts
1 Art—Works of art . . .				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods	X		221,789	Resale value
6 Cars and other vehicles .				
7 Boats and planes . . .				
8 Intellectual property . .				
9 Securities—Publicly traded				
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests .				
12 Securities—Miscellaneous				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other . .				
15 Real estate—Residential .				
16 Real estate—Commercial				
17 Real estate—Other . .				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts . .				
23 Scientific specimens . .				
24 Archeological artifacts .				
25 Other ▶ (____________)				
26 Other ▶ (____________)				
27 Other ▶ (____________)				
28 Other ▶ (____________)				

29	Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement . . .	29	0

		Line	Yes	No
30a	During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?	30a		No
b	If "Yes," describe the arrangement in Part II			
31	Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?	31	Yes	
32a	Does the organization hire or use third parties or related organizations to solicit, process, or sell non-cash contributions?	32a		No
b	If "Yes," describe in Part II			
33	If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II			

Part II

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

Identifier	Return Reference	Explanation

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
Mark Twain St Joseph's
Healthcare Corporation

Employer identification number
68-0127677

Identifier	Return Reference	Explanation
FORM 990, PART VI - GOVERNANCE, MANAGEMENT, DISCLOSURE		FORM 990, PART VI, SECTION A, LINE 6 The hospital is jointly owned by Catholic Healthcare West (CHW), a 501(c)(3) exempt organization and Mark Twain Healthcare District (the district) FORM 990, PART VI, SECTION A, LINE 7a CHW and the District, as the corporate members, ratify the selection of members and approve new Board members of the organization Each owner designates two Board members, and each pair of designated Board members selects a county resident, these six select the seventh voting member, who must also be a county resident FORM 990, PART VI, SECTION A, LINE 7b Reserved rights of the corporate members (CHW and the District) include adoption of mission and philosophy statements, amendment or restatement of articles of incorporation and bylaws, dissolution of the corporation, acquisition of another corporation, creation of a new subsidiary, merger or consolidation with another corporation, participation as a general or limited partner in any venture, incurring long-term indebtedness in excess of normal operating requirements, ratification of board member appointments and dismissals, selection and removal of independent auditors, and transactions outside the ordinary course of business FORM 990, PART VI, SECTION B, LINE 11A Management presented the draft of the Form 990 to the Board before filing the form with the Internal Revenue Service The Board's review included all information reported on the Form 990 with the exception of individuals' compensation amounts reported which were directly reviewed by the Vice President of Human Resources In the process of its preparation, the 990 was reviewed at various levels of Finance and Accounting (Regional CHW management and Corporate Tax Department), as well as reviewed by Mark Twain's Finance Manager and CFO (who signs the form) and by AN INDEPENDENT accounting firm engaged to review the return before filing FORM 990, PART VI, SECTION B, LINE 12c The Organization has adopted CHW's Conflicts of Interest Policy The Organization's Board is charged with monitoring proposed or ongoing transactions for conflicts of interest and addressing any potential or actual conflicts Pursuant to the Conflicts of Interest Policy, an annual conflict of interest questionnaire, aimed at determining any family and business relationships and transactions or other transactions that may pose a potential conflict, is distributed to all covered persons (e g , board members, officers and executive leadership, key employees) Covered persons are required to disclose real or potential conflicts at the time such conflicts arise When someone becomes a covered person and annually thereafter, each covered person is required to sign a statement affirming that he/she (1) has received a copy of the Conflicts of Interest Policy, (2) has read the Policy and understands said Policy, and (3) agrees to comply with all requirements of the Policy, including completing the conflicts of interest questionnaire The completed questionnaires are reviewed by CHW's Legal Department and any persons with actual or potential conflicts are informed via written communication The procedures for addressing any conflict of interest include, but are not limited to, the following (1) the conflicting interest is fully disclosed to the Board, (2) the interested person responds to factual questions related to the substance of the transaction or arrangement being considered, after which he/she shall leave the meeting, (3) the person with the conflict of interest is excluded from the discussion and approval of such transaction, (4) alternatives to the proposed transaction are investigated, competitive bids or comparable valuations are obtained, (5) any conflicting issues during the course of a Board meeting which cannot be resolved is referred to the Governance Committee, and (6) the transaction or action must be approved by a majority of disinterested persons All conflicts of interest, whether resolved or unresolved, are reported in the Organization's Form 990 FORM 990, PART VI, SECTION B, LINE 15a Although the organization employs personnel, the top management official is compensated by Catholic Healthcare West (CHW) FOR 2010 COMPENSATION, CHW's Compensation and Benefits department conductED an annual review and analysis to provide benchmarking data for the total compensation and benefits package of the top management official Appropriate comparability data for similar jobs in peer companies (both taxable and tax-exempt) WAS obtained from independent third-party survey sources FORM 990, PART VI, SECTION B, LINE 15b The Hospital relied on a related organization, Catholic Healthcare West, that used one or more of the methods described in Schedule J, Part I, Line 3, to establish the Chief Financial Officer's compensation Compensation of other highly paid key employees is based on a comprehensive evaluation focusing on all aspects of the incumbent's assigned duties and assessed performance in carryi

Identifier	Return Reference	Explanation
FORM 990, PART VI - GOVERNANCE, MANAGEMENT, DISCLOSURE		ng out the philosophy and mission of CHW and its sponsoring congregations Additionally, c omparative data and market surveys regarding compensation in the surrounding marketplace a re considered FORM 990, PART VI, SECTION C, LINE 19 Federal tax law s do not mandate that the organization's governing documents, conflict of interest policy and financial stateme nts be made available for public inspection The organization makes its financial statemen ts available upon request

Identifier	Return Reference	Explanation
FORM 990, PART XI, LINE 5		Change in unrealized gains/(losses), $2,002,158 Interest in net assets of unconsolidated Foundation, $110,517

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Donald Wiley TITLE Board Member HOURS 40

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME Tracy Church (thru 5/2011) TITLE Secretary HOURS 40

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
Mark Twain St Joseph's
Healthcare Corporation

Employer identification number
68-0127677

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) Catholic Healthcare West 185 Berry Street San Francisco, CA 94107 94-1196203	Hospital	CA	501(c)(3)	3	NA		
(2) Mark Twain St Joseph Hospital Auxiliary 788 Mountain Ranch Rd San Andreas, CA 95249 94-2340081	Volunteer ser	CA	501(c)(3)	11	NA		

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

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

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

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

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

		Yes	No
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity	1a		No
b Gift, grant, or capital contribution to other organization(s)	1b		No
c Gift, grant, or capital contribution from other organization(s)	1c		No
d Loans or loan guarantees to or for other organization(s)	1d		No
e Loans or loan guarantees by other organization(s)	1e	Yes	
f Sale of assets to other organization(s)	1f		No
g Purchase of assets from other organization(s)	1g		No
h Exchange of assets	1h		No
i Lease of facilities, equipment, or other assets to other organization(s)	1i		No
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	Yes	
l Performance of services or membership or fundraising solicitations by other organization(s)	1l	Yes	
m Sharing of facilities, equipment, mailing lists, or other assets	1m	Yes	
n Sharing of paid employees	1n	Yes	
o Reimbursement paid to other organization for expenses	1o	Yes	
p Reimbursement paid by other organization for expenses	1p		No
q Other transfer of cash or property to other organization(s)	1q	Yes	
r Other transfer of cash or property from other organization(s)	1r		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) NONE			
(2)			
(3)			
(4)			
(5)			
(6)			

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

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

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

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation

CATHOLIC HEALTHCARE WEST AND SUBORDINATE CORPORATIONS

Consolidated Financial Statements as of and for the Years Ended June 30, 2011 and 2010 and Independent Auditors' Report

CATHOLIC HEALTHCARE WEST AND SUBORDINATE CORPORATIONS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Catholic Healthcare West
San Francisco, California

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Catholic Healthcare West'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, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Catholic Healthcare West and Subordinate Corporations as of June 30, 2011 and 2010, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The unsponsored community benefit expense information in Note 4, which is the responsibility of Catholic Healthcare West's management, is not a required part of the basic financial statements, and we did not audit or apply limited procedures to such information and we do not express any assurances on such information.

Deloitte & Touche LLP

September 16, 2011

CATHOLIC HEALTHCARE WEST AND SUBORDINATE CORPORATIONS

CONSOLIDATED BALANCE SHEETS
June 30, 2011 and 2010 (in thousands)

Assets	**2011**	**2010**
Current assets:		
Cash and cash equivalents	$ 704,044	$ 796,034
Short-term investments	825,849	596,307
Collateral held under securities lending program	290,526	272,986
Assets limited as to use	828,632	692,704
Patient accounts receivable, net of allowance for doubtful accounts of $297,294 and $266,997 in 2011 and 2010, respectively	1,257,296	1,203,344
Other current assets	743,086	501,782
Total current assets	4,649,433	4,063,157
Assets limited as to use:		
Board-designated assets (including $308,202 and $305,472 of assets loaned under securities lending program in 2011 and 2010, respectively) for:		
Capital projects	3,139,101	2,676,537
Workers' compensation	367,554	335,511
Hospital professional and general liability	162,091	166,050
Under bond indenture agreements for:		
Capital projects	51,679	147,671
Debt service	190,975	136,641
Bond reserves	26,387	26,423
Donor-restricted	439,932	394,168
Other	68,213	62,476
Less amount required to meet current obligations	(828,632)	(692,704)
Net assets limited as to use	3,617,300	3,252,773
Property and equipment, net	4,102,551	3,894,111
Ownership interests in health-related activities	558,178	422,546
Other long-term assets, net	196,163	200,060
Total assets	$ 13,123,625	$ 11,832,647

(Continued)

CATHOLIC HEALTHCARE WEST AND SUBORDINATE CORPORATIONS

CONSOLIDATED BALANCE SHEETS
June 30, 2011 and 2010 (in thousands)

Liabilities and Net Assets	**2011**	**2010**
Current liabilities:		
Current portion of long-term debt	$ 107,381	$ 69,910
Demand bonds subject to short-term liquidity arrangements	574,000	483,000
Accounts payable	418,155	392,720
Payable under securities lending program	291,148	273,945
Accrued salaries and benefits	507,915	485,510
Accrued workers' compensation	31,647	29,971
Accrued hospital professional and general liability	61,304	42,659
Pension and other postretirement liabilities	278,369	279,805
Other accrued liabilities	871,042	791,691
Total current liabilities	3,140,961	2,849,211
Other liabilities:		
Workers' compensation	234,938	219,927
Hospital professional and general liability	228,559	141,532
Pension and other postretirement liabilities	598,697	906,232
Other	115,823	118,469
Total other liabilities	1,178,017	1,386,160
Long-term debt, net of current portion	3,556,817	3,691,469
Total liabilities	7,875,795	7,926,840
Net assets:		
Unrestricted - attributable to CHW	4,715,076	3,426,489
Unrestricted - noncontrolling interest	98,304	89,205
Temporarily restricted	326,503	291,040
Permanently restricted	107,947	99,073
Total net assets	5,247,830	3,905,807
Total liabilities and net assets	$ 13,123,625	$ 11,832,647

(Concluded)

See notes to consolidated financial statements.

CATHOLIC HEALTHCARE WEST AND SUBORDINATE CORPORATIONS

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
YEARS ENDED June 30, 2011 and 2010 (in thousands)

	2011	2010
Unrestricted revenues and other support:		
Net patient revenue	$ 9,600,663	$ 8,599,950
Premium revenue	558,103	514,699
Revenue from health-related activities, net	135,341	93,514
Other operating revenue	255,941	204,114
Contributions	15,320	18,137
Total unrestricted revenues and other support	10,565,368	9,430,414
Expenses:		
Salaries and benefits	5,127,564	4,809,065
Supplies	1,425,271	1,372,573
Provision for bad debts	848,883	745,303
Purchased services and other	2,366,077	1,751,731
Depreciation	432,438	421,774
Interest expense, net	167,571	244,006
Loss on early extinguishment of debt	-	2,734
Total expenses	10,367,804	9,347,186
Operating income	197,564	83,228
Other income:		
Investment income, net	719,611	402,474
Excess of revenues over expenses	$ 917,175	$ 485,702

(Continued)

CATHOLIC HEALTHCARE WEST AND SUBORDINATE CORPORATIONS

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
YEARS ENDED June 30, 2011 and 2010 (in thousands)

	2011	2010
Unrestricted net assets:		
Excess of revenues over expenses	$ 917,175	$ 485,702
Change in net unrealized gains on available-for-sale investments	5,528	2,425
Net assets released from restrictions used for purchase of property and equipment	14,479	12,855
Change in funded status of pension and other postretirement benefit plans	324,174	(256,538)
Gain from discontinued operations	1,593	4,007
Change in noncontrolling interest in health-related activities	9,099	(917)
Change in accumulated unrealized derivative gains, net	9,055	4,952
Donated property and equipment	14,207	19,623
Other	2,379	(2,137)
Increase in unrestricted net assets	1,297,689	269,972
Temporarily restricted net assets:		
Contributions	39,025	35,329
Net realized and unrealized gains on investments	7,166	4,432
Net assets released from restrictions	(37,829)	(38,047)
Change in interest in net assets of unconsolidated foundations	29,093	2,802
Other	(1,993)	654
Increase in temporarily restricted net assets	35,462	5,170
Permanently restricted net assets:		
Contributions	2,289	5,576
Net realized and unrealized gains on investments	62	68
Change in interest in net assets of unconsolidated foundations	5,961	4,140
Other	560	(973)
Increase in permanently restricted net assets	8,872	8,811
Increase in net assets	1,342,023	283,953
Net assets, beginning of year	3,905,807	3,621,854
Net assets, end of year	$ 5,247,830	$ 3,905,807

(Concluded)

See notes to consolidated financial statements.

CATHOLIC HEALTHCARE WEST AND SUBORDINATE CORPORATIONS

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED June 30, 2011 and 2010 (in thousands)

	2011	2010
Cash flows from operating activities:		
Change in net assets	$ 1,342,023	$ 283,953
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Loss on early extinguishment of debt	-	2,734
Depreciation	432,438	421,774
Amortization	1,693	4,337
Equity in earnings of health-related activities	(118,427)	(78,007)
Gain, net, on disposal of assets	(43,082)	(539)
Restricted contributions and investment income, net	(44,553)	(45,405)
Change in funded status of pension and other postretirement benefit plans	(324,174)	256,538
Undistributed portion of change in net assets of unconsolidated foundations	(35,054)	(6,942)
Change in net realized and unrealized gains on investments	(632,368)	(312,973)
Change in fair value of swaps	(50,038)	52,183
Changes in certain assets and liabilities:		
Accounts receivable, net	(53,621)	44,513
Accounts payable	23,963	5,779
Workers' compensation and hospital professional and general liabilities	122,359	22,180
Accrued salaries and benefits	22,299	31,224
Pension and other postretirement liabilities	15,203	(4,385)
Other accrued liabilities	(2,261)	1,709
Other, net	(96,052)	80,898
Cash provided by operating activities	560,348	759,571

(Continued)

CATHOLIC HEALTHCARE WEST AND SUBORDINATE CORPORATIONS

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED June 30, 2011 and 2010 (in thousands)

	2011	2010
Cash flows from investing activities:		
Purchase of investments	(6,969,137)	(4,475,584)
Proceeds from sale of investments	6,922,672	4,196,842
Cash proceeds on disposal of assets	447	1,289
Investments in health-related activities	(8,629)	(39,593)
Cash distributions from health-related activities	30,000	-
Additions to operating property and equipment	(595,871)	(499,623)
Decrease (increase) in securities lending collateral	(17,203)	30,836
Other, net	(2,692)	(1,367)
Cash used in investing activities	(640,413)	(787,200)
Cash flows from financing activities.		
Borrowings	133,509	592,738
Repayments	(204,322)	(645,994)
Increase (decrease) in payable under securities lending program	17,203	(30,836)
Restricted contributions and investment income	44,553	45,405
Deferred financing costs	(2,868)	(6,614)
Cash used in financing activities	(11,925)	(45,301)
Net decrease in cash and cash equivalents	(91,990)	(72,930)
Cash and cash equivalents at beginning of year	796,034	868,964
Cash and cash equivalents at end of year	$ 704,044	$ 796,034
Components of cash and cash equivalents and investments at end of year:		
Cash and cash equivalents	704,044	796,034
Short-term investments	825,849	596,307
Board-designated assets for capital projects	3,139,101	2,676,537
Total	$ 4,668,994	$ 4,068,878
Supplemental disclosures of cash flow information:		
Cash paid for interest, net of capitalized interest	$ 210,555	$ 168,636
Supplemental schedule of noncash investing and financing activities:		
Property and equipment acquired through capital lease or note payable	$ 20,284	$ 2,418
Donated property and equipment	$ 14,207	$ 19,623
Accrued purchases of property and equipment	$ 61,107	$ 66,364

(Concluded)

See notes to consolidated financial statements.

1. ORGANIZATION

Catholic Healthcare West is a California nonprofit public benefit corporation exempt from federal and state income taxes. References herein to CHW refer to Catholic Healthcare West and its subordinate corporations (as disclosed in Note 17) Catholic Healthcare West is co-sponsored by six congregations that have specific governance rights and responsibilities, including the appointment of Catholic Healthcare West's corporate members. The co-sponsors are as follows:

- Sisters of Mercy of the Americas, West Midwest Community, Omaha, Nebraska
- Sisters of St. Dominic, Congregation of the Most Holy Rosary, Adrian, Michigan
- Sisters of the Third Order of St. Dominic, Congregation of the Most Holy Name, San Rafael, California
- Congregation of the Sisters of Charity of the Incarnate Word, Houston, Texas
- Congregation of the Dominican Sisters of St. Catherine of Siena of Kenosha, Kenosha, Wisconsin
- Sisters of St. Francis of Penance and Christian Charity, St. Francis Province, Redwood City, California

Catholic Healthcare West owns and operates hospitals in California, Arizona and Nevada, and is the sole corporate member (parent corporation) of other primarily nonprofit healthcare corporations in California, Arizona and Nevada, which are exempt from federal and state income taxes. CHW provides a variety of healthcare, education and other benefits to the communities in which it operates. Healthcare services include inpatient, outpatient, subacute and home healthcare services, as well as physician services through CHW Medical Foundation and other affiliated medical groups.

As part of a system-wide corporate financing plan, Catholic Healthcare West established an Obligated Group to access the capital markets and make loans to its members. Obligated Group members are jointly and severally liable for the long-term debt outstanding under the Master Trust Indenture. None of the other CHW subordinate corporations have assumed any financial obligation related to payment of debt service on obligations issued under the Master Trust Indenture. A list of Obligated Group members and other subordinate corporations is included in Note 17. The Obligated Group's unrestricted net assets represent approximately 97% and 96% of the consolidated unrestricted net assets of CHW and subordinate corporations at June 30, 2011 and 2010, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis for Presentation – The accompanying consolidated financial statements include the accounts of CHW after elimination of intercompany transactions and balances. These financial statements do not include the accounts of the six co-sponsors and their nonhealthcare activities. Certain prior year amounts have been reclassified to conform to current year presentation.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – For purposes of the consolidated financial statements, cash and cash equivalents consist primarily of cash and highly liquid marketable securities with an original maturity of three months or less when purchased by CHW.

Securities Lending Program - CHW participates in securities lending transactions with its custodian whereby CHW lends a portion of its investments to various brokers in exchange for collateral for the securities loaned, usually on a short-term basis. CHW maintains effective control of the loaned securities through its custodian during the term of the arrangement in that they may be recalled at any time. Collateral is provided by brokers at an amount equal to at least 100% of the original value of the securities on loan, and is subsequently adjusted for market fluctuations. CHW must return to the borrower the original value of collateral received regardless of the impact of market fluctuations. Under the terms of the agreement, the borrower must return the same, or substantially the same, investments that were borrowed.

The securities on loan under this program are recorded in Board-designated assets in the accompanying consolidated balance sheets. CHW receives both cash and non-cash collateral. Cash collateral is recorded as an asset of the organization. The market value of collateral held for loaned securities is reported as collateral held under securities lending program, and an obligation is recorded for repayment of collateral upon settlement of the lending transaction.

Patient Accounts Receivable – CHW has agreements with third-party payors that provide for payments at amounts different from each hospital's established rates. CHW regularly reviews accounts and contracts and provides appropriate contractual allowances that are netted against patient accounts receivable in the consolidated balance sheet. Management periodically reviews the adequacy of the allowance for uncollectible accounts based on historical experience, trends in health care coverage, and other collection indicators. Reserves for charity and uncollectible amounts have been established and are netted against patient accounts receivable in the consolidated balance sheet.

As part of CHW's mission to serve the community, CHW provides care to patients even though they may lack adequate insurance or may participate in programs with negotiated or regulated amounts. CHW makes every effort to determine if a patient qualifies for charity care upon admission, though determination may also be made at a later time. After satisfaction of amounts due from insurance, the application of any financial, uninsured or other discounts or payments received on the account, and reasonable efforts to collect from the patient have been exhausted, CHW 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 CHW.

Inventory - Inventories are stated at the lower of cost or market value, determined using the first-in, first-out method.

Investments and Investment Income – The CHW Board of Directors Investment Committee establishes guidelines for investment decisions. Within those guidelines, CHW invests in equity and debt securities which are measured at fair value and are classified as trading securities.

CHW also invests in alternative investments through limited partnerships. Alternative investments are comprised of private equity, real estate, and hedge fund-of-funds vehicles. CHW receives a proportionate share of the investment gains and losses of the partnerships. The limited partnerships generally contract with managers who have full discretionary authority over the investment decisions, within CHW guidelines These alternative investment vehicles invest in equity securities, fixed income securities, currencies, real estate, and derivatives.

CHW accounts for its ownership interests in these alternative investments under the equity method, whose value is based on the net asset value ("NAV"), which approximates fair value, and is determined using investment valuations provided by the external investment managers and fund managers or the general partners. CHW reviews and evaluates the valuations received from third parties. Fair value is the estimated net realizable value of holdings priced at quoted market value (where market quotations are available), historical cost or other estimates including appraisals.

Alternative investments generally are not marketable and many alternative investments have underlying investments which may not have quoted market values The estimated value of such investments is subject to uncertainty and could differ had a ready market existed Such differences could be material CHW's risk is limited to its capital investment in each investment and capital call commitments as discussed in Note 7.

CHW accounts for its investments on a trade date basis. Amounts due to/from brokers for investment activity for transactions that have been initiated prior to the consolidated balance sheet date that are formally settled subsequent to the consolidated balance sheet date are recorded in other current assets for sales and in other current liabilities for purchases.

Investment income or loss is included in excess of revenues over expenses unless the income or loss is restricted by donor or law. Income earned on tax-exempt borrowings for specific construction projects is offset against interest expense capitalized for such projects.

Board-Designated Assets for Capital Projects – The Board of Directors has a policy of funding depreciation, to the extent that funds are available, to be used for replacement, expansion and improvement of operating property and equipment.

Deferred Financing Costs and Original Issue Discounts/Premiums on Bond Indebtedness – CHW amortizes deferred financing costs and original issue discounts/premiums on bond indebtedness over the estimated average period the related bonds will be outstanding Deferred financing costs are included in other long-term assets. Original issue discounts/premiums are recorded with the related debt

Property and Equipment – Property and equipment are stated at cost, if purchased, and at fair market value, if donated. Depreciation of property and equipment is provided using the straight-line method for financial statement purposes. Amortization of capital leases is included in depreciation expense. Estimated useful lives by classification are as follows:

Land improvements	2 to 40 years
Buildings	3 to 65 years
Equipment	2 to 40 years
Software development	5 to 10 years

Asset Retirement Obligations – CHW recognizes the fair value of a liability for legal obligations associated with asset retirements in the period in which it is incurred, if a reasonable estimate of the fair value of the obligation can be made. When the liability is initially recorded, CHW capitalizes the cost of the asset retirement obligation by increasing the carrying amount of the related long-lived asset. The liability is accreted to its present value each period, and the capitalized cost associated with the retirement obligation is depreciated over the useful life of the related asset. Upon settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the consolidated statements of operations and changes in net assets.

Asset Impairment – CHW routinely evaluates the carrying value of its long-lived assets for impairment or whenever events or changes in circumstances indicate that the carrying amount of the asset, or related group of assets, may not be recoverable from estimated future undiscounted cash flows generated by the underlying tangible assets. When the carrying value of an asset exceeds the estimated recoverability, an asset impairment charge is recognized. No asset impairment charges were recorded in 2011 or 2010.

Fair Value of Financial Instruments – The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities approximate fair value due to their short maturities. The fair value of investments is disclosed in Note 7 and the fair value of debt is disclosed in Note 13.

Derivative Instruments – It is CHW's policy to provide sound stewardship of fiscal resources by effectively managing both the level of outstanding debt and the proportion of variable to fixed rate debt. Accordingly, CHW periodically enters into derivative arrangements to manage interest rate risk related to variable rate debt. CHW records derivative instruments on the consolidated balance sheet as either an asset or liability measured at its fair value (Notes 7 and 14).

For derivative instruments designated as cash flow hedges, the effective portion of the change in fair value is included in change in accumulated unrealized derivative gains and losses in unrestricted net assets in the consolidated statements of operations and changes in net assets. Amounts recorded in unrestricted net assets are reclassified into earnings in the same period or periods during which the hedged transaction affects excess of revenues over expenses. The portion of the change in fair value of derivative instruments deemed ineffective is recorded within interest expense, net, in the consolidated statements of operations and changes in net assets. As of January 1, 2010, no interest rate swaps were designated as cash flow hedges.

For derivative instruments that discontinue hedge accounting treatment, the cumulative amount that has been charged or credited to net assets is reclassified to interest expense, net, in the consolidated statements of operations and changes in net assets in the same period or periods during which the previously hedged transaction affects excess of revenues over expenses.

For derivative instruments that have not been designated as hedges, changes in fair value are included in interest expense, net, in the consolidated statements of operations and changes in net assets.

Ownership Interests in Health-Related Activities – Generally, when the ownership interest in health-related activities is more than 50% and CHW has a controlling interest, the ownership interests are consolidated and a noncontrolling interest is recorded in unrestricted net assets. Changes in noncontrolling interests related to revenues, expenses, gains and losses of consolidated investments in health-related activities are recorded in purchased services and other expense. When the ownership interest is at least 20%, but not more than 50%, or CHW has the ability to exercise significant influence over operating and financial policies of the investee, it is accounted for under the equity method and the income or loss is reflected in revenue from health-related activities, net. Ownership interests for which CHW's ownership is less than 20% or for which CHW does not have the ability to exercise significant influence are carried at the lower of cost or estimated net realizable value. Other than the investments in Scripps Health, Mercy Care Plan and Phoenix Children's Hospital, Inc. (Note 10), these ownership interests are not material to the consolidated financial statements.

Self-Insurance Plans – CHW has established self-insurance programs for workers' compensation benefits for employees and for hospital professional and general liability risks CHW is also self-insured for certain employee medical benefits

- *Workers' Compensation and Hospital Professional and General Liabilities* – Annual self-insurance expense under these programs is based on past claims experience and projected losses. Actuarial estimates of uninsured losses for each program, using a 70% confidence level and discounted at 4.25% at June 30, 2011 and 2010, have been accrued as liabilities and include an actuarial estimate for claims incurred but not reported. Insurance coverage in excess of the per-occurrence self-insured retention has been secured with insurers or reinsurers for specified amounts for workers' compensation and professional and general liabilities. CHW maintains separate trusts for these programs from which claims and related expenses and costs of administering the plans are paid CHW's policy is to fund the trusts such that over time, assets held equal liabilities for claims incurred for workers' compensation and claims made for professional liability risks.

  Liabilities consist of the following as of June 30, 2011 and 2010 (in thousands):

	2011	2010
Liabilities, undiscounted	$ 622,566	$ 489,697
Less discount	(66,118)	(55,608)
Liabilities, current and noncurrent	$ 556,448	$ 434,089

  An additional expense of $3.7 million was recorded during 2010 related to changes in the discount rate Self-insurance expense was increased by $63.5 million in 2011 and decreased by $25.3 million in 2010, related to revisions to prior years' actuarially estimated liabilities. The expenses and related adjustments are recorded in salaries and benefits for workers' compensation benefits and in purchased services and other for hospital professional and general liability risks in the accompanying consolidated statements of operations and changes in net assets.

- *Medical Benefits* – The liability for payment of incurred and unpaid claims is included in other accrued liabilities on the accompanying consolidated balance sheets.

Net Patient Revenue – Gross patient revenue is recorded on the basis of usual and customary charges. Gross patient revenue was $37 7 billion and $35.0 billion in 2011 and 2010, respectively. The percentage of inpatient and outpatient services is as follows.

	2011	**2010**
Inpatient services	65%	66%
Outpatient services	35%	34%

The following table reflects the estimated percentage of gross patient revenues by major payor groups:

	2011	**2010**
Medicare fee for service	31%	31%
Medicare capitated	1%	1%
Medicare managed care fee for service	9%	9%
Medicaid fee for service	15%	15%
Medicaid managed care fee for service	6%	5%
Contracted rate payors	28%	29%
Commercial capitated	2%	2%
Self pay	4%	4%
Other	4%	4%
Total	100%	100%

CHW has agreements with third-party payors that provide for payments to CHW at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, per diem payments, discounted charges and reimbursed costs. Net patient revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated settlements under negotiated payment agreements with third-party payors. Settlements with third-party payors are accrued on an estimated basis in the period in which the related services are rendered and adjusted in future periods as final settlements are determined.

Inpatient acute care services, outpatient services and skilled nursing services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Certain inpatient nonacute services and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost settlement methodology.

Medicaid and contracted-rate payors are paid on a per diem, per discharge, modified cost or capitated basis, or a combination of these.

In 2011 and 2010, net patient revenue included $39.1 million and $42 2 million, respectively, relating to prior years' settlements from Medicare, Medicaid and other programs.

Certain CHW hospitals qualified for and received Medi-Cal funding as disproportionate-share hospitals from the State of California in 2011 and 2010. The amount received was $74 1 million and $96.9 million, respectively, and is included in net patient revenue

In January 2010, the State of California enacted legislation that provided for supplemental Medi-Cal payments to certain hospitals funded by a quality assurance fee paid by participating hospitals and matching federal funds ("the 2010 Hospital Fee Program"). The legislation covered the period of April 1, 2009 through December 31, 2010. The Centers for Medicare & Medicaid Services ("CMS") approved the 2010 Hospital Fee Program in its entirety in December 2010, and therefore all activity of the program was recognized during the year ended June 30, 2011, resulting in net additional income of $198.8 million. The supplemental payments received during the year ended June 30, 2011, encompassed fee-for-service payments to CHW directly from the California Department of Health Care Services as well as payments routed through managed care plans, amounting in total to approximately $583.7 million. These payments were recorded in net patient revenue in the consolidated statements of operations and changes in net assets. Quality assurance fees assessed to and paid by CHW during the year ended June 30, 2011, were $359.1 million and were recorded in purchased services and other in the consolidated statements of operations and changes in net assets.

The California Hospital Association created a private program, the California Health Foundation and Trust ("CHFT"), established for several purposes, including aggregating and distributing financial resources to support charitable activities at various hospitals and health systems in California (together with the supplemental payments and the quality assurance fee discussed above, the "2010 Provider Fee Program"). Upon approval of the legislation noted above in December 2010, CHW recorded a pledge to a grant fund established by CHFT in the amount $25.8 million, which was paid during the year ended June 30, 2011, and recorded in purchased services and other in the consolidated statements of operations and changes in net assets.

In April 2011, the State of California enacted legislation that continues the provider fee program covering the period of January 1, 2011, through June 30, 2011, subject to review and approval by CMS (the "2011 Provider Fee Program", together with the CHFT pledge discussed below). The legislation was implemented beginning in May 2011, and, as such, CHW received $185.3 million in supplemental payments and paid fees of $121.2 million, prior to June 30, 2011. As final approval from CMS was not obtained prior to June 30, 2011, recognition of these amounts in the consolidated statement of operations and changes in net assets has been deferred and the amounts are recorded in other current liabilities and other current assets, respectively.

An additional pledge agreement was executed in May 2011 between CHW and CHFT whereby CHW anticipates paying $8 7 million into a grant fund established by CHFT, of which $5.2 million was paid prior to June 30, 2011. The recognition of these expenditures has also been deferred pending final approval of the legislation noted above.

Remaining supplemental payments anticipated to be received under the program of $42.9 million and remaining amounts to be paid pursuant to the CHFT agreement of $3.5 million have not been recorded as of June 30, 2011, pending final approval of the 2011 Provider Fee Program by CMS. The total net income of the 2011 Provider Fee Program of approximately $98.3 million is anticipated to be recognized in the fall of 2011

Payments related to Medicaid provider fee programs are matched through the Federal Medical Assistance Program. Twenty-two states, including California, have a provider fee program. On August 31, 2011, the California legislature passed an additional 30-month program that, upon final approval by CMS, will cover the period from July 1, 2011 through December 31, 2013

Premium Revenue – CHW has at-risk agreements with various payors to provide medical services to enrollees. Under these agreements, CHW receives monthly payments based on the number of enrollees, regardless of services actually performed by CHW. CHW accrues costs when services are rendered under these contracts, including estimates of incurred but not reported ("IBNR") claims and amounts receivable/payable under risk-sharing arrangements. The IBNR accrual includes an estimate of the costs of services for which CHW is responsible, including out-of-network services.

Traditional Charity Care – Charity care is free or discounted health services provided to persons who cannot afford to pay and who meet CHW's criteria for financial assistance. The amount of services quantified at customary charges was $713.8 million and $705.6 million, for 2011 and 2010, respectively, as discussed in Note 4.

Other Operating Revenue – Other operating revenue includes net gains and losses on the sale of assets, cafeteria revenues, rental revenues, contributions released from restrictions and other nonpatient-care revenues.

Contributions and Restricted Net Assets – Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is met, temporarily restricted net assets related to capital purchases are reclassified as unrestricted and reflected as net assets released from restrictions used for the purchase of property and equipment on the statements of changes in net assets, whereas temporarily restricted net assets related to other gifts are reclassified as unrestricted and recorded as other operating revenue in unrestricted revenues and other support. Gifts received with no restrictions are recorded as contributions in unrestricted revenues and other support. Gifts of long-lived operating assets, such as property and equipment, are reported as unrestricted net assets unless specified by the donor.

Unconditional promises to give cash and other assets to CHW are recorded at fair value at the date the promise is received Conditional promises to give are recorded when the conditions have been substantially met Indications of intentions to give are not recorded; such gifts are recorded at fair value only upon actual receipt of the gift. Investment income on temporarily or permanently restricted net assets is classified pursuant to the intent or requirement of the donor.

Endowment assets include donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period. CHW preserves the fair value of these gifts as of the date of donation unless otherwise stipulated by the donor. The portion of donor-restricted endowment funds that are not classified in permanently restricted net assets are classified as temporarily restricted net assets until those amounts are appropriated for expenditure. CHW considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the organization and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the organization, and (7) the investment policies of CHW

CHW has investment and spending policies for endowment assets designed to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets.

Endowment assets are invested in a manner that is intended to produce results that achieve the respective benchmark while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives. CHW relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). CHW targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that CHW is required to retain as a fund of perpetual duration. Deficits of this nature are reported in unrestricted net assets, unless otherwise specified by the donor.

Community Benefits – As part of its mission. CHW provides services to the poor and benefits for the broader community. The costs incurred to provide such services are included in excess of revenues over expenses in the consolidated statements of operations and changes in net assets. CHW prepares a summary of unsponsored community benefit expense in accordance with Internal Revenue Service Form 990, Schedule H, and the Catholic Health Association of the United States ("CHA") publication, *A Guide for Planning and Reporting Community Benefit* (Note 4).

Interest Expense – Interest expense on debt issued for construction projects is capitalized until the projects are placed in service. The components of interest expense, net, include the following (in thousands):

	2011	2010
Interest and fees on debt and swap cash settlements	$ 228,763	$ 222,700
Market adjustment on swaps and amortization of amounts in unrestricted net assets	(40,983)	57,135
Total interest expense	187,780	279,835
Capitalized interest expense	(20,209)	(35,829)
Interest expense, net	$ 167,571	$ 244,006

Income Taxes – CHW has established its status as an organization exempt from income taxes under the Internal Revenue Code Section 501(c)(3) and the laws of the states in which it operates. Certain subsidiaries are subject to income taxes; such amounts are not significant to the consolidated financial statements.

Performance Indicator – Management considers excess of revenues over expenses to be CHW's performance indicator. Excess of revenues over expenses includes all changes in unrestricted net assets except for the effect of changes in accounting principles, gain from discontinued operations, changes in net unrealized gains and losses on available-for-sale investments, net assets released from restrictions used for purchase of property and equipment, change in funded status of pension and other postretirement benefit plans, change in noncontrolling interest in health-related activities, change in accumulated unrealized derivative gains and losses, and donated property and equipment.

Transactions between Related Organizations – Certain Obligated Group members have a policy whereby assets are periodically transferred as charitable distributions to nonprofit corporations that are subordinate corporations of CHW but are not members of the Obligated Group. The subordinate corporations conduct charitable healthcare, educational and religious activities and support subordinate nonprofit healthcare organizations These transfers are accounted for as direct charges to the Obligated Group members' unrestricted net assets and direct credits to the subordinate corporations' unrestricted net assets. It is anticipated that Obligated Group members will continue to make asset transfers to the subordinate corporations.

Recent Accounting Pronouncements – In July 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* ("ASU 2011-07") which amended Accounting Standards Codification ("ASC") No. 954, *Health Care Entities* ("ASC 954") to provide greater transparency regarding a health care entity's net patient revenue and the related allowance for doubtful accounts. ASU 2011-07 requires certain health care entities to change the presentation of the provision for bad debts associated with patient service revenue by reclassifying the provision from operating expenses to a deduction from net patient revenue and requires enhanced disclosures about net patient revenue and the policies for recognizing revenue and assessing bad debts. The adoption of ASU 2011-07 is effective for CHW beginning July 1, 2012. The adoption of ASU 2011-07 is not expected to have a material impact on CHW's consolidated financial statements.

In May 2011, the FASB issued ASU No. 2011-04, *Fair Value Measurement (Topic 820), Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S GAAP and IFRSs* ("ASU 2011-04"), which amended ASC No. 820, *Fair Value Measurement* ("ASC 820") to change the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. The adoption of ASU 2011-04 is effective for CHW beginning January 1, 2012. The adoption of ASU 2011-04 is not expected to have a material impact on CHW's consolidated financial statements.

In August 2010, the FASB issued ASU No. 2010-24, *Health Care Entities (Topic 954), Presentation of Insurance Claims and Related Insurance Recoveries* ("ASU 2010-24"), which clarifies that a health care entity should not net insurance recoveries against a related claim liability. Additionally, the amount of the claim liability should be determined without consideration of insurance recoveries. The adoption of ASU 2010-24 is effective for CHW beginning July 1, 2011. The adoption of ASU 2010-24 is not expected to have a material impact on CHW's consolidated financial statements.

In August 2010, the FASB issued ASU No. 2010-23, *Health Care Entities (Topic 954), Measuring Charity Care for Disclosure* ("ASU 2010-23"), which requires that cost be used as a measurement for charity care disclosure purposes and that cost be identified as the direct and indirect costs of providing the charity care. It also requires disclosure of the method used to identify or determine such costs. The adoption of ASU 2010-23 is effective for CHW beginning July 1, 2011. The adoption of ASU 2010-23 is not expected to have a material impact on CHW's consolidated financial statements.

In January 2010, the FASB issued ASU No. 2010-06, *Improving Disclosures about Fair Value Measurements* ("ASU 2010-06"), which amended ASC 820 to require new disclosures related to transfers in and out of Level 1 and Level 2 fair value measurements, including reasons for the transfers, and to require new disclosures related to activity in Level 3 fair value measurements. CHW adopted the provisions of ASU 2010-06 relating to activity in Level 3 fair value measurements beginning July 1, 2010. The adoption of ASU 2010-06 did not have a material impact on CHW's consolidated financial statements.

In June 2009, the FASB issued ASU No. 2009-16, *Accounting for Transfers of Financial Assets, an amendment of FASB Statement No. 140* ("ASU 2009-16"). The objective of ASU 2009-16 is to improve the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial reports about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor's continuing involvement in transferred financial assets. The provisions of ASU 2009-16 were adopted by CHW effective July 1, 2010, and did not have a material impact on the consolidated financial statements.

In April 2009, the FASB issued ASU 2010-07, *Not-for-Profit Entities: Mergers and Acquisitions, including an amendment of FASB Statement No. 142* ("ASU 2010-07"). This statement provides guidance on accounting for a combination of not-for-profit entities and applies to a combination that meets the definition of either a merger of not-for-profit entities or an acquisition by a not-for-profit entity. This statement amends both Statement of Financial Standards ("SFAS") No. 142, *Goodwill and Other Intangible Assets* and SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements* to make their provisions fully applicable to not-for-profit entities. The provisions of ASU 2010-07, which are to be applied prospectively for business combinations, were effective for CHW January 1, 2010, and had no impact on CHW's financial statements. CHW adopted the provisions relating to noncontrolling interests as of July 1, 2010, and reclassified the noncontrolling interest from other liabilities to unrestricted net assets for all periods presented on the condensed consolidated balance sheets and has separately reported the change in the noncontrolling interest in unrestricted net assets in the statements of changes in net assets for all periods presented. CHW adopted the provisions related to goodwill and other intangible assets as of July 1, 2010, and ceased amortization of goodwill. The adoption did not have a material impact on CHW's financial statements.

Subsequent Events - CHW has evaluated subsequent events occurring between the end of the most recent fiscal year and September 16, 2011, the date the financial statements were available to be issued. See Note 2 (provider fee), Note 13, Note 14 and Note 16.

3. MERGERS, ACQUISITIONS AND DIVESTITURES

The accompanying consolidated statements of operations and changes in net assets reflect the results of the operations of facilities sold, closed or held for sale as discontinued operations for all periods presented, including revenues of $5.3 million and $4.6 million for 2011 and 2010, respectively.

4. UNSPONSORED COMMUNITY BENEFIT EXPENSE (UNAUDITED)

Unsponsored community benefits are programs or activities that provide treatment and/or promote health and healing as a response to identified community needs. These benefits (a) generate a low or negative margin, (b) respond to the needs of special populations, such as persons living in poverty and other disenfranchised persons, (c) supply services or programs that would likely be discontinued, or would need to be provided by another nonprofit or government provider, if the decision was made on a purely financial basis, (d) respond to public health needs, and/or (e) involve education or research that improves overall community health.

Benefits for the Poor include services provided to persons who are economically poor or are medically indigent and cannot afford to pay for healthcare services because they have inadequate resources and/or are uninsured or underinsured.

Benefits for the Broader Community refer to persons in the general communities that CHW serves, beyond and including those in a target population. Most services for the broader community are aimed at improving the health and welfare of the overall community. Such services include the interest rate differential on below market rate loans that CHW makes to nonprofit community-based organizations that promote the total health of their communities, including the development of affordable housing for low-income persons and families, increasing opportunities for jobs and job training, and expanding access to healthcare for uninsured and underinsured persons. As of June 30, 2011 and 2010, CHW's community investment loan portfolio totaled $38 7 million and $35.5 million, respectively, which is included in other assets limited as to use.

Traditional Charity Care is free or discounted health services provided to persons who cannot afford to pay and who meet CHW's criteria for financial assistance. The amount of services quantified at customary charges was $713.8 million and $705.6 million, for 2011 and 2010, respectively.

Net Community Benefit, excluding the unpaid cost of Medicare, is the total cost incurred after deducting direct offsetting revenue from government programs, patients, and other sources of payment or reimbursement for services provided to program patients. The comparable amount of net community benefit was $985.1 million for 2010. Net Community Benefit including the unpaid cost of Medicare was $1.3 billion for 2010

The following is a summary of CHW's community benefits for 2011, in terms of services to the poor and benefits for the broader community, which has been prepared in accordance with Internal Revenue Service Form 990, Schedule H and the CHA publication, *A Guide for Planning and Reporting Community Benefit* (dollars in thousands):

	Unaudited				
	Persons Served	**Total Benefit Expense**	**Direct Offsetting Revenue**	**Net Community Benefit**	**% of Total Expenses Excluding Bad Debt Expense**
Benefits for the poor.					
Traditional charity care	97,422	$ 158,787	$ (6,224)	$ 152,563	1.6%
Unpaid costs of Medicaid / Medi-Cal	1,035,601	2,219,970	(1,774,997)	444,973	4.7%
Other means-tested programs	253,140	109,368	(45,390)	63,978	0.7%
Community services:					
Community health services	552,089	52,143	(2,858)	49,285	0.5%
Health professions education	21,637	10,998	-	10,998	0.1%
Subsidized health services	219,756	44,417	(7,029)	37,388	0.4%
Donations	233,077	37,214	(234)	36,980	0.4%
Community building activities	15,081	3,219	(1,577)	1,642	0.0%
Community benefit operations	19,210	6,984	-	6,984	0.1%
Total community services for the poor	1,060,850	154,975	(11,698)	143,277	1.5%
Total benefits for the poor	2,447,013	2,643,100	(1,838,309)	804,791	8.5%
Benefits for the broader community:					
Community services:					
Community health services	2,004,902	29,301	(6,298)	23,003	0.2%
Health professions education	52,255	74,413	(9,284)	65,129	0.7%
Subsidized health services	124,290	12,010	(984)	11,026	0.1%
Research	5,057	24,507	(341)	24,166	0.3%
Donations	202,417	7,935	(29)	7,906	0.1%
Community building activities	63,555	8,152	(4)	8,148	0.1%
Community benefit operations	937	2,908	(25)	2,883	0.0%
Total benefits for the broader community	2,453,413	159,226	(16,965)	142,261	1.5%
Total Community Benefits	4,900,426	$ 2,802,326	$(1,855,274)	$ 947,052	10.0%
Unpaid costs of Medicare	1,109,062	2,448,998	(2,019,641)	429,357	4.5%
Total Community Benefits including unpaid costs of Medicare	6,009,488	$ 5,251,324	$(3,874,915)	$ 1,376,409	14.5%

5. OTHER CURRENT ASSETS

Other current assets consist of the following at June 30, 2011 and 2010 (in thousands):

	2011	2010
Inventories	$ 159,362	$ 153,327
Receivables, other than patient accounts receivable	168,713	101,218
Other prepaid expenses	60,552	51,732
Due from brokers for unsettled investment trades and prepaid fund subscriptions	200,150	156,244
Deferred provider fee expense	126,363	-
Deposits	2,789	19,668
Other	25,157	19,593
Total other current assets	$ 743,086	$ 501,782

Amounts reported in 2010 have been changed to reflect the breakout of amounts due from brokers for unsettled investment trades previously reported as other.

6. INVESTMENTS AND ASSETS LIMITED AS TO USE

Investments and assets limited as to use, including assets loaned under securities lending program, consist of the following at June 30, 2011 and 2010 (in thousands):

	2011	2010
Cash and cash equivalents	$ 579,206	$ 585,701
U.S. government securities	903,488	789,927
U.S. corporate bonds	636,035	577,337
U.S. equity securities	1,666,690	1,275,687
Foreign government securities	243,329	204,841
Foreign corporate bonds	7,369	9,703
Foreign equity securities	400,339	309,359
Asset-backed securities	36,938	40,705
Structured debt	105,106	106,722
Private equity investments	102,944	83,344
Multi-strategy hedge fund investments	107,889	152,272
Real estate	162,624	133,674
Other	96,881	84,508
Interest in net assets of unconsolidated foundations	222,943	188,004
Total	$ 5,271,781	$ 4,541,784
Assets limited as to use:		
Current	$ 828,632	$ 692,704
Long-term	3,617,300	3,252,773
Short-term investments	825,849	596,307
Total	$ 5,271,781	$ 4,541,784

The current portion of assets limited as to use includes the amount of assets available to meet current obligations for debt service and claims payments under the self-insured programs for workers' compensation benefits for employees and hospital professional and general liability risks.

Investment income and losses on assets limited as to use, cash equivalents, collateral held under securities lending program, notes receivable, and investments are comprised of the following for 2011 and 2010 (in thousands):

		2011		2010
Interest and dividend income	$	116,293	$	113,674
Net realized gains on sales of securities		182,773		92,715
Net unrealized gains on securities		442,354		215,758
Other, net of capitalized investment income		(21,809)		(19,673)
Total investment income, net	$	719,611	$	402,474

7. FAIR VALUE MEASUREMENTS

CHW accounts for certain assets and liabilities at fair value or on a basis that approximates fair value. A fair value hierarchy for valuation inputs prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels and is determined by the lowest level input that is significant to the fair value measurement in its entirety These levels are:

Level 1: Quoted prices are available in active markets for identical assets or liabilities as of the measurement date. Financial assets and liabilities in Level 1 include U.S. Treasury securities and listed equities.

Level 2: Pricing inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Financial assets and liabilities in this category generally include asset-backed securities, corporate bonds and loans, municipal bonds, and interest rate swaps.

Level 3: Pricing inputs are generally unobservable for the assets or liabilities and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require management's judgment or estimation of assumptions that market participants would use in pricing the assets or liabilities. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques. Financial assets in this category include alternative investments.

The following represents assets and liabilities measured at fair value on a recurring basis and certain assets accounted for under the equity method as of June 30, 2011 and 2010 (in thousands):

	Fair Value Measurements at June 30, 2011 Using			
	Quoted Prices in Active Markets for Identical Instruments (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total Balance at June 30, 2011**
Assets				
Cash and cash equivalents	$ 579,206	$ -	$ -	$ 579,206
U.S. government securities	392,981	510,507	-	903,488
U S. corporate bonds	62,061	573,974	-	636,035
U.S. equity securities	1,461,940	204,750	-	1,666,690
Foreign government securities	5,896	237,433	-	243,329
Foreign corporate bonds	-	7,369	-	7,369
Foreign equity securities	400,339	-	-	400,339
Asset-backed securities	-	36,938	-	36,938
Structured debt	-	105,106	-	105,106
Private equity investments	-	-	102,944	102,944
Multi-strategy hedge fund investments	-	-	107,889	107,889
Real estate	6,805	-	155,819	162,624
Collateral held under securities lending program	-	290,526	-	290,526
Other fund investments	8,724	-	-	8,724
Total assets	$ 2,917,952	$ 1,966,603	$ 366,652	$ 5,251,207
Liabilities				
Interest rate swap instruments	$ -	$ 110,694	$ -	$ 110,694

	Fair Value Measurements at June 30, 2010 Using			
	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Balance at June 30, 2010
Assets				
Cash and cash equivalents	$ 585,701	$ -	$ -	$ 585,701
U.S. government securities	340,926	449,001	-	789,927
U.S. corporate bonds	72,896	504,441	-	577,337
U.S. equity securities	1,113,859	161,828	-	1,275,687
Foreign government securities	23	204,818	-	204,841
Foreign corporate bonds	-	9,703	-	9,703
Foreign equity securities	309,136	223	-	309,359
Asset-backed securities	-	40,705	-	40,705
Structured debt	-	106,722	-	106,722
Private equity investments	-	-	83,344	83,344
Multi-strategy hedge fund investments	-	-	152,272	152,272
Real estate	5,165	-	128,509	133,674
Collateral held under securities lending program	-	272,986	-	272,986
Other fund investments	6,250	-	-	6,250
Total assets	$ 2,433,956	$ 1,750,427	$ 364,125	$ 4,548,508
Liabilities				
Interest rate swap instruments	$ -	$ 160,732	$ -	$ 160,732

Assets and liabilities measured at fair value on a recurring basis and certain assets accounted for under the equity method are reported in short-term investments, assets limited as to use, and other accrued liabilities in the consolidated balance sheet. Such amounts do not include donor-restricted funds or interests in unconsolidated foundations.

There were no significant transfers to or from Levels 1 or 2 during the periods presented.

The Level 2 and 3 instruments listed in the fair value hierarchy tables above use the following valuation techniques and inputs:

For marketable securities such as U.S. and foreign government securities, U.S. and foreign corporate bonds, U.S. and foreign equity securities, asset-backed securities, and structured debt, in the instances where identical quoted market prices are not readily available, fair value is determined using quoted market prices and/or other market data for comparable instruments and transactions in establishing prices, discounted cash flow models and other pricing models. These inputs to fair value are included in industry-standard valuation techniques such as the income or market approach. CHW classifies all such investments as Level 2.

For investments such as private equity funds, multi-strategy hedge funds, or certain real estate fund investments whose fair value is based on pricing not readily determinable, fair value is determined using the calculated net asset value ("NAV"). The value of underlying investments of private equity or hedge funds includes estimates determined based on recent filings, operating results, balance sheet stability, growth, and other business and market sector fundamentals. For Level 3 real estate investments, valuation techniques including the income, sales comparison (market), and cost approaches are used. Significant inputs include contract and market rents, operating expenses, capitalization rates, discount rates, sales of comparable properties, market rent growth trends, as well as the use of the value of the property plus the cost of building a similar structure of equal utility. Due to the significant unobservable inputs present in these valuations, CHW classifies all such investments as Level 3.

The fair value of collateral held under securities lending program classified as Level 2 is determined using the calculated NAV. The collateral held under this program is placed in commingled funds whose underlying investments are valued using techniques similar to those used for the marketable securities noted above. Amounts reported do not include non-cash collateral of $23.7 million and $42.8 million as of June 30, 2011 and 2010, respectively.

The fair value of interest rate swap instruments classified as Level 2 is determined using an industry standard valuation model, which is based on a market approach. A credit risk spread (in basis points) is added as a flat spread to the discount curve used in the valuation model. Each leg is discounted and the difference between the present value of each leg's cash flows equals the market value of the swap. The fair value also considers the risk of each counterparty by including a "credit valuation adjustment" determined by taking into account the nonperformance risk of each counterparty to the swap.

The following table presents the change in the balance of financial assets and liabilities using significant unobservable inputs (Level 3) measured on a recurring basis and certain assets accounted for under the equity method in 2011 and 2010 (in thousands):

	2011			
	Private Equity Investments	**Multi-Strategy Hedge Fund Investments**	**Real Estate**	**Total**
Balance at beginning of period	$ 83,344	$ 152,272	$ 128,509	$ 364,125
Total realized and unrealized gains, net, included in excess of revenues over expenses	11,678	12,751	27,310	51,739
Purchases, issuances, sales and settlements				
Purchases	18,068	89,563	-	107,631
Sales	(10,146)	(146,697)	-	(156,843)
Balance at end of period	$ 102,944	$ 107,889	$ 155,819	$ 366,652
Change in unrealized gains included in investment income, net as of June 30, 2011	$ 10,702	$ 1,881	$ 27,310	$ 39,893

	2010			
	Private Equity Investments	Multi-Strategy Hedge Fund Investments	Real Estate	Total
Balance at beginning of period	$ 63,619	$ 103,780	$ 101,634	$ 269,033
Total realized and unrealized gains (losses), net, included in excess of revenues over expenses	7,192	15,206	(19,082)	3,316
Purchases, issuances, sales and settlements:				
Purchases	14,279	28,817	46,000	89,096
Sales	(1,746)	(552)	(43)	(2,341)
Transfers into Level 3	-	5,021	-	5,021
Balance at end of period	$ 83,344	$ 152,272	$ 128,509	$ 364,125
Change in unrealized gains (losses) included in investment income, net as of June 30, 2010	$ 7,159	$ 15,475	$ (19,082)	$ 3,552

Included within the assets above are investments in certain entities that report fair value using a calculated NAV or its equivalent. The following table and explanations identify attributes relating to the nature and risk of such investments as of June 30, 2011 and 2010 (in thousands):

		As of June 30, 2011			
		Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Level 2					
Commingled funds - debt securities	(1)	$ 202,794	$ -	Daily, Semi-Monthly	1 - 5 days
Commingled funds - equity securities	(2)	203,352	-	Daily, Semi-Monthly, Monthly	1 - 30 days
Collateral held under securities lending program	(3)	290,526	-	Daily	10 days
Total Level 2		$ 696,672	$ -		
Level 3					
Multi-strategy hedge funds	(4)	$ 107,889	$ -	Quarterly, Semi-Annually, Annually	60 - 370 days
Private equity	(5)	102,944	116,595	-	-
Real estate	(6)	155,819	-	Quarterly	90 days
Total Level 3		$ 366,652	$ 116,595		
Total Level 2 and Level 3		$ 1,063,324	$ 116,595		

		As of June 30, 2010			
		Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Level 2					
Commingled funds - debt securities	(1)	$ 166,950	$ -	Daily, Semi-Monthly	1 - 5 days
Commingled funds - equity securities	(2)	160,932	-	Daily, Semi-Monthly, Monthly	1 - 30 days
Collateral held under securities lending program	(3)	272,986	-	Daily	10 days
Total Level 2		$ 600,868	$ -		
Level 3					
Multi-strategy hedge funds	(4)	$ 152,272	$ -	Quarterly, Semi-Annually, Annually	65 - 370 days
Private equity	(5)	83,344	129,310	-	-
Real estate	(6)	128,509	-	-	-
Total Level 3		$ 364,125	$ 129,310		
Total Level 2 and Level 3		$ 964,993	$ 129,310		

(1) This category includes investments in commingled funds that invest primarily in domestic and foreign debt and fixed income securities, the majority of which are traded in over-the-counter markets.

(2) This category includes investments in commingled funds that invest primarily in domestic or foreign equity securities with multiple investment strategies. A majority of the funds attempt to match the returns of specific equity indices.

(3) This category includes investments of collateral held under securities lending program. CHW participates in a securities lending program administered by its custodian as a means to augment income from its portfolio. Securities are loaned to select brokerage firms who in turn post collateral. The collateral is placed in commingled funds that invest primarily in cash and cash equivalents, and domestic and foreign debt securities. In December 2010, the custodian allocated the collateral pool into two separate pools. While CHW can fully withdraw from the program with its custodian at any time, the redemption conditions differ. For the "duration pool", which represents approximately 5.7% of the value of this category at June 30, 2011, CHW can fully withdraw from the program with its custodian, and in return receive proportional distributions of the investments held by the collateral lending fund. For the "liquidity pool", which represents approximately 94.3% of the value of this category at June 30, 2011, no such redemption restrictions are applicable. The cash flow maturity schedule provided by the custodian anticipates that the cash collateral in the duration pool will fully mature and become available through December 2012, with the majority maturing by September 30, 2011. Earlier redemption from the duration pool would result in CHW receiving a proportional share of the in-kind underlying cash collateral.

(4) This category includes investments in hedge funds that pursue diversification of both domestic and foreign fixed income and equity securities through multiple investment strategies. The primary objective for these funds is to seek attractive long-term risk-adjusted absolute returns. A redemption limitation imposed for certain investments representing approximately 1% of the value of this category lapsed on October 1, 2010, at which time liquidity is limited to semi-annual withdrawals with 60 days written notice. A redemption limitation imposed for certain investments representing approximately 3% of the value of this category lapsed on March 30, 2011, at which time liquidity is limited to annual withdrawals with 75 days written notice. A redemption limitation imposed for certain investments representing approximately 1% of the value of this category will lapse on March

30, 2013, at which time liquidity is limited to annual withdrawals with 75 days written notice. A redemption limitation imposed for certain investments representing approximately 28% of the value of this category will lapse on July 1, 2012, at which time liquidity is limited to quarterly withdrawals up to one-third of the investor's shares with 60 days written notice. Approximately 8% of the value of this category requires a notice period of 90 days for redemption. Other investments representing approximately 56% of the value of this category require a notice period of 95 days for redemptions of up to 50% of the investor's shares and 370 days written notice for redemptions greater than 50%. Under certain circumstances, an otherwise redeemable investment or portion thereof could become restricted. Such restrictions were not applicable at June 30, 2011.

(5) This category includes several private equity funds that specialize in providing capital to a variety of investment groups, including but not limited to venture capital, leveraged buyout, mezzanine debt, distressed debt, and other situations. There are no provisions for redemptions during the life of these funds Distributions from each fund will be received as the underlying investments of the funds are liquidated, estimated at June 30, 2011, to be over the next 2-12 years.

(6) This category includes an open-ended real estate fund that invests primarily in institutional quality commercial and residential real estate assets within the United States.

The investments included above are not expected to be sold at amounts that are different from NAV.

8. PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consist of the following at June 30, 2011 and 2010 (in thousands).

	2011	2010
Land	$ 223,873	$ 208,624
Land improvements	114,379	105,485
Buildings	4,371,353	4,239,322
Equipment	3,265,014	3,103,405
Construction in progress	619,223	440,971
Total	8,593,842	8,097,807
Less. Accumulated depreciation	(4,491,291)	(4,203,696)
Property and equipment, net	$ 4,102,551	$ 3,894,111

9. OTHER LONG-TERM ASSETS, NET

Other long-term assets, net, consist of the following at June 30, 2011 and 2010 (in thousands):

	2011	2010
Notes receivable, primarily secured	$ 42,371	$ 50,612
Deferred financing costs, net	27,924	32,120
Goodwill	95,549	82,254
Other	30,319	35,074
Total other long-term assets, net	$ 196,163	$ 200,060

10. OWNERSHIP INTERESTS IN HEALTH-RELATED ACTIVITIES

In August 1995, CHW and Scripps Health ("Scripps") entered into an affiliation agreement to enhance their mutual ability to serve the San Diego community. Through the affiliation, CHW transferred the sole voting membership of one of its subordinate corporations, Mercy Healthcare San Diego ("MHSD") to Scripps, along with the responsibility for its operation and governance. MHSD's principal activity is the operation of a hospital and a network of clinics.

Pursuant to the affiliation agreement, among other things, CHW obtained the right to receive a 20% interest in the annual change in unrestricted net assets of Scripps and the right to 20% of the net proceeds, with certain restrictions, upon the liquidation of Scripps. Scripps has the right to receive from CHW an amount equal to CHW's percentage interest in (i) the annual capital expenditures of Scripps and (ii) the annual amortization of debt principal of Scripps. CHW and Scripps may make an election annually to receive all or a portion of the accumulated but not previously paid amounts under the affiliation agreement, subject to certain conditions. No payments have ever been paid by either party under these provisions. Twenty percent of the members of the Scripps Board of Directors are elected from nominees proposed by CHW.

CHW accounts for the affiliation with Scripps under the equity method. Its investment at June 30, 2011 and 2010, is $334.2 million and $254.5 million, respectively, and is reflected on the accompanying consolidated balance sheets in ownership interests in health-related activities. CHW recorded income of $79.7 million and $50.6 million in revenue from health-related activities, net, for 2011 and 2010, respectively, related to its interest in the unrestricted net assets of Scripps.

In June 1985, CHW and Carondelet Health Network (now a member of Ascension Health) entered into an affiliation agreement by which each affiliate made an investment in Southwest Catholic Healthcare Network, dba Mercy Care Plan. Mercy Care Plan operates a health plan for Arizona's Medicaid program, Arizona Health Care Cost Containment System, with approximately 361,300 enrollees.

CHW accounts for the affiliation with Mercy Care Plan under the equity method. Its investment at June 30, 2011 and 2010, is $94.1 million and $89.4 million, respectively, and is reflected on the accompanying consolidated balance sheets in ownership interests in health-related activities. CHW recorded income of $29.1 million and $24.5 million in revenue from health-related activities, net, for 2011 and 2010, respectively, in the accompanying consolidated statements of operations and changes in net assets related to its interest in the excess of revenues over expenses of Mercy Care Plan. Mercy Care Plan classifies its investment portfolio as available-for-sale. As such, CHW recorded its 50% interest in the net unrealized gains of Mercy Care Plan of $5.5 million and $2.4 million for 2011 and 2010, respectively, in unrestricted net assets.

The following table summarizes the financial position and results of operations for the health-related organizations discussed above which are accounted for under the equity method, as of and for the 12 months ended June 30, 2011 and 2010 (in thousands):

	Scripps Health		Mercy Care Plan	
	2011	**2010**	**2011**	**2010**
Total assets	$ 2,898,114	$ 2,471,030	$ 434,750	$ 406,040
Total liabilities	1,018,806	998,773	246,637	227,251
Total net assets	1,879,308	1,472,257	188,113	178,789
Total revenues, net	2,681,688	2,339,508	1,930,479	1,896,159
Excess of revenues over expenses	$ 377,269	$ 210,473	$ 57,688	$ 51,260

In June 2011, CHW transferred and contributed to Phoenix Children's Hospital, Inc., ("PCH"), an Arizona nonprofit corporation, substantially all of the pediatric program services and related assets of its facility in Phoenix, Arizona. Pursuant to the transaction, CHW obtained 20% of the outstanding membership interests of PCH. CHW accounts for the affiliation with PCH under the equity method. Its investment at June 30, 2011, is $48.2 million and is reflected on the accompanying consolidated balance sheets in ownership interests in health-related activities. CHW recorded a gain on the transaction of $47 3 million, which is recorded in other operating revenue in the accompanying consolidated statements of operations and changes in net assets. The total assets, liabilities and net assets of PCH as of June 30, 2011, were $980.0 million, $666.4 million and $313.6 million, respectively.

Changes in the noncontrolling interests related to revenues, expenses, gains, and losses of consolidated investments in health-related activities of $24.1 million and $19.9 million are included in purchased services and other in the consolidated statements of operations and changes in net assets for 2011 and 2010, respectively. Additional goodwill of $13.3 million (see Note 9) was recorded in 2011 related to the acquisition of interests in health-related organizations. No goodwill impairment was recorded during 2011

11. OTHER ACCRUED LIABILITIES

Other accrued liabilities, net, consist of the following at June 30, 2011 and 2010 (in thousands):

	2011	2010
Accrued interest expense	$ 82,690	$ 84,691
Deferred provider fee revenue	185,280	-
Due to brokers for unsettled investment trades	293,063	340,179
Derivative liabilities	110,694	160,732
Other	199,315	206,089
Total other accrued liabilities	$ 871,042	$ 791,691

12. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

CHW maintains defined benefit retirement plans that cover substantially all eligible employees of CHW. Benefits are generally based on age, years of service and employee compensation. CHW also offers postretirement healthcare benefits to most of its employees. For the majority of covered employees, the benefits are determined based on age, years of service and compensation up to specified amounts.

The plans are actuarially evaluated and involve various assumptions. These assumptions include the discount rate and the expected rate of return on plan assets (for pension), which are important elements of expense and liability measurement. Other assumptions involve demographic factors such as retirement, mortality, turnover and the rate of compensation increases CHW evaluates assumptions annually and modifies them as appropriate. The model allocates pension cost and postretirement costs over the service period of the employees in the plans. The principle underlying this accounting is that employees render service ratably over the period and, therefore, the effects in the consolidated statements of operations and changes in net assets follow the same pattern.

Contributions to the defined benefit retirement plans are based on actuarially determined amounts sufficient to meet the benefits to be paid to plan participants. These plans qualify under a Church Plan Exemption, and as such are not subject to Employee Retirement Income Security Act ("ERISA") funding requirements. CHW's funding policy requires that, at a minimum, contributions equal the unfunded normal cost plus amortization of any unfunded actuarial accrued liability. Contributions to these plans are anticipated at $266.5 million in 2012.

During 2011, CHW amended the retirement plans resulting in a lower benefit obligation as of June 30, 2011, and also lower expense in future years. The most significant provisions include freezing certain ongoing final average pay formulas and replacing them with cash balance formulas, freezing certain past service benefits for employees already in cash balance formulas, modifying the cash balance interest crediting rate to comply with proposed IRS guidelines, and updating the actuarial equivalence definitions and methodology.

The accumulated benefit obligation exceeds plan assets for each of the defined benefit plans and other postretirement plans for the years ended June 30, 2011 and 2010. The following summarizes the benefit obligations and funded status for the defined benefit pension and other postretirement plans for 2011 and 2010 (in thousands):

	2011		2010	
	Retirement Plans	Other Benefit Plans	Retirement Plans	Other Benefit Plans
Change in benefit obligation:				
Benefit obligation at beginning of year	$ 2,757,644	$ 102,270	$ 2,183,762	$ 81,694
Service cost	183,712	6,031	145,726	4,784
Interest cost	163,438	5,497	141,984	5,402
Plan changes/amendments	(169,648)	1,190	3,059	1,894
Actuarial loss	191,822	5,870	355,078	13,002
Acquisitions and other	(5,856)	-	(84)	-
Administrative expenses	(14,930)	-	(12,728)	-
Benefits paid	(71,739)	(5,164)	(59,153)	(4,506)
Benefit obligation at end of year	$ 3,034,443	$ 115,694	$ 2,757,644	$ 102,270
Accumulated benefit obligation	$ 2,644,136	$ 115,694	$ 2,332,274	$ 102,270
Change in plan assets:				
Fair value of plan assets at beginning of year	$ 1,677,799	$ -	$ 1,334,519	$ -
Actual return on plan assets	419,022	-	172,739	-
Employer contributions	270,228	5,164	242,422	4,506
Benefits paid	(71,739)	(5,164)	(59,153)	(4,506)
Acquisitions and other	(4,056)	-	-	-
Administrative expenses	(14,930)	-	(12,728)	-
Fair value of plan assets at end of year, net	$ 2,276,324	$ -	$ 1,677,799	$ -
Funded status	$ (758,119)	$ (115,694)	$(1,079,845)	$ (102,270)

The following table summarizes the amounts recognized in unrestricted net assets as of June 30, 2011 and 2010 (in thousands):

	2011		2010	
	Retirement Plans	Other Benefit Plans	Retirement Plans	Other Benefit Plans
Net actuarial loss	$ 853,992	$ 6,456	$ 1,011,752	$ 796
Prior service cost (credit)	(178,228)	45,272	(10,899)	50,017
Amounts in unrestricted net assets	$ 675,764	$ 51,728	$ 1,000,853	$ 50,813

The estimated net loss and prior service credit for the retirement plans and postretirement plans that will be amortized from unrestricted net assets into net periodic benefit cost in 2012 are $47.3 million and $10.7 million, respectively.

The following table summarizes the amounts recognized in the consolidated balance sheets as of June 30, 2011 and 2010 (in thousands):

	2011		2010	
	Retirement Plans	Other Benefit Plans	Retirement Plans	Other Benefit Plans
Current liabilities	$ (267,374)	$ (7,718)	$ (270,465)	$ (5,401)
Long-term liabilities	(490,745)	(107,976)	(809,380)	(96,869)
Accrued benefit cost	$ (758,119)	$ (115,694)	$(1,079,845)	$ (102,270)

The following table summarizes the weighted-average assumptions used to determine benefit obligations as of June 30, 2011 and 2010 (dollars in thousands):

	2011		2010	
	Retirement Plans	Other Benefit Plans	Retirement Plans	Other Benefit Plans
To determine benefit obligations:				
Discount rate	5.90%	5.70%	6.00%	5.50%
Rate of compensation increase	5.25%	5.25%	5.25%	5.25%
To determine net periodic benefit cost:				
Discount rate	6.00%	5.50%	6.60%	6.80%
Expected return on plan assets	7.50%	N/A	7.50%	N/A
Rate of compensation increase	5.25%	5.25%	5.32%	5 32%

The following table summarizes the components of net periodic cost recognized in the consolidated statements of operations and changes in net assets for 2011 and 2010 (in thousands).

	2011		2010	
	Retirement Plans	Other Benefit Plans	Retirement Plans	Other Benefit Plans
Service cost	$ 183,712	$ 6,031	$ 145,726	$ 4,784
Interest cost	163,438	5,497	141,984	5,402
Expected return on plan assets	(133,205)	-	(105,407)	-
Net prior service cost (credit) amortization	(2,319)	5,935	(2,574)	5,898
Net loss (gain) amortization	61,965	210	46,311	(556)
Net periodic benefit cost	$ 273,591	$ 17,673	$ 226,040	$ 15,528

The following represents the fair value of plan assets, net, measured on a recurring basis as of June 30, 2011 and 2010 (in thousands). See Note 7 for the definition of Levels 1, 2 and 3 in the fair value hierarchy.

	Fair Value Measurements at June 30, 2011 Using			
	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Balance at June 30, 2011
Assets				
Cash and cash equivalents	$ 249,136	$ -	$ -	$ 249,136
U.S. government securities	40,585	97,683	-	138,268
U.S. corporate bonds	-	94,554	-	94,554
U.S. equity securities	868,368	122,508	-	990,876
Foreign government securities	-	89,000	-	89,000
Foreign corporate bonds	-	3,702	-	3,702
Foreign equity securities	320,516	-	-	320,516
Asset-backed securities	-	5,808	-	5,808
Structured debt	-	18,386	-	18,386
Private equity investments	-	-	96,321	96,321
Multi-strategy hedge fund investments	-	-	84,782	84,782
Real estate	6,919	-	101,539	108,458
Collateral held under securities lending program	-	204,466	-	204,466
Other, including due from brokers for unsettled investment trades and prepaid fund subscriptions	-	151,705	112,000	263,705
Total assets	$ 1,485,524	$ 787,812	$ 394,642	$ 2,667,978
Liabilities				
Payable under securities lending program	$ -	$ 204,466	$ -	$ 204,466
Other, including due to brokers for unsettled investment trades	-	187,188	-	187,188
Total liabilities	$ -	$ 391,654	$ -	$ 391,654
Fair value of plan assets, net	$ 1,485,524	$ 396,158	$ 394,642	$ 2,276,324

	Fair Value Measurements at June 30, 2010 Using			
	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Balance at June 30, 2010
Assets				
Cash and cash equivalents	$ 117,371	$ -	$ -	$ 117,371
U.S. government securities	60,730	90,286	-	151,016
U.S corporate bonds	-	95,955	-	95,955
U.S. equity securities	637,226	87,430	-	724,656
Foreign government securities	-	94,003	-	94,003
Foreign corporate bonds	-	5,196	-	5,196
Foreign equity securities	223,705	-	-	223,705
Asset backed securities	-	6,455	-	6,455
Structured debt	-	18,924	-	18,924
Private equity investments	-	-	69,193	69,193
Multi-strategy hedge fund investments	-	-	133,452	133,452
Real estate	3,019	-	85,992	89,011
Collateral held under securities lending program	-	203,306	-	203,306
Other, including due from brokers for unsettled investment trades	-	25,703	-	25,703
Total assets	$ 1,042,051	$ 627,258	$ 288,637	$ 1,957,946
Liabilities				
Payable under securities lending program	$ -	$ 203,306	$ -	$ 203,306
Other, including due to brokers for unsettled investment trades	-	76,841	-	76,841
Total liabilities	$ -	$ 280,147	$ -	$ 280,147
Fair value of plan assets, net	$ 1,042,051	$ 347,111	$ 288,637	$ 1,677,799

Amounts payable under the securities lending program of $203.3 million, and amounts due to and due from brokers for unsettled investment trades of $76.8 million and $25 7 million, respectively, at June 30, 2010, were previously omitted in the fair value measurements table above. The weighted-average allocation disclosure by asset category for 2010 reflects the percentage change impact of these balances.

For information about the valuation techniques and inputs used to measure the fair value of plan assets, see discussion regarding fair value measurements in Note 7.

The following table presents the change in the plan assets using significant unobservable inputs (Level 3) measured on a recurring basis in 2011 and 2010 (in thousands):

	2011				
	Private Equity Investments	Multi-Strategy Hedge Fund Investments	Real Estate	Other	Total
Balance at beginning of period	$ 69,193	$ 133,452	$ 85,992	$ -	$ 288,637
Total realized and unrealized gains, net	14,034	10,881	18,271	-	43,186
Purchases, issuances, sales and settlements					
Purchases	17,175	75,362	-	112,000	204,537
Sales	(4,081)	(134,913)	(2,724)	-	(141,718)
Balance at June 30	$ 96,321	$ 84,782	$101,539	$112,000	$ 394,642
Change in unrealized gains, net as of June 30	$ 13,813	$ 2,677	$ 18,770	$ -	$ 35,260

	2010				
	Private Equity Investments	Multi-Strategy Hedge Fund Investments	Real Estate	Other	Total
Balance at beginning of period	$ 52,053	$ 88,684	$ 69,616	$ -	$ 210,353
Total realized and unrealized gains, (losses), net	6,087	12,068	(18,542)	-	(387)
Purchases, issuances, sales and settlements					
Purchases	12,169	32,777	35,981	-	80,927
Sales	(1,116)	(77)	(1,063)	-	(2,256)
Balance at June 30	$ 69,193	$ 133,452	$ 85,992	$ -	$ 288,637
Change in unrealized gains (losses), net as of June 30	$ 6,021	$ 12,191	$(18,222)	$ -	$ (10)

The following table summarizes the weighted-average asset allocations by asset category for the retirement plans for 2011 and 2010:

	Plan Assets at June 30	
	2011	2010
Cash and cash equivalents	11%	7%
U.S. government securities	6%	9%
U S. corporate bonds	4%	6%
U S. equity securities	44%	43%
Foreign government securities	4%	6%
Foreign equity securities	14%	14%
Structured debt	1%	1%
Private equity investments	4%	4%
Multi-strategy hedge fund investments	4%	8%
Real estate	5%	5%
Other, net	3%	-3%
Total	100%	100%

The asset allocation policy for the retirement plans for 2011 is as follows: domestic fixed income, 20% (which may include U.S. government securities, U.S. corporate bonds, asset-backed securities and/or structured debt); domestic equity 30% (including U.S. equity securities), international equity, 27% (including foreign equity securities); private equity, 10% (which may include private equity investments and/or structured debt); hedge funds, 11% (which may include hedge fund investments, asset-backed securities and/or structured debt); and real estate, 2%.

CHW's investment strategy for the assets of the retirement plans is designed to achieve returns to meet obligations and grow the assets of the portfolio longer term, consistent with a prudent level of risk. The strategy balances the liquidity needs of the retirement plans with the long-term return goals necessary to satisfy future obligations. The target asset allocation is diversified across traditional and non-traditional asset classes. Diversification is also achieved through participation in U.S. and non-U.S. markets, market capitalization, and investment manager style and philosophy. The complimentary investment styles and approaches used by both traditional and alternative investment managers are aimed at reducing volatility while capturing the equity premium from the capital markets over the long term. Risk tolerance is established through consideration of plan liabilities, plan funded status, and corporate financial condition Consistent with CHW's fiduciary responsibilities, the fixed income allocation generally provides for security of principal to meet near term expenses and obligations. Periodic reviews of the market values and corresponding asset allocation percentages are performed to determine whether a rebalancing of the portfolio is necessary

CHW's retirement plan portfolio return assumptions of 7.5% for 2011 and 2010, were based on the long-term weighted average return of comparative market indices for the asset classes represented in the portfolio and discounted for retirement plan expenses, and expectations about future returns.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid (in thousands):

	Retirement Benefits	Other Benefits
2012	$ 85,320	$ 7,718
2013	107,003	8,563
2014	124,050	9,057
2015	142,463	9,415
2016	162,888	10,864
2017 - 2021	1,169,945	62,605
Total	$ 1,791,669	$ 108,222

CHW maintains defined contribution retirement plans for most employees. Employer contributions to those plans of $42.3 million and $39.2 million for 2011 and 2010, respectively, are primarily based on a percentage of a participant's contribution.

Total pension and other postretirement expense under all plans was $341 2 million and $290.0 million for 2011 and 2010, respectively, and is included in salaries and benefits in the consolidated statements of operations and changes in net assets.

13. DEBT

Debt consists of the following at June 30, 2011 and 2010 (in thousands):

	2011	2010
Under Master Trust Indenture:		
Fixed rate debt:		
Fixed rate revenue bonds payable in installments through 2042; interest at 3.5% to 6.0%	$ 2,176,089	$ 2,221,771
Put bonds payable in installments through 2039; interest at 4.5% to 5.0%	456,996	460,354
Senior secured notes payable from 2013 through 2018; interest at 5.7% to 6.5%	374,192	374,075
Total fixed rate debt	3,007,277	3,056,200
Variable rate debt:		
Variable rate demand bonds payable in installments through 2036; interest set at prevailing market rates (0.1% at June 30, 2011)	640,700	645,200
Auction rate certificates payable in installments through 2042; interest set at prevailing market rates (0.2% to 0.9% at June 30, 2011)	324,400	327,900
Notes payable to banks under credit agreement payable in 2014; interest set at prevailing market rates (1.2% at June 30, 2011)	133,509	133,602
Total variable rate debt	1,098,609	1,106,702
Total debt under Master Trust Indenture	4,105,886	4,162,902
Other		
Various notes payable and other debt payable in installments through 2042; interest ranging up to 8.0%	37,526	26,301
Capitalized lease obligations	94,786	55,176
Total debt	4,238,198	4,244,379
Less current portion of long-term debt	(107,381)	(69,910)
Less demand bonds subject to short-term liquidity arrangements	(574,000)	(483,000)
Total long-term debt	$ 3,556,817	$ 3,691,469

Scheduled principal debt payments, net of discounts and considering obligations subject to short-term liquidity arrangements as due according to their long-term amortization schedule, for the next five years and thereafter are as follows (in thousands):

Long-term principal debt payments.	2011
2012	$ 107,381
2013	245,395
2014	305,936
2015	150,577
2016	99,846
Thereafter	3,329,063
Total	$ 4,238,198

Master Trust Indenture – CHW issues debt under a Master Trust Indenture of the Obligated Group which requires, among other things, gross revenue pledged as collateral, certain limitations on additional indebtedness, liens on property, and disposition or transfers of assets, and the maintenance of certain cash balances and other financial ratios. CHW is in compliance with these requirements at June 30, 2011.

***Debt Arrangements* - Fixed Rate Revenue Bonds** – CHW has fixed rate revenue bonds outstanding that may be redeemed, in whole or in part, prior to the stated maturities without a premium.

Put Bonds - CHW has put bonds outstanding with interest rates that were fixed at issuance for 3, 5, 7 and 10-year periods, with bond maturities that extend over longer terms. The bonds are not subject to optional redemption during the fixed rate period but are subject to a mandatory purchase on the respective put redemption date. Prior to a put redemption date, CHW will appoint a remarketing agent to convert the bonds to another fixed rate put period or to a short-term interest rate mode, or CHW will repay the par amount of the mandatory purchase. Put bonds have mandatory purchase dates of July 2011, July 2012 and July 2014 in the amounts of $45.9 million, $210.5 million and $195.0 million, respectively.

Senior Secured Notes Payable – CHW has taxable, senior secured notes outstanding at a fixed interest rate that are due at their stated maturity from 2013 to 2018. Early redemption of the debt, in whole or in part, may require a premium depending on market rates.

Variable Rate Demand Bonds – Variable rate demand bonds ("VRDBs") are remarketed weekly and the VRDBs may be put at the option of the holders. CHW maintains bank letters of credit to support $640.7 million of VRDBs. The letters of credit serve as credit enhancement to ensure the availability of funds to purchase any bonds tendered that the remarketing agent is unable to remarket.

The bank letters of credit supporting $317.0 million of VRDBs were renewed in August 2010. The renewed letters of credit are set to expire in August 2013. The bank letter of credit supporting $66.7 million was renewed in July 2010 and is set to expire in July 2013. In January 2010, CHW negotiated new bank letters of credit, supporting $91.0 million of VRDBs, that expire in June 2012. CHW also has bank letters of credit supporting $166.0 million of VRDBs that mature in November 2012. In the event that the remarketing agent is unable to remarket the VRDBs, the bond trustee will make a draw on the bank letters of credit and the tendered VRDBs will become bank bonds.

Certain bank bonds are subject to various repayment provisions ranging from two to five years with further accelerations upon successful bond remarketing, early redemptions, bond cancellations, conversion to a different interest rate mode, defaults, substitution of letter of credit providers or under certain other conditions.

VRDBs that are not remarketed and are subsequently funded by amounts drawn under the bank letters of credit and held as bank bonds are reported as extinguishments of debt and new borrowings, respectively, in the consolidated statements of cash flows. Repayments of these draws from proceeds of remarketed VRDBs are reported as extinguishments of debt and new borrowings, respectively, in the consolidated statements of cash flows.

Auction Rate Certificates – CHW has $240.0 million of auction rate certificates ("ARCs") that are remarketed weekly and $84.4 million of ARCs that are remarketed every 35 days. The certificates are insured by various bond insurers. Holders of ARCs are required to hold the certificates until the remarketing agent can find a new buyer for any tendered certificates.

Notes Payable to Bank Under Credit Agreement – CHW maintained a $350.0 million syndicated line of credit facility during 2010 for working capital, letters of credit, capital expenditures and other general corporate purposes. In August 2010, the facility was renegotiated at an increased amount of $480 0 million. During 2011 and 2010, the maximum amount outstanding under the syndicated credit facility was $133.5 million and $133.6 million, respectively There were no letters of credit issued under this facility as of June 30, 2011 and 2010.

CHW has a $20.0 million single bank line of credit facility for letters of credit. Letters of credit issued under this facility were $12.9 million and $16.7 million as of June 30, 2011 and 2010, respectively, but no amounts have been drawn.

Both credit facilities were renewed in August 2010 with credit facilities that expire August 2013.

2011 Financing Activity – During 2011, CHW renewed several letters of credit and the lines of credit as described above (see "Variable Rate Demand Bonds" and "Notes Payable to Bank Under Credit Agreement").

Subsequent to June 30, 2011, CHW issued $106.5 million of tax-exempt fixed rate bonds with a premium of $8 5 million to repay $115.0 million of previously outstanding bonds. CHW also repaid $30.5 million of outstanding bonds and the $45.9 million put bond with a draw on its syndicated line of credit.

No loss on early extinguishment of debt was recorded related to these transactions.

2010 Financing Activity - During 2010, CHW issued $139.5 million of fixed rate bonds and $160.6 million of 3 and 5-year put bonds to refund $306.3 million of previously outstanding bonds. The put bonds mature in installments through July 2029 and have mandatory purchase dates of 2012 and 2014. The proceeds used to refund previously outstanding VRDBs were placed in an irrevocable trust and the bonds were legally defeased.

In November 2009, CHW exchanged $166.0 million of VRDBs for new VRDBs with identical terms to replace two letters of credit from a bank syndicate with two letters of credit from a single bank. The new letters of credit expire in November 2012.

CHW recorded a loss of $2.7 million on the early extinguishment of debt related to these transactions.

In January 2010, CHW replaced two letters of credit from a bank syndicate with two new letters of credit from a single bank. The new letters of credit, which expire in June 2012, provide liquidity for $91.0 million of VRDBs.

Fair Values of Debt - The fair value of CHW's debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to CHW for debt of the same remaining maturities. The carrying value of CHW's debt is reported within the current portion of long-term debt, demand bonds subject to short-term liquidity arrangements and long-term debt, net of current portion, on the statement of financial position. The estimated fair values of CHW's long-term debt instruments as of June 30, 2011 are as follows (in thousands):

	Carrying Value	Fair Value
Debt issued under Master Trust Indenture:		
Fixed rate revenue bonds	$ 2,176,089	$ 2,200,701
Put bonds	456,996	477,683
Senior secured notes payable	374,192	426,234
Variable rate demand bonds	640,700	640,700
Auction rate certificates	324,400	324,400
Notes payable to bank under credit agreement	133,509	133,509
Total debt under Master Trust Indenture	4,105,886	4,203,227
Other	132,312	132,312
Total debt	$ 4,238,198	$ 4,335,539

The fair value amounts do not represent the amount CHW would be required to expend to retire the indebtedness.

14. DERIVATIVE INSTRUMENTS

As of June 30, 2011, CHW has 16 floating-to-fixed interest rate swaps. CHW uses floating-to-fixed interest rate swaps to manage interest rate risk associated with outstanding variable rate debt. Under these swaps, CHW receives a percentage of LIBOR ranging from 57.00% to 58.96% plus a spread ranging from 0.13% to 0.32% and pays a fixed rate. Counterparties to these swaps are JPMorgan and Citibank for $369.8 million and $574 7 million, respectively, of the notional amounts outstanding.

In August 2011, CHW novated swaps with a notional amount of $343.1 million from Citibank to Deutsche Bank.

In December 2010, CHW terminated four floating-to-fixed interest rate swaps prior to their scheduled maturities in the aggregate notional amount of $201.3 million. The termination payment included the market value of the swaps of negative $12.0 million which was recorded as a swap cash settlement in interest expense, net. Since swaps are recorded at market value, no gain or loss was recognized on this transaction.

Effective January 1, 2010, all remaining interest rate swaps in qualifying cash flow hedging relationships were dedesignated and discontinued hedge accounting treatment. From the date of dedesignation forward, the changes in fair value of these swaps are recorded in interest expense, net. As of June 30, 2011 and 2010, there were no interest rate swaps designated as cash flow hedging instruments.

In July 2009, certain interest rate swaps with an outstanding notional amount of $306.3 million discontinued hedge accounting in anticipation of the related hedged bonds being refinanced in November 2009 with fixed rate debt and put bonds. As a result, changes in fair value of these swaps are recorded in interest expense, net.

The following table shows the outstanding notional amount of derivative instruments measured at fair value as reported in other accrued liabilities in the consolidated balance sheet as of June 30, 2011 and 2010 (in thousands).

	Maturity Date of Derivatives	Fixed Rate	Notional Amount Outstanding	Fair Value
			June 30, 2011	
Derivatives not designated as hedges				
Interest rate swaps	2026 - 2042	3.2% - 3.4%	$ 944,525	$ (110,694)
			June 30, 2010	
Derivatives not designated as hedges				
Interest rate swaps	2023 - 2042	3.0% - 3.4%	$ 1,161,075	$ (160,732)

Changes in fair value of derivative instruments have been recorded for 2011 and 2010 as follows (in thousands):

	2011	2010
Loss recognized in unrestricted net assets (effective portion of hedges):		
Interest rate swaps	$ -	$ (2,002)
Loss reclassified from unrestricted net assets into interest expense, net, related to derivatives in cash flow hedging relationships:		
Interest rate swaps - net settlements	-	(5,187)
Interest rate swaps - amortization	(9,055)	(6,954)
Total	$ (9,055)	$ (12,141)
Gain (loss) recognized in interest expense, net:		
Changes in fair value		
Ineffective portion of hedges - interest rate swaps	$ -	$ 111
Non-hedged derivatives - interest rate swaps	50,038	(50,292)
Total changes in fair value	50,038	(50,181)
Amortization of amounts in unrestricted net assets - interest rate swaps	(9,055)	(6,954)
Total	$ 40,983	$ (57,135)

Of the amounts classified in unrestricted net assets as of June 30, 2011, CHW anticipates reclassifying approximately $2.7 million of additional non-cash losses from unrestricted net assets into interest expense, net, in the next twelve months. Amounts in unrestricted net assets will be amortized into earnings as the interest payments being economically hedged are made.

Of the $944 5 million notional amount of interest rate swaps held by CHW, $240.0 million are insured and have a negative fair value of $30.6 million at June 30, 2011. In the event the insurer (FSA) is downgraded below A2/A or A3/A- (Moody's/Standard and Poor's), the counterparties have the right to terminate the swaps if CHW does not provide alternative credit support acceptable to them within 30 days of being notified of the downgrade If the insurer is downgraded below the thresholds noted above and CHW is downgraded below Baa3/BBB- (Moody's/Standard and Poor's), the counterparties have the right to terminate the swaps. In August 2011, at the request of CHW and Deutsche Bank, the counterparty to the swaps, the insurance was removed from swaps with a notional amount of $80.0 million.

CHW has $704.5 million of interest rate swaps that are not insured. While CHW has the right to terminate the swaps prior to maturity for any reason, the counterparties have the right to terminate the swaps at each five-year anniversary date commencing in 2013. The termination value would be the fair market value or the replacement cost of the swaps, depending on the circumstances. These interest rate swaps with a negative fair value of $80.1 million at June 30, 2011, have certain early termination triggers caused by an event of default or a termination event. The events of default include failure to make payments when due, failure to give notice of a termination event, failure to comply with or perform obligations under the agreements, bankruptcy or insolvency, and defaults under other agreements (cross-default provision) The termination events include credit ratings dropping below Baa1/BBB+ (Moody's/Standard and Poor's) by either party and CHW's cash on hand dropping below 85 days In August 2011, the counterparty's right to terminate the swaps at each five-year anniversary was removed on swaps with a notional amount of $263.1 million These swaps retain the certain early termination triggers caused by an event of default or termination event as described above.

CHW, under the terms of its Master Trust Indenture, is prohibited from posting collateral on derivative instruments.

15. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Restricted net assets as of June 30, 2011 and 2010, consist of donor-restricted contributions and grants, which are to be used as follows (in thousands):

	2011	2010
Equipment and expansion	$ 146,704	$ 134,331
Research and education	39,155	41,408
Charity and other	140,644	115,301
Total temporarily restricted net assets	$ 326,503	$ 291,040
Permanently restricted net assets	107,947	99,073
Total restricted net assets	$ 434,450	$ 390,113

The composition of endowment net assets by type of fund as of June 30, 2011 and 2010, is as follows (in thousands):

	June 30, 2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment net assets	$ -	$ 22,235	$ 107,947	$ 130,182
Board-designated endowment net assets	17,856	-	-	17,856
Total endowment net assets	$ 17,856	$ 22,235	$ 107,947	$ 148,038

	June 30, 2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment net assets	$ -	$ 14,833	$ 99,073	$ 113,906
Board-designated endowment net assets	11,781	-	-	11,781
Total endowment net assets	$ 11,781	$ 14,833	$ 99,073	$ 125,687

Changes in endowment net assets during 2011 and 2010 are as follows (in thousands):

	June 30, 2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of period	$ 11,781	$ 14,833	$ 99,073	$ 125,687
Investment returns	418	2,079	56	2,553
Unrealized gains	3,706	3,444	7	7,157
Contributions	-	2	2,292	2,294
Change in interest in unconsolidated foundations	-	3,596	5,961	9,557
Appropriation of endowment assets for expenditure	(362)	(672)	-	(1,034)
Transfers to remove or add to board-designated endowment funds	1,474	-	672	2,146
Other	839	(1,047)	(114)	(322)
Endowment net assets, end of period	$ 17,856	$ 22,235	$ 107,947	$ 148,038

	June 30, 2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of period	$ 9,204	$ 5,200	$ 90,262	$ 104,666
Investment returns	420	1,488	40	1,948
Unrealized gains	1,048	2,038	28	3,114
Contributions	-	-	5,576	5,576
Change in interest in unconsolidated foundations	-	2,251	4,140	6,391
Appropriation of endowment assets for expenditure	(124)	(381)	-	(505)
Transfers to remove or add to board-designated endowment funds	-	-	194	194
Other	1,233	4,237	(1,167)	4,303
Endowment net assets, end of period	$ 11,781	$ 14,833	$ 99,073	$ 125,687

Included in donor-restricted assets limited as to use are unconditional promises to give which are recorded using discount rates ranging from 3.0 % to 6 0% and are due as follows as of June 30, 2011 and 2010 (in thousands):

	2011	2010
Less than one year	$ 4,607	$ 12,782
One to five years	14,962	10,850
More than five years	818	452
Less: allowance for uncollectible contributions receivable	(1,250)	(3,169)
Total contributions receivable, net	$ 19,137	$ 20,915

16. COMMITMENTS, CONTINGENT LIABILITIES, GUARANTEES AND OTHER

Litigation, Regulatory and Compliance Matters **- General** –The healthcare industry is subject to voluminous and complex laws and regulations of federal, state and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement laws and regulations, anti-kickback and anti-referral laws and false claims prohibitions, and in the case of tax-exempt hospitals, the requirements of tax exemption. In recent years, government activity has increased with respect to investigations and allegations concerning possible violations by healthcare providers of reimbursement, false claims, anti-kickback and anti-referral statutes and regulations, and quality of care provided to patients. In addition, during the course of business, CHW becomes involved in litigation. Management assesses the probable outcome of unresolved litigation and investigations and records contingent liabilities reflecting estimated liability exposure. Following is a discussion of matters of note.

Department of Justice and OIG Investigations – Since 2001, CHW facilities have been under investigation by the Department of Justice and Office of Inspector General of the U S. Department of Health and Human Services ("OIG") for false or otherwise improper claims in connection with Medicare cost reporting, as well as claims for reimbursement of hospital and administrative services In February 2011, CHW and the government entered into a settlement agreement in this matter which resulted in a payment to the government of $9.2 million.

Additionally, CHW and/or its facilities periodically receive notices from governmental agencies, such as the Department of Justice or the OIG, requesting information regarding billing, payment, or other reimbursement matters. The health care industry in general is experiencing an increase in these activities, as the federal government increases enforcement resources and institutes new programs designed to identify areas of potential reimbursement irregularities. Based on the information received to date from the government, CHW does not presently have information indicating that these investigations or their resolution will have a material adverse effect on CHW. Nevertheless, investigations of this type and scope could lead to civil and/or criminal charges and material penalties or settlements Consequently, there can be no assurance that the resolution of these matters will not adversely affect the financial condition or operations of CHW.

Medicare Certification – In August 2011, CMS informed Saint Francis Memorial Hospital ("SFMH") that it would take steps to terminate SFMH's Medicare provider agreement unless SFMH undertook certain corrective actions related to qualification for Medicare participation. The issues relate to three conditions of participation in Medicare, as well as an alleged violation of the Emergency Medical Treatment and Active Labor Act ("EMTALA") SFMH submitted to CMS its plans of corrective action which are typically followed by CMS validation surveys. The survey for the conditions of participation occurred in mid-September 2011. SFMH is awaiting the results. The validation survey for the EMTALA violation is expected to take place prior to November 2011.

In addition, in September 2011, CMS informed Mercy Hospital (Bakersfield) that it would take steps to terminate Mercy Hospital's Medicare provider agreement unless Mercy Hospital achieves compliance with eight conditions of participation. Mercy Hospital submitted its plan of correction in mid-September 2011 and expects to be surveyed by CMS within ninety days of that submission.

Wage and Hour Class Actions and Litigation – Federal law and many states, including California, impose standards related to worker classification, eligibility and payment for overtime, liability for providing rest periods and similar requirements. Large employers with complex workforces, such as hospitals, are susceptible to actual and alleged violations of these standards. In recent years, there has been a proliferation of lawsuits over these "wage and hour" issues, often in the form of large, sometimes multi-state, class actions. For large employers such as hospitals and health systems, such class actions can involve multi-million dollar claims, judgments and/or settlements.

In February 2008, a lawsuit was filed against CHW alleging violations of California state wage and hour laws and regulations. The lawsuit is fashioned as a class action on behalf of nurses and medical technicians employed at CHW's California facilities during the previous four years. CHW is evaluating the lawsuit and its implications. Extensive discovery has been taken by plaintiff's counsel, but it is too early to assess any liability exposure from the lawsuit, but lawsuits of this nature have the potential for a material adverse impact on the financial condition or operations of CHW.

Health Care Reform – In March 2010, President Obama signed the Patient Protection and Affordable Care Act ("PPACA") into law. PPACA will result in sweeping changes across the health care industry, including how care is provided and paid for. A primary goal of this comprehensive reform legislation is to extend health coverage to approximately 32 million uninsured legal U.S. residents through a combination of public program expansion and private sector health insurance reforms. To fund the expansion of insurance coverage, the legislation contains measures designed to promote quality and cost efficiency in health care delivery and to generate budgetary savings in the Medicare and Medicaid programs. Given that the final regulations and interpretive guidelines have yet to be published, CHW is unable to fully predict the impact of PPACA on its operations and financial results. There are multiple lawsuits challenging the constitutionality of major portions of PPACA; to the extent that any significant elements of the law are overturned, additional uncertainty is introduced into the prediction of operational and financial impacts. However, if the law is implemented as adopted, CHW management expects that in the coming years patients that were previously uninsured and unable to pay for care will have basic insurance coverage, and amounts for reimbursement for services from both public and private payers will be reduced and made conditional on various quality measures. Management of CHW is studying and evaluating the anticipated impacts and developing strategies needed to prepare for implementation, and is preparing to work cooperatively with other constituents to optimize available reimbursement.

Operating Leases – CHW leases various equipment and facilities under operating leases. Gross rental expense for 2011 and 2010 was $111.1 million and $112.6 million, respectively, which is offset by sublease income of $2.3 million and $3.9 million for 2011 and 2010, respectively. These amounts are recorded in purchased services and other on the accompanying statements of operations and changes in net assets.

Net future minimum lease payments under non-cancelable operating leases as of June 30, 2011, are as follows (in thousands):

	Lease Payments	Sublease Income	Net Future Minimum Lease Payments
2012	$ 70,052	$ (2,474)	$ 67,578
2013	56,060	(1,692)	54,368
2014	42,028	(1,141)	40,887
2015	34,510	(940)	33,570
2016	29,446	(951)	28,495
Thereafter	130,144	(13,094)	117,050
Total	$ 362,240	$ (20,292)	$ 341,948

Long-term Contracts and Agreements – In October 2008, CHW renegotiated a contract for information technology management services which specifies the types and levels of services, which can be modified by mutual agreement, and provides for monthly usage-based adjustments to fees. The agreement contains a mechanism for price adjustments should there be new affiliations or disaffiliations. The base fee under the contract is $48.1 million per year which increases annually by inflation through October 2015, the term of the agreement. CHW may cancel the agreement without cause subject to significant penalties during the first five years of the contract, and without penalty during the last two years of the contract. Under the terms of this agreement, CHW expensed $52.7 million and $49.7 million in 2011 and 2010, respectively, in purchased services and other on the accompanying statements of operations and changes in net assets.

Effective in April 2007, CHW entered into an eight-year agreement for remote hosting and hot site hosting for certain electronic medical record technology for certain CHW facilities. The agreement specifies the types and levels of services, with additional schedules for additional services available for future consideration. Under the terms of the agreement, CHW paid $12.1 million and $11.1 million in 2011 and 2010, respectively, and has committed to pay $40.8 million over the remainder of the contract term. The agreement may be terminated for material breach including significant failure of service levels but may not be cancelled without cause.

In December 2007, CHW entered into a development agreement with the Sequoia Healthcare District ("District") whereby the District relinquished all control over Sequoia Health Services ("SHS") and agreed to provide funding of $75.0 million toward the modernization, upgrading and seismic retrofitting of Sequoia Hospital. In return for the funding commitment, the District is entitled to 50% of Sequoia Hospital's annual Operating EBIDA exceeding a 9.3% annual Operating EBIDA Margin for 40 years. Operating EBIDA is defined as operating income adjusted for certain excluded items. CHW has committed to funding $150.0 million toward the construction project and approximately $15.0 million in additional funding is anticipated from philanthropic gifts. This transaction is subject to certain reporting requirements to the District as well as certain oversight and enforcement rights by the District. If the construction does not conform to certain agreed-upon specifications or is not completed consistent with the terms of the development agreement related to project timing, the District has the right to require the return of its $75.0 million contribution. The construction project broke ground in September 2007, and CHW expects to meet the required construction specifications and time requirements.

Capital and Purchase Commitments – CHW has undertaken various construction and expansion projects. At June 30, 2011 and 2010, remaining capital commitments related to these projects were approximately $254.6 million and $362.6 million, respectively. Excluding the capital and long-term contract commitments discussed above, outstanding purchase commitments were approximately $105.9 million and $61.3 million at June 30, 2011 and 2010, respectively.

Guarantees – CHW has guaranteed the indebtedness of other organizations in the amount of $33.8 million and $40.3 million as of June 30, 2011 and 2010, respectively.

CHW enters into physician recruitment agreements with certain physicians who agree to relocate to its communities to fill a need in the hospitals' service areas and commit to remain in practice there. Under these agreements, CHW makes loans available to the physicians that are earned over the period the physicians fulfill their commitment to the community, which is typically three years, or are repayable by the physicians. The maximum potential amount of future undiscounted payments CHW could be required to make under these guarantees is $19.8 million and $20.8 million as of June 30, 2011 and 2010, respectively. CHW recorded $13.2 million and $13.0 million in other current liabilities as of June 30, 2011 and 2010, respectively, and $6.6 million and $7.7 million in other long-term liabilities as of June 30, 2011 and 2010, respectively, related to these guarantees.

Seismic Standards – The State of California issued seismic safety standards in 1994 which have been amended on several occasions since then. The regulations call for more stringent structural building standards to be in place by January 2013 for buildings remaining in acute care service beyond that date, with a two-year extension in most circumstances by meeting certain milestone dates These standards affect 14 of CHW's facilities in California. All of CHW's other California facilities already meet the standards, are not subject to the standards, or will not be used for acute care services beyond 2013.

CHW estimates that the remediation costs required to meet the standards for projects specific to structural and non-structural performance in effect until 2030 is approximately $420.0 million. Management has initiated planning and design efforts at all facilities to meet the deadlines. California law currently imposes a separate more rigorous set of seismic standards for acute care facilities effective in 2030.

17. CATHOLIC HEALTHCARE WEST, SUBORDINATE CORPORATIONS AND SUBSIDIARIES

Following is a list of corporations and subsidiaries that are included in the accompanying consolidated financial statements for 2011 Unless otherwise indicated, such entities are nonprofit corporations. The Obligated Group Members are denoted by an asterisk (*). Unless otherwise indicated, subsidiaries are not Obligated Group Members.

Catholic Healthcare West*
Operating dba's of Catholic Healthcare West
Arroyo Grande Community Hospital
California Hospital Medical Center – Los Angeles
Chandler Regional Medical Center
Dominican Hospital
French Hospital Medical Center
Glendale Memorial Hospital and Health Center
Marian Medical Center
Mercy General Hospital
Mercy Gilbert Medical Center
Mercy Hospital (Bakersfield)
Mercy Hospital of Folsom
Mercy Medical Center (Merced)
Mercy Medical Center Mt Shasta
Mercy Medical Center Redding
Mercy San Juan Medical Center
Mercy Southwest Hospital
Methodist Hospital of Sacramento
Northridge Hospital Medical Center
Saint Mary's Regional Medical Center
Sequoia Hospital
St Bernardine Medical Center
St Elizabeth Community Hospital
St John's Pleasant Valley Hospital
St John's Regional Medical Center
St Joseph's Behavioral Health Center
St Joseph's Hospital and Medical Center
St Joseph's Medical Center of Stockton
St Mary Medical Center
St Mary's Medical Center
St. Rose Dominican Hospital Rose de Lima Campus
St. Rose Dominican Hospital Siena Campus
St. Rose Dominican Hospital San Martin Campus
Woodland Memorial Hospital
Catholic Healthcare West Hospital and Professional Liability Self-Insurance Trust (California trust)
Catholic Healthcare West Workers' Compensation Self-Insurance Trust (California trust)
CHW Insurance Ltd (Cayman Island corporation)
Bakersfield Memorial Hospital*
CHW Medical Foundation*
Community Hospital of San Bernardino*
Mercy Senior Housing, Inc *
Saint Francis Memorial Hospital*
Sierra Nevada Memorial-Miners Hospital*
Arroyo Grande Community Hospital Foundation
California Hospital Medical Center Foundation
CHW Foundation East Valley
Community Hospital of San Bernardino Foundation
Dominican Hospital Foundation
French Hospital Medical Center Foundation
Glendale Memorial Health Foundation
Marian Medical Center Foundation
Mercy Foundation, Bakersfield
Mercy Medical Center Merced Foundation
Northridge Hospital Foundation
Saint Mary's Foundation
San Gabriel Valley Medical Center Foundation
St Bernardine Medical Center Foundation
St Francis Foundation of Santa Barbara
St John's Healthcare Foundation (Oxnard and Pleasant Valley)
St Joseph's Foundation (Phoenix)
St Joseph's Foundation of San Joaquin
St Mary Medical Center Foundation
St Mary's Medical Center Foundation
St Rose Dominican Health Foundation
The Congenital Heart Foundation
CDS of Nevada, Inc. (taxable)
Dominican Health Services
Dominican Oaks Corporation
Glendale Memorial Services Corporation (taxable)
Golden Umbrella
Inland Health Organization of Southern California (taxable)
Management Services Organization of Santa Maria, Inc (taxable)
Marian Community Clinics, Inc
Marian Health Services, Inc (taxable)
Mark Twain St Joseph's Healthcare Corporation
Saint Mary's Healthfirst (taxable)
Saint Mary's Multi-Specialty Clinic, Inc (taxable)
Saint Mary's Outpatient Surgery Center at Galena
Saint Mary's Preferred Health Insurance Company, Inc (taxable)
Shasta Senior Nutrition Program
St Francis Foundation, LLC
St Francis Hospital Support Corporation
St Mary Catholic Housing Corporation
St. Mary Health Ventures, Inc (taxable)
St Mary Professional Building, Inc
St John's Regional Imaging Center, LLC
TrinityCare, LLC
TrinityCare Infusion Services (taxable)

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