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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)	OMB No 1545-0047 <div> <div>2010</div> <div>Open to Public Inspection</div> </div>
	▶ The organization may have to use a copy of this return to satisfy state reporting requirements	

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

B Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization ST FRANCIS MEDICAL CENTER		D Employer identification number 72-0408970
	Doing Business As		E Telephone number (318) 966-4112
	Number and street (or P O box if mail is not delivered to street address) PO Box 1901	Room/suite	G Gross receipts \$ 289,696,040
	City or town, state or country, and ZIP + 4 Monroe, LA 71210		
	F Name and address of principal officer LOUIS BREMER PO BOX 1901 MONROE, LA 71210		

J Website: www.stfran.com

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities THE PURPOSE OF THE HOSPITAL IS TO PROVIDE FOR THE CARE OF THE ILL, INJURED, OR DISABLED PERSONS AND TO PROVIDE FOR RESEARCH, EDUCATION, AND FOR THE ENHANCEMENT OF HEALTH OF THOSE IN NORTHEAST LOUISIANA		
	2 Check this box <input checked="" type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	16
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	11
	5 Total number of individuals employed in calendar year 2010 (Part V, line 2a)	5	2,592
	6 Total number of volunteers (estimate if necessary)	6	135
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	2,031,530	
7b Net unrelated business taxable income from Form 990-T, line 34	7b	-36,248	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	403,860	597,867
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	240,480,474	242,215,706
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	3,614,078	7,904,856
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	3,573,192	15,179,388
		248,071,604	265,897,817
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	61,440	138,257
	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)	114,104,633	114,364,422
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) <input checked="" type="checkbox"/> 0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	140,818,338	131,600,846
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	254,984,411	246,103,525
	19 Revenue less expenses Subtract line 18 from line 12	-6,912,807	19,794,292
	Net Assets or Fund Balances		Beginning of Current Year
20 Total assets (Part X, line 16)		334,149,175	365,327,372
21 Total liabilities (Part X, line 26)		219,025,839	212,940,263
22 Net assets or fund balances Subtract line 21 from line 20		115,123,336	152,387,109

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			2012-05-14 Date	
	RONALD HOGAN SR VICE PRESIDENT FINANCE/CFO Type or print name and title				
Paid Preparer Use Only	Print/Type preparer's name		Preparer's signature		Date
	Firm's name ▶ KPMG LLP				Check if self-employed <input checked="" type="checkbox"/>
	Firm's address ▶ 450 Laurel Street Suite 1700 Baton Rouge, LA 70801				PTIN Firm's EIN ▶ Phone no ▶ (225) 344-4000

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

INSPIRED BY THE VISION OF ST FRANCIS OF ASSISI AND IN THE TRADITION OF THE ROMAN CATHOLIC CHURCH, WE EXTEND THE HEALING MINISTRY OF JESUS CHRIST TO GOD'S PEOPLE, ESPECIALLY THOSE MOST IN NEED. WE CALL FORTH ALL WHO SERVE IN THIS HEALTHCARE MINISTRY, TO SHARE THEIR GIFTS AND TALENTS TO CREATE A SPIRIT OF HEALING - WITH REVERENCE AND LOVE FOR ALL OF LIFE, WITH JOYFULNESS OF SPIRIT, AND WITH HUMILITY AND JUSTICE FOR ALL THOSE ENTRUSTED TO OUR CARE. WE ARE, WITH GOD'S HELP, A HEALING AND SPIRITUAL PRESENCE FOR EACH OTHER AND FOR THE COMMUNITIES WE ARE PRIVILEGED TO SERVE.

If "Yes," describe these new services on Schedule O

If "Yes," describe these changes on Schedule O

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses
Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and
allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses \$ 182,234,764 including grants of \$ 138,257) (Revenue \$ 240,251,871)

St Francis Medical Center provides quality hospital and medical services primarily to residents of Northeast Louisiana. The Medical Center is an active, caring member of the communities it serves. In carrying out its mission of meeting the healthcare needs of the people of God, the Medical Center has established a policy under which it provides care to needy members of its communities. Following that policy, health care services costing approximately, \$4,394,000 were provided without charge. The Medical Center provided 545 licensed beds and 91,980 inpatient days in the year ended June 30, 2011. See Schedule O for further explanation.

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






















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

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

4e	Total program service expenses	\$ 182,234,764
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Part IV

Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)? 	2 Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I 	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4 Yes	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5	
6 Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10 Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10	No
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI. 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII. 	11b 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 Yes	
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X. 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X. 	11f Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII 	12a	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 Yes	
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 Yes	
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S ? If "Yes," complete Schedule F, Parts III and IV 	16	No
17 Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more hospitals? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25</i>	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	35	Yes	
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>			
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

<div>Part V</div> <div>Statements Regarding Other IRS Filings and Tax Compliance</div>			
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>			
		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	1a	224
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	2,592
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	2b	Yes
<div>Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).</div>			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	Yes
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a	No
b	If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c	
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
7 Organizations that may receive deductible contributions under section 170(c).			
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c	No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			
8			
9 Sponsoring organizations maintaining donor advised funds.			
a	Did the organization make any taxable distributions under section 4966?	9a	
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b	
10 Section 501(c)(7) organizations. Enter			
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b	
11 Section 501(c)(12) organizations. Enter			
a	Gross income from members or shareholders.	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b	
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?			
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			
14b 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		
1b	Enter the number of voting members included in line 1a, above, who are independent		
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?	Yes	
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?		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		No
6	Does the organization have members or stockholders?	Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	Yes	
7b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	Yes	
8b	Each committee with authority to act on behalf of the governing body?	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		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?		No
10b	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?		
11a	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	Yes	
11b	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	Yes	
12b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	Yes	
12c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	Yes	
13	Does the organization have a written whistleblower policy?		No
14	Does the organization have a written document retention and destruction policy?		No
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
15a	The organization's CEO, Executive Director, or top management official	Yes	
15b	Other officers or key employees of the organization	Yes	
15c	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?		No
16b	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?		

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request
19	Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization. MR RONALD E HOGAN 309 JACKSON ST MONROE, LA 71201 (318) 966-4112

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

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

Form **990** (2010)

Part VII

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								5,500,292	516,462	520,330

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▶55

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

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

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

3

4

5

Yes

No

No

Yes

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
FMOL Health System 4200 Essen Lane BATON ROUGE, LA 70809	Management Services	16,545,438
Parish Anesthesia of Monroe 3510 North Causey Blvd METAIRIE, LA 70002	Anesthesia Services	3,478,223
MONROE CARDIAC ANESTHESIA 130 NORTH 2ND STREET MONROE, LA 71201	PHYSICIAN/ANESTHESIA	949,998
DELTA PATHOLOGY GROUP LLC 3000 KNIGHT ST BLDG 5 STE 220 SHREVEPORT, LA 71105	PATHOLOGY SERVICES	778,506
NORTH MONROE ER PHYSICIANS INC 6061 Oak Ridge Road OAK RIDGE, LA 71261	EMERGENCY ROOM SVCS	529,428

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 ▶23

Form 990 (2010)

Part VIII

Statement of Revenue

			(A)	(B)	(C)	(D)	
			Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d				
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	597,867			
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f		597,867			
	Program Service Revenue	2a	PATIENT SVC REVENUE	621500	235,579,150	233,617,315	1,961,835
b		INCOME FROM EQUITY INVESTEES	900099	2,806,100	2,806,100		
c		CAFETERIA SALES	900099	1,915,109	1,915,109		
d		HEALTH CLINIC	900099	307,031	307,031		
e		INTER-CO MGMNT	900099	104,153	104,153		
f		All other program service revenue		1,504,163	1,502,163	2,000	
g		Total. Add lines 2a-2f		242,215,706			
3		Investment income (including dividends, interest and other similar amounts)		826,294		58,051	768,243
4		Income from investment of tax-exempt bond proceeds . . .		0			
5	Royalties		0				
Other Revenue	6a	Gross Rents	(i) Real 1,671,739	(ii) Personal			
	b	Less rental expenses	1,793,390				
	c	Rental income or (loss)	-121,651				
	d	Net rental income or (loss)		-121,651	-131,160		9,509
	7a	Gross amount from sales of assets other than inventory	(i) Securities 28,952,340	(ii) Other 131,055			
	b	Less cost or other basis and sales expenses	21,941,263	63,570			
	c	Gain or (loss)	7,011,077	67,485			
	d	Net gain or (loss)		7,078,562	67,485	9,644	7,001,433
	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	PENSION RELATED CHANGES	900099	10,001,666			10,001,666
	b	SPECIALTY HOSPITAL	900099	4,299,751			4,299,751
c	CANCER INSTITUTE	900099	572,921			572,921	
d	All other revenue		426,701			426,701	
e	Total. Add lines 11a-11d		15,301,039				
12	Total revenue. See Instructions		265,897,817	240,188,196	2,031,530	23,080,224	

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	131,757	131,757		
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	6,500	6,500		
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	3,135,786	2,131,686	1,004,100	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	87,729,121	70,972,981	16,756,140	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	6,302,930	5,071,826	1,231,104	0
9	Other employee benefits	17,196,585	13,837,704	3,358,881	
10	Payroll taxes	0			
a	Fees for services (non-employees)				
	Management	1,687,359	1,110,567	576,792	
b	Legal	366,405	241,156	125,249	
c	Accounting	219,761	144,640	75,121	
d	Lobbying	19,488		19,488	
e	Professional fundraising services See Part IV, line 17	0			
f	Investment management fees	452,136		452,136	
g	Other	22,044,590	14,302,260	7,742,330	
12	Advertising and promotion	557,541	366,956	190,585	
13	Office expenses	67,604,988	44,495,490	23,109,498	
14	Information technology	0			
15	Royalties	0			
16	Occupancy	6,070,967	1,151,462	4,919,505	
17	Travel	613,373	403,703	209,670	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	0			
20	Interest	6,623,977	6,623,977		
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	13,511,456	11,997,286	1,514,170	
23	Insurance	3,122,379	734,810	2,387,569	
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	8,409,170	8,409,170		
b	MISCELLANEOUS EXPENSE	297,256	100,833	196,423	
c					
d					
e					
f	All other expenses				
25	Total functional expenses. Add lines 1 through 24f	246,103,525	182,234,764	63,868,761	0
26	Joint costs. Check here <input checked="" type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

						(A)		(B)
						Beginning of year		End of year
Assets	1	Cash—non-interest-bearing				16,722,073	1	27,191,147
	2	Savings and temporary cash investments				24,791,494	2	17,380,831
	3	Pledges and grants receivable, net					3	
	4	Accounts receivable, net				30,591,457	4	30,752,271
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L					5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Schedule L					6	
	7	Notes and loans receivable, net				3,253,213	7	604,676
	8	Inventories for sale or use				6,107,267	8	6,132,067
	9	Prepaid expenses and deferred charges				3,949,205	9	4,180,051
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	309,583,597				
	b	Less: accumulated depreciation	10b	202,232,395		108,469,696	10c	107,351,202
	11	Investments—publicly traded securities				29,629,322	11	33,931,292
	12	Investments—other securities. See Part IV, line 11				84,797,753	12	111,664,635
	13	Investments—program-related. See Part IV, line 11				4,574,021	13	4,774,242
	14	Intangible assets				3,743,789	14	3,743,788
	15	Other assets. See Part IV, line 11				17,519,885	15	17,621,170
	16	Total assets. Add lines 1 through 15 (must equal line 34)				334,149,175	16	365,327,372
Liabilities	17	Accounts payable and accrued expenses				24,436,680	17	29,550,622
	18	Grants payable					18	
	19	Deferred revenue					19	
	20	Tax-exempt bond liabilities				148,699,654	20	144,550,285
	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				45,889,505	25	38,839,356
	26	Total liabilities. Add lines 17 through 25				219,025,839	26	212,940,263
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.							
	27	Unrestricted net assets				114,080,000	27	151,325,000
	28	Temporarily restricted net assets				1,043,336	28	1,062,109
	29	Permanently restricted net assets					29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.							
	30	Capital stock or trust principal, or current funds					30	
	31	Paid-in or capital surplus, or land, building or equipment fund					31	
	32	Retained earnings, endowment, accumulated income, or other funds					32	
	33	Total net assets or fund balances				115,123,336	33	152,387,109
	34	Total liabilities and net assets/fund balances				334,149,175	34	365,327,372

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	265,897,817
2	Total expenses (must equal Part IX, column (A), line 25)	2	246,103,525
3	Revenue less expenses Subtract line 2 from line 1	3	19,794,292
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	115,123,336
5	Other changes in net assets or fund balances (explain in Schedule O)	5	17,469,481
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	152,387,109

Part XII Financial Statements and Reporting

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

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

SCHEDULE A
(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2010

Open to Public
Inspection

Name of the organization ST FRANCIS MEDICAL CENTER	Employer identification number 72-0408970
---	--

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

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

- 1

☐

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

☐

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

☒

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

☐

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

☐

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

☐

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

☐

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

☐

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

☐

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

☐

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

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other
- e

☐

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

☐

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

☐

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

(i)

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

(ii)

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

(iii)

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

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

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

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

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

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

Part IIIPart III

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

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

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

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

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

Part IV

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

Additional Data

Software ID:

Software Version:

EIN: 72-0408970

Name: ST FRANCIS MEDICAL CENTER

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
JOHN L LUFFY JR ESQ CHAIRMAN	1 0	X		X				0	0	0
J STEWART GENTRY VICE CHAIRMAN	1 0	X		X				0	0	0
JUDY BELL SECRETARY	1 0	X		X				0	0	0
ARTHUR LILES MD EX-OFFICIO/CHIEF OF STAFF	1 0	X						0	0	0
ROBERT L SEEGER MD DIRECTOR	1 0	X						0	0	0
WILSON T BARHAM MD DIRECTOR	1 0	X						0	0	0
SR HELEN CAHILL OSF DIRECTOR	1 0	X						0	0	0
KAREN A PUCKETT DIRECTOR	1 0	X						0	0	0
SR MARY ANN SEPULVADO OSF DIRECTOR	1 0	X						0	0	0
FRANK B SARTOR MD DIRECTOR	1 0	X						91,400	0	0
MALCOLM E MADDOX DIRECTOR	1 0	X						0	0	0
TERRY KING MD DIRECTOR	1 0	X						0	0	0
CHARLES MORGAN MD DIRECTOR	1 0	X						15,386	0	0
REV LARRY STAFFORD DIRECTOR	1 0	X						0	0	0
BISHOP MICHAEL G DUCA DIRECTOR	1 0	X						0	0	0
RICHARD O'DONOVAN MD DIRECTOR	1 0	X						2,340	0	0
SR RITA LANIE OSF DIRECTOR	1 0	X						0	0	0
SR ANN CATHERINE NGUYEN OSF DIRECTOR	1 0	X						0	0	0
LOUIS BREMER CEO/DIRECTOR	40 0	X		X				0	433,973	33,684
RONALD E HOGAN SR VP - CFO	40 0			X				270,287	0	48,151
ROBERT K WHITE PHYSICIAN	40 0				X			885,315	0	38,132
THOMAS J GULLATT HOSPITALIST MED DIR	40 0				X			450,805	0	51,859
R LOUIS GAVIOLI VP MEDICAL AFFAIRS	36 0				X			288,423	0	52,827
ANTTI G MARAN PHYSICIAN	40 0				X			238,916	0	17,633
PATRICIA D SMITH VP PCS	40 0				X			217,975	0	24,333

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
SABRINA H RAMSEY VP BUS DE&CL SUPT SVCS	40 0				X			184,485	0	19,601
LISA C BRADLEY VP FINANCE/CONTROLLER	40 0				X			164,788	0	13,987
FRED DTOLBERT VP SUPPORT SERVICES	40 0				X			157,525	0	40,397
CYNTHIA J ROGERS VP ADMIN SFN	40 0				X			108,483	82,489	23,701
BLAINE M BORDERS PHYSICIAN	40 0					X		895,812	0	37,200
JOSE A BERMUDEZ PHYSICIAN	40 0					X		388,196	0	19,843
JOHN D BRUCHHAUS HOSPITALIST	40 0					X		387,405	0	28,715
JAMES G SMITH HOSPITALIST	40 0					X		390,621	0	36,852
RICHARD W FINCHER HOSPITALIST	40 0					X		362,130	0	33,415

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

OMB No 1545-0047

2010

Open to Public Inspection

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

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

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

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

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

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

Name of the organization ST FRANCIS MEDICAL CENTER	Employer identification number 72-0408970
---	--

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

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

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

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

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

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

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

Part II-A

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

A

Check

☐

if the filing organization belongs to an affiliated group

B

Check

☐

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

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

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

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

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

		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?	Yes		19,488
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV		No	
j	Total lines 1c through 1i			19,488
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?		No	

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
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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
ST FRANCIS MEDICAL CENTER

Employer identification number

72-0408970

Part I

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

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

Part II

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

1	Purpose(s) of conservation easements held by the organization (check all that apply) <div><input type="checkbox"/> Preservation of land for public use (e g , recreation or pleasure) <input type="checkbox"/> Preservation of an historically importantly land area</div> <div><input type="checkbox"/> Protection of natural habitat <input type="checkbox"/> Preservation of a certified historic structure</div> <div><input type="checkbox"/> Preservation of open space</div>											
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											
		<table><tr><td></td><td>Held at the End of the Year</td></tr><tr><td>a</td><td>Total number of conservation easements</td></tr><tr><td>b</td><td>Total acreage restricted by conservation easements</td></tr><tr><td>c</td><td>Number of conservation easements on a certified historic structure included in (a)</td></tr><tr><td>d</td><td>Number of conservation easements included in (c) acquired after 8/17/06</td></tr></table>		Held at the End of the Year	a	Total number of conservation easements	b	Total acreage restricted by conservation easements	c	Number of conservation easements on a certified historic structure included in (a)	d	Number of conservation easements included in (c) acquired after 8/17/06
	Held at the End of the Year											
a	Total number of conservation easements											
b	Total acreage restricted by conservation easements											
c	Number of conservation easements on a certified historic structure included in (a)											
d	Number of conservation easements included in (c) acquired after 8/17/06											
3	Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶ _____											
4	Number of states where property subject to conservation easement is located ▶ _____											
5	Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>											
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)? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>											
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

d

☐ Loan or exchange programs

b

☐ Scholarly research

e

☐ Other

c

☐ Preservation for future generations

4

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

5

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

☐ Yes

☐ No

Part IV

Escrow and Custodial Arrangements.

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

1a

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

☐ Yes

☐ No

b

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

	Amount
1c	
1d	
1e	
1f	

2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

Endowment Funds.

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

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

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶

c

Term endowment ▶

3a

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

(i)

unrelated organizations

3a(i)

☐ Yes

☐ No

(ii)

related organizations

3a(ii)

☐ Yes

☐ No

b

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

3b

☐ Yes

☐ No

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		11,218,787		11,218,787
b Buildings		160,707,941	103,051,045	57,656,896
c Leasehold improvements		2,460,278		2,460,278
d Equipment		126,348,738	98,464,639	27,884,099
e Other		8,847,854	716,712	8,131,142
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				107,351,202

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
FIN 48 FOOTNOTE	SCHEDULE D, PART XIV	"The Medical Center recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgement occurs." There was no impact on the financial statements as a result of FIN 48.

Part II

Grants and Other Assistance to Organizations or Entities Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 15, for any recipient who received more than \$5,000. Check this box if no one recipient received more than \$5,000 ☐

Use Part V if additional space is needed.

1	(a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)
			Cent America/Caribbean	MEDICAL SUPPORT	6,500	CASH			

2

Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter

1

3

Enter total number of other organizations or entities

Part III **Grants and Other Assistance to Individuals Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 16.
Use Part V if additional space is needed.

[illegible]

Part IV Foreign Forms

- 1

Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926 (see instructions for Form 926)*

☒ Yes ☐ No
- 2

Did the organization have an interest in a foreign trust during the tax year? *If " Yes," the organization may be required to file Form 3520 and/or Form 3520-A. (see instructions for Forms 3520 and 3520-A)*

☐ Yes ☒ No
- 3

Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with respect to Certain Foreign Corporations. (see instructions for Form 5471)*

☒ Yes ☐ No
- 4

Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see instructions for Form 8621)*

☒ Yes ☐ No
- 5

Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with respect to Certain Foreign Partnerships. (see instructions for Form 8865)*

☒ Yes ☐ No
- 6

Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see instructions for Form 5713).*

☐ Yes ☒ No

Additional Data

Software ID:
Software Version:
EIN: 72-0408970
Name: ST FRANCIS MEDICAL CENTER

Part V **Supplemental Information**
Complete this part to provide the information (see instructions) required in Part I, line 2, and any additional information.

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
ST FRANCIS MEDICAL CENTER

Employer identification number
72-0408970

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	Yes	
1b	If "Yes," is it a written policy?	Yes	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year <div><input type="checkbox"/> Applied uniformly to all hospitals</div> <div><input checked="" type="checkbox"/> Applied uniformly to most hospitals</div> <div><input type="checkbox"/> Generally tailored to individual hospitals</div>		
3	Answer the following based on the the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year a Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care <div><input type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____%</div> b Does the organization use FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care <div><input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____%</div> 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"?		
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	Yes	
5b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?		No
5c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?		
6a	Does the organization prepare a community benefit report during the tax year?	Yes	
6b	If "Yes," did the organization make it available to the public?	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H		

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			3,699,512	907,997	2,791,515	1 090 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			37,499,836	22,836,273	14,663,563	5 750 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)			869,165	789,951	79,214	0 030 %
d Total Financial Assistance and Means-Tested Government Programs			42,068,513	24,534,221	17,534,292	6 870 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			422,042	188,207	233,835	0 090 %
f Health professions education (from Worksheet 5)			857,058		857,058	0 340 %
g Subsidized health services (from Worksheet 6)			964,680	439,864	524,816	0 210 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)			142,484		142,484	0 060 %
j Total Other Benefits			2,386,264	628,071	1,758,193	0 700 %
k Total. Add lines 7d and 7j			44,454,777	25,162,292	19,292,485	7 570 %

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			39,720		39,720	0 020 %
2 Economic development						
3 Community support			193,615		193,615	0 080 %
4 Environmental improvements						
5 Leadership development and training for community members			33,839		33,839	0 010 %
6 Coalition building						
7 Community health improvement advocacy			287,783	134,435	153,348	0 060 %
8 Workforce development			7,536		7,536	
9 Other						
10 Total			562,493	134,435	428,058	0 170 %

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1	Yes
2	Enter the amount of the organization's bad debt expense (at cost)	2	2,441,252
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	88,056,774
6	Enter Medicare allowable costs of care relating to payments on line 5	6	100,117,777
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7	-12,061,003
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used.		
<input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other			

Section C. Collection Practices

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

Part IV

Management Companies and Joint Ventures

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1 P&S Surgical Hospita	MEDICAL SERVICES	50 000 %	3 010 %	44 360 %
2 ST FRANCIS PED	MEDICAL SERVICES	50 000 %	5 210 %	44 790 %
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Section A. Hospital Facilities

How many hospital facilities did the organization operate during the tax year? 3

Schedule H (Form 990) 2010

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility: ST FRANCIS MEDICAL CENTER

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 1

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2010)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply)	1	
a <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	5	
a <input type="checkbox"/> Hospital facility's website		
b <input type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
d <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
g <input type="checkbox"/> Prioritization of health needs in the community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals? . . . If "Yes," indicate the FPG family income limit for eligibility for free care ____%	9	

Part V

Facility Information (continued)

		Yes	No
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate the FPG family income limit for eligibility for discounted care __%	10	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	
12	Explained the method for applying for financial assistance?	12	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment?	14	
15	Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)		
16	Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year? If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply) a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)	16	
17	Indicate which actions the hospital facility took before initiating any of the collection actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance e <input type="checkbox"/> Other (describe in Part VI)		

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

		Yes	No
18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? If "No," indicate the reasons why (check all that apply)	18		
a <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions			
b <input type="checkbox"/> The hospital facility did not have a policy relating to emergency medical care			
c <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d <input type="checkbox"/> Other (describe in Part VI)			

Charges for Medical Care

19 Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply)			
a <input type="checkbox"/> The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility			
b <input type="checkbox"/> The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility			
c <input type="checkbox"/> The hospital facility used the Medicare rate for those services			
d <input type="checkbox"/> Other (describe in Part VI)			
20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI	20		
21 Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that patient? If "Yes," explain in Part VI	21		

Part V Facility Information (continued)

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility: P&S SURGERY CENTER LLC

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 2

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2010)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply)	1	
a <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	5	
a <input type="checkbox"/> Hospital facility's website		
b <input type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
d <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
g <input type="checkbox"/> Prioritization of health needs in the community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals? . . . If "Yes," indicate the FPG family income limit for eligibility for free care ____%	9	

Part V

Facility Information (continued)

		Yes	No
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate the FPG family income limit for eligibility for discounted care __%	10	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	
12	Explained the method for applying for financial assistance?	12	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment?	14	
15	Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)		
16	Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year? If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply) a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)	16	
17	Indicate which actions the hospital facility took before initiating any of the collection actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance e <input type="checkbox"/> Other (describe in Part VI)		

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

		Yes	No
18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? If "No," indicate the reasons why (check all that apply)	18		
a <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions			
b <input type="checkbox"/> The hospital facility did not have a policy relating to emergency medical care			
c <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d <input type="checkbox"/> Other (describe in Part VI)			

Charges for Medical Care

19 Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply)			
a <input type="checkbox"/> The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility			
b <input type="checkbox"/> The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility			
c <input type="checkbox"/> The hospital facility used the Medicare rate for those services			
d <input type="checkbox"/> Other (describe in Part VI)			
20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI	20		
21 Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that patient? If "Yes," explain in Part VI	21		

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility: ST FRANCIS NORTH HOSPITAL

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 3

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2010)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1	
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)	5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Participation in the development of a community-wide community benefit plan d <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals? . . . If "Yes," indicate the FPG family income limit for eligibility for free care ____%	9	

Part V

Facility Information (continued)

		Yes	No
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate the FPG family income limit for eligibility for discounted care __%	10	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input type="checkbox"/> Income level b <input type="checkbox"/> Asset level c <input type="checkbox"/> Medical indigency d <input type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	
12	Explained the method for applying for financial assistance?	12	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment?	14	
15	Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)		
16	Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year? If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply) a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other (describe in Part VI)	16	
17	Indicate which actions the hospital facility took before initiating any of the collection actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance e <input type="checkbox"/> Other (describe in Part VI)		

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

		Yes	No
18	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? If "No," indicate the reasons why (check all that apply)		
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility did not have a policy relating to emergency medical care		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> Other (describe in Part VI)		

Charges for Medical Care

19	Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply)			
a	<input type="checkbox"/> The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility			
b	<input type="checkbox"/> The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility			
c	<input type="checkbox"/> The hospital facility used the Medicare rate for those services			
d	<input type="checkbox"/> Other (describe in Part VI)			
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI	20		
21	Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that patient? If "Yes," explain in Part VI	21		

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? 6

Name and address		Type of Facility (Describe)
1	NORTHEAST LA CANCER INSTITUTE 411 CALYPSO STREET MONROE, LA 71201	CANCER TREATMENT AND IMAGING CENTER
2	NORTHEAST LA CANCER INSTITUTE 411 CALYPSO STREET MONROE, LA 71201	CANCER TREATMENT AND IMAGING CENTER
3	NORTHEAST LA CANCER INSTITUTE 411 CALYPSO STREET MONROE, LA 71201	CANCER TREATMENT AND IMAGING CENTER
4	NORTHEAST LA CANCER INSTITUTE 411 CALYPSO STREET MONROE, LA 71201	CANCER TREATMENT AND IMAGING CENTER
5	NORTHEAST LA CANCER INSTITUTE 411 CALYPSO STREET MONROE, LA 71201	CANCER TREATMENT AND IMAGING CENTER
6	NORTHEAST LA CANCER INSTITUTE 411 CALYPSO STREET MONROE, LA 71201	CANCER TREATMENT AND IMAGING CENTER
7		
8		
9		
10		

Part VI

Supplemental Information

Complete this part to provide the following information

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

Identifier	ReturnReference	Explanation
PART I, LINE 3C		St Francis Medical Center uses information obtained related to income levels, etc to determine eligibility for discounted care A range of charity care is provided to those who do not meet the 200% of FPG All uninsured patients are provided a 15% self-pay discount

Identifier	ReturnReference	Explanation
PART I, LINE 6A		The organization prepares its own community benefit report

Identifier	ReturnReference	Explanation
PART I, LINE 7G		No costs attributable to a physician clinic were included as subsidized health services

Identifier	ReturnReference	Explanation
PART I, LINE 7, COLUMN (F)		\$8,409,170 of bad debt expense is included on Form 990, Part IX, Line 25, Column A A total of \$8,860,630 (which includes \$451,460 of bad debt expense from a joint venture) is subtracted from total expenses for purposes of calculating the percentage in Column F

Identifier	ReturnReference	Explanation
PART I, LINE 7		The cost to charge ratio is utilized as the costing methodology to calculate the amounts reported in Part I line 7g, subsidized health services. The cost to charge ratio was derived from the June 30, 2011 Medicare Cost Report data. The cost-to-charge ratio from the cost reports was used to calculate the amounts in the table. The cost accounting system does address all patient segments.

Identifier	ReturnReference	Explanation
PART III, LINE 4		The cost to charge ratio was utilized in determining the cost of bad debt expense as reported in Part III line 2. Discounts provided are not included in bad debt expense. Payments received on accounts subsequent to being considered bad debt are recorded as a recovery (reduction) of bad debt expense. To the extent appropriate and permitted by law, financial counseling and screenings are conducted at the time of encounter to assist in identifying patients who would likely qualify for financial assistance under the hospital's charity care policy. No estimate has been made for any amounts included in bad debt expense that might qualify for financial assistance. The audited financial statements do not include a footnote discussing bad debts. However, the organization accounts for bad debts based on the aging of the accounts and based on historical collection history associated with the various aging categories. On periodic basis, the organization conducts a retrospective review to determine the appropriateness of the collection percentages utilized in estimated bad debt expense.

Identifier	ReturnReference	Explanation
PART III, LINE 8		The costing methodology used to determine the Medicare allowable costs reported in the Medicare Cost Report is based on regulatory requirements and guidelines. The organization currently does not believe that any shortfall should be treated as a community benefit.

Identifier	ReturnReference	Explanation
PART III, LINE 9B		If the patient does not have means to pay, they may apply for financial assistance through St Francis Medical Center's Charity Care Plan known as The Franciscan Care Plan Approval will be based on income and medical expenses Accounts may also be written off to charity based on the information provided by the credit bureaus through the systems and tools utilized as well as the patient's medical expenses

Identifier	ReturnReference	Explanation
PART VI, LINE 2	NEEDS ASSESSMENT	St Francis Medical Center, Inc works to conduct health care needs assessments They work closely with Families helping Families, The Wellsprings, The Children's Coalition, YMCA and many other organizations to define community needs and to consolidate efforts to meet those community needs For example, a school-based health center and a diabetes and nutrition center was initiated after a health care assessment identified the need SFMC conducted a formal community based needs assessment in 2011 and will continue to use community based data to support decisions for outreach in the community

Identifier	ReturnReference	Explanation
PART VI, LINE 3	PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	Patients are informed through a patient handbook that contains information on the financial policies of SFMC. Additionally, signs are posted in the Admissions areas that Financial Counseling is available upon request. Systems and tools are utilized to conduct high level financial screening to assist in identifying patients eligible for charity care, financial assistance, or self-pay discounts. Financial counselors work closely with patients to assist with enrollment for those who are eligible for Medicaid as well as assist those who are eligible for charity in determining eligibility.

Identifier	ReturnReference	Explanation
PART VI, LINE 4	COMMUNITY INFORMATION	St Francis Medical Center's community served is a broad 20-parish area in northeastern Louisiana and southern Arkansas, with a population of approximately 510,381. The 2011 estimated average household income for this community is \$53,469. Based on estimates for the next five years, the only age group estimated to grow in size in our community is the 65+ group, with an estimated 5.5% increase.

Identifier	ReturnReference	Explanation
PART II	COMMUNITY BUILDING ACTIVITIES	SFMC provides occupancy and utilities free of charge to St Vincent DePaul charitable pharmacy so that the poorest individuals in the community have access to prescription drugs SFMC also provides occupancy free of charge to a primary health care clinic located in one of the poorest areas of Monroe These activities allow the recipient organizations to spend their available funds on activities that have more direct impact on those in need SFMC provides management oversight of community programs and activities, including Meals on Wheels, taxi and medication provided to the needy, and community benefit salary dollars SMFC proudly serves as the designated regional hospital for Region 8 and provides leadership and coordination for emergency preparedness activities SFMC provides leadership development and training for Roman Catholic Priests to serve in the SFMC Community SFMC improves access to public health through its financial support of an adult day health care facility and a school based health center SFMC has many programs designed to promote leadership development and provide exposure to various careers in health care Such programs include health information management, sports medicine program, AHEC (area health education center) program, Carroll High School Housekeeping Program and the Jr Volunteer Program

Identifier	ReturnReference	Explanation
Part VI, LINE 5	PROMOTION OF COMMUNITY HEALTH	A majority of the governing body of SFMC is comprised of individuals from a broad cross-section of the community who reside in the primary service area and who are neither employees nor contractors of the organization. SFMC extends medical staff privileges to all qualified physicians in the community for some or all of the departments, as needed. SFMC applies surplus funds to improvements in patient care through the continued investment in clinical technology, medical information technology, and continued training of clinical staff.

Identifier	ReturnReference	Explanation
PART VI, LINE 6		St Francis Medical Center is a not-for-profit hospital, non-stock member corporation of which Franciscan Missionaries of Our Lady Health System, Inc (FMOL Health System) is the sole member St Francis Medical Center is part of the FMOL Health System which includes several hospitals and tax-exempt affiliates throughout the state of Louisiana St Francis Medical Center serves the community in Northeastern Louisiana and Southern Arkansas Other related hospitals in Louisiana include Our Lady of Lourdes Regional Medical Center Our Lady of the Lake Hospital St Elizabeth Hospital Our Lady of the Lake Assumption Hospital

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
ST FRANCIS MEDICAL CENTER

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

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

OMB No 1545-0047

2010

Open to Public
Inspection

Employer identification number
72-0408970

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) AMERICAN HEART ASSOCIATIONPO BOX 159 DESTRAHAN,LA 70047	13-5613797	501(c)(3)	26,000				FIGHT HEART DISEASE
(2) CHILDRENS COALITION OF NE LA1201 HUDSON LANE MONROE,LA 71201	72-1502186	501(C)(3)	12,000				SUPPORT CHILD CARE
(3) ULM FOUNDATION700 UNIVERSITY AVENUE MONROE,LA 71209	72-6028527	501(c)(3)	50,000				NURSING PROGRAM

2

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

3

3

Enter total number of other organizations

Part III

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

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

Part IV

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

Identifier	Return Reference	Explanation
PART I, LINE 2		ST FRANCIS MEDICAL CENTER REQUESTS AN ACKNOWLEDGEMENT LETTER FROM EACH ORGANIZATION TO WHICH WE GIVE \$5,000 OR MORE IN A CALENDAR YEAR ORGANIZATIONS ARE REQUESTED TO IDENTIFY WHEN THE FUNDS WERE RECEIVED, HOW MUCH WAS RECEIVED, HOW THE FUNDS WERE USED AND WHAT THE OUTCOMES WERE OF THE PROJECT OR PROGRAM FOR WHICH THE FUNDS WERE REQUESTED

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2010

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization ST FRANCIS MEDICAL CENTER	Employer identification number 72-0408970
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Part I

Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items		
	<div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Discretionary spending account</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain	1b	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	2	
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply		
	<div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input type="checkbox"/> Form 990 of other organizations</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div>		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
a	Receive a severance payment or change-of-control payment from the organization or a related organization?	4a	No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	No
c	Participate in, or receive payment from, an equity-based compensation arrangement?	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	Yes
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	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) BLAINE M BORDERS	(i)	524,125	368,844	2,843	6,125	31,075	933,012	0
	(ii)	0	0	0	0	0	0	0
(2) ROBERT K WHITE	(i)	588,581	294,075	2,659	6,125	32,007	923,447	0
	(ii)	0	0	0	0	0	0	0
(3) JOSE A BERMUDEZ	(i)	317,835	39,687	30,674	6,125	13,718	408,039	0
	(ii)	0	0	0	0	0	0	0
(4) THOMAS J GULLATT	(i)	336,163	88,986	25,656	24,569	27,290	502,664	0
	(ii)	0	0	0	0	0	0	0
(5) JOHN D BRUCHHAUS	(i)	263,109	100,498	23,798	16,491	12,224	416,120	0
	(ii)	0	0	0	0	0	0	0
(6) JAMES G SMITH	(i)	265,832	100,176	24,613	24,569	12,283	427,473	0
	(ii)	0	0	0	0	0	0	0
(7) RICHARD W FINCHER	(i)	243,441	94,149	24,540	6,125	27,290	395,545	0
	(ii)	0	0	0	0	0	0	0
(8) R LOUIS GAVIOLI	(i)	261,097	25,459	1,867	31,943	20,884	341,250	0
	(ii)	0	0	0	0	0	0	0
(9) ANTTI G MARAN	(i)	217,985	10,900	10,031	5,942	11,691	256,549	0
	(ii)	0	0	0	0	0	0	0
(10) RONALD E HOGAN	(i)	226,620	23,791	19,876	18,091	30,060	318,438	0
	(ii)	0	0	0	0	0	0	0
(11) PATRICIA D SMITH	(i)	188,867	19,184	9,924	5,513	18,820	242,308	0
	(ii)	0	0	0	0	0	0	0
(12) SABRINA H RAMSEY	(i)	167,238	16,797	450	14,978	4,623	204,086	0
	(ii)	0	0	0	0	0	0	0
(13) LISA C BRADLEY	(i)	149,598	14,892	298	11,168	2,819	178,775	0
	(ii)	0	0	0	0	0	0	0
(14) FRED DTOLBERT	(i)	134,152	14,045	9,328	15,044	25,353	197,922	0
	(ii)	0	0	0	0	0	0	0
(15) CYNTHIA J ROGERS	(i)	79,446	20,184	8,853	0	11,927	120,410	0
	(ii)	79,446	350	2,693	0	11,774	94,263	0
(16) LOUIS BREMER	(i)	0	0	0	0	0	0	0
	(ii)	278,078	58,121	97,774	9,800	23,884	467,657	0

Part III **Supplemental Information**

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

Identifier	Return Reference	Explanation
Part I, Question 7		DISCRETIONARY BONUSES WERE PAID WITH REGARD TO PERSONS LISTED ON PART VII, SECTION A, LINE 1A. SUCH BONUSES WERE APPROVED BY THE CEO OR THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS.

Software ID:
Software Version:
EIN: 72-0408970
Name: ST FRANCIS MEDICAL CENTER

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
BLAINE M BORDERS	(i) (ii)	524,125 0	368,844 0	2,843 0	6,125 0	31,075 0	933,012 0	0 0
ROBERT K WHITE	(i) (ii)	588,581 0	294,075 0	2,659 0	6,125 0	32,007 0	923,447 0	0 0
JOSE A BERMUDEZ	(i) (ii)	317,835 0	39,687 0	30,674 0	6,125 0	13,718 0	408,039 0	0 0
THOMAS J GULLATT	(i) (ii)	336,163 0	88,986 0	25,656 0	24,569 0	27,290 0	502,664 0	0 0
JOHN D BRUCHHAUS	(i) (ii)	263,109 0	100,498 0	23,798 0	16,491 0	12,224 0	416,120 0	0 0
JAMES G SMITH	(i) (ii)	265,832 0	100,176 0	24,613 0	24,569 0	12,283 0	427,473 0	0 0
RICHARD W FINCHER	(i) (ii)	243,441 0	94,149 0	24,540 0	6,125 0	27,290 0	395,545 0	0 0
R LOUIS GAVIOLI	(i) (ii)	261,097 0	25,459 0	1,867 0	31,943 0	20,884 0	341,250 0	0 0
ANTTI G MARAN	(i) (ii)	217,985 0	10,900 0	10,031 0	5,942 0	11,691 0	256,549 0	0 0
RONALD E HOGAN	(i) (ii)	226,620 0	23,791 0	19,876 0	18,091 0	30,060 0	318,438 0	0 0
PATRICIA D SMITH	(i) (ii)	188,867 0	19,184 0	9,924 0	5,513 0	18,820 0	242,308 0	0 0
SABRINA H RAMSEY	(i) (ii)	167,238 0	16,797 0	450 0	14,978 0	4,623 0	204,086 0	0 0
LISA C BRADLEY	(i) (ii)	149,598 0	14,892 0	298 0	11,168 0	2,819 0	178,775 0	0 0
FRED DTOLBERT	(i) (ii)	134,152 0	14,045 0	9,328 0	15,044 0	25,353 0	197,922 0	0 0
CYNTHIA J ROGERS	(i) (ii)	79,446 79,446	20,184 350	8,853 2,693	0 0	11,927 11,774	120,410 94,263	0 0
LOUIS BREMER	(i) (ii)	0 278,078	0 58,121	0 97,774	0 9,800	0 23,884	0 467,657	0 0

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

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

OMB No 1545-0047
2010
Open to Public Inspection

Name of the organization
ST FRANCIS MEDICAL CENTER

Employer identification number
72-0408970

Part I

Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) organizations only).
Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

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

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

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

Part II

Loans to and/or From Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization?		(c) Original principal amount	(d) Balance due	(e) In default?		(f) Approved by board or committee?		(g) Written agreement?	
	To	From			Yes	No	Yes	No	Yes	No
Total ▶ \$										

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) PS Surgery Center LLC	CEO/CFO OF SFMC ON BOARD	309,665	P&S purchased SFMC services		No
(2) NE LA Cancer Institute	CEO/CFO OF SFMC ON BOARD	62,241	Purchase of support services		No
(3) NE LA Cancer Institute	CEO/CFO OF SFMC ON BOARD	510,680	Lease of space from SFMC		No
(4) Century Link	BOARD MEMBER IS OFFICER	237,161	Voice and data services		No
(5) TERRY KING APMC	BOARD MEMBER IS OWNER	294,172	SFMC PAYS FOR MEDICAL SERVICES		No
(6) PS Surgery Center LLC	CEO/CFO OF SFMC ON BOARD	556,270	LEASE OF SPACE FROM SFMC		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
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2010

Open to Public
Inspection

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.

Name of the organization
ST FRANCIS MEDICAL CENTER

Employer identification number
72-0408970

Identifier	Return Reference	Explanation																										
STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	FORM 990 PART III	<p>St Francis Medical Center service to the community for fiscal year ended June 30, 2011. The Medical Center is an active, caring member of the communities it serves. In carrying out its mission of meeting the health needs of the people of God, the Board of Directors has established a policy under which the Medical Center provides care to needy members of its communities. Following that policy, health care services costing approximately \$4,394,000 were provided without charge during the year ended June 30, 2011. Gross charges foregone, based on established rates, totaled approximately \$12,711,000 for the year ended June 30, 2011. The Medical Center also participates in government programs including Medicare, Medicaid and TriCare programs. Under these programs, the Medical Center provides care to patients at payment rates that are determined by the federal and state governments, regardless of actual cost. In some cases, these programs pay the Medical Center at amounts which are less than its cost of providing services. The following table summarizes the amounts of charges foregone (i.e., contractual allowances) and the estimated losses incurred by the Medical Center due to inadequate payments by these programs and for charity for the year ended June 30, 2011. This table does not include discounts offered by the Medical Center under managed care or other such arrangements. June 30, 2011</p> <table><tr><td>CHARGES FORGONE</td><td>Charity</td><td>Care and means-tested programs</td><td>Medicare</td><td>\$264,344,000</td><td>Medicaid</td><td>\$101,822,000</td><td>Charity</td><td>\$12,711,000</td><td>Other</td><td>\$2,860,000</td><td>Total</td><td>\$381,737,000</td></tr><tr><td>Estimated Unreimbursed Charges</td><td>Medicare</td><td>\$22,119,000</td><td>Medicaid</td><td>\$13,323,000</td><td>Charity</td><td>\$4,394,000</td><td>Other</td><td>\$79,000</td><td>Total</td><td>\$39,915,000</td><td></td><td></td></tr></table> <p>In addition to community services directly associated with providing hospital-based care, the Medical Center serves the community in numerous other ways. For example, The Medical Center provides Health Professionals Education in a clinical setting for undergraduate, vocational training, internships, clerkships, and residencies. This program includes registered nurse recruitment activities and collaboration with local colleges for supervision and clinical training in pharmacy, respiratory therapy, health information management and medical technology. The costs incurred for these programs totaled approximately \$858,000 during the year ended June 30, 2011. The Medical Center provides subsidized health services which provide a discount, at cost, to all patients that have no form of insurance coverage. The costs incurred for these programs totaled approximately \$525,000 during the year ended June 30, 2011. The Medical Center provides cash and in-kind contributions to community groups which include donations to Families Helping Families, Children's Coalition, Wellspring, Haiti Project, Prevent Child Abuse, Alzheimer's Foundation, YMCA, and Komen Foundation. This program also includes employee costs associated with board and community involvement of rural hospitals. The costs incurred for these programs totaled approximately \$81,000 during the year ended June 30, 2011. The Medical Center provides occupancy and utilities to St Vincent DePaul charitable pharmacy. The costs incurred for these programs totaled approximately \$40,000 during the year ended June 30, 2011. The Medical Center provides community health education classes on breast feeding, childbirth basics, sibling class and abc's of childcare. This also includes sponsorship of Think First, a national injury prevention organization. The Medical Center provides free depression and anxiety screenings to the community. The costs incurred for these programs totaled approximately \$7,000 during the year ended June 30, 2011. The Medical Center provides community support which includes staff costs of management oversight of community benefit programs and activities, including Meals on Wheels, taxi and medication provided to the needy, and community benefit salary dollars. The costs incurred for these programs totaled approximately \$235,000 during the year ended June 30, 2011. The Medical Center provides community based clinical services including community based health screenings including behavior health, discounted services provided to Louisiana Baptist Children's home, Veteran's Administration, rural hospitals, ULM athletic department, MDA, Wellspring, and handicap children. The costs incurred for these programs totaled approximately \$227,000 during the year ended June 30, 2011. The Medical Center provides leadership development and training for community members. St Francis serves as the designated regional hospital for Region 8 and provides leadership and coordination for emergency preparedness activities. The costs incurred for these programs totaled approximately \$33,000 during the year ended June 30, 2011. The Medical Center provides community health improvement and advocacy which includes the unreimbursed costs of the Adult Day Health Care Facility and the school based health center. The costs</p>	CHARGES FORGONE	Charity	Care and means-tested programs	Medicare	\$264,344,000	Medicaid	\$101,822,000	Charity	\$12,711,000	Other	\$2,860,000	Total	\$381,737,000	Estimated Unreimbursed Charges	Medicare	\$22,119,000	Medicaid	\$13,323,000	Charity	\$4,394,000	Other	\$79,000	Total	\$39,915,000		
CHARGES FORGONE	Charity	Care and means-tested programs	Medicare	\$264,344,000	Medicaid	\$101,822,000	Charity	\$12,711,000	Other	\$2,860,000	Total	\$381,737,000																
Estimated Unreimbursed Charges	Medicare	\$22,119,000	Medicaid	\$13,323,000	Charity	\$4,394,000	Other	\$79,000	Total	\$39,915,000																		

Identifier	Return Reference	Explanation
STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS	FORM 990 PART III	ts incurred for these programs totaled approximately \$153,000 during the year ended June 30, 2011 The Medical Center provides workforce development designed to promote leadership development and provided exposure to various careers in health care including sports medicine program, AHEC (Area Health Education Center Program), Carroll High School housekeeping program and junior volunteer program The costs incurred for these programs totaled approximately \$7,000 during the year ended June 30, 2011

Identifier	Return Reference	Explanation
Part VI, Section A, Question 2		Sabrina Ramsey & Ronald E. Hogan - Family Relationship Ron Hogan, Lisa Bradley, Louis Bremer, J Steward Gentry and Louis Gavioli have a business relationship with each other solely because they all serve as directors of other organizations which are related to St. Francis Medical Center

Identifier	Return Reference	Explanation
Part VI, Section A, Question 6		FMOL Health System, Inc (an IRC Section 501(C)(3) organization) is the sole member of the medical center

Identifier	Return Reference	Explanation
PART VI, SECTION A, QUESTION 7A		FMOL HEALTH SYSTEM, INC AS THE SOLE MEMBER OF THE MEDICAL CENTER, RETAINS THE POWER TO APPOINT AND REMOVE THE MEMBERS OF THE BOARD OF TRUSTEES AND OFFICERS OF ST FRANCIS MEDICAL CENTER

Identifier	Return Reference	Explanation
PART VI, SECTION A, QUESTION 7B		THE RESERVED POWERS TO FMOL HEALTH SYSTEM, INC ARE AS FOLLOWS i To change philosophy, objectives and purposes of corporation ii To appoint or remove the Members of the Board of Trustees and Officers of the corporation iii To amend, alter, modify or repeal the Articles of Incorporation and Bylaws of the corporation iv To authorize merger, consolidation, or affiliation, or participate in joint ventures v To dissolve and to distribute assets of the corporation vi To appoint and/or terminate with or without cause the Chief Executive Officer of the corporation vii To acquire, purchase, sell, lease, transfer, or encumber any immovable property on behalf of the corporation viii To add to or incur long-term debt in excess of \$5 million by the Corporation ix To appoint the fiscal auditor for the corporation x To approve any increment or addition to the capital debt or efforts to renegotiate, modify or charge the existing capital debt obligations of the corporation xi To approve the annual operating and capital budgets of the corporation xii To approve a strategic business plan of the corporation

Identifier	Return Reference	Explanation
Part VI, Section A, Question 11A		After preparation and review of Form 990 by KPMG LLP, the Form 990 is reviewed by management. A copy of the Form 990 is provided to the Medical Center's governing body before it is filed with the IRS.

Identifier	Return Reference	Explanation
PART VI, SECTION B, QUESTION 12C		<p>St Francis Medical Center has a comprehensive conflict of interest policy that requires each officer, trustee, board committee member and employee to complete a conflict of interest disclosure statement annually. Completed disclosure forms are reviewed and maintained by the Chief Compliance Officer. If any trustee, Board committee member or senior manager has a potential conflict, the Executive Committee of the Board determines whether action needs to be taken and communicates any such action to the individual. A potential conflict of any other employee is reviewed by the CEO or his designee. The Executive Committee, CEO or designee, as applicable, determines if a conflict of interest exists or creates the appearance of impropriety. If such a determination is made, the individual will be excused from participating in the business decision. During the year, any change to the information in the disclosure statement must be disclosed promptly to the Chief Compliance Officer, who takes appropriate action. The process also requires affirmation from each individual that she/he (a) has received a copy of the conflict of interest policy, (b) has read and understands the policy, (c) has agreed to comply with the policy, and (d) understands that St Francis Medical Center is a charitable organization and that, in order to maintain its Federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes. In addition to the above, St Francis Medical Center provides mechanisms for confidential reporting of compliance issues. These mechanisms include an anonymous hotline and Web site where individuals may raise issues, seek clarification, and report possible conflicts of interest or other concerns. These reports, including reports of possible conflicts of interest, are reviewed and investigated by the Corporate Compliance Department and appropriate action is taken.</p>

Identifier	Return Reference	Explanation
PART VI, SECTION B, QUESTION 15A & 15B		Our Board of Directors designates an executive committee made up of independent board members to review and set the compensation annually of our officers and key employees. The executive committee obtains and relies upon comparable data including industry-wide compensation information provided by an outside consulting firm. The executive committee reviews compensation packages and appropriate compensation is determined and approved. The basis for determination is then documented by the executive committee. The compensation for the CEO of St. Francis Medical Center is set by the compensation committee of FMOL Health System (a related tax-exempt organization) according to their pay practices which are similar to those described above.

Identifier	Return Reference	Explanation
GOVERNING DOCUMENTS	PART VI, SECTION C, QUESTION 19	The organization makes its governing documents, conflict of interest policy and financial statements available upon request

Identifier	Return Reference	Explanation
PART XI, QUESTION 5		CAPITAL TRANSFERS \$(2,646,518) UNREALIZED GAIN/LOSS \$20,115,997 TOTAL OTHER CHANGE IN NET ASSETS \$17,469,479

Identifier	Return Reference	Explanation
Part VI, Section B, Q14 and 16a	Part VI, Section B, Questions 14 and 16a	THROUGHOUT THE TAX YEAR, THE ORGANIZATION HAD A DOCUMENT RETENTION POLICY AND A JOINT VENTURE POLICY IN PLACE ALTHOUGH THEY WERE NOT APPROVED BY THE ORGANIZATION'S BOARD OF DIRECTORS BEFORE JUNE 30, 2011 THE ORGANIZATION INTENDS TO HAVE THE POLICIES APPROVED BY THE ORGANIZATION'S BOARD OF DIRECTORS OR COMMITTEE THEREOF

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME SR RITA LANIE, O S F TITLE DIRECTOR HOURS 8

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME LOUIS BREMER TITLE CEO/DIRECTOR HOURS 1

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME RONALD E HOGAN TITLE SR VP - CFO HOURS 1

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME CYNTHIA J ROGERS TITLE VP ADMIN SFN HOURS 1

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
ST FRANCIS MEDICAL CENTER

Employer identification number
72-0408970

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) St Bernard Health Fund 4200 ESSEN LANE BATON ROUGE, LA 70809 20-4685614	HEALTHCARE	LA	501(C)(3)	11 TYPE 1	FMOLHS		
(2) HEALTH PARTNERS NETWORK OF SOUTH LA 611 ST LANDRY STREET LAFAYETTE, LA 70506	HEALTHCARE	LA	501(C)(3)	3	LOURDES RMC		

Part III

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

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

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) St Francis Insurance Agency 309 Jackson Street Monroe, LA71201 72-1435136	Insurance	LA	NA	C CORP	125,511	64,208	100 000 %
(2) Hospital Assistance Services PO Box 4027-C Lafayette, LA70502 72-1073486	Healthcare	LA	LOURDES	C Corp			
(3) Louise Insurance Company PO BOX 1051 KY1-1102 CJ	INSURANCE	CJ	FMOL	C Corp			
(4) Monroe Health Services PO Box 3187 Monroe, LA71210 72-1057820	Healthcare	LA	AMBULATORY	C Corp			
(5) Northeast LA Health Network 309 Jackson Street Monroe, LA71201 72-1294587	Healthcare	LA	AMBULATORY	C Corp			
(6) Bernard Brian Allain Memorial CRT 5000 Hennessy Boulevard Baton Rouge, LA70808 20-7114528	Investment	LA	LOL Foundation	Trust			

Part V

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

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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by other organization(s)

f

Sale of assets to other organization(s)

g

Purchase of assets from other organization(s)

h

Exchange of assets

i

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

j

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

k

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

l

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

m

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

n

Sharing of paid employees

o

Reimbursement paid to other organization for expenses

p

Reimbursement paid by other organization for expenses

q

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

r

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

Yes

No

1a

Yes

1b

No

1c

Yes

1d

Yes

1e

No

1f

No

1g

No

1h

No

1i

Yes

1j

Yes

1k

Yes

1l

Yes

1m

No

1n

No

1o

Yes

1p

No

1q

Yes

1r

Yes

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) St Francis Ambulatory Services	A	50,245	
(2) ST FRANCIS AMBULATORY SERVICES	J	310,224	
(3) ST FRANCIS INSURANCE AGENCY	A	33,586	
(4) P&S SURGERY CENTER	A	556,270	
(5) P&S SURGERY CENTER	K	309,665	
(6) P&S SURGERY CENTER	R	1,560,750	

Schedule R (Form 990) 2010

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

[illegible]

Part VII

Supplemental Information

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

Identifier	Return Reference	Explanation
------------	------------------	-------------

Software ID:

Software Version:

EIN: 72-0408970

Name: ST FRANCIS MEDICAL CENTER

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income (\$)	(g) Share of end-of-year assets (\$)	(h) Dispropportionate allocations?		(i) Code V-UBI amount on Box 20 of K-1 (\$)	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
Lourdes Imaging Center LLC 611 St Landry Street Lafayette, LA 70506 20-8326214	Healthcare	LA	LOURDES	N\A				No		Yes		
Heart Hospital of Acadiana 1105 Kaliste Saloom Road Lafayette, LA 70508 30-0442368	Healthcare	LA	LOURDES	N\A				No		Yes		
Perkins Plaza Medical Arts Development 5000 Hennessy Boulevard Baton Rouge, LA 70808 45-0516574	REAL ESTATE	LA	OLOL	N\A				No		Yes		
Perkins Plaza Imaging Center 5000 Hennessy Boulevard Baton Rouge, LA 70808 20-3697665	HEALTHCARE	LA	OLOL	N\A				No		Yes		
Perkins Plaza Imaging Development 5000 Hennessy Boulevard Baton Rouge, LA 70808 20-3894521	REAL ESTATE	LA	OLOL	N\A				No		Yes		
P&S SURGERY CENTER LLC 312 GRAMMONT STREET MONROE, LA 71201 72-1387870	HEALTHCARE	LA	NA	RELATED	2,274,075	10,723,199		No	0	Yes		50 000 %
NUCLEAR IMAGING LLC 5000 HENNESSY BOULEVARD BATON ROUGE, LA 70808 72-1470061	HEALTHCARE	LA	OLOL	N\A				No		Yes		
St Francis Pediatric After Hours LLC Post Office 207 Monroe, LA 71210 06-1782572	Healthcare	LA	NA	RELATED	-733	122,657		No	0	Yes		50 000 %

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income (\$)	(g) Share of end-of- year assets (\$)	(h) Disproprrtionate allocations?		(i) Code V-UBI amount on Box 20 of K-1 (\$)	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
Lourdes Imaging Development LLC 611 St Landry Street Lafayette, LA 70506 20-8326287	REAL ESTATE	LA	LOURDES	N\A				No		Yes		
Park Place Surgical Hospital 901 Wilson Street Lafayette, LA 70503 72-1404092	Healthcare	LA	LOURDES	N\A				No		Yes		
BRPT Lake Rehabilitation Centers LLC 530 Shadows Lane Baton Rouge, LA 70806 72-1506100	Healthcare	LA	OLOL	N\A				No		Yes		
Convenient Care LLC 7777 Hennessy Boulevard Suite 1004 Baton Rouge, LA 70808 72-1439481	Healthcare	LA	OLOL	N\A				No		Yes		
Perkins Plaza Ambulatory Surgery Center 54 The Legends Parkway Suite 159 Eureka, MO 63025 48-1264699	Healthcare	LA	OLOL	N\A				No		Yes		
Surgical Specialty Center of Baton Rouge 8080 Bluebonnet Boulevard Baton Rouge, LA 70810 26-3160962	Healthcare	LA	OLOL	N\A				No		Yes		
St Elizabeth - Mary Bird Perkins 4950 Essen Lane BATON ROUGE, LA 70809 26-0628752	HEALTHCARE	LA	STE H	N\A				No		Yes		
Regional Eye Surgery Center LLC 7777 Hennessy Blvd Suite 4000 BATON ROUGE, LA 70808 72-1484653	HEALTHCARE	LA	OLOL	N\A				No		Yes		

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income (\$)	(g) Share of end-of-year assets (\$)	(h) Disproportionate allocations?		(i) Code V-UBI amount on Box 20 of K-1 (\$)	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
St Mary's Imaging Center II LLC 611 ST LANDRY STREET LAFAYETTE, LA70506	HEALTHCARE	LA	LOURDES IMAGING	N/A				No		Yes		
NORTHEAST LA CANCER INSTITUTE 141 DESTARD STREET SUITE 704 MONROE, LA71201 72-1329499	HEALTHCARE	LA	NA	RELATED	638,741	3,486,411		No	0	Yes		50 000 %
LOURDES AFTER HOURS LLC 7777 HENNESSY BLVD SUITE 1004-202 BATON ROUGE, LA70808 20-1367299	HEALTHCARE	LA	LOURDES	N\A				No		Yes		
LHCG-XIII LLC 420 WEST PINHOOK ROAD SUITE A LAFAYETTE, LA70503 20-8068308	HEALTHCARE	LA	LOURDES	N\A				No		Yes		
ST ELIZABETH IMAGING CENTER 1125 HIGHWAY 30 GONZALES, LA70737 36-4701565	HEALTHCARE	LA	STEH	N\A				No		Yes		
CAPITAL AREA SHARED SVC ORGANIZATIONLLC 5000 HENNESSY BOULEVARD BATON ROUGE, LA70808 27-5173212	HEALTHCARE	LA	OLOL	N\A				No		Yes		
CAPITAL AREA SHARED SVC ORGANIZATIONLLC 5000 HENNESSY BLVD BATON ROUGE, LA70808 27-5173212	HEALTHCARE	LA	STEH	N\A				No		Yes		

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

(a) Name of other organization		(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(1)	St Francis Ambulatory Services	A	50,245	
(2)	ST FRANCIS AMBULATORY SERVICES	J	310,224	
(3)	ST FRANCIS INSURANCE AGENCY	A	33,586	
(4)	P&S SURGERY CENTER	A	556,270	
(5)	P&S SURGERY CENTER	K	309,665	
(6)	P&S SURGERY CENTER	R	1,560,750	



**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Consolidated Financial Statements and
Supplemental Schedule

June 30, 2011 and 2010

(With Independent Auditors' Report Thereon)

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Table of Contents

	Page(s)
Independent Auditors' Report	1
Consolidated Financial Statements	
Consolidated Balance Sheets, June 30, 2011 and 2010	2
Consolidated Statements of Operations, Years ended June 30, 2011 and 2010	3–4
Consolidated Statements of Changes in Net Assets, Years ended June 30, 2011 and 2010	5
Consolidated Statements of Cash Flows, Years ended June 30, 2011 and 2010	6
Notes to Consolidated Financial Statements	7 – 49
Supplemental Schedule	
Schedule of Service to the Community (Unaudited)	50 – 52



KPMG LLP
Suite 1100
One Jackson Place
188 East Capitol Street
Jackson, MS 39201-2127

Independent Auditors' Report

The Board of Trustees of Franciscan Missionaries of
Our Lady Health System, Inc

The Board of Directors of St Francis
Medical Center, Inc

We have audited the accompanying consolidated balance sheets of St Francis Medical Center, Inc and affiliated organizations (the Medical Center) as of June 30, 2011 and 2010, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Medical Center's management. Our responsibility is to express an opinion on these consolidated 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 the Medical Center'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, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of St Francis Medical Center, Inc and affiliated organizations as of June 30, 2011 and 2010, and the results of their operations, changes in their net assets and their cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The information included in the supplemental schedule is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such schedule has not been subjected to the auditing procedures applied in our audits of the basic consolidated financial statement and, accordingly, we express no opinion on it.

KPMG LLP

November 2, 2011

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Consolidated Balance Sheets

June 30, 2011 and 2010

(In thousands)

Assets	2011	2010
Current assets		
Cash and cash equivalents	\$ 20.024	10.287
Patient receivables, net of allowance for uncollectible accounts of \$10,571 and \$10,644 in 2011 and 2010, respectively	30.775	31.201
Other current assets	17.047	19.012
Total current assets	67.846	60.500
Assets limited as to use, net of current portion	157.407	133.762
Property and equipment, net	110.580	112.095
Other assets	25.080	24.481
Total assets	\$ 360.913	330.838
Liabilities and Net Assets		
Current liabilities		
Current installments of long-term debt	\$ 4.282	14.662
Current portion of capital lease obligations	403	349
Accounts payable	8.980	8.834
Other current liabilities	20.766	16.262
Total current liabilities	34.431	40.107
Professional and general liabilities	1.257	1.455
Long-term debt, excluding current installments	140.270	134.037
Capital lease obligations, excluding current portion	1.149	1.552
Accrued pension cost	29.084	36.547
Other long-term liabilities	2.299	1.980
Total liabilities	208.490	215.678
Net assets		
Unrestricted	151.325	114.080
Temporarily restricted	1.098	1.080
Total net assets	152.423	115.160
Total liabilities and net assets	\$ 360.913	330.838

See accompanying notes to consolidated financial statements

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Consolidated Statements of Operations

Years ended June 30, 2011 and 2010

(In thousands)

	<u>2011</u>	<u>2010</u>
Unrestricted revenues		
Net patient service revenue	\$ 236,066	237,195
Other revenue	12,266	12,660
Equity in income from equity investees, net	2,832	2,431
Total unrestricted revenues	<u>251,164</u>	<u>252,286</u>
Net assets released from restrictions for operations		
Satisfaction of program restrictions	18	—
Total net assets released from restrictions	<u>18</u>	<u>—</u>
Total unrestricted revenues and other support	<u>251,182</u>	<u>252,286</u>
Operating expenses		
Salaries and wages	91,562	90,279
Employee benefits	23,567	26,863
Contract labor	516	1,183
Total salaries, wages, and benefits	<u>115,645</u>	<u>118,325</u>
Provision for uncollectible accounts	8,414	8,050
Physician fees	3,380	2,854
Professional services	3,478	2,327
Other services	40,875	40,890
Leases, insurance, and utilities	9,641	10,106
Supplies and other	45,768	48,846
Depreciation and amortization	14,559	16,554
Interest	6,877	6,738
Donations, taxes, and other	517	526
Total operating expenses	<u>249,154</u>	<u>255,216</u>
Operating income (loss)	<u>2,028</u>	<u>(2,930)</u>
Nonoperating gains		
Investment return	27,862	15,799
Total nonoperating gains, net	<u>27,862</u>	<u>15,799</u>
Unrestricted revenues, gains, and other support in excess of expenses and losses	29,890	12,869

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Consolidated Statements of Operations

Years ended June 30, 2011 and 2010

(In thousands)

	<u>2011</u>	<u>2010</u>
Unrestricted net assets (continued)		
Unrestricted revenues, gains, and other support in excess of expenses and losses	\$ 29,890	12,869
Capital transfers	(2,646)	(4,060)
Pension-related changes other than net periodic pension cost	<u>10,001</u>	<u>(6,005)</u>
Increase in unrestricted net assets	<u>\$ 37,245</u>	<u>2,804</u>

See accompanying notes to consolidated financial statements

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Consolidated Statements of Changes in Net Assets

Years ended June 30, 2011 and 2010

(In thousands)

	<u>2011</u>	<u>2010</u>
Unrestricted net assets		
Unrestricted revenues, gains, and other support in excess of expenses and losses	\$ 29.890	12.869
Capital transfers	(2.646)	(4.060)
Pension-related changes other than net periodic pension cost	10.001	(6.005)
Increase in unrestricted net assets	<u>37.245</u>	<u>2.804</u>
Temporarily restricted net assets		
Investment income	1	2
Net assets released from restrictions	(18)	—
Net unrealized and realized gains on investments	35	17
Increase in temporarily restricted net assets	<u>18</u>	<u>19</u>
Increase in net assets	37.263	2.823
Net assets, beginning of year	<u>115,160</u>	<u>112,337</u>
Net assets, end of year	<u>\$ 152,423</u>	<u>115,160</u>

See accompanying notes to consolidated financial statements

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Consolidated Statements of Cash Flows

Years ended June 30, 2011 and 2010

(In thousands)

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Increase in net assets	\$ 37,263	2,823
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Pension-related changes other than net periodic pension cost	(10,001)	6,005
Depreciation and amortization	14,559	16,554
Provision for uncollectible accounts	8,414	8,050
Net realized and unrealized gains on assets whose use is limited	(27,127)	(14,946)
Income from equity investees, net	(2,832)	(2,431)
Gain on sale of property and equipment	(67)	—
Amortization of net premium on bond issues	(35)	(35)
Capital transfers	2,646	4,060
Changes in operating assets and liabilities		
Receivables	(5,349)	(3,084)
Inventories	(23)	1,703
Prepaid expenses and other current assets	(480)	(592)
Due from affiliates	563	1,411
Short-term investments	—	(1)
Accounts payable, accrued expenses, and other liabilities	7,015	721
Professional and general liabilities	(198)	(232)
Net cash provided by operating activities	<u>24,348</u>	<u>20,006</u>
Cash flows from investing activities		
Capital expenditures	(12,731)	(8,175)
Assets limited as to use	3,332	448
Net distributions from equity investees, cost investments, and other	1,986	2,375
Net cash used in investing activities	<u>(7,413)</u>	<u>(5,352)</u>
Cash flows from financing activities		
Repayment of capital lease obligations	(349)	(317)
Repayment of long-term debt	(4,112)	(3,909)
Payment of bond issuance costs	(91)	(367)
Capital transfers	(2,646)	(4,060)
Net cash used in financing activities	<u>(7,198)</u>	<u>(8,653)</u>
Increase in cash and cash equivalents	9,737	6,001
Cash and cash equivalents, beginning of year	<u>10,287</u>	<u>4,286</u>
Cash and cash equivalents, end of year	<u>\$ 20,024</u>	<u>10,287</u>

See accompanying notes to consolidated financial statements

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

(1) Organization and Summary of Significant Accounting Policies

St Francis Medical Center, Inc. (the Medical Center) is a not-for-profit, nonstock membership corporation, of which Franciscan Missionaries of Our Lady Health System, Inc. (FMOLHS) is the sole member and has sole voting control. The Medical Center is a short-term, acute-care hospital located in Monroe, Louisiana, and is licensed for 545 beds. The licensed beds are allocated to the downtown campus (347 beds) and the north campus (198 beds).

Other significant controlled affiliates of FMOLHS include the corporations that operate Our Lady of the Lake Regional Medical Center in Baton Rouge, Louisiana (Lake), Our Lady of Lourdes Regional Medical Center in Lafayette, Louisiana (Lourdes), and Our Lady of the Lake Ascension Community Hospital (d b a St Elizabeth Hospital) in Gonzales, Louisiana. FMOLHS is a wholly-owned subsidiary of Franciscan Missionaries of Our Lady in Baton Rouge, Louisiana (FMOL).

The consolidated financial statements include the accounts of the Medical Center and its majority-owned subsidiaries and other controlled affiliates, which include the following:

- St Francis Ambulatory Services, Inc. (SFASI), a 100% owner of the following entities:
 - Monroe Health Services, Inc., which leases employees to medical facilities, and
 - Northeast Louisiana Health Network, a health network in which the Medical Center and eight other area community hospitals participate.

During 2010, SFASI distributed 100% of its ownership interest in Monroe MRI Center, LLC to the Medical Center. Effective January 1, 2010, Monroe MRI Center, LLC was merged into the Medical Center.

- St Francis Insurance Agency, Inc. (the Agency), which sells Medicare supplemental insurance policies that are underwritten by various insurance companies. Neither the Medical Center nor the Agency assumes any capitation risk.

Effective January 1, 2010, Open MRI Center of Monroe, LLC (Open MRI), a 100% owned subsidiary, which owns and operates an outpatient imaging facility, merged with the Medical Center.

Effective January 1, 2010, St Francis PET Imaging (PET Imaging), a 100% owned subsidiary, a positron emission tomography imaging facility, transferred all of its transferable assets to the Medical Center and began operations as a department of the Medical Center.

Effective July 1, 2010, St. Patrick's Psychiatric Hospital, a 100% owned subsidiary, merged with the Medical Center.

In addition, the Medical Center has ownership interests in the following organizations, all of which are accounted for using the equity method:

- 50% investment in P&S Surgery Center, LLC (P&S).

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

- 50% investment in the Northeast Louisiana Cancer Institute, LLC (NLCI).
- 50% investment in St. Francis Pediatric After Hours Clinic, LLC (Pediatric).
- 33 3% investment in Louisiana Homecare of Monroe, LLC (LHC), and
- 25% investment in Northeast Louisiana Physician Hospital Organization (NLPHO)

The Medical Center also had a 15 15% ownership in Lincoln General Health System (LHS). The investment in LHS is accounted for under the cost method. On March 31, 2007, the assets of LHS were sold to Community Health Systems for \$36,000 plus the value of working capital as of March 31, 2007. The Medical Center received an initial cash payment of \$2,227 in March 2009 for its interest in the transaction. The Medical Center received a second cash payment of \$2,800 in April 2010 for its cost method investment balance of \$626 and recognized a gain of \$2,174 (included in other revenue). During January 2011, the Medical Center received a cash payment of \$80 and recognized an additional gain of \$80 (included in other revenue). Cash distributions are substantially complete as of June 30, 2011.

During 2005, the Medical Center acquired an 18 2% interest in Monroe Surgical Hospital (MSH), a short-stay, 10-bed, acute-care surgical hospital. The investment in MSH was accounted for under the cost method and was acquired for approximately \$1,800. During 2006, the Medical Center exercised its option to put its interest in MSH back to the entity. In connection with the put option, the fair value of MSH was reappraised by an independent third party, and the Medical Center's recorded position was adjusted to reflect such valuation. MSH challenged the Medical Center's ability to exercise the put option, and litigation was initiated. At June 30, 2008, the Medical Center had a recorded investment in MSH of approximately \$668. In 2009, the Medical Center received \$668 for its interest in MSH, plus an interest payment of \$118; however, the litigation is still unresolved. As of June 30, 2011, the Medical Center has no recorded investment in MSH.

The significant accounting policies used by the Medical Center in preparing and presenting its consolidated financial statements follow:

(a) Principles of Consolidation

The consolidated financial statements include the accounts of the Medical Center and its majority-owned subsidiaries and other affiliates whose operations are significantly controlled by the Medical Center or its Board of Directors. All significant intercompany balances and transactions have been eliminated in consolidation.

(b) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires that management 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 consolidated financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. The current economic environment has increased the degree of uncertainty inherent in these estimates and assumptions.

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

Significant items subject to such estimates and assumptions include the determination of the allowances for uncollectible accounts and contractual adjustments, reserves for general and professional liability claims, reserves for workers' compensation claims, reserves for employee healthcare claims, estimated third-party payor settlements, certain investments in alternative funds, valuation of derivatives, useful lives of fixed assets, and the actuarially determined benefit liability related to the Medical Center's pension plan. In addition, laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates related to these programs will change by a material amount in the near term.

(c) *Cash and Cash Equivalents*

Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less when purchased, excluding amounts included in assets limited as to use.

(d) *Investments and Investment Return*

The Medical Center's investments, as outlined in note 3, are held in two distinct groups:

- The Medical Center's proportionate interest in the FMOLHS aggregate investment "pool." The Medical Center does not make individual investment decisions for these investments and relies on the centralized treasury functions of FMOLHS to make routine investment decisions consistent with FMOLHS's defined policies regarding credit risk, rate risk, maturity ladder, return-on-investment targets, and other criteria, and
- Investments held individually in the Medical Center's name, managed by the Medical Center's treasury function.

Pooled investments held at FMOLHS are comprised of a diversified portfolio of debt securities, equity securities, and other investments. Current value of the Medical Center's share in the "pool" is equal to contributions to and withdrawals from the pool, plus the Medical Center's pro rata share of investment gains or losses.

The Medical Center holds investments in equity securities with readily determinable fair values and all investments in debt securities, except for investments in the common stock of equity investees accounted for using the equity method, are recorded at fair value. The estimated fair value of these investments is based on quoted market prices.

Unrealized gains and losses on investments recorded at fair value, alternative assets recorded at net asset value, and changes in the carrying value of alternative assets recorded on the equity method are included in the consolidated statements of operations as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulation or law. Dividend, interest, and other investment income is included as increases in unrestricted net assets.

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

unless the use is restricted by donor. Donated investments are recorded at fair value at the date of receipt.

(e) Inventories

Inventories, consisting principally of medical supplies and pharmaceuticals, are stated at the lower of cost (first-in, first-out method) or market.

(f) Assets Limited as to Use

Assets limited as to use include the following:

- Assets set aside by the Board of Directors (the Board) for future capital acquisitions, capital improvements, securities lending, and debt service, over which the Board retains control and may, at its own discretion, subsequently use for other purposes.
- Assets held by trustees under indenture agreements, self-insurance trust agreements, and the terms of donor restrictions.

Amounts required to satisfy current requirements for the payment of current construction costs and debt service costs are classified as current assets in the accompanying consolidated balance sheets.

(g) Components of Net Assets

Net assets, revenues, and other support and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Medical Center and changes therein are classified and reported as follows:

Unrestricted Net Assets – Unrestricted net assets are net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contracts or by board designation.

Temporarily Restricted Net Assets – Temporarily restricted net assets are net assets subject to donor-imposed stipulations that may or will be met either by actions of the Medical Center and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of operations as net assets released from restrictions.

Permanently Restricted Net Assets – Permanently restricted net assets are net assets subject to donor-imposed stipulations that are maintained permanently by the Medical Center. Generally, the donors of these assets permit the Medical Center to use all or part of the income earned on related investments for specific or general purposes. There were no permanently restricted net assets at June 30, 2011 and 2010.

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

Unrealized gains and losses are recorded as temporarily restricted net assets if the terms of the gift restrict the use of the income. Permanently restricted net assets are increased if the terms of the gift that gave rise to the investment require that the unrealized gain be added to the principal of a permanent endowment.

Generally, losses on the investments of restricted endowments reduce temporarily restricted net assets to the extent that donor-imposed temporary restrictions on net appreciation of investments have not been met before the loss occurs. Any remaining losses reduce unrestricted net assets, but can be restored through subsequent investment gains.

(h) *Bond Issuance Costs*

Bond issuance costs and bond premiums are being amortized over the terms of the related bond issues using a method that approximates the interest method. The costs of letters of credit and standby purchase agreements are being amortized over the terms of the related agreements using a method that approximates the interest method. Accumulated amortization of bond issuance costs was approximately \$900 and \$813 at June 30, 2011 and 2010, respectively.

(i) *Property and Equipment*

Property and equipment, including leasehold improvements, are stated at cost. Depreciation is computed primarily on the straight-line method based upon the shorter of the estimated useful lives of the assets or the lease term. Equipment under capital leases is amortized using the straight-line method over the shorter of the lease term of the equipment or its useful life. Such amortization is included in depreciation and amortization expense in the accompanying consolidated financial statements.

Gifts of long-lived assets, such as land, buildings, or equipment, are reported as unrestricted support, unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit restrictions that specify how the donated asset must be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor time stipulations about how these long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service. Contributions restricted for the purchase of property and equipment for which restrictions are met within the same year as the contributions are received are reported as increases in unrestricted net assets in the accompanying consolidated financial statements.

(j) *Cost in Excess of Net Assets Acquired*

Cost in excess of net assets acquired, or goodwill (included in other assets), is the amount by which the purchase price exceeds the fair value of the assets acquired and was amortized over the expected useful life of the underlying acquired assets using the straight-line method through fiscal 2010. Accumulated amortization for all costs in excess of net assets acquired was \$4,942 at June 30, 2011 and 2010.

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

In January 2010, the FASB issued ASU 2010-07, *Not-for-Profit Entities Mergers and Acquisitions*, which amends ASC 958, *Not-for-Profit Entities*. Under these standards, cost in excess of net assets acquired, or goodwill, and indefinite-lived intangibles assets are no longer amortized but are reviewed for impairment annually or more frequently if circumstances indicate potential impairment. Separable intangible assets that are not deemed to have an indefinite life continue to be amortized over their useful lives. Cost in excess of net assets acquired prior to July 1, 2010 was amortized through June 30, 2010 at which time amortization ceased and a transition goodwill impairment test was performed. Impairment charges resulting from the initial application of the new rules would have been classified as a cumulative change in accounting principal. The Medical Center was not required to record an impairment charge upon completion of the initial impairment test.

Cost in excess of net assets acquired is reviewed for impairment at least annually. The cost in excess of net assets acquired impairment test is a two-step test. Under the first step, the fair value of the reporting unit is compared with its carrying value (including cost in excess of net assets acquired). If the fair value of the reporting unit is less than its carrying value, an indication of cost in excess of net assets acquired, impairment exists for the reporting unit and the enterprise must perform step two of the impairment test (measurement). Under step two, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's cost in excess of net assets acquired over the implied fair value of that cost in excess of net assets acquired. The implied fair value of cost in excess of net assets acquired is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation and the residual fair value after this allocation is the implied fair value of the reporting unit cost in excess of net assets acquired. Fair value of the reporting unit is determined using a discounted cash flow analysis. If the fair value of the reporting unit exceeds its carrying value, step two does not need to be performed. No impairment loss was required to be recognized in 2011.

(k) Capitalization of Interest

The Medical Center capitalizes interest costs of borrowings, net of related investment income on unexpended funds, during the construction period of major projects as a component of the asset. Capitalized interest totaled \$58 and \$233 during the years ended June 30, 2011 and 2010, respectively.

(l) Impairment of Long-lived Assets

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset to be tested for possible impairment, the Medical Center first compares the undiscounted future cash flows expected to be generated by the asset to its carrying value. If the carrying amount of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment charge is recognized to the extent the carrying amount of the asset exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third party appraisals, as considered necessary.

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

Assets to be disposed of are separately presented in the accompanying consolidated balance sheets and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposal group classified as held for sale are presented separately in the asset and liability sections of the accompanying consolidated balance sheets.

(m) *Estimated Workers' Compensation, Professional Liability, and Employee Health Claims*

The provisions for estimated workers' compensation, professional liability, and employee health claims include estimates for the ultimate costs for both reported claims and claims incurred but not reported. These estimates incorporate the Medical Center's past experience, as well as other considerations, including the nature of claims, industry data, relevant trends, and/or the use of actuarial information.

(n) *Consolidated Statements of Operations*

Transactions deemed to be ongoing, major, or central to the provision of health care services are reported as operating revenues and expenses. Peripheral or incidental transactions are reported as nonoperating gains and losses. Investment return, consisting of dividends and interest earned on investments, as well as realized and unrealized gains and losses on the investment portfolio, is reported as nonoperating gains and losses.

The consolidated statements of operations include unrestricted revenues, gains and other support in excess of expenses and losses, which is an indicator of financial performance. Changes in unrestricted net assets that are excluded from unrestricted revenues, gains and other support in excess of expenses and losses reporting caption include permanent transfers of assets to and from affiliates for other than goods and services, pension-related changes other than net periodic pension cost, and contributions of long-lived assets (including assets acquired using contributions that, by donor restriction, were to be used for the purpose of acquiring such assets).

(o) *Net Patient Service Revenue*

Net patient service revenue is recognized as services are performed and is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors.

Retroactively calculated contractual adjustments arising under reimbursement agreements with third-party payers are accrued on an estimated basis in the period the related services are rendered and are adjusted as final settlements are determined.

(p) *Charity Care*

The Medical Center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, such amounts are not reported as revenue.

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

The Medical Center maintains records to identify and monitor the level of charges foregone that are associated with the charity care it provides. Charges foregone, based on established rates, totaled approximately \$12.711 and \$11.303 for the years ended June 30, 2011 and 2010, respectively.

(q) *Income Taxes*

The Medical Center, SFASI, and St. Patrick's Psychiatric Hospital are exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) as organizations described in IRC Section 501(c)(3). Monroe Health Services, Inc., Northeast Louisiana Health Network and the Agency are subject to Federal and state income taxes. Provision for income taxes for these entities has been reflected in the accompanying consolidated financial statements. The amounts of such provisions are not material.

The Medical Center recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

(r) *Asset Retirement Obligations*

The Medical Center 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, the Medical Center capitalizes the cost of the asset retirement obligation by increasing the carrying amount of the related long-lived asset. Over time, 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 statement of operations.

(s) *Fair Value Measurements*

The Medical Center applies ASC Topic 820, *Fair Value Measurements and Disclosures*, which defines fair value, establishes an enhanced framework for measuring fair value and expands disclosures about fair value measurements, including those required for certain investments in funds that do not have readily determinable fair values including private equity investments, hedge funds, real estate, and other funds. ASC Topic 820 permits, as a practical expedient, the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value using net asset value per share or its equivalent. Net asset value in many instances may not equal fair value that would be calculated pursuant to ASC Topic 820.

The Medical Center also follows ASU 2010-06, *Improving Disclosures about Fair Value Measurements*, which amended Topic 820. ASU 2010-06 requires that the Medical Center provide additional enhanced disclosures related to its fair value measurements.

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

The Medical Center utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Medical Center determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

(t) Fair Value Option

ASC Subtopic 825-10, *Financial Instruments – Overall*, gives the Medical Center the irrevocable option to report most financial assets and financial liabilities at fair value on an instrument-by-instrument basis, with changes in fair value reported in earnings. The Medical Center has not elected to apply the fair value option to any assets or liabilities.

(u) New Accounting Pronouncements

Recently Adopted

In August 2008, the FASB issued ASC Topic 958, *Classification of Donor-Restricted Endowment Funds, Subject to UPMIFA* (ASC Topic 958). ASC Topic 958 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of UPMIFA and requires expanded disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), when material, whether or not the organization is subject to UPMIFA. ASC Topic 958 is effective for fiscal years ending after December 15, 2008. The State of Louisiana adopted UPMIFA with an effective date of July 1, 2010. The Medical Center's adoption of ASC Topic 958, including the State of Louisiana's adoption of UPMIFA, did not have any impact on its consolidated financial statements.

In April 2009, the FASB issued ASC Topic 958, *Not-for-Profit Entities*. ASC Topic 958 is effective for periods beginning on or after December 15, 2009 (the Medical Center's fiscal 2011), and earlier adoption is prohibited. ASC Topic 958 establishes principles and requirements for how a not-for-profit entity determines whether a combination is a merger or an acquisition, applies the carryover method in accounting for a merger, applies the acquisition method in accounting for an acquisition, including determining which of the combining entities is the acquirer, and determines what

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

information to disclose to enable users of financial statements to evaluate the nature and financial effects of a merger or an acquisition. ASC Topic 958 also amends ASC Topic 350, *Intangibles – Goodwill and Other*, to be fully applicable to not-for-profit entities. Under ASC Topic 350, goodwill and indefinite-lived intangible assets are no longer amortized but are reviewed for impairment annually, or more frequently if circumstances indicate potential impairment. Separable intangible assets that are not deemed to have an indefinite life continue to be amortized over their useful lives. The Medical Center's adoption of ASC Topic 958 in fiscal 2011 did not have a material impact on its consolidated financial statements.

Recently Issued

The FASB issued ASU 2010-23, *Health Care Entities (Topic 954) Measuring Charity Care for Disclosure* in August 2010. ASU 2010-23 amends ASC Subtopic 954-605, *Health Care Entities – Revenue Recognition* to require that cost be used as the measurement basis for charity care disclosure purposes. The method used to estimate such costs as well as any funds received to offset or subsidize charity services provided should also be disclosed. The Medical Center expects to adopt this ASU in fiscal year 2012.

The FASB issued ASU 2010-24, *Health Care Entities (Topic 954) Presentation of Insurance Claims and Related Insurance Recoveries* in August 2010. ASU 2010-24 amends ASC Subtopic 954-450, *Health Care Entities – Contingencies*, to clarify that a health care entity should not net insurance recoveries against a related liability and the claim liability should be determined without consideration of insurance recoveries. The ASU is effective for the Medical Center's fiscal year 2012.

In July 2011, the FASB issued ASU 2011-07, *Health Care Entities: Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*. This ASU will change the Medical Center's presentation of provision for uncollectible accounts in the consolidated statements of operations from operating expenses to a deduction from net patient service revenue. It also expands disclosures regarding policies for recognizing revenue, assessing contra revenue line items, and activity in the allowance for uncollectible accounts. The Medical Center expects to adopt this ASU in fiscal year 2012.

The FASB issued ASU 2011-08, *Testing Goodwill for Impairment* in September 2011. ASU 2011-08 permits an entity to make a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying amount before applying the two-step test for impairment of goodwill as described in note 1(j). If an entity concludes that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, it would not be required to perform the two-step impairment test for that reporting unit. The Medical Center expects to adopt this ASU in fiscal 2012.

(v) Current Economic Environment

The U.S. economy appears to be slowly recovering from the downturn of the past several years. Medical Center management monitors economic conditions closely, both with respect to potential

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

impacts on the healthcare provider industry and from a more general business perspective. While the Medical Center was able to achieve certain objectives of importance in the current economic environment, management recognizes that economic conditions may continue to impact the Medical Center in a number of ways, including (but not limited to) uncertainties associated with U.S. financial system reform and rising self-pay patient volumes and corresponding increases in uncompensated care.

Additionally, the general healthcare industry environment is increasingly uncertain, especially with respect to the impacts of the federal healthcare reform legislation which was passed in the spring of 2010. Potential impacts of ongoing healthcare industry transformation include, but are not limited to:

- Significant (and potentially unprecedented) capital investment in healthcare information technology (HCIT).
- Continuing volatility in the state and federal government reimbursement programs.
- Lack of clarity related to the health benefit exchange framework mandated by reform legislation, including important open questions regarding exchange reimbursement levels, changes in combined state/federal disproportionate share payments, and impact on the healthcare "demand curve" as the previously uninsured enter the insurance system.
- Effective management of multiple major regulatory mandates, including achievement of meaningful use of HCIT and the transition to ICD-10.
- Significant potential business model changes throughout the healthcare ecosystem, including within the healthcare commercial payor industry.

The business of healthcare in the current economic, legislative and regulatory environment is volatile. Any of the above factors, along with others both currently in existence and which may or may not arise in the future, could have a material adverse impact on the Medical Center's financial position and operating results.

(2) Business Combination and Purchase Accounting

On October 31, 2005, the Medical Center acquired 100% ownership of North Monroe Medical Center (NMMC), a 235-bed acute care hospital located in the geographic area served by the Medical Center.

Direct acquisition costs of approximately \$3,100 are being amortized on the straight-line method over the remaining useful life of 14 years at June 30, 2011.

During 2006, the Medical Center acquired 100% ownership interest in Pathology Associates at a cost of approximately \$1.158. Goodwill of approximately \$1.092 was recognized on the acquisition.

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

(3) Assets Limited as to Use

The composition of assets limited as to use at June 30, 2011 and 2010 is as follows

		2011				
		Board designated for capital	Self – insurance trust funds	Donor – restricted funds	Trusteed bond funds	Total
Pooled investments held at FMOLHS	\$	154,348	—	—	—	154,348
Cash and cash equivalents		—	206	898	7,111	8,215
Marketable equity securities		—	—	111	—	111
Fixed income securities		—	—	89	—	89
		154,348	206	1,098	7,111	162,763
Less amounts classified as current		—	—	—	5,356	5,356
Noncurrent portion	\$	154,348	206	1,098	1,755	157,407
		2010				
		Board designated for capital	Self – insurance trust funds	Donor – restricted funds	Trusteed bond funds	Total
Pooled investments held at FMOLHS	\$	126,344	—	—	—	126,344
Cash and cash equivalents		—	204	914	11,339	12,457
Marketable equity securities		—	—	97	—	97
Fixed income securities		—	—	69	—	69
		126,344	204	1,080	11,339	138,967
Less amounts classified as current		—	—	—	5,205	5,205
Noncurrent portion	\$	126,344	204	1,080	6,134	133,762

(a) Board Designated for Capital

In accordance with Board approval, the Medical Center has designated assets to fund future capital acquisitions and capital improvements

Board designated for capital investments are held in a JP Morgan Chase Bank (the custodian) custodial account. Through usage of unitized accounting, these investments are segregated from

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

those of Lake. Lourdes. St. Elizabeth Hospital. and FMOL. Investments held as board designated for capital are managed by several money managers. who focus on different investment strategies and provide diversity to the investments

(b) *FMOLHS Investments*

FMOLHS invests in alternative assets such as hedge funds. private equity funds. and commingled funds. When FMOLHS's investment in alternative assets represents investments organized as corporations. or trusts with legal structures similar to a corporation. with ownership less than 20%. and the investment has a readily determinable value and transacts frequently (at least quarterly). FMOLHS accounts for these investments at net asset value as a practical expedient to fair value. When FMOLHS's investment in alternative assets represents investments organized as limited partnerships. or limited liability companies with specific ownership accounts or trusts with legal structures similar to a corporation. FMOLHS accounts for these investments using the equity method. which generally approximates net asset value.

The net asset value for alternative assets for which quoted market prices are not available is based on the most recent valuations provided by the external investment managers. adjusted for receipts and disbursements through June 30. FMOLHS reviews and evaluates the values provided by the managers and agrees with the valuation methods and assumptions used to determine those values. Therefore. the Medical Center believes the carrying amount of these financial instruments is a reasonable estimate of the fair value. Because alternative assets are not readily marketable. their estimated value is subject to uncertainty and. therefore. may differ from the value that would have been used had a ready market for such investments existed.

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

The composition of investments held at FMOLHS is as follows

	<u>2011</u>	<u>2010</u>
Cash	\$ 37,430	58,097
Equity securities		
U S companies	47,499	61,240
International companies	59,216	54,379
Real assets	31,046	23,140
Fixed income securities		
U S government guaranteed	1,454	3,895
U S agencies	11,482	15,578
Corporate	30,834	30,434
Municipal	1,388	835
Other	48,905	24,202
Alternative asset funds		
Hedge funds	175,477	132,153
Private equity funds	69,112	43,950
Comingled funds		
Equity funds	80,905	75,682
Fixed income securities	8,089	47,242
Real asset funds	27,533	24,202
	<u>\$ 630,370</u>	<u>595,029</u>

The Medical Center has a 24% and 21% ownership in these investments for the years ended June 30, 2011 and 2010, respectively

(c) Self-insurance Trust Funds

The self-insurance trust funds represent amounts designated to pay certain self-insured losses (see note 17)

(d) Donor-restricted Funds

The donor-restricted funds primarily represent assets relating to certain donations made by the Medical Center's Auxiliary, and assets designated for an adult health day center

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

(e) *Trusted Bond Funds*

Certain trusted bond funds have been established in accordance with the requirements of indentures related to the Medical Center's bond obligations. The trusted bond funds as of June 30, 2011 and 2010 consist of the following categories

	<u>2011</u>	<u>2010</u>
Construction fund	\$ 1,755	6,134
Principal and interest funds	<u>5,356</u>	<u>5,205</u>
	7,111	11,339
Less amounts classified as current	<u>5,356</u>	<u>5,205</u>
Noncurrent portion	<u><u>\$ 1,755</u></u>	<u><u>6,134</u></u>

The above funds were established in accordance with related indentures to secure the payment of principal and interest on the related obligations, and to pay or reimburse the Medical Center for payment of the costs of the acquisition, construction, and installation of certain extensions and improvements to Medical Center facilities. Amounts classified as current represent funds deposited to pay current costs of construction projects and to pay related debt service costs classified as current liabilities. Information regarding the Medical Center's debt obligations is included in note 9.

(f) *Investment Return*

All investments are considered "trading" for accounting purposes. All unrestricted investment return, including both realized and unrealized gains and losses, is included in the reported total of unrestricted revenues, gains and other support in excess of expenses and losses. The following schedule for the years ended June 30, 2011 and 2010 summarizes investment return and its classification in the consolidated statements of operations and consolidated statements of changes in net assets.

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
2011			
Dividends and interest, net of expenses of \$625	\$ 770	1	771
Realized and unrealized gains, net	<u>27,092</u>	<u>35</u>	<u>27,127</u>
Investment return	<u><u>\$ 27,862</u></u>	<u><u>36</u></u>	<u><u>27,898</u></u>

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
2010			
Dividends and interest, net of expenses of \$661	\$ 870	2	872
Realized and unrealized gains, net	<u>14,929</u>	<u>17</u>	<u>14,946</u>
Investment return	<u>\$ 15,799</u>	<u>19</u>	<u>15,818</u>

Investments, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated balance sheets, consolidated statements of operations and consolidated statements of changes in net assets.

(4) Other Current Assets

The composition of other current assets at June 30, 2011 and 2010 follows:

	<u>2011</u>	<u>2010</u>
Other receivables	\$ 1,058	3,528
Inventories	6,132	6,109
Prepaid expenses and other current assets	4,249	4,020
Due from affiliate	—	28
Assets limited as to use, required for current liabilities	5,356	5,205
Short-term investments	2	2
Due from third-party payors	—	77
Cash for University of Louisiana-Monroe School of Nursing	250	—
Other	<u>—</u>	<u>43</u>
	<u>\$ 17,047</u>	<u>19,012</u>

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

(5) Property and Equipment

A summary of property and equipment as of June 30, 2011 and 2010 is as follows

	<u>2011</u>	<u>2010</u>	<u>Estimated useful lives</u>
Land	\$ 11,219	11,416	—
Land improvements	2,694	2,843	3 – 25 years
Buildings and building improvements	162,381	165,014	4 – 50 years
Fixed equipment	22,908	42,805	3 – 50 years
Movable equipment	104,429	91,734	3 – 25 years
Leasehold improvements	6,761	6,655	5 – 15 years
Buildings and building improvements held for lease	3,543	3,543	2 – 22 years
Construction in progress	5,471	1,420	
	<u>319,406</u>	<u>325,430</u>	
Less accumulated depreciation	208,826	213,335	
	<u>\$ 110,580</u>	<u>112,095</u>	

At June 30, 2011, the Medical Center was obligated under purchase commitments of approximately \$2.839 relating to the completion of various construction projects

(6) Other Assets

The composition of other assets at June 30, 2011 and 2010 follows

	<u>2011</u>	<u>2010</u>
Investment in equity investees (note 7)	\$ 15.852	15.006
Cost in excess of net assets acquired	4.687	4.687
Unamortized bond issuance costs, net of accumulated amortization	1.643	1.639
Other	2.898	3.149
	<u>\$ 25.080</u>	<u>24.481</u>

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

(7) Investment in Equity Investees

At June 30, 2011 and 2010, the Medical Center held a 50% interest in P&S, NLCI, and Pediatric, a 25% interest in NLPHO and a 33% interest in LHC. Condensed unaudited financial information for these equity investees as of and for the years ended June 30, 2011 and 2010 is as follows:

		2011				
		P&S	NLCI	NLPHO	Pediatric	LHC
Assets						
Current assets	\$	11,266	3,144	752	274	653
Property and equipment – net		11,808	3,778	—	6	24
Other noncurrent assets		1,346	—	—	—	110
Total assets	\$	<u>24,420</u>	<u>6,922</u>	<u>752</u>	<u>280</u>	<u>787</u>
Liabilities and equity						
Current liabilities	\$	2,862	759	18	32	62
Other liabilities		—	—	—	—	21
Equity		<u>21,558</u>	<u>6,163</u>	<u>734</u>	<u>248</u>	<u>704</u>
Total liabilities and equity	\$	<u>24,420</u>	<u>6,922</u>	<u>752</u>	<u>280</u>	<u>787</u>
Operations						
Operating revenues	\$	40,268	6,913	477	517	1,453
Operating expenses		(36,300)	(5,781)	(365)	(470)	(1,314)
Other revenue (expense)		<u>111</u>	<u>257</u>	<u>(5)</u>	<u>6</u>	<u>—</u>
Net income	\$	<u>4,079</u>	<u>1,389</u>	<u>107</u>	<u>53</u>	<u>139</u>

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

		2010				
		P&S	NLCI	NLPHO	Pediatric	LHC
Assets						
Current assets	\$	9,764	3,340	649	221	531
Property and equipment – net		12,870	3,934	—	13	34
Other noncurrent assets		1,346	—	—	—	116
Total assets	\$	23,980	7,274	649	234	681
Liabilities and equity						
Current liabilities	\$	2,905	899	22	38	38
Other liabilities		—	801	—	1	—
Equity		21,075	5,574	627	195	643
Total liabilities and equity	\$	23,980	7,274	649	234	681
Operations						
Operating revenues	\$	36,786	6,869	406	503	1,184
Operating expenses		(33,246)	(5,969)	(341)	(485)	(1,111)
Other revenue (expense)		45	282	(8)	—	—
Net income	\$	3,585	1,182	57	18	73

The information set forth above is based on the investees' primary basis of reporting which, in certain instances, is an income tax basis of accounting. The Medical Center adjusts such information when required to facilitate the recording of its share of equity and earnings on a basis consistent with U.S. generally accepted accounting principles. The Medical Center's equity interests for the years ended June 30, 2011 and 2010 in the net assets of the equity investees, its interests in the investees' net income, and its distributions received from equity investees are as follows:

		P&S	NLCI	NLPHO	Pediatric	LHC	Total
Equity interest in net assets							
2011	\$	12,368	3,081	182	124	97	15,852
2010		11,889	2,787	156	98	76	15,006
Interest in net income							
2011		2,040	695	26	26	45	2,832
2010		1,793	591	14	9	24	2,431
Distributions received							
2011		1,561	400	—	—	25	1,986
2010		1,384	300	—	42	28	1,754

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

(8) Other Current Liabilities

The composition of other current liabilities at June 30, 2011 and 2010 follows

	<u>2011</u>	<u>2010</u>
Accrued salaries and related expenses	\$ 12,140	10,982
Due to third-party payors	3,435	79
Accrued interest	1,131	1,147
Due to affiliate	535	—
Accrued expenses and other current liabilities	3,525	4,054
	<u><u>\$ 20,766</u></u>	<u><u>16,262</u></u>

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

(9) Long-term Debt

A summary of long-term debt at June 30, 2011 and 2010 is as follows

	<u>2011</u>	<u>2010</u>
Obligated group bonds		
Louisiana Public Facilities Authority Hospital Bonds Series 1998A, \$54.755 tax-exempt bonds, due in varying installments through 2026, with interest fixed at rates ranging from 5.50% to 5.75%	\$ 19,942	22,642
Louisiana Public Facilities Authority Hospital Bonds Series 2005A, \$42.466 tax-exempt bonds, with interest fixed rates at rates ranging from 5.00% to 5.25% due in various installments from 2031 through 2037	42,466	42,466
Louisiana Public Facilities Authority Hospital Bonds Series 2005B, \$10.548 tax-exempt bonds, due in varying installments through 2031, which bear interest at a variable weekly rate (0.09% at June 30, 2011)	10,548	10,548
Louisiana Public Facilities Authority Hospital Bonds Series 2005C, \$16.241 tax-exempt bonds, due in varying installments through 2031, which bear interest at a fixed rate of 6.26%	16,241	16,241
Louisiana Public Facilities Authority Hospital Bonds Series 2005D, \$41.162 tax-exempt bonds, due in varying installments through 2029, which bear interest at a variable rate based on an auction conducted daily (0.04% at June 30, 2011)	38,018	39,376
Louisiana Public Facilities Authority Hospital Bonds Series 2008A, \$15.808 tax-exempt bonds, due in varying installments through 2027, which bear interest at a variable rate (0.08% at June 30, 2011)	15,630	15,684
	<u>142,845</u>	<u>146,957</u>
Plus unamortized premium on Series 1998A and 2005A bonds	<u>1,707</u>	<u>1,742</u>
Total obligated group bonds	144,552	148,699
Less current installments of long-term debt	<u>4,282</u>	<u>14,662</u>
	<u>\$ 140,270</u>	<u>134,037</u>

FMOLHS and its affiliates participate in an Obligated Group Master Trust Indenture whereby the obligated issuers have agreed to be jointly and severally liable for timely payments due and for the performance and observance of all covenants and agreements pursuant to the trust indenture. FMOLHS directs the proceeds of the borrowed funds to the particular affiliate benefiting therefrom, and separate escrow funds are

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

maintained by the Trustee for each of the affiliates to support each affiliate's allocated portion of the bonds (see note 3). However, as a member of the Obligated Group, the Medical Center is contingently liable for all debt outstanding under the Master Trust Indenture. As of June 30, 2011, the Medical Center was contingently liable for \$143,000, which represents the total system wide indebtedness of \$519,000 less the related amounts treated as direct obligations of the Medical Center.

The Master Trust Indenture covering the bond issues contains several covenants, including days cash on hand, debt service coverage ratio, and leverage ratio. In addition, the Obligated Group members are subject to restrictions on maintenance of revenue, incurrence of additional debt, disposition of assets, maintenance of insurance, and other restrictions. Obligations of the Obligated Group under the Master Trust Indenture are general obligations secured by the full faith and credit of the Obligated Group. None of the bonds are secured by a mortgage on, or security interest in, any real or personal property, or any revenues of FMOLHS or its affiliates.

In 2005, FMOLHS completed a system wide refinancing for the purposes of advance refunding certain 1998A and 1998C bonds and providing additional capital by issuing four series of revenue bonds. The following bond series were issued by the Authority: \$80,000 fixed-rate Revenue Bonds (Series 2005A), \$100,000 variable rate Revenue Bonds (Series 2005B and Series 2005C in the amounts of \$50,000 each), and \$89,350 in variable rate Revenue and Refunding Bonds (Series 2005D). The variable rate bonds were issued as auction rate securities. The four new bond issues total \$269,350, of which approximately \$83,000 represents refunding of existing bonds, and the remainder of approximately \$186,000 is designated for capital improvements, including facility modifications and additions and new equipment acquisitions. Of the \$186,000 for new construction and property additions, approximately \$69,000 was allocated to the Medical Center. The refinancing was expected to yield a present value benefit of approximately \$8,000 for the System in terms of reduced debt service over the remaining life of the refunded bonds. The covenants and restrictions applicable to the new bonds are comparable to the restrictions described below to the 1998 series. A portion of the new bonds was used to refinance existing debt, as well as finance the purchase of St. Francis North Hospital (see note 2).

In May 2008, FMOLHS tendered its 2005B and 2005C auction rate bonds and reissued 2005B and 2005C bonds at weekly variable interest modes. In July and August 2008, the Series 2005D and Convertible Hospital Revenue and Refunding Series 1998B auction rate bonds were tendered by FMOLHS and reissued at daily variable interest modes. In August 2008 the 2008A bonds, which were preapproved by the Authority, were issued by FMOLHS. These bonds, issued in the amount of \$47,185, bear interest at a variable rate based upon a weekly index rate and are due in 2025. These bonds refunded \$42,735 of the 1998A bonds and \$3,225 of the 1998C bonds.

In 2009, FMOLHS completed a system-wide issuance of \$125,000 of Hospital Revenue Bonds Series 2009 ("the 2009 Series"). The proceeds of the 2009 Series will be used for (i) acquiring, constructing, and equipping a replacement hospital for Lourdes, (ii) acquiring, constructing and equipping improvement and renovations to the existing lake facilities, to accommodate modern demands for space and utility and building a satellite outpatient facility in Livingston Parish, Louisiana, and (iii) paying the costs of issuance of the bonds.

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

In addition to the issuance of the 2009 Series, FMOLHS (i) converted the interest rate from the daily variable interest modes to a fixed rate on the Series 1998B and (ii) converted the interest rate from the weekly variable interest modes to a fixed rate on the Series 2005C

FMOLHS uses interest-rate related derivative instruments to manage its exposure related to changes in interest rates on its variable rate debt instruments. FMOLHS does not enter into derivative instruments for any purpose other than cash flow hedging. FMOLHS does not speculate using derivative instruments.

By using derivative financial instruments to hedge exposures to changes in interest rates, FMOLHS exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes FMOLHS, which creates credit risk for FMOLHS. When the fair value of a derivative contract is negative, FMOLHS owes the counterparty and, therefore, FMOLHS is not exposed to the counterparty's credit risk in those circumstances. FMOLHS minimizes counterparty credit risk in derivative instruments by entering into transactions with high-quality counterparties.

Market risk is the adverse effect on the value of a derivative instrument that results from a change in interest rates. Such risk is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

FMOLHS entered into an interest rate swap agreement with Merrill Lynch Capital Services with respect to the 2005D refunding series. Such agreement is intended to reduce the impact of changes in interest rates on the variable-rate debt. The swap agreement effectively changes FMOLHS' interest rate exposure on the 2005D variable-rate debt to a fixed rate of 3.53%.

In 2005, FMOLHS also obtained preapproval from the Authority for the issuance of revenue refunding bonds in 2008 to advance refund the approximate \$48,000 of 1998A and 1998C bonds. In 2005, FMOLHS entered into forward starting interest rate swap agreement with Goldman Sachs Capital Markets to effectively change FMOLHS' interest rate exposure on the 2008 bonds once issued from a variable rate to a fixed rate of 3.66%.

In June 2007, FMOLHS entered into two Constant Maturity Swaps (CMS) with Merrill Lynch. Under these swap agreements, FMOLHS receives variable rate payments based on the ten-year International Swaps and Derivatives Association Inc. (ISDA) swap rate and makes variable rate payments based on one-month LIBOR. The total notional amount of the first swap is \$88,325, with an effective date of July 1, 2008 and the total notional amount of the second swap is \$49,075, with an effective date of May 29, 2008.

Because the swap agreements are the obligation of the entire Obligated Group, changes in the fair value of the interest rate swap agreements are reported in the consolidated financial statements of FMOLHS and are not measured at the individual affiliate level; however, the net settlement amount allocated to the Medical Center of \$626 and \$497 during 2011 and 2010, respectively, is included in interest expense in the consolidated statements of operations. The interest rate swap agreements are not afforded hedge accounting treatment in the consolidated financial statements of FMOLHS and are marked to fair value through the consolidated statements of operations.

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

The Medical Center made cash payments of interest totaling \$7.053 and \$6.270 during the years ended June 30, 2011 and 2010, respectively

Aggregate maturities of long-term debt (excluding unamortized premiums) at June 30, 2011 follows

Years ending June 30	
2012	\$ 4.282
2013	4.567
2014	2.943
2015	2.849
2016	3.221
Thereafter	124.983
	\$ 142.845

The 2005B Series are variable rate demand bonds, which are subject to periodic remarketing. The bonds are backed by letters of credit that expired on May 28, 2011. Accordingly, the Medical Center included \$10,548 at June 30, 2010 of the Series 2005B in current maturities as the related letter of credit expires within the one year, even though liquidation may not be expected within that period. During fiscal 2011 letters of credit were executed for the variable rate bonds which expire from February 2015 through February 2016.

(10) Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2011 and 2010 are available for the following purposes

	2011	2010
Health care services		
Franciscan House – Adult Day Health Care	\$ 930	894
Annual health care lecture	—	2
Building and equipment acquisitions	116	131
Other	52	53
	\$ 1,098	1,080

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

(11) Net Patient Service Revenue

The Medical Center has agreements with governmental and other third-party payors that provide for reimbursement to the Medical Center at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the Medical Center's billings at established rates for services and amounts reimbursed by third-party payors. A summary of the basis of reimbursement with major third-party payors follows:

(a) Medicare

Substantially all acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Certain types of exempt services and other defined payments related to Medicare beneficiaries are paid based on cost reimbursement or other retroactive-determination methodologies. The Medical Center is paid for retroactively determined items at tentative rates with final settlement determined after submission of annual cost reports by the Medical Center and audits by the Medicare fiscal intermediary. The Medical Center's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2007. Revenue from the Medicare program accounted for approximately 42% and 41% of the Medical Center's net patient service revenue for the years ended June 30, 2011 and 2010, respectively.

(b) Medicaid

Inpatient services rendered to Medicaid beneficiaries are paid at prospectively determined per-diem rates. These rates vary according to a hospital classification system that is based on bed size, teaching status, and other factors. Additional other payments are made for neonatal intensive care patients with extended lengths of stay. Outpatient services rendered to Medicaid program beneficiaries are reimbursed based upon a cost reimbursement methodology. The Medical Center is paid at a tentative rate with final settlement determined after submission of annual cost reports by the Medical Center and audits by the Medicaid fiscal intermediary. The Medical Center's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through June 30, 2007. Revenue from the Medicaid program accounted for approximately 10% of the Medical Center's net patient service revenue for both of the years ended June 30, 2011 and 2010.

(c) Blue Cross

Inpatient services rendered to Blue Cross subscribers are paid at prospectively determined per-diem rates. Outpatient services are paid based on a fee schedule. Revenue from the Blue Cross program accounted for approximately 19% and 17% of the Medical Center's net patient service revenue for the years ended June 30, 2011 and 2010.

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

(d) *Certain Commercial Insurance Carriers, Health Maintenance Organizations, and Preferred Provider Organizations*

Payment methodologies under these agreements include prospectively determined rates per discharge, discounts from established charges, prospectively determined per-diem rates, and fee schedules

The Medical Center's net patient service revenue for the years ended June 30, 2011 and 2010 increased by approximately \$456 and \$391, respectively, due to changes in previously estimated allowances as a result of final settlements, closure on years that are no longer subject to audits, resolution of reviews and investigations, and prior-year retroactive adjustments

Presented below is a summary for the years ended June 30, 2011 and 2010 of amounts comprising net patient service revenue

	2011	2010
Inpatient revenue	\$ 457,229	432,270
Outpatient revenue	247,251	244,802
Gross patient service revenue	704,480	677,072
Less provisions for contractual and other adjustments	468,414	439,877
Net patient service revenue	\$ 236,066	237,195

In the spring of 2010, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act (collectively, the Health Care Acts) were signed into law by President Obama. The impact of the Health Care Acts is complicated and difficult to predict, but the Medical Center anticipates its reimbursement in the future will be affected by major elements of the Health Care Acts designed to (1) increase insurance coverage, (2) change provider and payor behavior, and (3) encourage alternative delivery models. Many healthcare reform variables remain unknown and are, among other things, dependent on implementation by federal and state governments and reactions by providers, payors, employers, and individuals. The Medical Center continues to monitor developments in healthcare reform and participates actively in contemplating and designing new programs that are encouraged and/or required by the Health Care Acts.

The Health Information Technology for Economic and Clinical Health (HITECH) Act was enacted as part of the American Recovery and Reinvestment Act of 2009 and signed into law in February 2009. In the context of the HITECH Act, the Authority must implement a certified Electronic Health Record (EHR) in an effort to promote the adoption and "meaningful use" of health information technology (HIT). The HITECH Act includes significant monetary incentives and payment penalties meant to encourage the adoption of EHR technology. The Medical Center anticipates that its current efforts at implementing an enterprise-wide EHR will enable its compliance with the Meaningful Use objectives mandated in the HITECH legislation.

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

(12) Business and Credit Concentrations

The Medical Center grants credit to its patients, most of whom are local residents. The Medical Center generally does not require collateral or other security in extending credit to patients, however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, Blue Cross, health maintenance organizations, preferred provider arrangements, and commercial insurance policies). The mix of accounts receivable from patients and third-party payors at June 30, 2011 and 2010 is as follows:

	<u>2011</u>	<u>2010</u>
Medicare	20%	24%
Medicaid	8	9
Blue Cross	15	14
Managed care	22	19
Other third-party payors	14	12
Self pay	21	22
	<u>100%</u>	<u>100%</u>

(13) Related Party Transactions

(a) P&S

The Medical Center owns a medical office building known as the Physicians & Surgeons Medical Complex (the Complex) and leases space to P&S. Rental income recognized on this lease totaled approximately \$556 and \$549 during the years ended June 30, 2011 and 2010, respectively.

(b) NLCI

Effective July 1, 1996, NLCI was formed as a 50/50 joint venture between the Medical Center and Glenwood Regional Medical Center, which was purchased during 2007 by Iasis Healthcare (Iasis). Iasis and the Medical Center are currently the partners in this joint venture. This investment is accounted for using the equity method. In accordance with the terms of the NLCI operating agreement, the Medical Center leases space to NLCI. In addition, NLCI is entitled to the net results of operations of the Medical Center's radiation therapy services and the net results of operations of the Medical Center's oncology services provided by SFASI. Accordingly, additional revenue or expense is recognized for the transfer of net operating income. During the years ended June 30, 2011 and 2010, the Medical Center recognized approximately \$574 and \$666, respectively, of revenue associated with the lease of space, net of the transfer of net results of providing radiation therapy services and oncology services. Outstanding advances to NLCI for expenses paid on its behalf were approximately \$24 and \$25 at June 30, 2011 and 2010, respectively.

The Medical Center owns a 50% interest in the joint venture, and in accordance with the terms of the operating agreement, 50% of NLCI's 2011 and 2010 net income, respectively, was allocated to the Medical Center. Associated with this arrangement, the Medical Center recorded earnings on its

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

equity investment in NLCI during the years ended June 30, 2011 and 2010 of approximately \$695 and \$591, respectively

(c) FMOLHS

The Medical Center pays fees to FMOLHS for administrative support and oversight. Fees paid totaled approximately \$17,280 and \$15,804 during the years ended June 30, 2011 and 2010, respectively, and are included in other services expenses in the consolidated statements of operations. During the years ended June 30, 2011 and 2010, the Medical Center transferred net assets of approximately \$2,646 and \$4,060, respectively, to fund its allocated share of capital contributions paid by FMOLHS for Information Systems. No other significant transactions occurred between the Medical Center and other FMOLHS affiliates during the years ended June 30, 2011 and 2010, except for the contingent liability related to the system-wide bond debt (see note 9) and participation in the joint insurance program (see note 17).

(d) Franciscan Ministry Fund

The FMOL Sisters formed the Franciscan Ministry Fund (the Fund) to support community programs in the operating areas of the FMOLHS hospitals. Each FMOLHS hospital makes contributions to the Fund based on a percentage of earnings determined by the Fund, then can submit grant applications to the Fund to receive monies back for supporting its community programs. Grant-making decisions are made by the FMOL Sisters, and no guarantee is provided that each hospital will receive its contributions back in grant funding. During 2011 and 2010, the Medical Center made no contributions to the Fund. The Medical Center recorded grant revenues from the Fund (included in other revenue in the consolidated statements of operations) of \$433 and \$466 in 2011 and 2010, respectively.

(14) Retirement Plans

(a) Defined Benefit Plan

The Medical Center sponsors a defined benefit pension plan (the Plan) covering substantially all employees. Benefits under the Plan are based upon an employee's years of service and credited service and average compensation during the 10-year period immediately preceding retirement. The Medical Center makes annual contributions to the Plan based on the Projected Unit Credit Cost valuation method.

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

The following table sets forth the Plan's change in benefit obligation, change in plan assets, and the funded status of the Plan

	<u>2011</u>	<u>2010</u>
Change in benefit obligation		
Projected benefit obligation, beginning of year	\$ 94,889	78,041
Service cost	3,085	2,380
Interest cost	5,140	4,985
Actuarial (gains) losses	(2,632)	13,127
Plan amendments	—	(1,244)
Merger of Specialty Plan	4,191	—
Benefits paid	<u>(2,723)</u>	<u>(2,400)</u>
Projected benefit obligation, end of year	<u>101,950</u>	<u>94,889</u>
Change in plan assets		
Fair value of plan assets, beginning of year	58,342	48,525
Actual return on plan assets	9,882	7,946
Contributions	3,378	4,271
Merger of Specialty Plan	3,987	—
Benefits paid	<u>(2,723)</u>	<u>(2,400)</u>
Fair value of plan assets, end of year	<u>72,866</u>	<u>58,342</u>
Funded status (deficit)	<u>\$ (29,084)</u>	<u>(36,547)</u>
Amounts recognized in the consolidated balance sheets consist of		
Accrued pension cost	\$ (29,084)	(36,547)
Unrestricted net assets	20,292	30,293
Amounts recognized in unrestricted net assets consist of		
Net actuarial loss	\$ 21,402	31,537
Prior service credit	<u>(1,110)</u>	<u>(1,244)</u>
	<u>\$ 20,292</u>	<u>30,293</u>

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

Weighted average assumptions used to determine projected benefit obligations at June 30, 2011 and 2010 were as follows

	<u>2011</u>	<u>2010</u>
Weighted average discount rate	5.75%	5.50%
Rate of compensation increase	3.5 - 4.25	4.00

Net periodic pension cost for the years ended June 30, 2011 and 2010 includes the following components

	<u>2011</u>	<u>2010</u>
Service cost, benefits earned during the period	\$ 3.085	2.380
Interest cost on projected benefit obligation	5.140	4.985
Expected return on plan assets	(4.554)	(3.774)
Amortization of prior service credit	(134)	—
Amortization of unrecognized actuarial loss	2.378	1.706
Net periodic pension cost	<u>5.915</u>	<u>5.297</u>
Other changes in plan assets and benefit obligations recognized in unrestricted net assets consist of		
Net actuarial (gain) loss	(7.757)	8.955
Prior service credit	—	(1.244)
Amortization of prior service credit	134	—
Amortization of net actuarial gain	(2.378)	(1.706)
	<u>(10.001)</u>	<u>6.005</u>
Total recognized in net periodic benefit costs and unrestricted net assets	<u>\$ (4.086)</u>	<u>11.302</u>

Weighted average assumptions used to determine net periodic pension cost for the years ended June 30, 2011 and 2010 follows

	<u>2011</u>	<u>2010</u>
Weighted average discount rate	5.50%	6.50%
Expected return on plan assets	8.00	8.00
Rate of compensation increase	4.00	4.00

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

The Plan's asset allocation as of the measurement date (June 30, 2011 and 2010) and the target asset allocation, presented as a percentage of total plan assets, were as follows

	<u>2011</u>	<u>2010</u>	<u>Target allocation</u>
Equity securities	32%	22%	36% - 55%
Alternative investments	34%	49%	15% - 41%
Fixed income	23%	16%	20% - 30%
Cash	11%	12%	0% - 5%

FMOLHS provides investment oversight for the Plan. Asset allocations and investment performance are formally reviewed quarterly by the FMOLHS Investment Committee (Investment Committee). FMOLHS utilizes an investment advisor, multiple managers for different asset classes, and a separate custodian in managing the pooled funds.

The asset allocation is designed to provide a diversified mix of asset classes, including U.S. and foreign equity securities, fixed-income securities, hedge funds, real estate investment trusts, and cash. The investment goals for the pooled funds are to achieve returns in the top half of a representative universe of professionally managed funds with a percentage of equity, fixed income, and alternate investments to be indicative of the asset mix policy of the fund, to exceed the return of a balanced market index weighted to replicate the asset allocation policy of the Plan, to exceed the rate of inflation as measured by the Consumer Price Index (CPI) by at least 500 basis points on an annualized basis, to achieve a positive risk adjusted return, and to achieve a rate of return above the current actuarial assumption. Risk management practices include various criteria for each asset class, including measurement against various benchmarks, achievement of a positive risk adjusted return, and investment guidelines for each class of assets that enumerate types of investments allowed in each category.

The asset allocation policy provides for a range of minimum and maximum investments in each asset class to allow flexibility in achieving expected long-term rate of return. Historical return patterns and correlations, consensus return forecasts, and other relevant financial factors are analyzed to check for reasonableness and appropriateness of the asset allocation to ensure that the probability of meeting actuarial assumptions is reasonable. The Investment Committee monitors manager performance, rate of return, and risk factors on a quarterly basis and makes required adjustments to achieve expected returns.

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

The following is a summary of the Plan's assets as of June 30, 2011 and 2010

	2011	2010
Cash	\$ 11,214	7,854
Equity securities		
U S companies	6,748	5,596
International companies	6,784	5,322
Real assets	2,857	1,319
Total equity securities	16,389	12,237
Fixed income securities		
U S government guaranteed	258	305
U S agencies	1,716	2,209
Corporate	4,845	4,239
Municipal	201	113
Other	2,363	2,299
Total fixed income securities	9,383	9,165
Alternative asset funds		
Hedge funds	15,365	11,593
Private equity funds	2,935	1,717
Total alternative asset funds	18,300	13,310
Comingled funds		
Equity funds	8,540	6,788
Fixed income securities	6,535	7,867
Real asset funds	2,505	1,121
Total comingled funds	17,580	15,776
	\$ 72,866	58,342

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

The following is a summary of the levels within the fair value hierarchy for the plan assets as of June 30, 2011 and 2010

	June 30, 2011			
	Level 1	Level 2	Level 3	Total
Cash	\$ 11,214	—	—	\$ 11,214
Equity securities				
U S companies	6,748	—	—	6,748
International companies	6,784	—	—	6,784
Real assets	2,857	—	—	2,857
Fixed income securities				
U S government				
guaranteed	258	—	—	258
U S agencies	—	1,716	—	1,716
Corporate	—	4,845	—	4,845
Municipal	—	201	—	201
Other	1,925	438	—	2,363
Comingled funds				
Equity funds	—	2,150	—	2,150
Real asset funds	—	2,505	—	2,505
	<u>\$ 29,786</u>	<u>11,855</u>	<u>—</u>	<u>41,641</u>
Equity method investments - not categorized				<u>31,225</u>
				<u>\$ 72,866</u>

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

	June 30, 2010			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$ 7,854	—	—	\$ 7,854
Equity securities				
U S companies	5,596	—	—	5,596
International companies	5,322	—	—	5,322
Real assets	1,319	—	—	1,319
Fixed income				
U S government				
guaranteed	305	—	—	305
U S agencies	—	2,209	—	2,209
Corporate	—	4,239	—	4,239
Municipal	—	113	—	113
Other	1,994	305	—	2,299
Comingled funds				
Equity funds	—	1,600	—	1,600
Real asset funds	—	1,121	—	1,121
	<u>\$ 22,390</u>	<u>9,587</u>	<u>—</u>	<u>31,977</u>
	Equity method investments - not categorized			<u>26,365</u>
				<u><u>\$ 58,342</u></u>

For 2011 and 2010, the Plan had an accumulated benefit obligation (ABO) of \$90,751 and \$83,306, respectively. At June 30, 2011 and 2010, the fair value of plan assets resulted in an unfunded ABO of \$17,885 and \$24,965, respectively.

The Medical Center currently expects to make a contribution to the Plan in fiscal 2012. The estimated contribution is approximately \$2,000.

At June 30, 2011, there is a net actuarial loss of \$1,534 and a prior service credit of (\$134) that will be amortized from unrestricted net assets into net periodic pension cost in fiscal 2012.

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

Future benefit payments expected to be paid in each of the next five fiscal years and in the aggregate for the following five years as of June 30, 2011 are as follows

Years ending June 30	
2012	\$ 3.092
2013	3.358
2014	3.663
2015	3.991
2016	4.396
2017 – 2021	28.461
	\$ 46.961

(b) Defined Contribution Plans

The Medical Center sponsors a 403(b) plan. This defined contribution plan is available to substantially all employees. No contributions are made to the 403(b) plan by the Medical Center.

As noted above, the defined benefit pension plan was closed to new entrants in 2006, and a new defined contribution plan, the FMOL Health System Retirement Plan (the FMOL Plan), was created for those hired after June 30, 2006. Substantially all employees of the Medical Center meeting eligibility requirements may participate in the FMOL Plan. The Medical Center may annually elect to make a contribution on behalf of those participants in an amount determined by the Medical Center. Contribution expense of \$393 and \$515 was recorded for the years ended June 30, 2011 and 2010, respectively.

(15) Functional Expenses

The Medical Center provides health care and other services to residents within its service area. Expenses related to providing these services for the years ended June 30, 2011 and 2010 are as follows:

	2011	2010
Health care services	\$ 184,472	189,644
General and administrative	64,682	65,572
	\$ 249,154	255,216

(16) Fair Value of Financial Instruments

(a) Fair Value of Financial Instruments

The carrying amounts of all significant asset and liability financial instruments reported in the consolidated balance sheets, except for long-term debt, approximate their estimated fair values, in all significant respects, at June 30, 2011 and 2010.

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

The Medical Center's financial instruments for which estimated fair values differ from their carrying amounts at June 30, 2011 and 2010 are summarized as follows

	2011		2010	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Liabilities - long-term debt	\$ 144,552	143,891	148,699	145,031

(b) Fair Value Hierarchy

The following table presents the placement in the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2011 and 2010

	2011			
	Level 1	Level 2	Level 3	Total
Assets				
Short-term investments	\$ 2	—	—	2
Other current assets	250	—	—	250
Assets limited as to use				
Cash and cash equivalents	8,215	—	—	8,215
Marketable equity securities	111	—	—	111
Fixed income securities	89	—	—	89
Total	\$ 8,667	—	—	8,667

	2010			
	Level 1	Level 2	Level 3	Total
Assets				
Short-term investments	\$ 2	—	—	2
Other current assets	43	—	—	43
Assets limited as to use				
Cash and cash equivalents	12,457	—	—	12,457
Marketable equity securities	97	—	—	97
Fixed income securities	69	—	—	69
Total	\$ 12,668	—	—	12,668

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

The Medical Center had no significant transfers of assets and liabilities into or out of Levels 1 and 2 during either fiscal 2011 and 2010

The following table presents the placement in the fair value hierarchy of investments held at FMOLHS

	June 30, 2011			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$ 37,430	—	—	\$ 37,430
Equity securities				
U S companies	47,499	—	—	47,499
International companies	59,216	—	—	59,216
Real assets	31,046	—	—	31,046
Fixed income securities				
U S government				
guaranteed	1,454	—	—	1,454
U S agencies	—	11,482	—	11,482
Corporate	—	30,834	—	30,834
Municipal	—	1,388	—	1,388
Other	45,983	2,922	—	48,905
	<u>\$ 222,628</u>	<u>46,626</u>	<u>—</u>	269,254
	Equity method investments - not categorized			<u>361,116</u>
				<u>\$ 630,370</u>

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

June 30, 2010				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$ 58.097	—	—	\$ 58.097
Equity securities				
U S companies	61.240	—	—	61.240
International companies	54.379	—	—	54.379
Real assets	23.140	—	—	23.140
Fixed income securities				
U S government				
guaranteed	3.895	—	—	3.895
U S agencies	—	15.578	—	15.578
Corporate	—	30.434	—	30.434
Municipal	—	835	—	835
Other	22.032	2.170	—	24.202
	<u>\$ 222.783</u>	<u>49.017</u>	<u>—</u>	<u>271.800</u>
	Equity method investments - not categorized			323.229
				<u>\$ 595.029</u>

(c) Limitations

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(17) Insurance Programs

The Medical Center is qualified under the State of Louisiana medical malpractice program and is self-insured for the first \$100 of professional liability per occurrence; additional coverage is provided by the Louisiana Patients' Compensation Fund for the next \$400 of professional liability up to the present statutory maximum of \$500 per claim (exclusive of additional amounts for future medical expense provided by law). Coverage in excess of such primary coverage is provided by a self-insurance trust fund which protects the Medical Center against professional and general liability with limits of \$2,000 per claim for professional liability, \$1,000 per claim for general liability and \$6,000 aggregate per year. An umbrella excess liability policy is shared among all FMOLHS entities on a claims-made basis. In addition to professional and general liability coverage the umbrella excess liability policy also provides automobile, helipad, and employers' liability coverage, all on an occurrence basis. Finally, the Medical Center utilizes a commercial group policy as primary coverage for claims arising against employed physicians. The group policy covers claims between \$500 and \$1,000. For claims exceeding \$1,000, excess coverage is acquired

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

through a series of commercial insurance products with limits equal to the FMOLHS umbrella excess liability structure

The Medical Center participates with the other hospitals within FMOLHS in a captive insurance company, Louise Insurance Co., Ltd. (Louise), which is wholly owned by FMOLHS. Louise underwrites the self-insured portion of professional and general liability claims on a claims-made basis. In addition, the Medical Center accrues additional amounts for incurred but not yet reported claims liabilities at each fiscal year-end. Effective July 1, 2004, Louise also underwrites the self-insured portion of workers' compensation claims on an occurrence basis.

The insurance policies between Louise and the Medical Center are accounted for by Louise under reinsurance accounting, as described in FASB ASC Topic 944 for *Financial Services – Insurance* (Topic 944). Topic 944 addresses the specific conditions that must be met for reinsurance contracts to satisfy the transfer of risk criteria. The criteria are that the reinsurer has assumed significant insurance risk under the reinsured portions of the underlying insurance contracts, and that it is reasonably possible that the reinsurer may realize a significant loss from the transaction. Premiums are retrospectively determined by Louise relying on actuarial estimates and actual claims experience for the group of affiliated hospitals. For the year ended June 30, 2011 and 2010, the Medical Center made premium payments to Louise of \$1,140 and \$1,445, respectively.

The Medical Center, like other hospitals throughout Louisiana, is a defendant in one remaining case where the plaintiff has developed Hepatitis C allegedly through blood transfusions administered at the Medical Center prior to the 1976 Medical Malpractice Act. The Medical Center and the insurer that was in place during the period the transfusions occurred continue to closely monitor the progress of the case. Management has assessed the risk associated with this case and believes that the probable resolution of this contingency will not exceed the Medical Center's self-insurance reserves or insurance coverage and will not materially affect the financial position or results of operations of the Medical Center.

The Medical Center's reserve for estimated professional and general liability costs is approximately \$1,257 and \$1,455 at June 30, 2011 and 2010, respectively. Claim liabilities are estimated at the present value of future claim payments using a discount rate of 3% in 2011 and 2010.

Prior to July 1, 2004, the Medical Center was self-insured for workers' compensation liability for the first \$200 per claim. The workers' compensation self-insured reserves related to this run out were \$53 and \$73 as of June 30, 2011 and 2010, respectively, and are included as other current liabilities in the accompanying consolidated balance sheets. Effective July 1, 2004, the Medical Center was insured by Louise for workers' compensation claims for the first \$350 per claim on an occurrence basis and have excess coverage through a third party insurer. In July 2006, the coverage was increased to \$400.

The Medical Center is self-insured for all employees' medical claims and has reflected its estimate of the ultimate liability for known and incurred but not reported claims in the accompanying consolidated financial statements. As required by the State of Louisiana, the Medical Center has pledged certificates of deposit totaling \$206 and \$204 as of June 30, 2011 and 2010, respectively, which are included in the assets limited as to use – self-insurance trust funds in the accompanying consolidated financial statements. The

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

employees' medical claims reserves are \$2.050 and \$2.478 as of June 30, 2011 and 2010, respectively, and are included in other current liabilities in the consolidated balance sheets

The Medical Center has reflected its estimate of the ultimate liability for known and incurred but not reported claims, including its share of claims to be paid by the captive insurance company, in the accompanying consolidated financial statements. The estimated reserve for professional and general liability and workers' compensation is based on actuarial studies. The estimated reserve for employee health care claims is based on actual claims history.

(18) Commitments and Contingencies

(a) Investments

As it relates to alternative assets held by FMOLHS in the investment "pool," the Medical Center is obligated under certain limited partnership agreements to provide advance funding up to specific levels upon the request of the general partner. See note 3(b).

(b) Leases

The Medical Center leases assets under various rental agreements. Future minimum rental payments under operating leases that have initial or remaining noncancelable terms in excess of one year as of June 30, 2011 follow:

Years ending June 30	
2012	\$ 644
2013	41
2014	29
	<hr/>
	\$ 714
	<hr/>

Total rent expense for all operating leases for the years ended June 30, 2011 and 2010 was approximately \$1.106 and \$1.237, respectively.

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

As of June 30, 2011, the Medical Center was obligated under a capital lease, with noncancelable terms in excess of one year. Future minimum lease payments as of June 30, 2011 are as follows:

Year ending June 30		
2012	\$	601
2013		601
2014		601
2015		152
Thereafter		—
Total minimum lease payments		<u>1,955</u>
Less amounts representing interest at 14.5%		<u>403</u>
Present value of future minimum lease payments		1,552
Less current portion of capital lease obligation		<u>403</u>
Capital lease obligation, excluding current portion	\$	<u><u>1,149</u></u>

Assets recorded under capital leases at June 30, 2011 and 2010 consist of the following:

	<u>2011</u>	<u>2010</u>
Equipment	\$ 636	636
Building and building improvements	<u>9,668</u>	<u>9,565</u>
	10,304	10,201
Less accumulated depreciation	<u>4,022</u>	<u>3,744</u>
	<u><u>\$ 6,282</u></u>	<u><u>6,457</u></u>

In late 2010, the FASB issued for comment *Proposed Accounting Standards Update – Leases (Topic 840)*. After receiving and considering significant feedback, the FASB intends to issue a related final ASU in calendar year 2012. This new guidance is expected to require the Medical Center to recognize virtually all of its leases on the consolidated balance sheet. Assuming the ASU is in fact issued, adoption will cause considerable changes in the presentation of the Medical Center's debt and interest expense in its consolidated financial statements (among other things). Management is reviewing the implications of the proposed ASU for the Medical Center, including potential implications for many complex agreements and arrangements which might be impacted by this potential major accounting change. While that work is ongoing, management is optimistic that there will not be material issues associated with important related matters, such as overall Medical Center credit ratings or future debt covenant compliance.

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

(c) *Operating Leases – Lessor*

The Medical Center leases office space and clinical facilities, generally to members of its medical staff, under operating leases that typically are cancelable. The terms of these leases range from month to month to seven years. Assets held for lease at June 30, 2011 and 2010 consist of building and improvements with an original cost of approximately \$33,534 and \$33,451, respectively, and accumulated depreciation of approximately \$14,711 and \$13,267, respectively.

During the year ended June 30, 2010, the Medical Center had a leasing arrangement with St. Francis Specialty Hospital (Specialty Hospital), a distinct and separate long-term care hospital with rentals based on square footage. The lease required the Medical Center to provide certain ancillary services, dietary services, housekeeping services, and additional management and other services based on the Medical Center's cost associated with Specialty Hospital's utilization. This lease was effective June 1, 1995, and the original term was for two years, with automatic renewal of the lease for subsequent two-year terms unless written notice is given. Rental income and management fee income related to the lease arrangement totaled \$2,570 for the year ended June 30, 2010. Amounts due from Specialty Hospital at June 30, 2011 and 2010 were \$627 and \$4,746, respectively. The Medical Center had amounts due to Specialty Hospital at June 30, 2011 and 2010 of approximately \$22 and \$15, respectively. The Medical Center had also provided a guarantee of \$2,100 on a bank line of credit for Specialty Hospital. At June 30, 2010, there were no borrowings for Specialty Hospital against the line of credit, which expired on December 31, 2010. The Medical Center received \$2,000 from Specialty Hospital in June 2010. Additional payments were received during the year ended June 30, 2011 totaling \$4,526 and resulting in income recognition of \$1,667 (included in other revenue).

In November 2008, the Specialty Hospital Board of Directors executed a non-binding letter of intent to sell the assets and provider number of Specialty Hospital to a third party, Specialty Extended Care Hospital of Monroe, LLC (Extended Care). The sale was completed on June 25, 2010. As a result of the transaction, Specialty Hospital transferred to Extended Care its rights under the lease and services agreements. Rental income and income related to the services agreement with Extended Care totaled \$2,905 for the year ended June 30, 2011. Amounts due from Extended Care totaled \$585 at June 30, 2011.

(d) *Community Health Center Lease*

An amended lease was executed by SFASI for the Community Health Center (CHC) space during the year ended June 30, 1998. The amended lease provided for an expansion of the leased premises through construction of an addition to the CHC building by SFASI at the leased site. The building was completed during the year ended June 30, 1999, and SFASI took occupancy of the building. Concurrently, the lease term was extended through August 31, 2014, and annual rentals increased to \$449 through September 2008 and the greater of \$601 annually, or an increase based upon the CPI through termination of the lease.

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

June 30, 2011 and 2010

(In thousands)

(e) *Asset Retirement Obligations*

The Medical Center recognizes obligations associated with the future retirement of long-lived assets. Estimated asset retirement obligations of \$1,527 and \$1,459 as of June 30, 2011 and 2010, respectively, are classified as a long-term liability.

(f) *Contingent Liabilities*

The Medical Center has certain pending and threatened litigation and claims incurred in the ordinary course of business; however, management believes that the probable resolution of such contingencies will not exceed the Medical Center's self-insurance reserves or insurance coverage and will not materially affect the financial position of the Medical Center or the results of its operations.

(g) *Regulatory Compliance*

The U.S. Department of Justice and other federal agencies are increasing resources dedicated to regulatory investigations and compliance audits of health care providers. The Medical Center is subject to these regulatory efforts and has a corporate compliance committee that monitors and responds to regulatory changes and any issues that may arise.

In consultation with legal counsel, management is not aware of any issues that could have a material adverse effect on the Medical Center's financial position or results of operations.

(19) *Subsequent Events*

The Medical Center has evaluated subsequent events from the balance sheet date through November 2, 2011, the date the financial statements were issued.

SUPPLEMENTAL SCHEDULE

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Supplemental Schedule – Service to the Community (Unaudited)

Years ended June 30, 2011 and 2010

(In thousands)

The Medical Center is an active, caring member of the communities it serves. In carrying out its mission of meeting the health needs of the people of God, the Board of Directors has established a policy under which the Medical Center provides care to needy members of its communities. Following that policy, health care services costing \$4,394 and \$4,175 were provided without charge during the years ended June 30, 2011 and 2010, respectively. Charges foregone, based on established rates, totaled \$12,711 and \$11,303 for the years ended June 30, 2011 and 2010, respectively.

The Medical Center also participates in government programs including Medicare, Medicaid, and the TriCare program. Under these programs, the Medical Center provides care to patients at payment rates that are determined by the federal and state governments, regardless of actual cost. In some cases, these programs pay the Medical Center at amounts which are less than their cost of providing services. The following tables summarize the amount of charges foregone (i.e., contractual adjustments) and the estimated losses incurred by the Medical Center due to inadequate payments by these programs and for charity for the years ended June 30, 2011 and 2010.

	2011		2010	
	Charges foregone	Estimated unreimbursed costs	Charges foregone	Estimated unreimbursed costs
Charity care and means-tested programs				
Medicare	\$ 264,344	22,119	242,416	27,555
Medicaid	101,822	13,323	101,722	17,751
Charity	12,711	4,394	11,303	4,175
Other	2,860	79	2,546	54
Total	<u>\$ 381,737</u>	<u>39,915</u>	<u>357,987</u>	<u>49,535</u>

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Supplemental Schedule – Service to the Community (Unaudited)

Years ended June 30, 2011 and 2010

(In thousands)

In addition to community services directly associated with providing hospital-based care, the Medical Center serves the community in numerous other ways. A summary of estimated costs to the community services for the years ended June 30, 2011 and 2010 is as follows:

	Net community benefit expense	
	2011	2010
Community benefits at cost		
Other community benefits		
Health professions education	\$ 858	1,023
Subsidized health services	525	499
Cash and in-kind contribution to community groups	81	54
Total other community benefits	<u>1,464</u>	<u>1,576</u>
Community building activities		
Physical improvements and housing	40	94
Community health education	7	17
Community support	235	217
Community based clinical services	227	349
Leadership development and training for community members	33	33
Community health improvement advocacy	153	158
Workforce development	7	24
Total community building activities	<u>702</u>	<u>892</u>
Total	<u>\$ 2,166</u>	<u>2,468</u>

Items included in the community benefit categories above are as follows:

Health Professions Education

Clinical setting for undergraduate, vocational training, internships, clerkships, and residencies. Includes registered nurse recruitment activities and collaboration with local colleges for supervision and clinical training in pharmacy, radiology, respiratory therapy, health information management, and medical technology.

Subsidized Health Services

Includes the discount provided, at cost, to all patients who have no form of insurance coverage.

Cash and In-Kind Contribution to Community Groups

Includes donations to Families Helping Families, Children's Coalition, Wellspring, YMCA, Haiti Project, Prevent Child Abuse, Komen Foundation and Alzheimer's Foundation. Also includes employee costs associated with board and community involvement of rural hospitals.

**ST. FRANCIS MEDICAL CENTER, INC. AND
AFFILIATED ORGANIZATIONS**

Supplemental Schedule – Service to the Community (Unaudited)

Years ended June 30, 2011 and 2010

(In thousands)

Physical Improvements and Housing

Includes occupancy and utilities provided to St Vincent DePaul Charitable Pharmacy

Community Health Education

Includes classes on breastfeeding, childbirth basics, sibling class, and ABC's of childcare. Also includes sponsorship of Think First, a national injury-prevention organization. The Medical Center provides free depression and anxiety screenings to the community.

Community Support

Includes staff costs of management oversight of community benefit programs and activities, including Meals on Wheels, taxi and medication provided to the needy, and community benefit salary dollars.

Community Based Clinical Services

Includes community-based health screenings, including behavior health. Includes discounted services provided to Louisiana Baptist Children's Home, Veteran's Administration, Rural Hospitals, ULM Athletic Department, MDA, WellSpring, and Handicap Children.

Leadership Development and Training for Community Members

St Francis serves as the designated regional hospital for Region 8 and provides leadership and coordination for emergency preparedness activities.

Community Health Improvement Advocacy

Includes the unreimbursed cost of the adult day health care facility and the school based health center.

Workforce Development

Designed to promote leadership development and provide exposure to various careers in health care. Includes sports medicine program, AHEC (Area Health Education Center) program, Carroll High School housekeeping program, and junior volunteer program.