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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2010

Open to Public Inspection

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

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

C Name of organization
Christus Health Southwestern Louisiana

Doing Business As
SEE SCHEDULE O

Number and street (or P O box if mail is not delivered to street address) | Room/suite
524 Dr Michael Debakey Drive

City or town, state or country, and ZIP + 4
Lake Charles, LA 70601

D Employer identification number
72-0411322

E Telephone number
(337) 491-7730

G Gross receipts $ 131,483,772

F Name and address of principal officer
Stephen Wright
524 Dr Michael Debakey Drive
Lake Charles, LA 70601

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

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

H(c) Group exemption number ▶ 0928

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

J Website: ▶ www stpatrickhospital org

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1921 | **M** State of legal domicile LA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
Supporting the health care ministries of the Sponsoring Congregations in extending the healing ministry of Jesus Christ in conformity with the ethical and moral teachings of the Roman Catholic Church

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	14
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	10
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	**5**	1,216
6	Total number of volunteers (estimate if necessary)	**6**	23
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	514,520
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	1,770,977	1,794,901
	9 Program service revenue (Part VIII, line 2g)	127,370,661	127,332,489
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	115,672	-249,937
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	341,251	415,151
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	129,598,561	129,292,604
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	149,922	275,546
	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)	52,349,073	52,283,110
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶458,275		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	87,117,177	82,407,450
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	139,616,172	134,966,106
	19 Revenue less expenses Subtract line 18 from line 12	-10,017,611	-5,673,502

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	141,538,262	133,426,596
	21 Total liabilities (Part X, line 26)	61,960,908	62,847,245
	22 Net assets or fund balances Subtract line 21 from line 20	79,577,354	70,579,351

Part II Signature Block

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

Sign Here

Signature of officer — Date: 2012-05-08

Scott A Merryman EVP/CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed ▶☐	PTIN
Firm's name ▶ ERNST & YOUNG US LLP				Firm's EIN ▶
Firm's address ▶ 1401 MCKINNEY SUITE 1200 HOUSTON, TX 77010				Phone no ▶ (713) 750-1500

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

THE CORPORATION IS ORGANIZED AND SHALL BE OPERATED EXCLUSIVELY FOR CHARITABLE, SCIENTIFIC, EDUCATIONAL AND RELIGIOUS PURPOSES OF ADVANCING, PROMOTING AND SUPPORTING THE HEALTH CARE MINISTRIES OF THE SPONSORING CONGREGATIONS WHICH OPERATE AND ARE CONTROLLED IN CONFORMITY WITH THE ETHICAL AND MORAL TEACHINGS OF THE ROMAN CATHOLIC CHURCH, AND PROMOTING EFFICIENT GOVERNANCE AND MANAGEMENT, COOPERATIVE PLANNING AND THE SHARING OF RESOURCES AMONG SUCH HEALTH CARE MINISTRIES WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, THE CORPORATION'S MISSION SHALL BE TO EXTEND THE HEALING MINISTRY OF JESUS CHRIST, AND CONSISTENT THEREWITH, SHALL OPERATE ACCORDING TO THE DOCTRINES, RESOLUTIONS, DECREES AND ETHICAL PRINCIPLES OF THE SPONSORING CONGREGATIONS, AND THE ETHICAL AND RELIGIOUS DIRECTORS FOR CATHOLIC HEALTH CARE SERVICES AS PROMULGATED OR AMENDED FROM TIME TO TIME BY THE UNITED STATES CONFERENCE OF CATHOLIC BISHOPS IT IS ALSO A PURPOSE OF THE CORPORATION TO AID, LEND FINANCIAL SUPPORT AND AS

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☑ No

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

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 31,723,447 including grants of $ 0) (Revenue $ 67,460,038)

COMMITMENT TO BENEFITING OUR COMMUNITIES - PATIENT CARE SERVICES CHRISTUS Health Southwestern Louisiana is part of CHRISTUS Health, formed in 1999 to strengthen the 146-year-old, faith-based health care ministries of the Congregations of the Sisters of Charity of the Incarnate Word of Houston and San Antonio Founded on the mission "to extend the healing ministry of Jesus Christ," CHRISTUS is challenged to reach out to, and beyond, the more than 60 communities we serve to help those in need The vision of CHRISTUS Health as a Catholic, faith-based ministry, is to be a leader, a partner and an advocate in the creation of innovative health and wellness solutions that improve the lives of individuals and of local and global communities so that all may experience God's healing presence and love CHRISTUS Health Southwestern Louisiana responds to the health care needs of the community through services provided at CHRISTUS St Patrick Hospital, a 266 licensed bed acute care facility, dedicated to improving the health of the community and embracing the physical, spiritual and emotional needs of each patient CHRISTUS Health Southwestern Louisiana, located in Lake Charles, Louisiana in the southwestern part of the state, has a service area that includes parishes along the southern coast of Louisiana into the south central portions of the state, which includes a population of more than 262,796 individuals In our 2011 fiscal year alone, we were privileged to serve hundreds of thousands of individuals in various ways including 25,636 visits to our emergency department, 1,766 inpatient surgery procedures, 3,097 outpatient surgery procedures, 7,445 patients who were admitted to our hospitals for care, and 74,499 patients who received outpatient care at our facilities Touching the lives of the people around us is what makes CHRISTUS Health Southwestern Louisiana stand apart Allowing others to touch us gives us a vision for the medically needy in each of the communities we serve Whether it is the life of a child expecting a future filled with miracles, the life of a man in need of a critical heart surgery, or the life of a woman in need of life-saving breast cancer treatment, CHRISTUS Health Southwestern Louisiana's health care services work to provide the best care possible regardless of an individual's ability to pay By collaborating with communities, churches, businesses, and other health care organizations, CHRISTUS Health Southwestern Louisiana's various entities have strengthened their roles as major providers of comprehensive, accessible health care services These partnerships with the community have been a blessing by helping CHRISTUS Health Southwestern Louisiana further care for those in need Furthermore, investment in community services would not be possible without dedicated employees and volunteers They help to build strong relationships between the hospitals and other health care ministries and the communities, nurturing CHRISTUS' mission to meet the needs of and make a difference in the lives of others Our employees work both inside and outside the walls of our health care facilities and are committed to reaching beyond the traditional hospital walls to help our communities maintain good health Understanding the need to provide access to health care to as much of our public as possible, CHRISTUS Health participates in government-sponsored health care programs, including Medicaid, Medicare, CHAMPUS, TRICARE and others In addition, we provide specific programs to provide discounted services to those in need who do not have medical insurance or who do not participate in government-sponsored programs CHRISTUS Health Southwestern Louisiana provides a full range of inpatient and outpatient services to the people from the communities it serves It conducts its activities and serves its communities without regard to race, color, creed, religion, gender, orientation, disability, age or national origin CHRISTUS St Patrick Hospital offers the area's leading heart program, providing non-invasive diagnostic services, interventional catheterization procedures such as angioplasty, drug-coated stents and pacemaker implantation, heart and lung surgery, cardiovascular rehabilitation, and research programs The hospital's cancer center provides multidisciplinary cancer care, including radiation therapy, cancer surgery, chemotherapy, outpatient treatment, research, education and support In addition, the hospital offers innovative surgery procedures including heartburn surgery, neurosurgery, orthopedic surgery and sinus surgery, as well as specialized programs in geropsychiatry, rehabilitation, joint replacement and a full range of outpatient diagnostic and surgical services CHRISTUS St Patrick Hospital also provides a 24-hour emergency room that is open to serve all those in need of emergent care, regardless of their ability to pay CHRISTUS St Patrick Hospital also supports many local community health services, including five school-based clinics As a not-for-profit organization and as part of CHRISTUS Health, a regional governing board comprised largely of independent community members representing the area we serve guides CHRISTUS Health Southwestern Louisiana We have an open medical staff comprised of qualified physicians who work with us to provide care to our communities All qualified physicians granted privileges to serve with us in our hospitals have undergone a thorough and comprehensive credentialing process

4b (Code) (Expenses $ 69,832,513 including grants of $ 0) (Revenue $ 56,766,543)

OTHER GOVERNMENT-SPONSORED PROGRAMS In addition to the provision of Charity Care and other community services, CHRISTUS Health provides services to persons covered under government-sponsored programs, including Medicare, Department of Defense (DOD) and TRICARE The non-reimbursed costs of these services are not included in reports prepared following Catholic Health Association guidelines CHRISTUS Health provides services to persons covered under the federal Medicare Program, and in fact, this is the largest single payor classification of patients served by this health system The payment rate for inpatient services is on a case rate, calculated based on the diagnostic-related group (DRG) into which the patient is categorized Outpatient services are reimbursed per the Medicare fee schedule CHRISTUS Health dba US Family Health Plan also provides the uniform medical benefit for 12,210 military family members under contract with the DOD Under this program, comprehensive medical services are provided to families of active duty military personnel, and to retirees and their families in all age categories including those over age 65 CHRISTUS Health also participates in the TRICARE standard program and many of our hospitals contract with the Managed Care Support Contractor for the South Region to provide services under the provision of TRICARE Prime

4c (Code) (Expenses $ 9,131,120 including grants of $ 0) (Revenue $ 3,105,908)

COMMUNITY BENEFIT REPORTING - CHARITY CARE AND MEDICAID CHRISTUS adheres to the Catholic Health Association's A Guide for Planning and Reporting Community Benefit (2008), and complies with the State of Texas requirements for reporting Community Benefit, reported as unpaid costs, includes both Charity Care and Community Services To the limits of its resources, CHRISTUS Health is an institution of purely public charity, thus, the most tangible expression of CHRISTUS Health's charitable purpose is the provision of health care services to those persons who are unable to pay This falls into two categories Charity Care and Unpaid Government Indigent Care In keeping with the mission, values, and vision of CHRISTUS Health, CHRISTUS Health Southwestern Louisiana provides Charity Care services in a manner that respects the dignity of the patients and their families Charity Care is provided without charge or at a charge that is less than the usual charge for such services The determination as to the amount to be charged, if any, is made according to a patient's ability to pay as determined by the established eligibility criteria For uninsured patients whose economic circumstances place them at or under 200 percent of the Federal Poverty Level (FPL), services are provided without any expectation of payment Uninsured patients whose economic circumstances place them between 200 and 400 percent of FPL are charged based on a sliding scale, and those above 400 percent receive discounts based on the uninsured fee schedule No patient is refused necessary medical care due to inability to pay CHRISTUS Health is an active participant in the States of Texas and Louisiana Medicaid programs Those programs seek to provide payment for health care services to individuals who meet certain financial and other requirements Financial requirements include evaluation of both assets and income

4d Other program services (Describe in Schedule O)
(Expenses $ 1,057,607 including grants of $ 275,546) (Revenue $ 0)

4e **Total program service expenses** ▶ $ 111,744,687

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	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18	Yes	
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	**35**	Yes	
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2* ☑ **Yes** ☐ **No**			
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	302		
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	1,216		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			2b	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			3a	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			3b	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			4a		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			6b		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			7a	Yes	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			7b	Yes	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			7f		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			8		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			9b		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O			13a		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b				
c	Enter the amount of reserves on hand	13c				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			14a		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			14b		

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	14		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	10		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2	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? . .		3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .		5		No
6	Does the organization have members or stockholders?		6	Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?		7a	Yes	
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . .		7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

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

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request

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

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

SCOTT MERRYMAN
3330 MASONIC DRIVE
ALEXANDRIA, LA 71301
(318) 561-7172

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Yang-Tze Broussard MD Board Member	1 0	X						27,760	0	0
(2) Robert T Chandler Board Member	1 0	X						0	0	0
(3) Keith F Desonier MD Board Member	1 0	X						600	0	0
(4) Sister Mary Patricia Driscoll Board Member	1 0	X						0	0	0
(5) Michael G Eason CFP CFM Vice Chairperson	1 0	X		X				0	0	0
(6) Leslie H Harless Board Member	1 0	X						0	0	0
(7) Ronald S Johns Board Member	1 0	X						0	0	0
(8) Ricardo M McCall MD Board Member	1 0	X						0	0	0
(9) Andrea L Miller PHD Board Member	1 0	X						0	0	0
(10) Sister Audrey O'Mahony Board Member (Term 12/31/10)	1 0	X						0	0	0
(11) James D Serra Board Member	1 0	X						0	0	0
(12) Russell J Stutes Jr Board Member	1 0	X						0	0	0
(13) Adrian L Wallace Board Member	1 0	X						0	0	0
(14) Sister Nora Marie Walsh Board Member (Effec 1/1/11)	1 0	X						0	0	0
(15) Stephen F Wright President/CEO	8 0	X		X				103,493	585,042	205,693
(16) Deborah F White CFO	15 0			X				67,124	162,434	68,408

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(17) Lila H Hicks Secretary	40 0			X				39,497	0	14,051
(18) David Engleking CMO/ VP MED AFF	36 0				X			231,453	0	72,523
(19) Bernard J Leger Administrator	40 0				X			209,958	0	61,068
(20) Marvin J Holland Pefusionist	42 0					X		154,784	0	34,549
(21) Kenneth C Marchand Sr Clinical Pharmacist	50 0					X		143,436	0	33,816
(22) Gordon G Gilley Sr Clinical Pharmacist	46 0					X		133,769	0	28,542
(23) Dianne Teal Assistant Administrator, Opera	40 0					X		129,583	0	33,889
(24) Karen Stubblefield Assistant Administrator	40 0					X		130,885	0	21,030
(25) Ellen Jones President/CEO (Term 2/27/10)	0 0						X	30,031	630,680	207,707
(26) William Hecht CFO (Term 5/8/10)	0 0						X	29,990	342,000	98,538
1b Sub-Total . . . . . ▶										
c Total from continuation sheets to Part VII, Section A . . . . ▶										
d Total (add lines 1b and 1c) . . . . . ▶								1,432,363	1,720,156	879,814

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 ▶ 39

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Sodexo Inc Affiliates PO Box 536922 ATLANTA, GA 303536922	Housekeeping/Food Sv	2,062,894
Southwest Louisiana Imaging 1800 Ryan Street Ste 105 LAKE CHARLES, LA 70601	Imaging Services	1,253,700
Aramark Corp 2571 Network Place CHICAGO, IL 606731252	food services	1,068,232
Hospital Housekeeping Systems LTD PO Box 826 SAN ANTONIO, TX 782930826	housekeeping svcs	977,242
Texas Textile Services Dept 894 PO Box 4346 HOUSTON, TX 772104346	linen services	413,373

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 ▶ 33

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a Federated campaigns . . 1a	33,984				
	b Membership dues 1b					
	c Fundraising events 1c	26,547				
	d Related organizations . . . 1d	118,850				
	e Government grants (contributions) 1e	1,061,827				
	f All other contributions, gifts, grants, and similar amounts not included above 1f	553,693				
	g Noncash contributions included in lines 1a-1f $					
	h **Total.** Add lines 1a-1f . . . . . ▶		1,794,901			
Program Service Revenue		Business Code				
	2a Net Patient Service Revenue	621990	124,508,883	124,508,883		
	b Rent Related to Exempt Function	531390	1,593,882	1,593,882		
	c Reference Lab	621500	514,520		514,520	
	d Fitness Center Revenue	713940	632,433	632,433		
	e Physician Support Services	611710	28,861	28,861		
	f All other program service revenue		53,910	53,910		
	g **Total.** Add lines 2a–2f . . . . . ▶		127,332,489			
	3 Investment income (including dividends, interest and other similar amounts) . . . . . ▶		26,271			26,271
	4 Income from investment of tax-exempt bond proceeds . . ▶		0			
	5 Royalties . . . . . ▶		0			
		(i) Real	(ii) Personal			
	6a Gross Rents	71,620				
	b Less rental expenses	0				
	c Rental income or (loss)	71,620				
	d Net rental income or (loss) . . . . . ▶		71,620			71,620
		(i) Securities	(ii) Other			
	7a Gross amount from sales of assets other than inventory	1,002,226	890,077			
	b Less cost or other basis and sales expenses	1,042,023	1,126,488			
	c Gain or (loss)	-39,797	-236,411			
	d Net gain or (loss) . . . . . ▶		-276,208			-276,208
Other Revenue	8a Gross income from fundraising events (not including $ 26,547 of contributions reported on line 1c) See Part IV, line 18 . . . a		3,306			
	b Less direct expenses . . . b		11,442			
	c Net income or (loss) from fundraising events . . ▶		-8,136			-8,136
	9a Gross income from gaming activities See Part IV, line 19 . a	12,610				
	b Less direct expenses . . . . . b	11,215				
	c Net income or (loss) from gaming activities . . ▶		1,395			1,395
	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 Contract Revenue	900099	207,400			207,400
	b LITIGATION PROCEEDS	900099	68,250			68,250
	c Vending Machine Commissions	900099	49,206			49,206
	d All other revenue		25,416			25,416
	e **Total.** Add lines 11a–11d . . . . . ▶		350,272			
	12 **Total revenue.** See Instructions . . . ▶		129,292,604	126,817,969	514,520	165,214

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	271,162	271,162		
2	Grants and other assistance to individuals in the U S See Part IV, line 22	4,384	4,384		
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	870,135	757,052	108,545	4,538
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	40,807,338	35,503,984	5,090,516	212,838
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	2,290,322	2,208,975	81,347	
9	Other employee benefits	5,508,602	4,845,557	641,158	21,887
10	Payroll taxes	2,806,713	2,572,144	219,384	15,185
a	Fees for services (non-employees) Management	249,126		249,126	
b	Legal	16,765	4,855	11,910	
c	Accounting	0			
d	Lobbying	0			
e	Professional fundraising services *See Part IV, line 17*	0			
f	Investment management fees	0			
g	Other	9,363,097	5,247,789	4,101,580	13,728
12	Advertising and promotion	683,619	6,436	676,998	185
13	Office expenses	39,498,010	37,228,916	2,156,925	112,169
14	Information technology	5,588,613		5,588,613	
15	Royalties	0			
16	Occupancy	3,070,502	2,819,259	248,857	2,386
17	Travel	120,176	30,132	80,695	9,349
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	106,004	37,398	64,352	4,254
20	Interest	2,951,092		2,951,092	
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	9,774,776	9,774,776		
23	Insurance	2,130,679	2,130,679		
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	PROVISION FOR UNCOLLCT ACCTS	6,526,581	6,526,581		
b	Sales Tax	1,668,336	1,617,394	50,942	
c	Recruitment/Placement Fees	366,442	20,759	345,683	
d	FEDERAL & STATE INCOME TAX	94,453	94,453		
e	Awards & Gifts-Non Employee	64,794	620	2,903	61,271
f	All other expenses	134,385	41,382	92,518	485
25	**Total functional expenses.** Add lines 1 through 24f	134,966,106	111,744,687	22,763,144	458,275
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		55,507,046	1	58,059,751
	2	Savings and temporary cash investments		960,807	2	0
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		13,433,330	4	14,283,667
	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		633,194	7	531,740
	8	Inventories for sale or use		4,804,097	8	4,244,704
	9	Prepaid expenses and deferred charges		685,845	9	447,434
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 242,974,616			
	b	Less accumulated depreciation	10b 189,427,401	63,646,089	10c	53,547,215
	11	Investments—publicly traded securities		1,257	11	0
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11		112,100	13	112,100
	14	Intangible assets		1,487,202	14	2,123,735
	15	Other assets See Part IV, line 11		267,295	15	76,250
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		141,538,262	16	133,426,596
Liabilities	17	Accounts payable and accrued expenses		9,489,089	17	10,436,797
	18	Grants payable			18	
	19	Deferred revenue		653,620	19	655,723
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		51,818,199	25	51,754,725
	26	**Total liabilities.** Add lines 17 through 25		61,960,908	26	62,847,245
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		78,616,081	27	69,062,595
	28	Temporarily restricted net assets		932,824	28	1,516,756
	29	Permanently restricted net assets		28,449	29	0
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		79,577,354	33	70,579,351
	34	Total liabilities and net assets/fund balances		141,538,262	34	133,426,596

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	129,292,604
2	Total expenses (must equal Part IX, column (A), line 25)	2	134,966,106
3	Revenue less expenses Subtract line 2 from line 1	3	-5,673,502
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	79,577,354
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-3,324,501
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	70,579,351

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Christus Health Southwestern Louisiana

Employer identification number
72-0411322

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

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

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

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

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

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

_____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

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

Section C. Computation of Public Support Percentage

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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

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

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

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

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SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ **Complete if the organization is described below.**
▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**

OMB No 1545-0047

2010

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
Christus Health Southwestern Louisiana	72-0411322

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

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

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

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	0
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		515
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		763
j	Total lines 1c through 1i			1,278
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
Lobbying Description	Form 990, Schedule C, Part II-B, Lines 1b, 1d and 1g	Healthcare policy is critical to all Americans and CHRISTUS Health Southwestern Louisiana believes that health care providers must participate in forming health care policy by interacting with national, state and local representatives and their staff members to help them better understand the complexities and ramifications of key health care policies CHRISTUS Health Southwestern Louisiana had direct contact through meetings on May 16, 2011 with various members of the Louisiana State Legislature regarding Louisiana State budget, HB1 and reduction to state health care spending including school based health centers The reported expenses associated with these activities include staff compensation and related allocable overhead FORM 990, SCHEDULE C, PART II-B, LINE 1I "OTHER ACTIVITIES" REPORTS THE PORTION OF FY 2011 PROFESSIONAL AND MEMBERSHIP ASSOCIATION DUES ALLOCATED TO LOBBYING EFFORTS BY THE RESPECTIVE ASSOCIATIONS TOTALING $763 CHRISTUS Health Southwestern Louisiana did not substantially lobby during the fiscal year 6-30-11

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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
Christus Health Southwestern Louisiana

Employer identification number
72-0411322

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance	941,776				
b Contributions	225,166				
c Investment earnings or losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	1,166,942				

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

- a Board designated or quasi-endowment ▶ 100 000 %
- b Permanent endowment ▶ 0 %
- c Term endowment ▶ 0 %

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

		Yes	No
(i) unrelated organizations	3a(i)		No
(ii) related organizations	3a(ii)		No

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

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

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

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		6,318,798		6,318,798
b Buildings		106,795,657	76,936,027	29,859,630
c Leasehold improvements		1,230,700	950,091	280,609
d Equipment		127,548,114	111,440,999	16,107,115
e Other		1,081,347	100,284	981,063
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				53,547,215

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

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

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

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

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

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

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	0
DUE TO RELATED ORGANIZATIONS	7,601,786
DUE TO CHRISTUS HEALTH BOND FUND	43,977,358
CIP	156,973
SECURITY DEPOSITS HELD FOR LEASES	18,101
RENT DEPOSIT	500
MISCELLANEOUS LIABILITY	7
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	51,754,725

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

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

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

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

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
Cash - Non-Bearing Interest	Form 990, Part X, Line 1	Christus Health System maintains a centralized cash management system This cash management system (CMS) includes a concentration account wherein deposits and disbursements for related Christus exempt organizations flow through this account and over to the managed investment accounts Each participating organization reports a balance in the CMS reflective of its cumulative cash activity Cash Balances for each Christus organization are reported on Form 990 in accordance with financial statement reporting CMS ownership is maintained by Christus Health (EIN 76-0590551) and all associated investment income is properly reported on the Christus Health Form 990
Intended Use of Organization's Endowment Funds	Form 990, Schedule D, Part V, Line 4	The endowment funds are being used for possible future capital improvements
Uncertain Tax Positions Under ASC 740	Form 990, Schedule D, Part X, Line 2	Per footnote 3 in the Consolidated Financial Statements, there are no material unrecorded tax liabilities as of June 30, 2011 and 2010

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SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than $15,000 on Form 990-EZ, line 6a.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Christus Health Southwestern Louisiana

Employer identification number
72-0411322

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.

1 Indicate whether the organization raised funds through any of the following activities Check all that apply

- **a** ☐ Mail solicitations
- **b** ☐ Internet and e-mail solicitations
- **c** ☐ Phone solicitations
- **d** ☐ In-person solicitations
- **e** ☐ Solicitation of non-government grants
- **f** ☐ Solicitation of government grants
- **g** ☐ Special fundraising events

2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? ☐ **Yes** ☐ **No**

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least $5,000 by the organization Form 990-EZ filers are not required to complete this table

(i) Name and address of individual or entity (fundraiser)	**(ii)** Activity	**(iii)** Did fundraiser have custody or control of contributions? Yes	No	**(iv)** Gross receipts from activity	**(v)** Amount paid to (or retained by) fundraiser listed in col **(i)**	**(vi)** Amount paid to (or retained by) organization
Total . . . . . ▶						

3 List all states in which the organization is registered or licensed to solicit funds or has been notified it is exempt from registration or licensing

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

		(a) Event #1 Run with Nuns (event type)	(b) Event #2 (event type)	(c) Other Events 0 (total number)	(d) Total Events (Add col (a) through col (c))
Revenue	1 Gross receipts	29,853			29,853
	2 Less Charitable contributions	26,547			26,547
	3 Gross income (line 1 minus line 2)	3,306			3,306
Direct Expenses	4 Cash prizes				
	5 Non-cash prizes	48			48
	6 Rent/facility costs				
	7 Food and beverages	673			673
	8 Entertainment	841			841
	9 Other direct expenses	9,880			9,880
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				11,442
	11 Net income summary Combine lines 3 and 10 in column (d) ▶				-8,136

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

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

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

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

b If "No," Explain _____

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

b If "Yes," Explain _____

11 Does the organization operate gaming activities with nonmembers? . . . . . ☐ Yes ☐ No

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? . . . . . ☐ Yes ☐ No

13 Indicate the percentage of gaming activity operated in

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

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

Name ▶

Address ▶ 524 Dr Michael DeBakey Drive
Lake Charles, LA 70601

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? . . . . . ☐ Yes ☐ No

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

c If "Yes," enter name and address

Name ▶

Address ▶

16 Gaming manager information

Name ▶

Gaming manager compensation ▶ $

Description of services provided ▶

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? . . . . . ☐ Yes ☐ No

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

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

Identifier	ReturnReference	Explanation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Christus Health Southwestern Louisiana

Employer identification number
72-0411322

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			2,688,311	0	2,688,311	2 090 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			9,131,120	3,105,908	6,025,211	4 690 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			11,819,431	3,105,908	8,713,522	6 780 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)	22	29,464	1,196,872	612,887	583,985	0 450 %
f Health professions education (from Worksheet 5)	2	230	10,040	0	10,040	0 010 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)	22	3,540	173,450	0	173,450	0 140 %
j **Total** Other Benefits	46	33,234	1,380,362	612,887	767,475	0 600 %
k **Total.** Add lines 7d and 7j	46	33,234	13,199,793	3,718,795	9,480,997	7 380 %

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

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing	2	0	22,630	0	22,630	0 020 %
2	Economic development						
3	Community support						
4	Environmental improvements						
5	Leadership development and training for community members	1	0	1,480	0	1,480	0 %
6	Coalition building	4	1,383	6,410	0	6,410	0 010 %
7	Community health improvement advocacy	1	0	12,457	0	12,457	0 010 %
8	Workforce development						
9	Other						
10	**Total**	8	1,383	42,977	0	42,977	0 040 %

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	1,432,828		
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	429,848		
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	49,662,200
6	Enter Medicare allowable costs of care relating to payments on line 5	6	58,200,947
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-8,538,747
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a	Does the organization have a written debt collection policy?	9a	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	South Ryan MRI LLC	Medical screening and testing	51 000 %		44 920 %
2	LA PETCT IMAGING LC	Medical screening and testing	24 500 %		23 380 %
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

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

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

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	Christus St Patrick Hospital 524 Dr Michael DeBakey Drive Lake Charles, LA 70601	X	X					X		

Part V **Facility Information** *(continued)*

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

How many non-hospital facilities did the organization operate during the tax year? **2**

	Name and address	Type of Facility (Describe)
1	South Ryan MRI LLC 650 Dr Michael DeBakey Drive Lake Charles, LA 70601	Medical Screening Facility
2	South Ryan MRI LLC 650 Dr Michael DeBakey Drive Lake Charles, LA 70601	Medical Screening Facility
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

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

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
Part I, Line 5	Budgeted Charity Care	The organization budgets charity care for internal financial review purposes only The provision of charity care is not limited to amounts established for budgetary purposes Part I, Line 6a Annual Community Benefit Report A REPORT OF COMMUNITY BENEFIT IS INCLUDED IN A WRITTEN ANNUAL REPORT FOR CHRISTUS HEALTH, THE ORGANIZATION'S PARENT COMPANY CHRISTUS HEALTH IS AN INTERNATIONAL, CATHOLIC, FAITH BASED, NONPROFIT HEALTH SYSTEM FORMED IN 1999 WITH A MISSION "TO EXTEND THE HEALING MINISTRY OF JESUS CHRIST " THE ANNUAL COMMUNITY BENEFIT REPORT SUMMARIZES ACTIVITIES AND PROGRAMS CONDUCTED DURING THE PAST YEAR TO IMPROVE HEALTH INCLUDING PROACTIVE COMMUNITY HEALTH SERVICES HOWEVER, THE ANNUAL REPORT IS ONLY A SNAPSHOT OF HOW THE ORGANIZATION DISTINGUISHES ITSELF IN ITS VISION TO BE A LEADER, A PARTNER, AND AN ADVOCATE IN CREATING INNOVATIVE HEALTH AND WELLNESS SOLUTIONS THAT IMPROVE THE LIVES OF INDIVIDUALS AND COMMUNITIES Part I, Line 7, column (f) Percent of Total Expense TOTAL EXPENSE FROM FORM 990, PART IX, LINE 25, COLUMN (A) IS $134,966,106 THE BAD DEBT EXPENSE INCLUDED IN THIS AMOUNT IS $6,396,553 THIS LEAVES A TOTAL EXPENSE OF $128,569,553 FOR PURPOSES OF CALCULATING LINE 7, COLUMN (F) Part I, Line 7, Column (f) Description of Gross Charity Care as Percentage of Total Costs The organization's total community benefit expense as reported on Part I, Line 7k, Column (c) as a percentage of total expense is 10 27% which exceeds the amount reported on Part I, Line 7k Column (f) which is computed using net community benefit expense Part I, Line 7i Cash and In-Kind Contributions CHRISTUS Health Southwestern Louisiana made over $173,000 in cash and in kind contributions in fiscal year 2011 The aforementioned amount is determined in accordance with reporting rules as outlined in the Catholic Health Association Guide to Planning and Reporting Community Benefit, copyright 2008 As such, this amount differs from grants reported at Form 990, Schedule I, Grants and Other Assistance to Organizations, Governments, and Individuals and Part IX, Lines 1 through 3 Grants and Other Assistance CHRISTUS Health established the CHRISTUS Fund, a grant fund to provide resources to nonprofit agencies and groups whose vision, mission, and goals are consistent with CHRISTUS Health's mission, values and philosophy of a healthy community CHRISTUS Fund grants totaling $72,000 were donated by Christus Health to nonprofit organizations located in the community served by Christus Health Southwestern Louisiana The grant dollars were used to support programs that promote the health of the community that Christus Health Southwestern Louisiana serves All grants made to outside organizations through the CHRISTUS Fund are made to nonprofit organizations that support the health of the community Indigent Funding Expense of $139,000 is included in Schedule H, Part I, Line 7(i) Part I, Line 7 Line 7a Ratio of patient care cost to charges based on Schedule H, worksheet 2 Line 7b Ratio of patient care cost to charges based on Schedule H, worksheet 2 Line 7e Actual expenses less any direct offsetting revenue Line 7f Actual expenses less any direct offsetting revenue Line 7i Actual expense of the contributions

Identifier	ReturnReference	Explanation
Part II	COMMUNITY BUILDING ACTIVITIES	The CHRISTUS Health Board of Directors approved funding of a Community Direct Investment (CDI) loan program to ensure that the work of social accountability and moral and ethical stewardship continue in spite of challenging fiscal conditions faced by local operating entities The purpose of the CDI program is to support community driven initiatives, primarily for affordable housing and economic development, by providing financing at below market interest rates to nonprofit organizations at terms not exceeding more than five years The income earned at the market rate less the loan rate (foregone income) is considered a community benefit for reporting purposes Though outstanding loan balances vary throughout the year, the outstanding loan balance at the end of Fiscal Year 2011 was $500,000 The foregone interest for CHRISTUS Health Southwestern Louisiana in fiscal year ending June 30, 2011 was $21,214 The CHRISTUS Health Advocacy department is working in partnership with local, state and federal policy makers to ensure activities and programs are in place that will enhance public health and advance general knowledge These are some of the main community building activities that are improving access to health services, enhancing public health, and advancing knowledge The community priorities for the area include, but are not limited to Growth of the community by increasing the wellness of the population, Keeping the community free of diseases and controllable health conditions, Assisting the community with resources that are available to help with community members' day-to-day care and health needs, Provide health screenings and resource information for self care, Empower the community to become more aware of its members' health needs and expected outcomes, and Promote avoidable injury for the five parishes served

Identifier	ReturnReference	Explanation
Part III, Section A, Line 1	Bad Debt Reporting in Accordance with HFMA Statement 15	CHRISTUS Health follows in principle Healthcare Financial Management Association Statement No 15 The system has adopted an uncompensated care policy where revenue from services p rovided to the uninsured is recognized at the time of payment, rather than at the time of service This policy is the result of a lack of reasonable assurance of collection for ser vices provided to the uninsured due to the system's historically low collection rate Mana gement has estimated that the difference between recording revenue from the uninsured on a cash basis, rather than the accrual basis, is immaterial Accordingly, all accounts recei vable from the uninsured have been fully reserved in the allowance for uncompensated care Part III, Section A, Line 2 Bad Debt Expense (At Cost) The organization uses Form 990, Sc hedule H, Worksheet A to determine the bad debt expense at cost reported at Schedule H, Pa rt III, Section A, Line 2 using the cost-to-charge ratio calculated at Form 990, Schedule H, worksheet 2, Line 11 The organization's total bad debt expense (total of all hospital facilities) is in accordance with the organization's financial statements, which is comput ed as bad debt net of contractual allowance, payments received and recoveries of bad debt previously written off Part III, Section A, Line 3 Estimate of Bad Debt Expense Attributa ble to Patients Eligible Under Organization's Charity Care Policy CHRISTUS Health Southwes tern Louisiana recognizes that some patients are unable to or unwilling to ask for financi al assistance due to barriers to applying for assistance such as educational level and lit eracy, documentation limitations and fear of the application process In order to estimate the amount of the organization's bad debt expense (at cost) attributable to patients who are eligible under the organization's charity care policy but have not qualified, the orga nization engaged PARO Decision Support, LLC PARO Charity Score is designed to identify pa tients that likely qualify for financial assistance based on a predictive model and other financial and asset estimates for the patient derived from public record sources In order to classify patient bad debt accounts as accounts that would qualify for charity care, th e following criteria were established based on an analysis of historical data of Christus Health and its related organizations 1 PARO Score of less than or equal to 586, which is a predictor defining the likely socioeconomic conditions for the patient, 2 Estimated Fe deral Poverty Level of less than or equal to 226%, which is based on estimated household s ize and estimated household income, and 3 Third party data available on patient accounts which indicate that the patient is not a homeowner or a probable homeowner Part III, Sect ion A, Line 4 Bad Debt Expense Footnote The footnote to the CHRISTUS Health consolidated f inancial statements says, "The preparation of the accompanying consolidated financial stat ements in conformity with accounting principles generally accepted in the United States re quires management of the system to make assumptions, estimates, and judgments that affect the amounts reported in the financial statements, including the notes thereto, and related disclosures of commitments and contingencies, if any The system considers critical accou nting policies to be those that require more significant judgments and estimates in the pr eparation of its financial statements, including the following recognition of net patient revenues, which include contractual allowances, provisions for bad debt, reserves for los ses and expenses related to health care professional and general liabilities, determinatio n of fair values of certain financial instruments, determination of fair value of certain goodwill and long-lived assets, and risks and assumptions for measurement of pension and r etiree medical liabilities Management relies on historical experience and on other assump tions believed to be reasonable under the circumstances in making its judgment and estimat es Actual results could differ materially from these estimates " In order to determine th e bad debt expense at cost (Schedule H, Part III, Section A, Line 2), the organization's t otal bad debt expense (total of all hospital facilities) in accordance with the organizati on's financial statements was multiplied by the cost-to-charge ratio Part III, Section B, Line 8 Extent to which shortfall should be treated as community benefit Costing Methodolo gy The shortfall on Part III, Line 7 is not counted as a community benefit The amount on Schedule H, Part III, Line 6 is determined by calculating Medicare Allowable Costs using w orksheet A of the Medicare Cost Report Worksheet A of the Medicare Cost Report requires t he organization to remove non-allowable expenses from total expenses via the adjustments t o expenses worksheets within the Medicare Cost Report The amount reported on Schedule H, Part III, Line 6 does not take into account all co

Identifier	ReturnReference	Explanation
Part III, Section A, Line 1	Bad Debt Reporting in Accordance with HFMA Statement 15	sts incurred by the filing organization associated with the filing organization's provisio ns of services to Medicare patients Schedule H, Part III, Line 7 would equal a shortfall of ($17,373,706) if total expenses allocable to Medicare services were substituted on Sche dule H, Part III, Line 6 Part III, Section B, Line 9b Collection Policy Collection activi ty occurs for a minimum of 60 days on self-pay accounts before the presumptive charity pro cess is completed if no contact with the patient/guarantor is made If the 60-day period e xpires and no contact with the patient/guarantor is made or there is insufficient informat ion to document eligibility for charity care, a presumption of eligibility may be made bas ed on statistical data and other reliable assumptions Accounts with a balance of less tha n $2,000 are screened for charity care qualification based on systematic screening criteri a unless patient contact is made Accounts with a balance of $2,000 or greater are manuall y reviewed to determine if any potential eligibility programs are applicable based upon fr ont-end screening tool documentation and a review of diagnoses and services provided If a patient completes a financial aid application and qualifies for charity care or falls und er a charity care account based on the presumptive charity test, all debt collection activ ities cease Accounts that are not deemed eligible for charity care or medical indigence w ill continue the collection cycle until they are written off as bad debt

Identifier	ReturnReference	Explanation
Part VI, Line 2	NEEDS ASSESSMENT	The organization's community health plan was developed based on a needs assessment done in collaboration with local school districts, churches, regional public health departments, state legislators, physicians, United Way, private businesspersons, local police and fire departments CHRISTUS Health Southwestern Louisiana continues to identify the community's needs in two ways access to health care services and early screenings and detection servi ces Part VI, Line 3 Patient education of eligibility for assistance description CHRISTUS Health Southwestern Louisiana makes every effort to educate patients on its Charity and Di scount Policy and about their eligibility for assistance under federal, state, or local go vernment programs during registration, pre registration (for scheduled tests and surgeries), post registration (during their hospitalization) and following discharge (telephone or written inquiry) in languages appropriate for the population being served Patients are gi ven information and forms by a financial counselor who helps them complete the forms durin g their inpatient and outpatient visits Patients are asked to bring or mail supporting do cumentation to determine income, assets and household expenses The Business Office review s the application based on the information provided by the patient If the patient qualifi es for charity care or a discount, a new bill is generated Patients who do not provide th e required documentation are considered ineligible and are billed accordingly If the docu mentation is provided at a later time, the patient may then be determined to be eligible f or charity care or a discount Documentation is retained by the billing office for seven y ears A public notice regarding the charity care policy is posted in prominent places thro ughout the hospitals, including but not limited to the emergency room waiting areas and th e admissions office waiting areas, as required by both the State of Texas Community Benefi t Standard (which addresses the duties and responsibilities of nonprofit hospitals) and CH RISTUS Health Community Benefit Guidelines #050 In addition, a public notice regarding th e charity care policy and information on financial assistance are also posted on the CHRIS TUS HEALTH website The information on financial assistance includes explanations on the a vailability of financial assistance, who qualifies, and how to apply for financial assista nce Part VI, Line 4 COMMUNITY INFORMATION A five-parish region (Allen, Beauregard, Camero n, Calcasieu, and Jeff Davis) with a population of nearly 300,000 is served by CHRISTUS He alth Southwestern Louisiana The following demographics characterize this region The five -parish area is predominately a Caucasian population, with an African-American population that is higher than the national average The region has high poverty rates as compared to the state and nation, due to a combination of low wage per job and high unemployment The region and state have a higher rate of uninsured persons than the nation Recently, more Louisiana families are receiving health care coverage because of the expansion of the LA C HIP program Compared to the nation, the five-parish area has high rates of oral cavity, m elanoma, prostate, breast and uterine cancers, diabetes, hypertension, STDs (sexually tran smitted diseases) and tuberculosis Part VI, Line 5 Promotion of Community Health CHRISTUS Health Southwestern Louisiana collaborates with communities, churches, businesses, and ot her health care organizations to facilitate and strengthen accessibility to quality compre hensive health care services for all, particularly the vulnerable and underserved populati ons CHRISTUS Health Southwestern Louisiana responds to the health care needs through serv ices provided at CHRISTUS St Patrick Hospital, a 266-bed licensed acute care facility, de dicated to improving the health of the community, as well as embracing the physical, spiri tual, and emotional needs of each patient CHRISTUS Health Southwestern Louisiana provides a full range of inpatient and outpatient services to the people from the communities it s erves It conducts its activities and serves its health care purpose without regard to rac e, color, creed, religion, gender, orientation, disability, age or national origin CHRIST US Health Southwestern Louisiana has part ownership in two diagnostic imaging organization s- Louisiana PET/CT Imaging of Lake Charles, L L C and South Ryan MRI, L L C CHRISTUS He alth Southwestern Louisiana also added a focus on Community Health Workers who offer assis tance with coordination of basic health care services and health access for uninsured adul ts (ages 19 to 64) who are not eligible for government sponsored or employee sponsored hea lth insurance, have limited household income and suffer from chronic illnesses CHRISTUS H ealth Southwestern Louisiana provides a 24 hour emergency room that is open to serve all t hose in need of emergent care, regardless of abili

Identifier	ReturnReference	Explanation
Part VI, Line 2	NEEDS ASSESSMENT	ty to pay CHRISTUS Health Southwestern Louisiana offers the area's leading heart program, providing non invasive diagnostic services, interventional catheterization procedures, mu ltidisciplinary cancer care, innovative surgery procedures, and specialized geropsychiatry , rehabilitation, and joint replacement One of the greatest expenses is community health improvement services which include community clinics, immunizations for underserved childr en and seniors, meals on wheels, transportation services, various other social service pro grams, and community health education including seminars and health screenings for identif ied health issues The target populations for CHRISTUS Health Southwestern Louisiana's com munity plan are Children in Pre-kindergarten through grade 12 in Lake Charles and Cameron Parish, those who lack Education and access to early screening and detection of chronic d iseases including heart disease, cancer, and diabetes, children under 14 years of age in t he five-parish area, and Uninsured and underinsured members of the community "COMMUNITY S ERVICES FOR A BROADER COMMUNITY" is also a part of CHRISTUS Health Southwestern Louisiana' s overall community benefit CHRISTUS Health Southwestern Louisiana used cash donations as a vehicle to help its communities It made cash donations, in addition to grants awarded through the CHRISTUS Fund, to support causes like the fight against cancer, diabetes, hear t disease, the provision of a continuum of care for our elderly, those suffering from HIV/AIDS, and for many other equally worthy purposes CHRISTUS Health and its related entities , including CHRISTUS Health Southwestern Louisiana, reinvest all surplus funds back in to the communities they serve through expanded health services, new technologies, and better facilities During FY 2011, CHRISTUS Health advocated for improving public policies, worki ng to establish, and in some instances augment, grassroots advocacy and greater access to health care services for the constituents it serves As a nonprofit organization and as a part of CHRISTUS Health, a regional governing board comprised largely of independent commu nity members representing the makeup of the area it serves guides CHRISTUS Health Southwes tern Louisiana CHRISTUS Health Southwestern Louisiana is privileged to have an open medic al staff comprised of qualified physicians who work with the Southwestern Louisiana region to provide care to its communities All qualified physicians who are granted privileges t o serve within its hospitals must undergo a thorough and comprehensive credentialing and o rientation process All persons employed and affiliated with CHRISTUS Health Southwestern Louisiana are required to complete annual conflict of interest statements Part VI, Line 6 Affiliated health care system CHRISTUS Health Southwestern Louisiana is part of CHRISTUS Health, an international, Catholic, faith based, nonprofit health system comprised of almo st 350 services and facilities including more than 50 hospitals and long term care facilit ies, 175 clinics and outpatient centers, and other community health ministries and communi ty development ventures CHRISTUS services can be found in Arkansas, Georgia, Iowa, Louis iana, Missouri, New Mexico, Texas, and six provinces of Mexico A common mission, core val ues, and vision unite the health system Each region, including CHRISTUS Health Southweste rn Louisiana, develops five-year and ten-year strategic plans that help set the yearly ope rational plans and budgets Regional strategic goals are set in collaboration with CHRISTU S Health and include metrics that will be used to measure community benefit, clinical outc omes, patient satisfaction, and Associate engagement CHRISTUS Health provides updated mar ket, demographics, and health indicator data on an annual basis The data supplied from CH RISTUS Health along with the system wide strategic initiatives are consistent with the com munity needs assessment of the region C

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Christus Health Southwestern Louisiana

Employer identification number
72-0411322

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) Chamber for SWLA FoundationPO Box 3110 Lake Charles, LA 70602	72-1015934	501(c)(3)	7,500				Regional programs for workforce development, mentoring business recruitment and retention programs, and economic opportunities
(2) Trinity Baptist Church 1800 Country Club Road Lake Charles, LA 706055202	72-6001406	501(c)(3)		21,120	FMV	Drugs & Medical Supp	Foreign healing mission trip
(3) Multimedia Ministries 117 Summer Lane Lake Charles, LA 70607	72-1211080	501(c)(3)	6,500				Self Esteem program
(4) Calcasieu Parish School BoardPO Box 3090 Lake Charles, LA 70602		Gov't entity		50,825	FMV	HealthTeacher Softwa	HealthTeacher Software
(5) Louisiana Clinical Services Inc2801 Via Fortuna Ste 500 Austin, TX 78746	27-2869360		115,546				Indigent Assistance
(6) Southern Louisiana Clinical Services Inc2801 Via Fortuna Ste 500 Austin, TX 78746	27-4193861		23,454				Indigent Assistance

2 Enter total number of section 501(c)(3) and government organizations . . . . . ▶ 4

3 Enter total number of other organizations . . . . . ▶ 2

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
Form 990, Schedule I, Part I, Line 2	Description of Organization's Procedures for Monitoring the Use of Grants	The Organization follows CHRISTUS Health Management Directive No 0006, "Contribution/Donations to Other Organizations" Before any donation is made, two criteria are addressed (1) Organization Test and (2) IRS Test The organization test ensures that donations are exclusively for charitable, scientific, educational, and religious purposes, and in furtherance of our purpose of supporting the healing ministry of Jesus Christ and advancing, promoting, and supporting the healthcare ministries of the Sponsoring Congregations Contributions can be made to support CHRISTUS System members and to other qualifying tax-exempt organizations, particularly those designed to support and benefit the poor and underserved The organization considered for donations must be an IRS Section 501(c)(3) organization and documentation to that effect obtained To satisfy the IRS test contributions given must be dedicated to achieving charitable purposes not for personal benefit but for public benefit Contributions are prohibited to organizations that contribute to political campaigns, candidates for office, or conduct more than incidental lobbying Documentation must support how the donation meets organizational purposes and furtherance of mission Donations should be modest in scope The filing organization provides indigent funding grants to the counties in which it serves via grants paid to other hospitals and healthcare organizations located within such counties This charitable donation helps relieve the additional expense of healthcare for the indigent population within our communities that the filing organization may not directly serve in one of its hospitals This is a result of our mission to extend the healing ministry of Jesus Christ, especially to the poor and underserved

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Christus Health Southwestern Louisiana

Employer identification number
72-0411322

Part I Questions Regarding Compensation

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

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

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) Stephen F Wright	(i)	71,722	11,762	20,009	27,372	3,546	134,411	0
	(ii)	405,467	66,491	113,084	154,730	20,045	759,817	0
(2) Deborah F White	(i)	60,036	1,478	5,610	16,831	2,592	86,547	0
	(ii)	144,557	3,727	14,150	42,447	6,538	211,419	0
(3) David Engleking	(i)	225,969	5,484	0	62,257	10,266	303,976	0
	(ii)	0	0	0	0	0	0	0
(4) Bernard J Leger	(i)	205,735	0	4,223	40,765	20,303	271,026	0
	(ii)	0	0	0	0	0	0	0
(5) Marvin J Holland	(i)	154,584	200	0	20,069	14,480	189,333	0
	(ii)	0	0	0	0	0	0	0
(6) Kenneth C Marchand	(i)	143,236	200	0	16,924	16,892	177,252	0
	(ii)	0	0	0	0	0	0	0
(7) Gordon G Gilley	(i)	133,609	160	0	14,624	13,918	162,311	0
	(ii)	0	0	0	0	0	0	0
(8) Dianne Teal	(i)	124,548	5,010	25	13,334	20,555	163,472	0
	(ii)	0	0	0	0	0	0	0
(9) Karen Stubblefield	(i)	128,997	1,888	0	13,049	7,981	151,915	0
	(ii)	0	0	0	0	0	0	0
(10) Ellen Jones	(i)	21,245	4,398	4,388	8,376	1,065	39,472	0
	(ii)	446,162	92,355	92,163	175,900	22,366	828,946	0
(11) William Hecht	(i)	22,812	3,714	3,464	5,939	2,005	37,934	0
	(ii)	260,142	42,359	39,499	67,727	22,867	432,594	0
(12)								
(13)								
(14)								
(15)								
(16)								

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
Supplemental Compensation Information	Form 990, Part VII, Question 1A and Schedule J, Part II	Directors and Ex-Officio Directors provide their services as members of the Board without compensation or benefits Any compensation and benefits disclosed for such persons is earned in the respective individual's role as an officer or employee of the organization, not for the individual's role as a board member or director Officers, key employees and highest paid employees are full-time employees Board members spend time as needed for board meetings and functions Yang-Tze Broussard, MD received $27,760 for services as a Medical Director Keith DeSonier, MD received $600 for services as PHO director They received no compensation for services as a director
Related Org determining CEO/Executive Director's compensation	Form 990, Schedule J, Part I, Question 3	The filing organization's CEO/executive director is an employee of CHRISTUS Health, a related organization As a result, compensation is established at the CHRISTUS Health level and the filing organization does not have a role in implementing the methods used to establish compensation or in determining CEO/executive director compensation CHRISTUS Health uses an Executive Compensation Committee to establish and approve the compensation of the filing organization's CEO/executive director This committee uses an independent compensation consultant who performs bi-annual compensation survey
Supplemental Nonqualified Retirement Plan	Form 990, Schedule J, Part I, Question 4B	Deferred compensation includes Executive Deferred Income Account, Supplemental Executive Retirement and Retention Plan, and Pension Restoration Plan Estimated pension benefits were calculated based on the provisions of the current Pension Restoration Plan at 6% of pensionable earnings which are over the IRS legislative compensation limit Some Associates are grandfathered under an earlier legacy pension plan If a participant has protected pension benefits under such legacy plans, his/her percentage is zero under the Supplemental Executive Retirement and Retention Plan, as the protected benefit is already equal to or better than current market
Supplemental nonqualified retirement plan payments	Form 990, Schedule J, Part I, Question 4b	Stephen Wright received $85,150 during Calendar Year 2010 under a supplemental nonqualified retirement plan Bernard Leger received $4,223 during Calendar Year 2010 under a supplemental nonqualified retirement plan Ellen Jones received $56,743 during Calendar Year 2010 under a supplemental nonqualified retirement plan William Hecht received $18,827 during Calendar Year 2010 under a supplemental nonqualified retirement plan
Supplemental Compensation Information	Form 990, Schedule J, Part II	W-2 compensation may include payments related to compensation deferred in prior years Deferred Compensation may include deferrals of current year compensation under Executive Deferred Income Account, Supplemental Executive Retirement and Retention Plan and Pension Restoration Plan
Supplemental Compensation Information	Form 990, Schedule J, Part II, Column B(II)	Bonus and incentive compensation may include amounts that were deferred in a prior year but paid out in calendar year 2010
Deferred Compensation	Form 990, Schedule J, Part II, Column C	Deferred compensation includes Executive Deferred Income Account, Supplemental Executive Retirement and Retention Plan, Employer contribution to 403 (b) Matched Savings Plan, Pension Restoration Plan and Estimated Pension Benefits under CHRISTUS Health Cash Balance Plan Estimated pension benefits were calculated based on the provisions of the current Cash Balance Plan at 6% of pensionable earnings Some associates are grandfathered under an earlier pension plan These grandfathered participants, based on computation at the time of their retirement, will receive the larger of the retirement benefit computed under the Cash Balance Plan compared to the previous pension plan Due to the complexity of calculating an accurate benefit cost for grandfathered participants, the Form 990 reports as pension benefits their annual estimated Cash Balance Plan accrual

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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
Christus Health Southwestern Louisiana

Employer identification number
72-0411322

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	(c) Corrected? No

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

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

Part II Loans to and/or From Interested Persons.

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

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	(b) From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	(e) No	(f) Approved by board or committee? Yes	(f) No	(g) Written agreement? Yes	(g) 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) KPLC-TV	SEE PART V	296,857	SEE PART V		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
BUSINESS TRANSACTIONS WITH INTERESTED PERSONS	SCHEDULE L, PART IV	1) DESCRIPTION OF SERVICES TELEVISION ADVERTISING AND PRODUCTION SERVICES PROVIDED TO CHRISTUS HEALTH SOUTHWESTERN LOUISIANA JAMES SERRA IS A BOARD MEMBER OF CHRISTUS HEALTH SOUTHWESTERN LOUISIANA JAMES SERRA IS THE VP/GENERAL MANAGER OF KPLC-TV

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Christus Health Southwestern Louisiana

Employer identification number
72-0411322

Identifier	Return Reference	Explanation
Doing Business As	Form 990, Page 1, Item C	Christus Health Southwestern Louisiana operates under the following names CHRISTUS St Patrick Center for Advanced Wound Care CHRISTUS St Patrick Foundation CHRISTUS St Patrick HomeCare CHRISTUS St Patrick Hospital CHRISTUS St Patrick Hospital Heartburn Center CHRISTUS St Patrick Short Stay Surgery Center CHRISTUS St Patrick South Lake Charles CHRISTUS St Patrick Sports Health CHRISTUS St Patrick Women's Health Center CHRISTUS St Patrick Women's Health Network CHRISTUS Village-Lake Charles GiGi's Fitness Center Southwest Regional Tumor Registry

Identifier	Return Reference	Explanation
Description of Other Program Services	Form 990, Part III, Line 4d	COMMUNITY SERVICES FOR THE POOR AND UNDERSERVED Rooted in our mission and tradition, the founders and sponsors of CHRISTUS Health and those who co-minister with them seek new and innovative ways of delivering quality health care that is both affordable and accessible to all Today, more than ever, we must aim to improve the total health status of the community through programs that place our services where they are needed most, with special attention and preference given to programs that support and benefit the health and welfare of the poor and underserved Community Services for the poor and underserved represent the unpaid cost of services provided for which a patient is not billed, or for which a fee has been assessed that recovers only a portion of the cost of the rendered service This category includes initiatives that reach out to those in need through community health and social programs These programs seek justice for the vulnerable and work to bring about changes in our political and economic systems The programs cover a broad spectrum of services from community clinics to immunizations for children and seniors, meals on wheels, transportation services, home repair projects and a variety of other social services Some examples of CHRISTUS Health Community Benefits accounted for under Community Services for the poor and underserved include the CHRISTUS Community Direct Investment Program (CDI) and the CHRISTUS Fund The CHRISTUS Board of Directors approved the funding of a CDI loan program to ensure that the work of social accountability and moral and ethical stewardship continue in spite of challenging fiscal conditions faced by local operating entities The purpose of the CDI program is to support community-driven initiatives primarily for affordable housing and economic development by providing financing at below-market interest rates to not-for-profit organizations at terms not exceeding more than five years The income lost at the market rate less our loan rate (forgone income) is considered a community benefit for reporting purposes The cost of the investments is not included in the Program Service Expenses for CHRISTUS Health Southwestern Louisiana Though outstanding loan balances vary throughout the year, the outstanding loan balance at the end of Fiscal Year 2011 was $500,000 The foregone interest for CHRISTUS Health Southwest Louisiana in FY2011 was $22,767 CHRISTUS Health has established the CHRISTUS Fund to provide resources to not-for-profit agencies and groups whose vision, mission and goals are consistent with CHRISTUS Health's mission, values and philosophy of a healthy community We believe that by working together, we can make a profound difference in the quality of peoples' lives and create sustainable health in our communities During FY2011, the total grant money distributed to the Southwestern Louisiana region was $72,000 The cost of these grants is not included in the Program Service Expenses for CHRISTUS Health Southwestern Louisiana Total other program expenses - $833,094 Grants and allocations - $143,384 Revenue - $0 Description of Other Program Services Form 990, Part III, Line 4d COMMUNITY SERVICES FOR THE BROADER COMMUNITY Most of these expenses are for educating health professionals Helping to prepare future health care professionals is a distinguishing characteristic of not-for-profit health care and constitutes a significant community benefit CHRISTUS Health Southwestern Louisiana takes an active role in educating the public The hospital provides regularly scheduled community health education, such as seminars and screenings CHRISTUS Health Southwestern Louisiana also supports the community through participation with various agencies CHRISTUS Health also used cash donations as a vehicle to help our communities We made cash donations, in addition to grants awarded through the CHRISTUS Fund, to support causes like the fight against cancer, provision of a continuum of care for our elderly, the fight against HIV/AIDS, and for many other equally worthy purposes During FY2011, CHRISTUS Health advocated for improving public policies, working to establish and in some instances augment grassroots advocacy and greater access to health care services for the constituents we serve Total other program expenses - $224,513 Grants and allocations - $132,162 Revenue - $0

Identifier	Return Reference	Explanation
Officer, director, trustee, Key employee family or business relationships	Form 990, Part VI, Line 2	Stephen Wright, Debbie White and Lila Hicks have a business relationship Each person is an officer of Occupational Health Services, Inc

Identifier	Return Reference	Explanation
Description of Classes of Members or Stockholders	Form 990, Part VI, Question 6	CHRISTUS Health is the sole corporate member of the filing organization

Identifier	Return Reference	Explanation
Description of Classes of Persons and the Nature of Their Rights	Form 990, Part VI, Question 7a	Christus Health, the sole corporate member of the filing organization, has the power to appoint all members of the filing organization's governing body

Identifier	Return Reference	Explanation
Descr Classes of Persons, Decisions Requiring Appr & Type of Voting Rights	Form 990, Part VI, Question 7b	Christus Health's Board of Directors has the following powers approve, change and/or interpret the filing organization's philosophy, mission and vision, approve the adoption or amendment of the filing organization's articles of incorporation and bylaws, appoint and remove members of the filing organization's board of directors, appoint and remove the filing organization's chair of the board of directors and vice chairperson of board of directors, approve incurrence of debt that exceeds $5 million per incurrence or $25 million annually, approve any merger, consolidation, acquisition, dissolution or liquidation by the filing organization, approve the implementation of system-wide policies for the filing organization, approve system-wide consolidated budget and performance indicators for the filing organization, approve the independent audit reports of the filing organization, approve capital projects greater than $10 million for the filing organization, approve any transaction by the filing organization the effect of which is to create a new legal entity or joint venture, any transaction involving a system participant or local entity which creates a new legal entity or joint venture, or changes in business purpose or relationship of any local entity, and approve and authorize actions reserved in organization documents or similar governance documents The Christus Health CEO has the following powers power to appoint and remove the President of the filing organization, approve the sale, lease, mortgage, transfer, easement or encumbrance of the filing organization's real property designated as non-Designated Ministry Property under $5 million but more than $1 million, approve the incurrence of debt up to a $5 million cap or $25 million annually by the filing organization, approve strategic plans of the filing organization, approve the filing organization's budget, set the threshold of capital projects less than $10 million by the filing organization, and approve management directives for the filing organization The Christus Health Members are the Congregation of Sisters of Charity of the Incarnate Word, Houston, Texas and the Congregation of Sisters of Charity of the Incarnate Word (of San Antonio) The Christus Health Members have the following powers approve the adoption and amendment of articles of incorporation and bylaws of the filing organization if the change is related to reserved powers of members, approve the sale, lease, mortgage, transfer, easement or encumbrance of real property in excess of a $5 million threshold dollar amount required by canon law for the filing organization, approve the sale, lease, mortgage, transfer, easement, or encumbrance of real property designated as Designated Ministry Property by the filing organization, but not in excess of $5 million, approve the change of ownership, management or control, (except in the ordinary course of business office and space leases) the fundamental use by change in license that would significantly change a facility, or the elimination of OB, Ped, Psych or emergency services on real property provided in connection with Designated Ministry Property owned by the filing organization, and approve the merger, consolidation, acquisition, dissolution or liquidation of the filing organization if it owns Designated Ministry Property

Identifier	Return Reference	Explanation
Describe the Process used by Management &/or Governing Body to Review 990	Form 990, Part VI, Question 11B	The Form 990 is prepared and reviewed by the organization's external independent accountants The CHRISTUS Health Accounting department works with an external accounting firm in preparation and review of the Form 990 The filing organization's CFO, or other designee, reviews the Form 990 The final Form 990 that will be filed with the IRS is posted to a secure internet portal for all members of the Board of Directors to view Review of the final Form 990 occurs prior to filing with the IRS in the Spring 2012 via a web portal polling tool by the respective CHRISTUS Organization's board, based on a set of suggested review processes developed by CHRISTUS Health

Identifier	Return Reference	Explanation
Description of Process to Monitor Transactions for Conflicts of Interest	Form 990, Part VI, Question 12c	At the end of each calendar year, the CHRISTUS Health Corporate Secretary distributes a conflict of interest questionnaire to all of the organization's Board and Committee members for completion prior to the 1st of January in the next year The Corporate Secretary thoroughly reviews all completed and executed conflict of interest questionnaire forms to ensure accuracy and that no potential or identified conflict is disclosed or exists The organization's Board of Directors is responsible for enforcement of the conflict of interest policy of the organization

Identifier	Return Reference	Explanation
Compensation Determination Process	Form 990, Part VI, Lines 15a & 15b	The Executive Compensation Committee of CHRISTUS Health determines the compensation of the CEO (or Executive Director, as applicable), officers and key employees of Christus Health and certain other officers and key employees of related organizations, including Christus Health Southwestern Louisiana The Executive Compensation Committee is composed of individuals who have no conflict of interest with the compensation arrangements at hand The Executive Compensation Committee of the CHRISTUS Health Board selects an independent external firm to perform an independent compensation review, to ensure that all compensation is reasonable and comparable to other similarly situated organizations, for similarly qualified persons in functionally comparable positions, and to provide supporting information of compensation decisions On an annual basis the external consultant 1 develops the merit increase recommendations for all Designated System Executives based on market comparability 2 recommends the changes in the Compensation Structure (grades) based on the market changes 3 completes a review and evaluation of newly created positions to recommend a grade placement to the Committee for its discussion and approval On a bi-annual basis, the external consultant completes a detailed review of all other Designated System Executives' compensation and benefits This group includes all top management officials, other officers and key leaders of the organization The review includes recommendations to the Committee on any changes necessary in either specific compensation or compensation structure to ensure market competitiveness, reasonableness and internal equity Upon recommendations from the independent external firm, the Executive Compensation Committee makes final compensation decisions Additionally, the Executive Compensation Committee reviews all compensation payments for excess benefit transactions The discussion and decisions of the Committee are documented and formalized in the Committee minutes and maintained on record The filing organization determines the compensation of the Secretary by use of an independent and external consultant The consultant helps determine pay rates for the associates of the filing organization, taking into account market data and shift differential The compensation rates are approved by the filing organization Based the aforementioned procedure, the Secretary's compensation is not reviewed by a compensation committee

Identifier	Return Reference	Explanation
Public Disclosure of 1023 and Forms 990 & 990-T	Form 990, Part VI, Question 18	CHRISTUS Health and most of its affiliated entities do not have Forms 1023 because of their inclusion in the IRS Group Ruling with the United States Conference of Catholic Bishops, which covers the organizations listed in the Annual Official Catholic Directory CHRISTUS Health's website displays the IRS Group Ruling and relevant Annual Official Catholic Directory pages for the organizations related to CHRISTUS Health Forms 990 and 990-T are made available upon request

Identifier	Return Reference	Explanation
Avail of Gov Docs, Conflict of Interest Policy, & Fin Stmts to Gen Public	Form 990, Part VI, Question 19	The Consolidated Audited Financial Statements of CHRISTUS Health are made available to the public via the Christus Health website The organization's governing documents and conflict of interest policy are not made available to the public

Identifier	Return Reference	Explanation
Hours worked for related organization	Form 990, Part VII, Section A	Average hours per week listed on Form 990, Part VII, Section A are the average hours devoted to the respective person's position while serving the organization Stephen Wright devotes an average of 1 hour per week to St Frances Cabrini Foundation of Alexandria, a related organization of the filing entity Stephen is the President/CEO of St Frances Cabrini Foundation of Alexandria Stephen Wright devotes an average of 1 hour per week to Schumpert Foundation, a related organization of the filing entity Stephen is a board member of Schumpert Foundation Stephen Wright devotes an average of 15 hours per week to Christus Health Northern Louisiana, a related organization of the filing entity Stephen is the President/CEO of Christus Health Northern Louisiana Stephen Wright devotes an average of 15 hours per week to Christus Health Central Louisiana, a related organization of the filing entity Stephen is the President/CEO of Christus Health Central Louisiana Debbie White devotes an average of 1 hour per week to St Frances Cabrini Hospital Foundation of Alexandria, a related organization of the filing entity Debbie is the CFO of St Frances Cabrini Hospital Foundation of Alexandria Debbie White devotes an average of 23 hours per week to the Christus Health Central Louisiana, a related organization of the filing entity Debbie is the CFO of Christus Health Central Louisiana Through 1/31/11, Debbie devoted an average of 5 hours per week to Christus Health Utah, a related organization of the filing entity Debbie was the CFO of Christus Health Utah Effective 2/1/11, Debbie devotes an average of 1 hour per week to Christus Health Utah, a related organization of the filing entity Debbie is the treasurer and a board member of Christus Health Utah David Engleking devotes an average of 4 hours per week to C H Wilkinson Physician Network, a related organization of the filing entity David is a Board Member of C H Wilkinson Physician Network Ellen Jones, former officer and board member, devotes an average of 24 hours per week to CHRISTUS Health Southeast Texas, a related organization of the filing entity Ellen is President/CEO of CHRISTUS Health Southeast Texas Effective 3/14/10, Ellen devotes an average of 14 hours per week to CHRISTUS Health Gulf Coast, a related organization of the filing entity Ellen is President/CEO of CHRISTUS Health Gulf Coast Effective 3/14/10, Ellen devotes an average of 2 hours per week to Christus Foundation for Healthcare, a related organization of the filing entity Ellen is a director of Christus Foundation for Healthcare William Hecht, former officer, devotes an average of 24 hours per week to CHRISTUS Health Southeast Texas, a related organization of the filing entity William is CFO of CHRISTUS Health Southeast Texas Effective 5/14/10, William devotes an average of 16 hours per week to CHRISTUS Health Gulf Coast, a related organization of the filing entity William is CFO of CHRISTUS Health Gulf Coast

Identifier	Return Reference	Explanation
Other changes in net assets or fund balances	Form 990, Part XI, Line 5	Transfer of Restricted Donations = $20,492 Unrealized Gain = $83,920 Pension Liability/Expense = $2,085,975 Pension Funding = ($2,123,526) Reclass/Transfer of Temp Restricted Contributions = $288,827 Permanently Restricted Contributions = ($28,450) Write Down of FMV of Office Building = ($1,073,012) Write Down of Fixed Assets = ($2,544,967) Reversal of PY Accruals booked to Revenue = ($33,760) Total = ($3,324,501)

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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
Christus Health Southwestern Louisiana

Employer identification number
72-0411322

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
See Additional Data Table							

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) SOUTH RYAN MRI LLC 650 DR MICHAEL DEBAKEY LAKE CHARLES, LA70601 74-3103662	IMAGING SERVICES	LA	OCCUP HLTH SVCS									

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) OCCUPATIONAL HEALTH SERVICES INC 524 DR MICHAEL DEBAKEY DRIVE LAKE CHARLES, LA70601 72-1217389	MEDICAL SERVICES	LA	NA	C Corp	618,888	4,374,332	100 000 %
(2) Southwestern Louisiana PHO 524 DR MICHAEL DEBAKEY DRIVE LAKE CHARLES, LA70601 72-1274256	Health Services	LA	NA	C Corp	95,743	597,593	100 000 %
(3) SOUTH RYAN DEVELOPMENT CORPORATION 524 DR MICHAEL DEBAKEY DRIVE LAKE CHARLES, LA70601 72-1183790	Leasing Building	LA	NA	C Corp	23,311	2,462,372	100 000 %
(4) CHRISTUS Muguerza SAPI de CV Hidalgo PTE 2525 Col Obispado, Monterrey, N L 64060 MX	HEALTHCARE SR	MX	CH	C Corp			
(5) Emerald Assurance Cayman Ltd PO BOX 1051 GRAND CAYMAN, CAYMAN ISLANDS KY1-1102 CJ 98-0407545	Insurance	CJ	CH	C CORP			

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

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

		Yes	No
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity	1a	Yes	
b Gift, grant, or capital contribution to other organization(s)	1b		No
c Gift, grant, or capital contribution from other organization(s)	1c	Yes	
d Loans or loan guarantees to or for other organization(s)	1d		No
e Loans or loan guarantees by other organization(s)	1e		No
f Sale of assets to other organization(s)	1f		No
g Purchase of assets from other organization(s)	1g		No
h Exchange of assets	1h		No
i Lease of facilities, equipment, or other assets to other organization(s)	1i	Yes	
j Lease of facilities, equipment, or other assets from other organization(s)	1j		No
k Performance of services or membership or fundraising solicitations for other organization(s)	1k	Yes	
l Performance of services or membership or fundraising solicitations by other organization(s)	1l	Yes	
m Sharing of facilities, equipment, mailing lists, or other assets	1m		No
n Sharing of paid employees	1n	Yes	
o Reimbursement paid to other organization for expenses	1o	Yes	
p Reimbursement paid by other organization for expenses	1p	Yes	
q Other transfer of cash or property to other organization(s)	1q	Yes	
r Other transfer of cash or property from other organization(s)	1r	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) See Additional Data Table			
(2)			
(3)			
(4)			
(5)			
(6)			

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

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

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

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 72-0411322
Name: Christus Health Southwestern Louisiana

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
CHRISTUS HEALTH ARK-LA-TEX 2600 ST MICHAEL DRIVE TEXARKANA, TX75503 75-2796815	HLTHCARE SVC	TX	501(c)(3)	3	CH		
CHRISTUS CONTINUING CARE 1700 W LOOP SOUTH SUITE 1100 HOUSTON, TX77027 74-2898615	HLTHCARE SVC	TX	501(c)(3)	3	CH		
CH WILKINSON PHYSICIAN NETWORK 1700 WEST LOOP SOUTH STE 400B HOUSTON, TX77027 76-0422435	HLTHCARE SVCS	TX	501(c)(3)	11-TYPE 1	CH		
ST JOSEPH COMMUNITY FOUNDATION 2800 LAMAR AVE CAPITAL ONE 2ND F PARIS, TX75460 42-1619230	SUPT HLTH SVC	TX	501(c)(3)	11-TYPE 1	CH		
CHRISTUS STEHLIN FDN FOR CANCER RESEARCH 10301 STELLA LINK SUITE A HOUSTON, TX77025 74-1622404	CANCER RESRCH	TX	501(c)(3)	9	CH		
DUBUIS HEALTH SYSTEM INC 1700 West Loop South Ste 1100A HOUSTON, TX77027 72-1270964	HLTHCARE SVC	TX	501(c)(3)	3	CH		
CHRISTUS HEALTH FOUNDATION 2707 NORTH LOOP WEST HOUSTON, TX77008 61-1500100	SUPT HLTH SVC	TX	501(c)(3)	11-TYPE 1	CH		
CHRISTUS HEALTH CENTRAL LOUISIANA 3330 MASONIC DRIVE ALEXANDRIA, LA71301 72-0408984	HLTHCARE SVC	LA	501(c)(3)	3	CH		
CHRISTUS HEALTH GULF COAST PO BOX 922037 HOUSTON, TX77292 76-0591592	HLTHCARE SVC	TX	501(c)(3)	3	CH		
CHRISTUS HEALTH NORTHERN LOUISIANA ONE SAINT MARY PLACE SHREVEPORT, LA71101 72-0408982	HLTHCARE SVC	LA	501(c)(3)	3	CH		
CHRISTUS SPOHN HEALTH SYSTEM CORP 600 ELIZABETH STREET CORPUS CHRISTI, TX78404 74-1109836	HLTHCARE SVC	TX	501(c)(3)	3	CH		
CHRISTUS HEALTH SOUTHEAST TEXAS 2830 Calder Street BEAUMONT, TX77726 76-0591590	HLTHCARE SVC	TX	501(c)(3)	3	CH		

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
CHRISTUS Health 2707 NORTH LOOP WEST HOUSTON, TX77008 76-0590551	SUPT HLTH SVC	TX	501(c)(3)	11 - Type I	NA		
CHRISTUS SANTA ROSA HEALTH CARE CORP 333 N SANTA ROSA STREET SAN ANTONIO, TX78207 74-1109665	HLTHCARE SVC	TX	501(c)(3)	3	CH		
CHRISTUS HEALTH UTAH 2707 North Loop West Houston, TX77008 87-0231682	HLTHCARE SVC	UT	501(c)(3)	9	CH		
CHRISTUS Health Liability Retention TrST 2707 North Loop West Houston, TX77008 76-0259623	SELF INS TRST	TX	501(c)(3)	11-TYPE 1	CH		

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)	CHRISTUS HEALTH CENTRAL LOUISIANA	L	403,224	
(2)	CHRISTUS HEALTH CENTRAL LOUISIANA	N	1,762,006	
(3)	CHRISTUS HEALTH CENTRAL LOUISIANA	O	427,055	
(4)	CHRISTUS HEALTH NORTHERN LOUISIANA	N	74,236	
(5)	SOUTH RYAN MRI LLC	A	146,656	
(6)	SOUTH RYAN MRI LLC	K	285,781	
(7)	SOUTH RYAN MRI LLC	P	106,632	
(8)	CH WILKINSON PHYSICIAN NETWORK	A	83,751	
(9)	CH WILKINSON PHYSICIAN NETWORK	L	299,639	
(10)	CHRISTUS HEALTH LIABILITY RETENTION TRUST	P	183,330	
(11)	SOUTH RYAN DEVELOPMENT CORPORATION	R	328,000	

CHRISTUS Health

Consolidated Financial Statements and Other Financial Information

Years Ended June 30, 2011 and 2010

Contents

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Independent Auditors' Report

The Board of Directors
CHRISTUS Health

We have audited the consolidated balance sheets of CHRISTUS Health as of June 30, 2011 and 2010, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended These consolidated financial statements are the responsibility of CHRISTUS Health'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 Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement We were not engaged to perform an audit of CHRISTUS Health's internal control over financial reporting Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CHRISTUS Health's internal control over financial reporting Accordingly, we express no such opinion An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation We believe that our audits provide a reasonable basis for our opinion

As discussed in Note 3 to the consolidated financial statements, CHRISTUS Health changed its method of accounting for goodwill and noncontrolling interest

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

Ernst & Young LLP

October 12, 2011

CHRISTUS Health

Consolidated Balance Sheets

	June 30 2011	June 30 2010
	(In Thousands)	
Assets		
Current assets		
Cash and cash equivalents	**$ 418,376**	$ 524,263
Short-term investments	**444,893**	368,566
Equity investments in managed funds	**100,721**	114,095
Assets whose use is limited or restricted, required for current liabilities	**71,367**	67,383
Patient accounts receivable, net of allowance for uncompensated care of $171,310 and $163,715 at June 30, 2011 and June 30, 2010, respectively	**313,652**	306,119
Estimated third-party payor settlements	**943**	10,826
Notes and other receivables	**125,705**	89,485
Inventories	**88,432**	89,427
Assets held for sale	**2,150**	28,308
Securities pledged to creditors	**40,211**	48,656
Security lending collateral	**39,155**	49,137
Other current assets	**38,690**	43,847
Total current assets	**1,684,295**	1,740,112
Assets whose use is limited or restricted, less current portion	**812,963**	487,210
Property, plant, and equipment, net of accumulated depreciation	**1,786,833**	1,816,814
Other assets		
Investments in unconsolidated organizations	**188,550**	174,580
Derivative financial instruments	**12,375**	4,824
Goodwill	**91,569**	125,754
Other assets	**81,074**	93,897
Other restricted assets	**13,453**	21,378
Total other assets	**387,021**	420,433
Total	**$ 4,671,112**	$ 4,464,569

	June 30	
	2011	2010
	(In Thousands)	
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued expenses	**$ 365,852**	$ 303,921
Accrued employee compensation and benefits	**163,645**	154,047
Accrued benefits, current portion	**6,927**	5,713
Estimated third-party settlements	**43,024**	25,308
Current portion of long-term debt	**57,904**	57,483
Payable under security lending agreement	**39,462**	49,566
Long-term debt subject to remarketing agreements	**–**	194,695
Total current liabilities	**676,814**	790,733
Long-term debt, less current portion	**1,175,036**	1,001,098
Accrued pension benefits, long-term portion	**116,446**	217,148
Derivative financial instruments	**72,348**	94,600
Other long-term obligations – primarily related to self-funded liabilities, less current portion	**180,428**	174,211
Total liabilities	**2,221,072**	2,277,790
Net assets		
Unrestricted		
Attributable to CHRISTUS Health	**2,261,844**	2,012,039
Attributable to noncontrolling interest	**113,249**	103,714
Total unrestricted	**2,375,093**	2,115,753
Temporarily restricted	**61,396**	57,906
Permanently restricted	**13,551**	13,120
Total net assets	**2,450,040**	2,186,779
Total	**$ 4,671,112**	$ 4,464,569

See accompanying notes.

CHRISTUS Health

Consolidated Statements of Operations and Changes in Net Assets

	For the Years Ended June 30	
	2011	**2010**
	(In Thousands)	
Unrestricted revenues		
Net patient service revenue	**$ 3,410,683**	$ 3,266,011
Premium revenue	**164,735**	154,581
Other revenue	**172,118**	191,107
Equity in income of unconsolidated organizations	**33,417**	22,824
Total revenues	**3,780,953**	3,634,523
Expenses		
Employee compensation and benefits	**1,629,067**	1,583,294
Services and other	**984,578**	938,918
Supplies	**631,169**	615,335
Depreciation and amortization	**220,933**	237,945
Provision for uncollectible accounts	**172,703**	162,765
Interest	**42,803**	37,766
Total expenses	**3,681,253**	3,576,023
Operating gain	**99,700**	58,500
Nonoperating investment gain	**114,785**	26,663
Other nonoperating loss	**(18,435)**	(7,151)
Revenues in excess of expenses	**196,050**	78,012
Less revenues in excess of expenses attributable to noncontrolling interest	**18,717**	14,829
Revenues in excess of expenses attributable to CHRISTUS Health	**177,333**	63,183

(Continued)

CHRISTUS Health

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

	For the Years Ended June 30	
	2011	**2010**
	(In Thousands)	
Changes in unrestricted net assets		
Revenues in excess of expenses attributable to CHRISTUS Health	**$ 177,333**	$ 63,183
Net change in unrealized gain on investments	**5,823**	6,893
Change in pension liabilities	**100,462**	10,843
Change in noncontrolling interest	**9,535**	11,923
Other	**939**	(23,110)
Changes in unrestricted net assets before effect of change in accounting principle	**294,092**	69,732
Effect of change in accounting principle (*Note 3*)	**(34,752)**	–
Changes in unrestricted net assets	**259,340**	69,732
Temporarily restricted net assets		
Contributions	**11,823**	3,680
Net change in unrealized gain on investments	**1,943**	2,730
Net assets released from restrictions and other	**(10,276)**	(8,377)
Changes in temporarily restricted net assets	**3,490**	(1,967)
Changes in permanently restricted net assets	**431**	(93)
Changes in net assets	**263,261**	67,672
Net assets – beginning of period	**2,186,779**	2,119,107
Net assets – end of period	**$ 2,450,040**	$ 2,186,779

See accompanying notes.

CHRISTUS Health

Consolidated Statements of Cash Flows

	For the Years Ended June 30, 2011	
	2011	**2010**
	(In Thousands)	
Operating activities:		
Changes in net assets	**$ 263,261**	$ 67,672
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Change in pension liabilities	**(100,702)**	3,476
Contributions of temporarily restricted net assets	**(11,823)**	(3,680)
Equity in income of unconsolidated organizations	**(33,417)**	(22,824)
Equity earnings on investments in managed funds	**(10,591)**	(18,160)
Depreciation and amortization	**220,933**	237,945
Provision for uncollectible accounts	**172,703**	162,765
Change in derivative fair value	**(29,803)**	18,953
Loss on early extinguishment of debt	**508**	4,399
Gain on disposal of property, plant, and equipment	**(3,779)**	–
Impairment of goodwill	**34,752**	–
Impairment of long-lived assets	**7,041**	–
Changes in operating assets and liabilities, net of acquisitions		
Increase in net patient accounts receivable	**(180,236)**	(110,995)
Increase in trading securities	**(387,208)**	(93,732)
(Increase) decrease in notes and other receivables	**(36,220)**	110,308
Decrease (increase) in inventories	**995**	(5,497)
Decrease (increase) in other current assets	**6,342**	(10,411)
Increase in accounts payable, accrued expenses, and accrued employee compensation and benefits	**66,221**	1,748
Increase in net third-party payor settlements	**27,599**	342
Increase in liability for self-funded liabilities	**14,773**	13,244
Net cash provided by operating activities	**21,349**	355,553
Investing activities:		
Purchases of property, plant, and equipment	**(143,707)**	(161,356)
Proceeds from sale or disposal of property, plant, and equipment	**24,119**	16,528
Decrease (increase) in equity investments in managed funds	**5,110**	(8,716)
Decrease in investments in unconsolidated organizations	**19,447**	7,745
Decrease in securities pledged to creditors	**8,445**	4,398
Decrease (increase) in other assets	**10,650**	(9,519)
Decrease in security lending collateral	**9,982**	4,228
Acquisitions of health care entities, net of cash acquired	**–**	(19,037)
Net investing cash flows pertaining to assets held for sale	**–**	2,777
Net cash used in investing activities	**(65,954)**	(162,952)

(Continued)

CHRISTUS Health

Consolidated Statements of Cash Flows (continued)

	For the Years Ended June 30, 2011	
	2011	**2010**
	(In Thousands)	
Financing activities:		
Contributions of temporarily restricted net assets	**$ 11,823**	$ 3,680
Other costs associated with debt refinancing/conversion	**(1,295)**	(6,046)
Proceeds from debt issuance	**99,617**	331,201
Payments on long-term debt	**(161,323)**	(355,867)
Decrease in payable under security lending agreements	**(10,104)**	(4,672)
Net cash used in financing activities	**(61,282)**	(31,704)
Net (decrease) increase in cash and cash equivalents	**(105,887)**	160,897
Cash and cash equivalents – beginning of year	**524,263**	363,366
Cash and cash equivalents – end of year	**$ 418,376**	$ 524,263
Noncash investing and financing transactions:		
Capital lease obligations incurred for property, plant, and equipment	**$ 15,022**	$ 3,034
Supplemental disclosure of cash flow information		
Cash paid during the year for interest (net of amount capitalized)	**$ 43,736**	$ 35,842

See accompanying notes.

CHRISTUS Health

Notes to Consolidated Financial Statements

June 30, 2011

1. Mission, Vision, and Organization of CHRISTUS Health

CHRISTUS Health was incorporated as a Texas nonprofit corporation on December 15, 1998 CHRISTUS Health (CHRISTUS or the System) is sponsored by the Congregation of the Sisters of Charity of the Incarnate Word of Houston, Texas, and the Congregation of the Sisters of the Incarnate Word of San Antonio, Texas The Congregation of the Sisters of Charity of the Incarnate Word of Houston, Texas sponsors the Sisters of Charity Health Care System (SCH), and the Congregation of the Sisters of Charity of the Incarnate Word of San Antonio, Texas sponsors the Incarnate Word Health System (IWHS) SCH and IWHS continue to exist and carry out their ministries

The mission of CHRISTUS Health is to extend the healing ministry of Jesus Christ The Gospel values underlying the mission statement challenge CHRISTUS Health to make choices that respond to the economically disadvantaged and the underserved with health care needs The growth and development of CHRISTUS Health are determined by the health care needs of the communities that CHRISTUS Health serves, its available resources, and the interrelationship of those serving and those being served Responsible stewardship mandates that CHRISTUS searches out new, effective means to deliver quality health care and to promote wholeness in the human person

The vision of CHRISTUS Health is to be a leader, a partner, and an advocate in the creation of innovative health and wellness solutions that improve the lives of individuals and communities so that all may experience God's healing presence and love

The consolidated financial statements of CHRISTUS Health include activities of its affiliated market-based organizations and other related entities, all of which are wholly or majority-owned and commonly referred to as regions or entities For purposes of these consolidated financial statements, the "System" is defined as CHRISTUS Health's affiliated market-based organizations and other related entities The other related entities include, but are not limited to, hospital foundations, professional office buildings, management services organizations, physician groups, a collection agency, self-insurance trusts, an offshore captive insurance company, health plans, integrated community health networks, and diagnostic imaging companies

CHRISTUS Health controls or owns, directly or indirectly, or manages various nonprofit and for-profit corporations and other organizations that currently operate in the states of Texas, Arkansas, Georgia, Louisiana, Missouri, New Mexico, Iowa, and in the Republic of Mexico

1. Mission, Vision, and Organization of CHRISTUS Health (continued)

CHRISTUS Health and certain affiliated nonprofit corporations are generally exempt from federal income taxes under Section 501(a) of the Internal Revenue Code, as organizations described in Section 501(c)(3)

2. Community Health

In accordance with its mission and philosophy, the System commits significant resources to improving the health of the communities it serves In support of its mission, the System provides programs and services for entire communities, with a special consideration for those who are poor and underserved

Programs and Services for the Poor and Underserved – represent the financial commitment to serve those who have inadequate resources and/or are uninsured or underinsured Services are offered with the conviction that health care is a basic human right and all deserve access The categories included as programs and services for the poor and the underserved are as follows

- *Charity Care* – in accordance with the Catholic Health Association (CHA) guidelines, charity care represents the unpaid costs of free or discounted health services provided to persons who cannot afford to pay and who meet the organization's criteria for financial assistance Traditional charity care is defined by the state of Texas as the unreimbursed costs of providing, funding, or otherwise financially supporting the health care services provided to a person with income at or below 200% of the federal poverty level Charity care services provided to these patients are not reported as revenue in the consolidated statements of operations and changes in net assets as there is minimal or no expectation of payment

- *Unpaid Costs of Medicaid and Other Public Programs for the Indigent* – represent the cost of providing services to beneficiaries of public programs, including state Medicaid and indigent care programs, in excess of any payments received from all sources

Community Services for the Poor and Underserved – represent the unpaid cost of services provided for which a patient is not billed, or for which a fee has been assessed that recovers only a portion of the cost of the rendered service This category includes services to those in need through community health programs The programs cover a broad spectrum of services, from community health centers to immunizations for children and seniors, meals on wheels,

2. Community Health (continued)

transportation services, home repair projects, and a variety of other social services These programs may also seek justice for the vulnerable and work to bring about changes in political and economic systems

Examples of CHRISTUS Health Community Benefits accounted for under Community Services for the Poor and Underserved include:

- The CHRISTUS Community Direct Investment (CDI) Program was established to support community-driven initiatives primarily for affordable housing and economic development by providing financing at below-market interest rates The majority of the support is provided to programs in the CHRISTUS operating regions The amount the System would have earned on these monies is the forgone income that is considered a community benefit

- The CHRISTUS Fund was established for the purpose of providing grants to support community planning, healthy community initiatives, and community-based programs, with a focus on the poor and underserved areas where CHRISTUS Health ministries and sponsoring congregations are involved

Community Services Provided for the Broader Community – represent the unpaid cost of services provided for the benefit of the entire community The majority of these expenditures are for graduate medical education programs, either through CHRISTUS-sponsored or affiliated programs Other benefits for the broader community include health promotion and wellness programs, health screenings, newsletters, and radio or television programs intended for health education These programs are not intended to be financially self-supporting

Education and Research – represents the direct costs associated with medical education and other health professional educational programs in excess of governmental payments

Other Community Services – represent leadership activities, community planning, and advocacy

3. Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements include the accounts of all entities of the System (see Note 1) All significant inter-entity transactions and accounts have been eliminated in consolidation

Use of Estimates

The preparation of the accompanying consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management of the System to make assumptions, estimates, and judgments that affect the amounts reported in the financial statements, including the notes thereto, and related disclosures of commitments and contingencies, if any The System considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of its financial statements, including the following recognition of net patient revenues, which include contractual allowances, provisions for bad debt, reserves for losses and expenses related to health care professional and general liabilities, determination of fair values of certain financial instruments, determination of fair value of certain goodwill and long-lived assets, and risks and assumptions for measurement of pension and retiree medical liabilities Management relies on historical experience and on other assumptions believed to be reasonable under the circumstances in making its judgments and estimates Actual results could differ materially from these estimates

Cash and Cash Equivalents

Cash equivalents include short-term, highly liquid investments with original maturities of three months or less

Investments

The System's investment portfolio is classified as trading, with unrealized gains and losses included in revenues in excess of expenses Investments in equity securities and funds with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets Investments also include equity investments in managed funds structured as limited liability corporations or partnerships These investments are accounted for under the equity method

3. Summary of Significant Accounting Policies (continued)

Investment income or loss (including equity investment earnings on managed funds, realized and unrealized gains and losses, computed on the average-cost basis of the security at the time of sale, and interest and dividends) is included in revenues in excess of expenses unless the income or loss is restricted by donor or law

Investment income earned on assets held by trustees under bond indenture agreements, assets held by foundations, assets deposited in trust funds for self-insurance purposes, and funds held by insurance subsidiaries in accordance with industry practices is included in other revenue in the consolidated statements of operations and changes in net assets

Derivative Financial Instruments

The System utilizes interest rate swaps to hedge interest rate exposures Changes in the fair value of the System's interest rate swaps are recorded as a component of nonoperating investment gain in the consolidated statements of operations and changes in net assets The expense representing the net of the payments made and received under the swap agreements is also recorded as a component of nonoperating investment gain

Inventories

The System values inventories, which consist principally of medical supplies and pharmaceuticals, at the lower of cost (first-in, first-out, or weighted-average cost valuation method) or market basis

Property, Plant, and Equipment

Property, plant, and equipment acquisitions are recorded at cost or, if donated, at fair value at the time of donation Expenditures that materially increase values, change capacities, or extend useful lives are capitalized Routine maintenance, repairs, and minor equipment replacement costs are charged against operations

Depreciation is calculated and recorded over the estimated useful life of each class of depreciable assets using the straight-line method The *American Hospital Association – Estimated Useful Lives of Depreciable Hospital Assets* is used as a general guide in establishing depreciable lives Amortization of capital leases is included in depreciation expense

3. Summary of Significant Accounting Policies (continued)

Assets Held for Sale

A long-lived asset or disposal group of assets and liabilities that is expected to be sold, and for which it is probable that the sale will be completed within one year, is classified as held for sale For long-lived assets held for sale, an impairment charge is recorded if the carrying amount of the asset exceeds its fair value less costs to sell Such valuations include estimates of fair values generally based upon discounted cash flows less incremental direct costs to transact a sale

Asset Impairment

The System periodically evaluates the carrying value of its operating long-lived assets and assets held for sale for impairment when indicators of impairment are identified These evaluations are primarily based on the estimated recoverability of the assets' carrying value Impairment write-downs are recognized as a reduction in operating gain for the operating long-lived assets and as a reduction in nonoperating gain for the assets held for sale at the time the impairment is identified

In March 2011, management determined that the Bossier Medical Center asset group held for sale in the Northern Louisiana Region had a valuation lower than its recorded book value and that there was no reasonable expectation of recovery An impairment adjustment of $6,400,000 was recorded to adjust the carrying value to the estimated fair value less costs to sell, which is included in other nonoperating loss in the consolidated statement of operations and changes in net assets

Investments in Unconsolidated Organizations

The System has investments in certain organizations for which it does not have a majority ownership interest or significant control, and therefore these organizations do not require consolidation Generally, these investments are recorded using the equity method of accounting for those organizations in which the System owns greater than 20% The cost method of accounting is used for organizations in which the System owns 20% or less

3. Summary of Significant Accounting Policies (continued)

Securities Lending

The System participates in securities lending transactions facilitated by the lending agent Such loans are secured by collateral of 102% of the market value of domestic securities and 105% of the market value of foreign securities at the time of the loan Per the securities lending agreement, such collateral will typically be cash or debt securities issued by the U S Government or any of its agencies Cash collateral received in connection with these loans is currently invested in a pooled fund of securities that mature in no more than 13 months, and is maintained by the lending agent The securities on loan and invested collateral are marked to market throughout the duration of the loan

Goodwill

The System records goodwill arising from a business combination as the excess of purchase price over the fair value of identifiable tangible and intangible assets acquired and liabilities assumed At June 30, 2011 and 2010, the System had goodwill of $91,600,000 and $125,800,000, respectively Beginning in fiscal year 2011, with the adoption of ASU 2010-07 as described below, the amortization of goodwill ceased and goodwill is tested at least annually for impairment at the reporting unit level Impairment is the condition that exists when the carrying amount of goodwill exceeds its implied fair value The System has determined that its reporting units are the various geographic Regions of the System The first step in the impairment process is to determine the fair value of the reporting unit and then compare it to the carrying value, including goodwill If the fair value exceeds the carrying value, no further action is required and no impairment loss is recognized

The System determined that the use of the income and market approaches were the most appropriate methods of measuring fair value of the reporting units These are considered Level 3 valuations in the valuation hierarchy described in Note 6 Under the income approach, fair value is estimated using a discounted cash flow analysis Under the market approach, fair value is estimated using a guideline company method and a comparable transaction method Both the income approach and the market approach require significant assumptions to determine the fair value of each reporting unit The significant assumptions used in the income approach include estimates of future revenues, profits, capital expenditures, working capital requirements, operating plans, industry data, and an appropriate discount rate for each reporting unit The significant assumptions utilized in the market approach include the determination of appropriate market comparables and estimated multiples of net revenue and earnings before interest, taxes, depreciation, and amortization

3. Summary of Significant Accounting Policies (continued)

Additional impairment assessments may be performed on an interim basis if the System encounters events or changes in circumstances that would indicate that it is more likely than not that the carrying value of goodwill has been impaired The System performed a transitional impairment test as of July 1, 2010, upon adoption of the guidance in Accounting Standards Update (ASU) 2010-07, *Not-for-Profit Entities: Mergers and Acquisitions.* As a result of the transitional impairment test, goodwill at the Northern Louisiana, Central Louisiana, and Spohn Regions totaling $34,752,000 was written off, which is recorded as the effect of a change in accounting principle in the consolidated statement of operations and changes in net assets

Deferred Financing Costs

Deferred financing costs, net of accumulated amortization, included in other assets at June 30, 2011 and 2010, are $20,019,000 and $20,689,000, respectively, which are being amortized using the interest method, over the terms of the indebtedness to which they relate

Temporary and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the System has been limited by donors to a specific time period or purpose Permanently restricted net assets have been restricted by donors to be maintained by the System in perpetuity

Patient Accounts Receivable, Estimated Payables to Third-Party Payors, and Net Patient Service Revenue

The System has agreements with third-party payors that provide for payments to the System at amounts different from established rates Patient accounts receivable and net patient service revenue are reported at the estimated net realizable amounts from third-party payors and others for services rendered Estimated retroactive adjustments under reimbursement agreements with third-party payors are included in net patient service revenue and estimated third-party payor settlements Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined

The System has adopted an uncompensated care policy whereby revenue from services provided to the uninsured is recognized at the time of payment, rather than at the time of service This policy is a result of the lack of reasonable assurance of collection for services provided to the uninsured due to the System's historically low collection rate Management has estimated that

3. Summary of Significant Accounting Policies (continued)

the difference between recording this revenue on the cash basis versus the accrual basis is immaterial to net patient service revenue for fiscal years 2011 and 2010 Accordingly, all accounts receivable from the uninsured have been fully reserved in the allowance for uncompensated care The resulting adjustment is recorded as revenue deductions from gross charges to arrive at net patient service revenue

Accounts Receivable Allowance

The System's recorded allowance for uncompensated care is based on expected net collections, after contractual adjustments, primarily from patients Management routinely assesses these recorded allowances relative to changes in payor mix, cash collections, write-offs, recoveries, and market dynamics

Premium Revenue and Associated Costs

Premium revenue represents revenues derived under capitated arrangements with third parties In return for these premiums, the contracting entity is responsible for providing essentially all health care services to enrolled participants Costs for providing these services, including services provided by other health care providers, are included as operating expenses in the consolidated financial statements At June 30, 2011 and 2010, the respective contracting entities have accrued expenses for incurred but not reported claims based upon claims experience The contracting entities maintain stop-loss insurance coverage to limit exposure for certain catastrophic claims

Other Revenue

Other revenue is derived from services other than providing health care services or coverage to patients, residents, or enrollees This revenue typically includes investment income from all funds held by a trustee, malpractice funds, or other miscellaneous investment activities, rental of health care facility space, sales of medical and pharmaceutical supplies to employees, physicians, and others, proceeds from sales of cafeteria meals and guest trays to employees, medical staff, and visitors, and proceeds from sales at gift shops, snack bars, newsstands, parking lots, vending machines, or other service facilities operated by the health care organization

3. Summary of Significant Accounting Policies (continued)

Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements

International Operations

The System owns a 59 6% interest in CHRISTUS Muguerza, S A de C V (CHRISTUS Muguerza), headquartered in Monterrey, Mexico CHRISTUS Muguerza is a private health care system and is subject to taxes in accordance with the regulations of the Republic of Mexico The financial statements of CHRISTUS Muguerza are presented in accordance with accounting principles generally accepted in the United States and are consolidated in the CHRISTUS Health consolidated financial statements

Effective September 13, 2010, CHRISTUS Health increased its ownership interest in CHRISTUS Muguerza from 55 9% to 59 6% by purchasing 5,132,048 additional shares for cash consideration in the amount of $5,000,000

Minimum Revenue Guarantees

CHRISTUS enters into agreements with non-employed physicians that include minimum revenue guarantees These guarantees primarily arise through physician recruiting efforts and vary by physician specialty Generally, the term of these guarantees ranges from one to two years, with the majority including a forgiveness period that begins during the second year of the guarantees The estimated amount of the liability for CHRISTUS' obligation under these guarantees was $6,798,000 and $7,043,000 at June 30, 2011 and 2010, respectively, and is included in accrued expenses and other long-term obligations in the accompanying consolidated balance sheets

3. Summary of Significant Accounting Policies (continued)

The maximum amount of future payments that the System could be required to make under all existing guarantees is approximately $12,405,000

Asset Retirement Obligations

CHRISTUS estimates the conditional asset retirement obligation primarily associated with asbestos abatement to be $7,430,000 and $7,524,000 as of June 30, 2011 and 2010, respectively

Uncertainty in Income Taxes

The authoritative guidance in Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, creates a single model to address uncertainty in tax positions and clarifies the accounting for income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements Under the requirements of this guidance, tax-exempt organizations could be required to record an obligation as the result of a tax position they have historically taken on various tax exposure items There are no material unrecorded tax liabilities as of June 30, 2011 and 2010

New Accounting Pronouncements

In April 2009, the Financial Accounting Standards Board (FASB) issued a new accounting pronouncement regarding mergers and acquisitions for not-for-profit entities, ASU 2010-07, *Not-for-Profit Entities: Mergers and Acquisitions* The pronouncement establishes principles and requirements for how a not-for-profit entity accounts for mergers and acquisitions The pronouncement also makes FASB Statement No 142, *Goodwill and Other Intangible Assets*, found under ASC Topic 350, and FASB Statement No 160, *Noncontrolling Interests in Consolidated Financial Statements*, found under ASC Topic 810, fully applicable to not-for-profit entities These pronouncements were effective for CHRISTUS on July 1, 2010 The System's adoption of the guidance in ASC Topic 350 resulted in the cessation of amortizing goodwill effective July 1, 2010 The transitional impairment analysis performed as of July 1, 2010, resulted in the impairment of $34,752,000 of goodwill, which is reflected as the effect of a change in accounting principle in the accompanying consolidated statement of operations and changes in net assets The System's adoption of the guidance in ASC Topic 810 on July 1, 2010, did not materially affect its financial position or results of operations, other than reclassifying its noncontrolling interest (previously shown as minority interest) in various entities to a component of net assets on the consolidated balance sheet Additionally, noncontrolling interest expense is

3. Summary of Significant Accounting Policies (continued)

no longer reported as a reduction in revenues in excess of expenses on the consolidated statement of operations and changes in net assets, but instead is shown below revenues in excess of expenses under the heading "revenues in excess of expenses attributable to noncontrolling interest" on the statement of operations and changes in net assets for all periods presented

In January 2010, the FASB issued ASU 2010-06, which clarifies certain existing fair value measurement disclosure requirements of ASC Topic 820 (formerly SFAS No 157, *Fair Value Measurements*) and also requires additional fair value measurement disclosures Specifically, ASU 2010-06 clarifies that assets and liabilities must be categorized by major class, or level, of asset or liability, and provides guidance regarding the identification of such major classes Additionally, disclosures are required about valuation techniques and the inputs to those techniques for those assets or liabilities designated as Level 2 or Level 3 instruments Disclosures regarding transfers between Level 1 and Level 2 assets and liabilities are required, as well as a deeper level of disaggregation of activity within existing rollforwards of the fair value of Level 3 assets and liabilities

In August 2010, the FASB issued ASU 2010-23, *Health Care Entities (Topic 954): Measuring Charity Care for Disclosure* ASU 2010-23 is intended to reduce the diversity in practice regarding the measurement basis used in the disclosure of charity care ASU 2010-23 requires that cost be used as the measurement basis for charity care disclosure purposes and that cost be identified as the direct and indirect costs of providing the charity care, and requires disclosure of the method used to identify or determine such costs This ASU is effective for CHRISTUS on July 1, 2011 CHRISTUS is currently evaluating the impact on its disclosures from the adoption of this pronouncement

In August 2010, the FASB issued ASU 2010-24, *Health Care Entities (Topic 954): Presentation of Insurance Claims and Related Insurance Recoveries* The amendments in the ASU clarify that a health care entity may not net insurance recoveries against related claim liabilities In addition, the amount of the claim liability must be determined without consideration of insurance recoveries This ASU is effective for CHRISTUS on July 1, 2011 CHRISTUS is currently evaluating the impact on its consolidated financial position and results of operations from the adoption of this pronouncement

In July 2011, the FASB issued ASU 2011-07, *Health Care Entities (Topic 954): Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* The amendments in the ASU require

3. Summary of Significant Accounting Policies (continued)

CHRISTUS to change the presentation of its consolidated statement of operations and changes in net assets by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts) Additionally, the ASU requires enhanced disclosure about CHRISTUS' policies for recognizing revenue and assessing bad debts, patient service revenue (net of contractual allowances and discounts), and qualitative and quantitative information about changes in the allowance for doubtful accounts This ASU is effective for CHRISTUS on July 1, 2012, with early adoption permitted CHRISTUS is currently evaluating the impact on its consolidated financial position and results of operations from the adoption of this pronouncement

Reclassifications

Certain amounts have been reclassified in the prior year's financial statements to conform to the classifications used in the current year

4. Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors Amounts subject to retroactive adjustments are estimated and recorded in the period the related services are rendered and adjusted in future periods as final settlements are determined The estimated settlements recorded at June 30, 2011 and 2010 could differ from actual settlements Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates These rates vary according to a patient diagnosis related group classification system that is based on clinical, diagnostic, and other factors

Inpatient and outpatient services rendered to Medicaid program beneficiaries are paid under cost reimbursement methodologies, prospectively determined rates per discharge, and prospectively determined or negotiated rates

Revenue from the Medicare and Medicaid programs accounted for approximately 26 6% and 3 5%, respectively, of the System's net patient revenue for the fiscal year ended 2011 and 27 4% and 5 0%, respectively, of the System's net patient revenue for the fiscal year ended 2010 Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term

4. Net Patient Service Revenue (continued)

The System has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations The basis for payment to the System under these agreements includes prospectively determined rates per discharge, discounts from established charges, and negotiated daily rates

In July 1991, the Texas Legislature passed a bill authorizing a state program (Medicaid Dispro), whereby all hospitals in the state of Texas that qualified as a disproportionate share health care provider would receive Medicaid Dispro funds This program, with certain revisions, was extended through September 30, 2011, and is administered by the Texas Department of Health In 1993, the Texas Legislature expanded the number of hospitals qualifying to receive Medicaid Dispro funds to include rural facilities The source of these funds is assessments from qualifying hospitals that are matched at a specific percentage by the federal government

Additionally, the federal Medicaid rules allow for hospitals to be reimbursed for some of the uncompensated cost of treating Medicaid and uninsured patients up to an Upper Payment Limit (UPL) UPL programs act as mechanisms to draw federal Medicaid dollars into local communities The Texas Medicaid program has chosen a county-specific UPL strategy to receive supplemental federal matching funds Under these programs, various hospital participants in the respective counties have elected to provide health care services to the indigent population in the county as charity services and, as such, no third party has an obligation to pay for these services Separately, and with no legal obligation or link to the hospitals' provision of charity services, the tax-supported governmental entity may choose, entirely at its discretion, to contribute a portion of its tax revenues into the state's Medicaid program The amounts transferred by the governmental entity to the state Medicaid program are then matched at the federal level, and the total amount (the amount transferred to the state Medicaid program by the governmental entity and the related federal match) is then paid to the hospital participants based upon each hospital's individual applicable funding entitlement In addition to the allocations received by the Medicaid program, hospital participants in some communities may make charity community benefit transfers to each other throughout the year to reach a previously agreed-upon sharing ratio

Medicaid supplemental payments, which include Medicaid Dispro and UPL payments, net of settlements and amounts transferred between program participants, of approximately $334,267,000 and $265,311,000 were recorded in 2011 and 2010, respectively Net patient service revenue in the accompanying consolidated statements of operations and changes in net assets includes all Medicaid supplemental funds

4. Net Patient Service Revenue (continued)

The Texas Health and Human Services Commission (HHSC) has filed an application with the Centers for Medicare and Medicaid Services (CMS) to approve an 1115(b) demonstration waiver from traditional Medicaid financial and eligibility rules The approval of such waiver could impact the revenue the System receives under the Medicaid supplemental payments The amounts of future reimbursements under these programs cannot be assured beyond August 31, 2011 For fiscal years 2011 and 2010, net patient service revenue increased approximately $16,403,000 and $19,643,000, respectively, related to changes in estimates for cost report re-openings, appeals, and tentative and final cost report settlements on filed cost reports, of which some are still subject to audit, additional re-opening, and/or appeal

The health care industry is subject to numerous laws and regulations of federal, state, and local governments These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, participation requirements of government health care programs, reimbursement for patient services, and Medicare and Medicaid fraud and abuse Government activity has continued with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers Violations of these laws and regulations could result in expulsion from government health care programs, together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed There are matters currently under audit and/or review by regulatory and government officials These reviews and audits may or may not result in revisions to cost reports, resubmitted billings, unasserted possible claims that are probable of assertion, or loss contingencies Compliance with such laws and regulations may be subject to future government review and interpretation, as well as regulatory actions

5. Cash and Investments

Total cash and investments for the System at June 30, 2011 and 2010, including assets whose use is limited, are (in thousands)

	2011	2010
Cash and cash equivalents	**$ 615,867**	$ 797,594
Certificates of deposit	**25,465**	20,403
Domestic equities and equity funds	**283,297**	174,722
Preferred stocks	**1,712**	2,868
Fixed income securities and fixed income funds	**547,914**	270,915
International equities	**110,466**	97,779
U S Government securities	**158,907**	66,309
Equity in managed funds	**144,806**	149,916
Other investments	**97**	29,666
	$ 1,888,531	$ 1,610,172

Cash and cash equivalents include cash, money market bank accounts, interest-bearing bank accounts, and debt securities with original maturities of less than three months United States Government securities include debt securities issued by the U S Government or a U S Government agency Fixed income securities include corporate debt securities, common collective trusts, and certificates of deposit greater than three months Marketable equity securities include domestic and foreign stocks, as well as mutual funds and common collective trusts Equity in managed funds includes investments in limited liability partnerships or corporations and other alternative investments Other investments include municipal and foreign fixed income instruments and restricted investments held by the System's philanthropic foundations

The System's equity investments in managed funds are recorded based on the System's share of the underlying value of marketable securities held by these funds, as reported to the System Equity method investments include reported changes in value as reported to the System by the fund custodians These investments are recorded at amounts confirmed by fund custodians These amounts cannot be validated by the management of the System, and there can be no assurance such reported amounts will be ultimately realized

The System's investments are subject to various types of risks, as explained below

5. Cash and Investments (continued)

Fixed Income

This investment class includes investments in various fixed income instruments that include investment-grade and high-yield domestic and international bonds, preferred stocks, mortgage pools, master limited partnership units, and bonds issued by U S Government agencies This investment class also includes investments in common trust funds, mutual funds, and exchange-traded funds that hold investments in fixed income securities The fixed income investments are exposed to various kinds and levels of risk, including interest rate risk, credit risk, foreign exchange risk, and liquidity risk

Equities

This investment class consists primarily of common equity securities of domestic and foreign companies These securities trade through the major public domestic and international exchanges This investment class also includes investments in common trust funds, mutual funds, and exchange-traded funds that hold investments in equity securities The equity securities investments are exposed to various risks, including market risk, individual security risk, foreign exchange risk, and, for common equity of companies with a small market capitalization, liquidity risk

Equity Investments in Managed Funds

These funds are invested with external investment managers who invest primarily in various alternative categories, including long and short equity positions, managed futures, emerging markets, distressed enterprises, and arbitrage positions These investments are domestic and international in nature, are illiquid, and may not be realized for a period of several years after the investments are made The risks associated with these investments are numerous, resulting in a greater likelihood of losing invested capital The risks include the following

Nonregulation Risk – These funds are not required to register with the Securities and Exchange Commission (SEC) and are not subject to regulatory controls

Managerial Risk – Fund managers may fail to produce the intended returns and are not subject to oversight

5. Cash and Investments (continued)

Minimal Liquidity – Many funds impose lock-up periods that prevent investors from redeeming their shares or impose penalties to redeem

Limited Transparency – As unregistered investment vehicles, funds are not required to disclose the holdings in their portfolios to investors

Investment Strategy Risk – The funds often employ sophisticated, risky investment strategies, are speculative, and may use leverage, which could result in volatile returns

The System has no commitments for funding to equity investments in managed funds as of June 30, 2011 Assets whose use is limited or restricted consisted of the following at June 30, 2011 and 2010 (in thousands)

	2011	2010
Assets whose use is limited or restricted, required for current bond indenture and self-insurance liabilities	**$ 71,367**	$ 67,383
Other investments, internally designated for capital expansion and other purposes	**499,205**	213,917
Under bond indenture agreement – held by trustee	**81,475**	92,147
Under liability retention and self-insurance funding arrangement – held by trustee	**10,968**	8,938
Under Emerald Assurance funding arrangements	**158,930**	120,288
Restricted cash and investments	**62,385**	51,920
Total assets whose use is limited or restricted	**$ 884,330**	$ 554,593

5. Cash and Investments (continued)

Investment return and gains for assets limited as to use, cash equivalents, and other unrestricted investments consisted of the following for the years ended June 30, 2011 and 2010 (in thousands)

	2011	2010
Operating interest and dividend income	**$ 5,103**	$ 4,691
Operating gain, realized and unrealized	**17,413**	9,881
Equity investment earnings on managed funds	**741**	1,864
Total operating investment income	**23,257**	16,436
Nonoperating interest and dividend income	**12,555**	11,094
Nonoperating gain, realized and unrealized	**80,170**	43,247
Equity investment earnings on managed funds	**9,850**	9,159
Net swap agreement activity	**12,210**	(36,837)
Total nonoperating investment gain	**114,785**	26,663
Total investment gain	**$ 138,042**	$ 43,099

6. Fair Value Measurements

The three-level valuation hierarchy for disclosure of fair value measurements is based on the transparency of inputs to the valuation of an asset or liability as of the measurement date The three levels are defined as follows

- Level 1 – Inputs to the valuation methodology are quoted prices for similar assets and liabilities in active markets
- Level 2 – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement

A financial instrument's categorization within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement

6. Fair Value Measurements (continued)

The following tables present the financial instruments carried at fair value as of June 30, 2011 and 2010 (in thousands) by the valuation hierarchy (as described above)

	2011			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Investments				
Cash and cash equivalents	$ 615,867	$ –	$ –	$ 615,867
Certificates of deposit	25,465	–	–	25,465
Domestic equities and equity funds	201,054	82,243	–	283,297
Preferred stocks	1,712	–	–	1,712
Fixed income securities and fixed income funds	–	547,914	–	547,914
International equities	110,466	–	–	110,466
U S Government securities	–	158,907	–	158,907
Other investments	–	97	–	97
Total investments	954,564	789,161	–	1,743,725
Interest rate swap asset	–	12,375	–	12,375
Total assets at fair value	$ 954,564	$ 801,536	$ –	$ 1,756,100
Liabilities				
Interest rate swap agreements	$ –	$ 72,348	$ –	$ 72,348
Total liabilities at fair value	$ –	$ 72,348	$ –	$ 72,348

6. Fair Value Measurements (continued)

	2010			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Investments				
Cash and cash equivalents	$ 797,594	$ –	$ –	$ 797,594
Certificates of deposit	20,403	–	–	20,403
Domestic equities	174,722	–	–	174,722
Preferred stocks	2,868	–	–	2,868
Fixed income securities and fixed income funds	–	270,915	–	270,915
International equities	97,779	–	–	97,779
U S Government securities	–	66,309	–	66,309
Other investments	–	29,666	–	29,666
Total investments	1,093,366	366,890	–	1,460,256
Interest rate swap asset	–	4,824	–	4,824
Total assets at fair value	$ 1,093,366	$ 371,714	$ –	$ 1,465,080
Liabilities				
Interest rate swap agreements	$ –	$ 94,600	$ –	$ 94,600
Total liabilities at fair value	$ –	$ 94,600	$ –	$ 94,600

The valuation methodologies used for instruments measured at fair value as presented in the tables above are as follows

- *Investments* – Investments are valued at quoted prices available in an active market and are classified within Level 1 of the valuation hierarchy

  Investments valued based on evaluated bid prices provided by third-party pricing services where quoted market prices are not available are classified within Level 2 of the valuation hierarchy

- *Interest rate swap agreements* – Interest rate swap agreements are valued using third-party models that use observable market conditions as their input and are classified within Level 2 of the valuation hierarchy

6. Fair Value Measurements (continued)

At June 30, 2011 and 2010, the System's financial instruments included cash and cash equivalents, accounts receivable, assets limited as to use, accounts payable and accrued expenses, estimated third-party payor settlements, and long-term debt The carrying amounts reported in the consolidated balance sheets for these financial instruments, except for long-term debt, approximate their fair value

The System's fixed rate debt is enhanced with bond insurance The estimated fair value of the fixed rate debt, if it were not enhanced by insurance, approximates $632,290,000 at June 30, 2011, as compared to its carrying value of $592,506,000

At June 30, 2011, the System has several issues of variable rate demand and auction-rate bonds outstanding The System's continued participation in these debt programs depends on its ability to extend or replace the existing credit facilities supporting the respective standby purchase agreements If these credit facilities are not available, the System will likely refund these outstanding series with available funds or funds derived from fixed rate series proceeds It is not practicable to estimate the fair value of the variable rate demand and auction-rate bonds separate from the value supported by the credit facilities

7. Property, Plant, and Equipment

Property, plant, and equipment at June 30, 2011 and 2010, consisted of the following (in thousands)

	2011	2010
Land	**$ 217,307**	$ 204,160
Land improvements	**73,391**	70,231
Buildings and fixed equipment	**2,330,211**	2,293,778
Major movable equipment	**1,822,097**	1,772,988
Less accumulated depreciation	**(2,710,751)**	(2,549,701)
	1,732,255	1,791,456
Construction-in-progress (estimated cost to complete is $75 million and $68 million at June 30, 2011 and 2010, respectively)	**54,578**	25,358
Total	**$ 1,786,833**	$ 1,816,814

7. Property, Plant, and Equipment (continued)

Depreciation expense for the System for fiscal years 2011 and 2010 totaled $210,668,000 and $220,889,000, respectively

8. Investments in Unconsolidated Organizations

The System has unrestricted investments in unconsolidated organizations of $188,550,000 and $174,580,000 at June 30, 2011 and 2010, respectively The following investments account for 95% and 94% of the System's total investments in unconsolidated organizations in 2011 and 2010, respectively

Baptist St. Anthony's Health System

CHRISTUS Health has a 50% membership interest in Baptist St Anthony's Health System (BSAHS), a Texas nonprofit corporation BSAHS is a market leader in the Amarillo area CHRISTUS Health's recorded investment in BSAHS, accounted for under the equity method, was $162,488,000 and $138,148,000 at June 30, 2011 and 2010, respectively The 2011 and 2010 balance includes $8,648,000 and $8,513,000, respectively, of restricted net assets that are included in other restricted assets CHRISTUS Health recorded its share of BSAHS's gains from operations of $24,707,000 and $15,263,000 in 2011 and 2010, respectively The System also recorded its share of the change in unrealized gains on investments of $249,000 and $197,000 at June 30, 2011 and 2010, respectively, as changes in unrestricted net assets Additionally, the System had a note receivable from BSAHS resulting from the formation of the joint venture that was paid off in the first quarter of fiscal year 2011 At June 30, 2010, the principal amount of the note receivable was $7,950,000, and is included in notes and other receivables in the consolidated balance sheets

Preferred Professional Insurance Company

CHRISTUS Health has a 12 1% ownership interest in Preferred Providers Insurance Company (PPIC), a taxable Nebraska corporation This corporation, formed in 1988, was established to provide excess professional and general liability insurance CHRISTUS Health's recorded investment in PPIC, accounted for under the cost method, was $17,059,000 at both June 30, 2011 and 2010 The System recorded income from its investment in PPIC in fiscal years 2011 and 2010 of $789,000 and $222,000, respectively

8. Investments in Unconsolidated Organizations (continued)

CS USP Surgery Centers, L.P.

CHRISTUS Spohn Health System Corporation has a 50% ownership interest in a Texas limited liability partnership with United Surgical Partners International, Inc for the purpose of owning and operating ambulatory surgery centers in Corpus Christi, Texas The venture consists of two surgery centers near the campus of Spohn Shoreline, specifically Corpus Christi Outpatient Surgery and SurgiCare CHRISTUS Health's recorded investment, accounted for under the equity method, was $5,762,000 and $5,947,000 at June 30, 2011 and 2010, respectively The System recorded its share of income from operations in fiscal years 2011 and 2010 of $645,000 and $666,000, respectively

Omega Lab Joint Venture

CHRISTUS Health has a 40% ownership interest in Omega Lab Joint Venture At June 30, 2011 and 2010, the System's recorded investment in Omega Lab Joint Venture, accounted for under the equity method, was $3,152,000 and $3,079,000, respectively The System recorded its share of Omega Lab Joint Venture income from operations in fiscal years 2011 and 2010 of $520,000 and $678,000, respectively

9. Long-Term Debt

Long-term debt at June 30, 2011 and 2010, consisted of the following (in thousands)

	2011	2010
Revenue bonds, in variable rate demand mode, with weighted-average trading rates of 25% and 0 40% in fiscal 2011 and 2010, respectively, due in 2047	**$ 269,250**	$ 269,695
Revenue bonds, in auction mode, with weighted-average interest rates of 1 17% and 1 22% in fiscal 2011 and 2010, respectively, due in 2031	**219,125**	322,575
Revenue bonds, in fixed rate mode, bearing interest from 3 00% to 6 50%	**592,506**	517,083
Capital lease payable to Nueces County Hospital District, bearing interest at a fixed rate of 6 9%, with annual principal payments through 2026, secured by the assets of CHRISTUS Spohn Hospital Memorial	**46,907**	48,649
Capital lease payable to Bee County, bearing interest at a fixed rate of 6 0%, with annual principal payments through 2030, secured by the assets of CHRISTUS Spohn Hospital Beeville	**9,367**	9,732
Nonobligated bank notes and capital leases related to CHRISTUS Muguerza investment	**55,263**	55,764
Other note and capital lease note obligations	**40,522**	29,778
	1,232,940	1,253,276
Less current maturities on long-term debt		
Long-term debt subject to remarketing agreements	**–**	(194,695)
Less current portion	**(57,904)**	(57,483)
Total	**$ 1,175,036**	$ 1,001,098

According to the terms of the CHRISTUS Health Master Trust Indenture, the Obligated Group consists of eight CHRISTUS Health regions as follows CHRISTUS Spohn Health System, CHRISTUS Health Gulf Coast, CHRISTUS Health Southeast Texas, CHRISTUS Santa Rosa Health Care Corporation, CHRISTUS Health Ark-La-Tex, CHRISTUS Health Northern Louisiana, CHRISTUS Health Central Louisiana, and CHRISTUS Health Southwestern Louisiana CHRISTUS Health is the Obligated Group Agent

9. Long-Term Debt (continued)

Certain entities of CHRISTUS Health that are otherwise included in the consolidated financial statements of CHRISTUS Health are excluded from the CHRISTUS Health Obligated Group These entities include, but are not limited to, the CHRISTUS Health Liability Retention Trust, Emerald Assurance, CHRISTUS St Vincent Regional Medical Center, CHRISTUS Health Utah, CHRISTUS Provider Network, CHRISTUS Continuing Care, CHRISTUS Muguerza, S A de C V , and various philanthropic foundations

Under the provisions of the Master Trust Indenture, the obligations of CHRISTUS Health and the other members of the Obligated Group are secured by a pledge of gross revenues Additionally, each member of the Obligated Group has undertaken certain covenants, including the following to ensure the payment of debt service, to ensure the payment of taxes and other claims, to deliver compliance statement(s), to preserve corporate existence, to maintain books and records subject to inspection by the Master Trustee, to maintain insurance, to conform to defined lien limitations, to establish adequate service rates, to maintain a sufficient debt service coverage and indebtedness ratio, to maintain a required aggregate amount of unrestricted cash and investments, and to adhere to certain defined conditions with respect to consolidation, merger, conveyance or transfer, and admission or withdrawal of Obligated Group members pursuant to the Master Trust Indenture, insurer, and letter of credit bank agreements

In August 2009, CHRISTUS Health issued debt in the amount of $231,005,000, which consisted of $156,005,000 in fixed rate bonds (Series 2009A) and $75,000,000 in variable rate demand bonds (VRDBs) (Series 2009B) The issues were used to refund the outstanding Series 2007C and Series 2008D bonds and to fund a debt service reserve fund for the Series 2009A bonds The Series 2007C bonds were supported by a standby bond purchase agreement provided by Landesbank Hessen-Thuringen Girozentrale, acting through its New York branch, which was terminated as part of the transaction The Series 2009B VRDBs were initially supported by a letter of credit issued by The Bank of New York Mellon that would have expired on February 28, 2012 Subsequent to June 30, 2011, the letter of credit was amended to expire on July 31, 2014

In December 2009, CHRISTUS Health issued $72,695,000 of fixed rate bonds (Series 2009C) The issue refinanced the outstanding 2008 C-5 VRDBs As a result of this transaction, the letter of credit supporting the Series 2005 C-5 bonds with Compass Bank was terminated CHRISTUS Health also converted $54,260,000 of auction rate securities to fixed rate bonds through a reoffering of the Series 2005 C-3 bonds The fixed rate bonds are insured by FSA (currently Assured Guaranty)

9. Long-Term Debt (continued)

The outstanding Series 2008C VRDBs are supported by letters of credit issued by Bank of America that expire on December 17, 2015

In June 2010, the System redeemed the remaining portion of the Series 1998A fixed rate bonds before the final maturity In December 2010, CHRISTUS Health converted $93,380,000 of auction rate securities to fixed rate bonds through a reoffering of the Series 2005 A-5 and 2005 A-6 bonds The fixed rate bonds are insured by Assured Guaranty Municipal Corp (AGMC)

The System recorded a loss on the early extinguishment of debt of $508,000 and $4,399,000 in fiscal years 2011 and 2010, respectively, which is recorded in other nonoperating loss

In addition, the CHRISTUS Health System was obligated on approximately $152,059,000 and $143,923,000 of additional long-term debt, which included capitalized leases and notes payable to others as of June 30, 2011 and 2010, respectively

Principal payments for all long-term debt for the next five years and thereafter are as follows (in thousands)

2012	$ 57,904
2013	56,107
2014	53,519
2015	56,173
2016	58,908
Thereafter	950,329
Total debt	$ 1,232,940

10. Derivative Financial Instruments

Interest rate swap contracts between the System and third parties (counterparties) provide for the periodic exchange of payments between the parties based on changes in a defined index and a fixed rate and expose the System to market risk and credit risk Credit risk is the risk that contractual obligations of the counterparties will not be fulfilled Concentrations of credit risk relate to groups of counterparties that have similar economic or industry characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions Counterparty credit risk is managed by requiring high credit standards for the System's counterparties The counterparties to these contracts are financial

10. Derivative Financial Instruments (continued)

institutions that carry investment-grade credit ratings The interest rate swap contracts contain certain collateral provisions applicable to both parties to mitigate credit risk CHRISTUS has complied with these provisions as required No collateral was posted at June 30, 2011 The System does not anticipate nonperformance by its counterparties Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates The market risk associated with interest rate changes is managed by establishing and monitoring parameters that limit the types and degrees of market risk that may be undertaken Management also mitigates risk through periodic reviews of their derivative positions in the context of their blended cost of capital As of June 2011, CHRISTUS Health has interest rate swap agreements to manage interest rate risk exposure, not designated as hedging instruments, with a total notional amount of $1,221,065,000

At June 30, 2011, the fair value of these swap agreements was a net liability of $59,973,000, with $72,348,000 recorded as a liability and $12,375,000 recorded as an asset on the consolidated balance sheet At June 30, 2010, the fair value of these swap agreements was a net liability of $89,776,000, with $94,600,000 recorded as a liability and $4,824,000 recorded as an asset on the consolidated balance sheet The change in fair value of $29,803,000 and $18,953,000 for the years ended June 30, 2011 and 2010, respectively, is combined with the payments, net of receipts made under the agreements, of $17,592,000 and $17,884,000 for the years ended June 30, 2011 and 2010, respectively This total is included in nonoperating investment gain in the statements of operations and changes in net assets

The following tables summarize the fair value at June 30, 2011 and 2010, and the income (loss) recorded related to the interest rate swap agreements as of and for the years ended June 30, 2011 and 2010, in thousands

Counterparty	Description	Termination Date	Interest Rate Agreements	Notional Amount	Fair Value 6/30/2011	Fair Value 6/30/2010	Change in Fair Value 6/30/2011	Change in Fair Value 6/30/2010	Paid/(Received) 6/30/2011	Paid/(Received) 6/30/2010
Merrill Lynch	Variable basis	2021–2023 2022 and	6	$ 470.000	**$ (7,093)**	$ (14.410)	**$ 7,317**	$ 917	**$ 248**	$ 354
[a] Citigroup	Fixed payor	2031	2	271.805	**(23,084)**	(27.511)	**4,427**	(9.541)	**8,264**	8.465
Citigroup	Constant maturity	2022	1	200.000	**12,375**	4.824	**7,551**	4.941	–	–
Citigroup	Fixed payor	2047	2	166.100	**(25,414)**	(31.656)	**6,242**	(9.078)	**5,423**	5.414
Citigroup	Fixed payor	2047	1	113.160	**(16,757)**	(21.023)	**4,266**	(6.192)	**3,657**	3.651
			12	$ 1.221.065	**$ (59,973)**	$ (89.776)	**$ 29,803**	$ (18.953)	**$ 17,592**	$ 17.884

[a] In FY 2010 the notional amount was $279.075 and it was adjusted to decrease by $7.270 on July 7, 2010

10. Derivative Financial Instruments (continued)

On August 26, 2011, CHRISTUS terminated two swaps with counterparty Citigroup CHRISTUS terminated one of the 2005 Fixed Payor Swaps with an original notional amount of $54,075,000 and a termination date of July 1, 2022, and the Constant Maturity Swap with a notional amount of $200,000,000 and a termination date of June 1, 2022 CHRISTUS received net proceeds of $5,785,000 as a result of the terminations

11. Cash Balance Plan and Postretirement Health Care Benefits

Cash Balance Plan

The System has established a noncontributory, defined-benefit retirement plan that operates as a cash balance plan and covers substantially all CHRISTUS Health employees who meet age and service requirements The plan benefits are calculated based on a cash balance formula wherein participants earn an annual accrual of 6% of compensation and participant account balances accrue interest at a rate that tracks ten-year treasury notes, the maximum rate is 8% and the minimum rate is 2%

Postretirement Health Care Benefits

Comprehensive medical benefits are provided to eligible active employees who, immediately upon retirement and attainment of age 55, will receive a pension under the CHRISTUS Health retirement plan Postretirement benefits are also provided to former employees who are currently receiving pension benefits The comprehensive medical program, which is self-insured, provides reimbursement benefits until the participant attains age 65 The program also covers dependents of retirees, in addition to former employees Contributions are required Retirees may choose one of two self-insured indemnity plan options Effective February 1, 1999, the CHRISTUS Health postretirement benefit plan was curtailed prospectively As of the effective date, new employees or employees that had not vested as of that date are not eligible for the postretirement health care benefits The liability associated with the postretirement plan will be reduced as employee participation decreases

Simplified Early Retirement Plan (SERP)

Prior to the formation of CHRISTUS, a plan for executives was curtailed prospectively Under this plan, eligible participants receive a cash benefit payment until death and participate in the System's retiree health, dental, and group term life program Fewer than two dozen participating

11. Cash Balance Plan and Postretirement Health Care Benefits (continued)

retirees currently maintain benefit payment status Benefits are recalculated when participants attain age 65 and remain constant thereafter At June 30, 2011 and 2010, the total liability recorded pertaining to this SERP was $5,175,000 and $5,481,000, respectively

Restoration Plan

The restoration plan, a nonqualified, deferred compensation plan, was designed to restore benefits that are lost under the cash balance plan due to the statutory limit on recognizable compensation Eligibility is limited to designated executives The plan provides benefits upon termination of employment to qualifying participants Plan benefits are calculated using the same methodology for the cash balance plan, vesting requirements are also the same The restoration plan is unfunded

The measurement date for all plans is June 30 Components of net periodic benefit cost, recorded as a component of employee compensation and benefits, for the years ended June 30, 2011 and 2010, consisted of the following (in thousands)

	Cash Balance Plan		Postretirement		SERP		Restoration Plan	
	2011	2010	2011	2010	2011	2010	2011	2010
Service cost	$ 43,135	$ 42,660	$ 578	$ 607	$ –	$ –	$ 203	$ 255
Interest cost	37,887	40,830	1,056	1,310	–	–	103	191
Expected return on assets	(44,720)	(39,514)	–	–	–	–	–	–
Amortization of prior service cost	(775)	(850)	–	–	–	–	103	103
Recognized net actuarial loss (gain)	19,589	20,201	–	–	(306)	231	(67)	11
Net benefit cost	$ 55,116	$ 63,327	$ 1,634	$ 1,917	$ (306)	$ 231	$ 342	$ 560

At June 30, 2011 and 2010, unrestricted net assets include $133,519,000 and $233,574,000, respectively, of amounts arising from defined-benefit plans that have not yet been recognized in net periodic benefit cost Amounts recognized in unrestricted net assets expected to be recognized in net periodic benefit cost during fiscal 2012 are $7,356,000

11. Cash Balance Plan and Postretirement Health Care Benefits (continued)

The following table sets forth the changes in benefit obligations, changes in plan assets, and funded status of the plans measured as of June 30 (in thousands)

	Cash Balance Plan		Postretirement		SERP		Restoration Plan	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Changes in benefit obligation								
Benefit obligations – beginning of year	**$ 800,271**	$ 732,237	**$ 21,987**	$ 21,698	**$ 5,481**	$ 5,250	**$ 2,374**	$ 3,378
Service cost	**43,135**	42,660	**578**	607	**–**	–	**203**	255
Interest cost	**37,887**	40,830	**1,056**	1,310	**–**	–	**103**	192
Actuarial loss (gain)	**(45,342)**	20,481	**(1,567)**	168	**(306)**	231	**407**	(1,121)
Benefits paid	**(33,268)**	(35,937)	**(547)**	(1,796)	**–**	–	**(210)**	(330)
Benefit obligation – end of year	**$ 802,683**	$ 800,271	**$ 21,507**	$ 21,987	**$ 5,175**	$ 5,481	**$ 2,877**	$ 2,374
Change in plan assets								
Fair value of plan assets – beginning of year	**$ 585,018**	$ 521,749	**$ –**	$ –	**$ –**	$ –	**$ –**	$ –
Actual return on plan assets	**80,991**	50,207	**–**	–	**–**	–	**–**	–
Employer contributions	**55,865**	49,000	**547**	1,796	**–**	–	**210**	330
Benefits paid	**(33,268)**	(35,937)	**(547)**	(1,796)	**–**	–	**(210)**	(330)
Fair value of plan assets – end of year	**$ 688,606**	$ 585,019	**$ –**	$ –	**$ –**	$ –	**$ –**	$ –
Funded status of the plans								
Underfunded	**$ (114,078)**	$ (215,253)	**$ (21,506)**	$ (21,988)	**$ (5,175)**	$ (5,481)	**$ (2,878)**	$ (2,374)
Unrecognized net actuarial loss (gain)	**135,538**	236,740	**(2,181)**	(614)	**–**	–	**(234)**	(709)
Unrecognized prior service cost	**(2,247)**	(3,022)	**–**	–	**–**	–	**463**	565
Prepaid (accrued) benefit cost	**$ 19,213**	$ 18,465	**$ (23,687)**	$ (22,602)	**$ (5,175)**	$ (5,481)	**$ (2,649)**	$ (2,518)

11. Cash Balance Plan and Postretirement Health Care Benefits (continued)

As of June 30, 2011 and 2010, the CHRISTUS cash balance plan had accumulated benefit obligations of $767,586,000 and $747,206,000, respectively Assumptions used to determine benefit obligations and net periodic benefit cost for the fiscal years were as follows

	Cash Balance Plan		Postretirement		SERP		Restoration Plan	
	2011	2010	2011	2010	2011	2010	2011	2010
Benefit obligations								
Discount rate	5 15%	4 83%	4 96%	4 92%	5 15%	4 83%	5 15%	4 83%
Rate of compensation increase	4 09	4 61	N A	N A	4 09	4 61	4 09	4 61
Net periodic benefit cost								
Discount rate	4 83	5 84	4 96	4 92	4 83	5 84	4 83	5 84
Expected long-term return on plan assets	7 50	7 50	N A	N A	N A	N A	N A	N A
Rate of compensation increase	4 61	4 61	N A	N A	4 61	4 61	4 61	4 61

The investment objective with regard to the plan assets is one of long–term capital appreciation and generation of a stream of current income This balanced approach is expected to earn long-term total returns, consisting of capital appreciation and current income, that are commensurate with the expected rate of return used by the plans

The following information pertains only to the CHRISTUS Health postretirement plan The first table details information pertaining to assumed health care cost trend rates The second table depicts the effect of a 1% point change in assumed health care cost trend rates

	Postretirement	
	2011	2010
Assumed health care cost trend rates at June 30	9 0%	8 0%
Health care cost trend rate assumed for next year	8 0	7 0
Ratio to which the cost trend rate is assumed to decline (the ultimate trend rate)	5 5	5 0
Year that the rate reaches the ultimate trend rate	2015	2014

	Postretirement	
	1% Point Increase	1% Point Decrease
	(In Thousands)	
Effect on total of service cost and interest cost components	$ 160	$ (141)
Effect on postretirement benefit obligation	1,783	(1,599)

11. Cash Balance Plan and Postretirement Health Care Benefits (continued)

Investment Policy and Asset Allocations

The investment policies and strategies for the assets of the cash balance plan incorporate a well-diversified approach that is expected to generate long-term returns from capital appreciation and a growing stream of current income This approach recognizes that assets are exposed to risk and the market value of the plan assets may fluctuate from year to year Risk tolerance is determined based on the plan's financial stability and the ability to withstand return volatility In developing the expected return on plan assets, the System evaluates the historical performance of total plan assets, the relative weighting of plan assets, interest rates, economic indicators, and industry forecasts In line with the investment return objective and risk parameters, the mix of assets includes a diversified portfolio of equity, fixed income, and alternative investments Equity investments include international stocks and a blend of domestic growth and value stocks of various sizes of capitalization The aggregate asset allocation is rebalanced as needed, but not less than on an annual basis

The asset allocations for the cash balance plan at June 30, 2011 and 2010, by asset category, are detailed below (in thousands) The postretirement plan, SERP, and restoration plan are unfunded

	2011	2010
Cash and cash equivalents	**$ 98,516**	$ 95,839
Domestic common stocks	**165,710**	106,773
Preferred stocks	**–**	291
Fixed income securities	**203,298**	138,436
International equities	**39,217**	86,826
Equity investments in managed funds	**179,676**	156,564
Total	**$ 686,417**	$ 584,729

11. Cash Balance Plan and Postretirement Health Care Benefits (continued)

The allocation of plan assets by asset category for the cash balance plan, as of June 30, is as follows

	2011	2010
Allocation of plan assets by asset category		
Cash and cash equivalents	**14.0%**	16 0%
Equity investments in managed funds (as discussed in Note 5)	**27.0**	27 0
Fixed income securities	**29.0**	24 0
Equity securities	**30.0**	33 0
Total	**100.0%**	100 0%

The value of the plan assets measured at fair value on a recurring basis was determined using the following inputs, as described in Note 6, at June 30, 2011 (in thousands)

	Level 1	Level 2	Level 3	Total
Assets				
Investments				
Cash and cash equivalents	$ 308	$ 98,208	$ –	$ 98,516
Domestic common stocks	165,710	–	–	165,710
Fixed income securities	–	203,298	–	203,298
International equities	39,217	–	–	39,217
Equity investments in managed funds	–	–	179,676	179,676
Total investments	205,235	301,506	179,676	686,417
Total assets at fair value	$ 205,235	$ 301,506	$ 179,676	$ 686,417

11. Cash Balance Plan and Postretirement Health Care Benefits (continued)

The following table is a rollforward of the pension plan assets classified within Level 3 of the valuation hierarchy (in thousands)

	Hedge Funds	Private Equity	Real Estate	Natural Resources
Fair value at July 1, 2010	$ 91,165	$ 50,542	$ 10,925	$ 3,931
Purchases, issuances, and settlements	7,753	12,158	350	1,481
Actual return on plan assets	1,842	(1,360)	1,178	(289)
Fair value at June 30, 2011	$ 100,760	$ 61,340	$ 12,453	$ 5,123

The cash balance plan has $58,858,000 of funding commitments to equity investments in managed funds as of June 30, 2011

Contributions

In fiscal year 2012, CHRISTUS expects to contribute $56,400,000 to the cash balance plan based on asset values for the plan year beginning January 1, 2011 Contributions to the cash balance plan of $55,865,000, and $49,000,000 were made for plan years beginning January 1, 2010 and 2009, respectively Since the postretirement plan, SERP, and restoration plan are unfunded, no cash contributions are expected

11. Cash Balance Plan and Postretirement Health Care Benefits (continued)

Benefit Payments

The following benefit payments, which reflect expected future service relative to the cash balance plan and expected benefit payments for services previously rendered relative to the postretirement plan and the SERP, are expected to be paid as follows (in thousands)

	Cash Balance Plan	Post-Retirement	SERP	Restoration Plan
2012	$ 35,673	$ 1,122	$ 598	$ 523
2013	39,486	1,318	581	273
2014	42,391	1,491	562	284
2015	44,915	1,665	541	293
2016	48,307	1,788	518	308
Years 2017–2020	297,103	10,381	2,195	1,480

Defined-Contribution Plans

The System has a defined-contribution plan (the Matched Savings Plan) covering substantially all CHRISTUS Health employees Annual employee contributions are limited to 50% of compensation, up to the Internal Revenue Service dollar limits The System will match 50% of employee contributions, not to exceed 4% of annual compensation Employer contributions vest to the employee over a five-year period For the years ended June 30, 2011 and 2010, expenses attributable to the Matched Savings Plan amounted to $8,173,381 and $9,632,255, respectively

CHRISTUS St Vincent Regional Medical Center (St Vincent) has two 403(b) defined-contribution plans for union and nonunion employees St Vincent makes a set lump-sum contribution per year for nurse union employees and a contribution of 3 5% of gross salaries for nonunion employees, as defined by the plans' agreements For fiscal years 2011 and 2010, St Vincent has incurred approximately $3,960,000 and $3,781,000 in expenses related to the plans, respectively

11. Cash Balance Plan and Postretirement Health Care Benefits (continued)

ExecuFLEX Benefit Plan

The System established an ExecuFLEX plan (ExecuFLEX), which is limited to designated executives Plan participants receive an ExecuFLEX allowance to be allocated among four different components CHRISTUS Health ExecuFLEX Individual Long-Term Disability Plan, CHRISTUS Health ExecuFLEX Supplemental Survivor Plan, CHRISTUS Health ExecuFLEX Spouse Survivor Plan, and CHRISTUS Health ExecuFLEX Deferred Income Account (DIA) Plan

CHRISTUS Health maintains a collateral interest in the individual life insurance policies under the supplemental survivor plan and the spouse survivor plan to the extent of the cumulative advanced premiums paid on behalf of the participant(s) Upon termination of employment, a participant is required to surrender any policy with a cash surrender value less than the advanced premiums

The DIA Plan is a nonqualified, deferred compensation plan, eligibility is limited to designated executives Benefits vest based on certain qualifying events and are paid to participants when fully vested The funds contributed by participants to this component of the ExecuFLEX Plan are held in a Rabbi Trust until vesting requirements have been satisfied The System has an asset recorded for the investments in the Rabbi Trust with a corresponding liability As of June 30, 2011 and 2010, the total asset and the corresponding liability were $9,044,000 and $7,411,000, respectively

12. Self-Funded Liabilities

The System self-funds and insures for primary professional and general liability, workers' compensation, and employee medical benefits A wholly owned, captive insurance company, Emerald Assurance Cayman Ltd (Emerald), is used to fund primary professional and general liability Additionally, the System internally sets aside funds for workers' compensation and employee medical benefits Funding amounts are based on actuarial recommendations

The assets of the captive insurance company, internally designated funds, and the estimated liability for losses are reported in the consolidated balance sheets Investment income from the assets and the provision for estimated self-funded losses and administrative costs are reported in the consolidated statements of operations and changes in net assets The estimated self-funded

12. Self-Funded Liabilities (continued)

losses include expected claim payments, including settlement costs for reported claims and an actuarial determination of expected losses related to claims that have been incurred but not reported

Emerald was incorporated in the Cayman Islands on June 27, 2003, and operates subject to the provisions of the Companies Law (2003 Revision) of the Cayman Islands Emerald was granted an Unrestricted Class "B" Insurer's license on June 30, 2003, which it holds subject to the provisions of the Insurance Law (2003 Revision) of the Cayman Islands Emerald has received an undertaking from the Cayman Islands government exempting it from local income, profits, and capital gains taxes until July 29, 2023 No such taxes are currently levied in the Cayman Islands

13. Concentrations of Credit Risk

The System grants credit without collateral to its patients, most of whom are local residents of the geographies of the various System health care centers and are insured under third-party payor agreements The mix of gross accounts receivables from patients and third-party payors at June 30, 2011 and 2010, was as follows

	2011	2010
Medicare	**24.6%**	24 7%
Medicaid	**5.3**	8 8
Managed care organizations	**36.6**	37 4
Commercial insurance	**4.6**	6 5
Self-pay	**15.9**	11 5
Others	**13.0**	11 1
	100.0%	100 0%

14. Commitments and Contingencies

Operating Leases

The System leases various equipment and facilities under noncancelable operating leases expiring at various dates through May 19, 2045 Total rental expense in 2011 and 2010 for all operating leases was approximately $46,948,000 and $43,857,000, respectively

14. Commitments and Contingencies (continued)

The System's leases have varying terms, which may include renewal or purchase options and escalation clauses, that are factored into determining minimum lease payments The following is a schedule by year of future minimum lease payments under operating leases as of June 30, 2011, that have initial or remaining lease terms in excess of one year (in thousands)

2012	$ 31,459
2013	27,389
2014	23,338
2015	19,240
2016	15,562
Thereafter	32,306
Total	$ 149,294

From time to time, the System is subject to litigation in the ordinary course of operations In management's opinion, any future settlements or judgments on asserted or unasserted claims will not have a material effect on the System's consolidated financial statements

CHRISTUS Spohn Health System Corporation (CHRISTUS Spohn) has received a request and subpoena from the Health and Human Services Office of the Inspector General (OIG) for one-day stay information, and CHRISTUS Spohn has worked with the OIG and the U S Attorney's office in the Southern District of Texas to comply with this request While maximum penalties could have a material impact on CHRISTUS Health's financial condition, management anticipates that any final settlement will not have a material adverse impact on its financial condition

CHRISTUS Health has received notification that several regions have been identified as part of the nationwide Department of Justice (DOJ) investigation to determine whether, in certain cases, implantable cardioverter defibrillators (ICDs) were provided to certain Medicare beneficiaries in accordance with national coverage criteria Through October 12, 2011, the DOJ has not asserted any claims against the System The System continues to fully cooperate with the DOJ in its investigation While maximum penalties could have a material impact on CHRISTUS Health's financial condition, management anticipates that any final settlement will not have a material adverse impact on its financial condition

14. Commitments and Contingencies (continued)

Because the government's enforcement efforts presently are widespread within the industry and may vary from region to region, there can be no assurance that the compliance program will significantly reduce or eliminate the exposure of the System to civil or criminal sanctions or adverse administrative determinations

15. Functional Expenses

The System provides general health care services to residents throughout various geographic locations Expenses related to providing these services at June 30, 2011 and 2010, are as follows (in thousands)

	2011	2010
Health care services	**$ 2,721,502**	$ 2,633,422
Physician services	**188,017**	158,133
General and administrative	**771,734**	784,468
Total	**$ 3,681,253**	$ 3,576,023

16. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets at June 30, 2011 and 2010, are available for the following purposes or periods (in thousands)

	2011	2010
Purchase of equipment/capital improvement	**$ 13,263**	$ 20,380
Indigent care	**2,744**	2,034
Health education	**1,985**	1,671
Health care services	**7,076**	9,704
Community outreach	**13,281**	11,504
Other	**23,047**	12,613
Total	**$ 61,396**	$ 57,906

16. Temporarily and Permanently Restricted Net Assets

Permanently restricted net assets at June 30, 2011 and 2010, are restricted as follows (in thousands)

	2011	2010
Investments to be held in perpetuity, the income from which is expendable to support health care services (reported as operating income)	**$ 7,699**	$ 7,550
Endowment requiring income to be added to original gift	**3,922**	3,174
Other	**1,930**	2,396
Total	**$ 13,551**	$ 13,120

17. Assets Held for Sale

During fiscal year 2009, the System implemented a plan to monetize nonoperational assets where appropriate As a result, several properties were identified and marketing plans were developed The System classified certain long-lived assets as held for sale in fiscal years 2011 and 2010 The System has classified $2,150,000 and $28,308,000 as assets held for sale at June 30, 2011 and 2010, respectively During fiscal year 2011, land of approximately $16,100,000 that was classified as held for sale at June 30, 2010 was reclassified as property, plant, and equipment at June 30, 2011

Approximately $1,147,000 of the assets held for sale balance at June 30, 2011 is land The remaining $1,003,000 represents nonoperational buildings in several Regions Approximately $2,150,000 of the assets held for sale at June 30, 2010 continue to be classified as held for sale at June 30, 2011 This classification is considered appropriate due to market conditions and length of time required to execute sale transactions The assets are recorded at the lower of the book or estimated fair value at June 30, 2011

18. Changes in Consolidated Unrestricted Net Assets

Changes in consolidated unrestricted net assets that are attributable to the System and the noncontrolling interests in subsidiaries are as follows

	Controlling Interest	Noncontrolling Interest	Total
Balance, July 1, 2009	$ 1,954,230	$ 91,791	$ 2,046,021
Unrestricted revenues, gains, and other support in excess of expenses	63,183	14,829	78,012
Distributions	–	(597)	(597)
Other activities	(5,374)	(2,309)	(7,683)
Balance, June 30, 2010	2,012,039	103,714	2,115,753
Unrestricted revenues, gains, and other support in excess of expenses	**177,333**	**18,717**	**196,050**
Distributions	**–**	**(11,592)**	**(11,592)**
Other activities	**72,472**	**2,410**	**74,882**
Balance, June 30, 2011	**$ 2,261,844**	**$ 113,249**	**$ 2,375,093**

19. Significant Events

Expansion of Healthcare Operations – Santa Rosa

In July 2009, the CHRISTUS Santa Rosa Region bought a 38% ownership interest in the Foundation Surgery Affiliates of New Braunfels, LLC (FSA) for cash consideration of $2,417,000 In addition to the cash purchase price, CHRISTUS Santa Rosa paid cash consideration of $558,000 to FSA to terminate the management agreement of the facility The FSA facility is located in New Braunfels, Texas Subsequent to the acquisition, FSA merged with CHRISTUS Santa Rosa Outpatient Surgery – New Braunfels, LP CHRISTUS Santa Rosa has an ownership interest of 55 95% in the merged entity The transactions were accounted for under the pooling method of accounting CHRISTUS Santa Rosa and CHRISTUS Santa Rosa Outpatient Surgery – New Braunfels, LP executed a management services agreement whereby CHRISTUS Santa Rosa will perform certain management services for the combined entity

19. Significant Events (continued)

In September 2009, CHRISTUS Santa Rosa purchased a 51% ownership interest in the Foundation Surgery Center of San Antonio for an estimated cash consideration of $14,400,000 and the assumption of $23,500,000 in debt Foundation Surgery Center has total assets of $19,500,000, including $4,600,000 in current assets, and total liabilities of $27,400,000 after acquisition Foundation Surgery Center of San Antonio has four locations in San Antonio and performs approximately 25,000 procedures annually CHRISTUS Santa Rosa also paid cash consideration of approximately $4,600,000 to assume the management agreement The transaction resulted in approximately $19,000,000 in goodwill

Effective July 1, 2010, the System reorganized its post-acute operations Certain long-term acute care facilities operated by Dubuis Health System were transferred to CHRISTUS Continuing Care, which resulted in approximately $24,400,000 recorded in other changes in unrestricted net assets at June 30, 2010 Subsequently, the System ceased to consolidate Dubuis Health System

On February 4, 2011, substantially all the operating assets of CHRISTUS St Joseph Villa in Salt Lake City, Utah, were sold to The Ensign Group for a sale price of $16,500,000 CHRISTUS St Joseph Villa is a continuing care retirement facility with 327 beds/units offering independent and assisted living, long-term care, post-acute care and geri psych services The gain from operations for the year ended June 30, 2011 was $647,000, which is included in other nonoperating loss on the consolidated statement of operations and changes in net assets The transaction resulted in a gain from the sale of $4,300,000, which is included in other nonoperating activity in the consolidated statement of operations and changes in net assets

20. Subsequent Events

The System evaluated events and transactions occurring subsequent to June 30, 2011 through October 12 2011, the date of issuance of the accompanying consolidated financial statements During this period, there were no subsequent events requiring recognition in the consolidated financial statements

Other Financial Information

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Independent Auditors' Report on Other Financial Information

The Board of Directors
CHRISTUS Health

We have audited, in accordance with auditing standards generally accepted in the United States, the consolidated financial statements of CHRISTUS Health as of June 30, 2011, and for the year then ended, and have issued our unqualified opinion thereon dated October 12, 2011 The accompanying community benefit information, on which we express no opinion, is presented for purposes of additional analysis and is not a required part of the basic financial statements taken as a whole

Ernst & Young LLP

October 12, 2011

CHRISTUS Health

Community Benefit (Unaudited)

CHRISTUS complies with the Catholic Health Association's (CHA), *A Guide for Planning and Reporting Community Benefits*, © 2008, and the state of Texas reporting requirements CHA guidelines have adopted the instructions for IRS Form 990, Schedule H

Following is a summary of the System's quantifiable costs of community benefits provided for the years ended June 30, 2011 and 2010 (in thousands)

	2011	2010
	(Unaudited)	
Programs and services for the poor and underserved		
Charity care at unpaid cost	**$ 172,473**	$ 168,553
Unpaid cost of Medicaid and other public programs	**(146,355)**	(133,446)
Community services for the poor and underserved	**124,732**	132,616
Total for the poor and underserved	**150,850**	167,723
Community services for the broader community		
Education and research	**11,152**	16,473
Other community services	**6,463**	6,536
Total for the broader community	**17,615**	23,009
Total community benefits	**$ 168,465**	$ 190,732

The totals are calculated following CHA guidelines and adhere to IRS Form 990, Schedule H methodology CHRISTUS Health has multiple reporting requirements of charity care and community benefit, which vary based on the definitional and timing requirements of each requesting organization

In addition to the community benefits reported above, the state of Texas requires that the unpaid costs of Medicare and other government-sponsored programs be reported For the fiscal years ended 2011 and 2010, the unpaid costs of these programs were $169,292,000 and $158,404,000, respectively The unpaid costs of the Medicare program represent the cost of providing services to primarily elderly beneficiaries of the Medicare program, in excess of governmental and managed care contract payments The unpaid costs of other government-sponsored programs represent the cost for providing health care services to the beneficiaries of the Department of Defense (DOD) civilian care, included as per the state of Texas guidelines

As noted, the CHRISTUS Community Direct Investment (CDI) Program was established to support community-driven initiatives, primarily for affordable housing and economic development, by providing financing at below-market interest rates At June 30, 2011 and 2010, the CDI Program had $6,104,117 and $8,147,000, respectively, in outstanding loans, approximately 75% and 82%, respectively, of these loans relate to projects in CHRISTUS Health regions The difference between the interest rates charged on the loans and the amount that the System would have earned on these monies is the forgone interest that is considered a community benefit In fiscal years 2011 and 2010, the amount recognized as a community benefit related to this program was $203,001 and $234,816, respectively

As noted, the CHRISTUS Fund was established for the purpose of providing grants to support community planning, healthy community initiatives, and community-based programs, with a focus on the poor and underserved areas where CHRISTUS Health ministries and sponsoring congregations are involved During fiscal years 2011 and 2010, the CHRISTUS Fund provided grants of $1,679,159 and $1,603,133, respectively, approximately 96% and 94% of the grants relate to programs in CHRISTUS regions in 2011 and 2010, respectively

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