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DLN: 93493135058442

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

OMB No 1545-0047

benefit trust or private foundation) ► The organization may have to use a copy of this return to satisfy state reporting requirements

F	2010	 					Inspection	
	applicable	lendar year, or tax year beging C Name of organization	-	11	D Employ	ver i	dentification number	
Check if Address		PROVIDENCE HEALTH SERVICES dba PROVIDENCE HEALTHCARE N			74-11	096	536	
Name ch	_	Doing Business As			E Telepho			
Initial ret		Number and store (1, 2, 2, 1	of moul to not delivered to a track a 11	D	_			
Terminat		Number and street (or P O box 6901 MEDICAL PARKWAY	ıf maıl ıs not delivered to street address)	Room/suite	(254) 7			
Amended Application	d return on pending	City or town, state or country, ai WAC, TX 76712	nd ZIP + 4		G Gross re	ceip	ts \$ 260,535,471	
		F Name and address of p	principal officer	H(a) Is this	a group roturn for	- affili	ates? Yes No	
		KENT A KEAHEY	·	in(a) is this	a group recurrior	allill	ates () les () NO	
		6901 MEDICAL PARKWA WACO,TX 767127910	A Y	If "N		lıst	t (see instructions)	
Tax-exe	empt status	▽ 501(c)(3) ┌ 501(c)()	◀ (insert no)	H(c) Grou	ip exemptioi	n n	umber ► 0928	
Websit	te:► WW	W PROVIDENCE NET		7				
Form of c	omanization	Corporation Trust Associa	ation Other •	Vear of fo	mation 1908	Т	M State of legal domicile TX	
Part I		mary	duon's other P	E rear or to	imation 1300		Tractice of legal dofficie. The	
2 3 4 5	Our Catl Individua Health S facilities	nolic health ministry is dedica als and communities In furthe ervices of Waco provides ess	ision or most significant activities ited to spiritually centered, holistic care erance of its mission and in an effort to r ential health care services such as outp its as well as community services Provi	educe the gove patient clinics, a	rnment's fin and emerger	nano ncy	cial burden, Providence room and ambulatory	
	<u> </u>				- F0/ 6 I			
2		•	discontinued its operations or disposed		1			
3			erning body (Part VI, line 1a) rs of the governing body (Part VI, line 1		<u> </u>	3 4	11	
		·	in calendar year 2010 (Part V, line 2a)	•	· -	5	3,047	
		mber of volunteers (estimate			<u> </u>	6	200	
1			n Part VIII, column (C), line 12		⊢	 7а	439,519	
			e from Form 990-T, line 34		7	7b	,	
				Prio	r Year		Current Year	
8	Contri	Contributions and grants (Part VIII, line 1h)						
9 10	Progra	m service revenue (Part VIII	220,232,190		240,061,738			
10	Invest	ment income (Part VIII, colu	mn (A), lines 3, 4, and 7d)		6,276,64	6	10,344,849	
11			A), lines 5, 6d, 8c, 9c, 10c, and 11e)		7,572,83	1	7,487,475	
12			11 (must equal Part VIII, column (A), l		236,943,69	اور	259,900,659	
13			art IX, column (A), lines 1-3)		147,83	-	3,596,550	
14			rt IX, column (A), line 4)		· · · · · · · · · · · · · · · · · · ·		0	
15			oyee benefits (Part IX, column (A), lines					
\$ 16a	5-10)			-	103,750,49	8	109,580,125	
16a		-	[X, column (A), line 11e)			+	0	
_		ndraising expenses (Part IX, column	· · · · · · · · · · · · · · · · · · ·	<u> </u>	117.013.00		117 252 702	
17 18			N), lines 11a–11d, 11f–24f)		117,913,89 221,812,21	-	117,352,792 230,529,467	
19		·	ne 18 from line 12	<u> </u>	15,131,48	-	29,371,192	
	Reven	de 1635 expenses Subtrace in		Beginning	g of Current	-		
Ž.					'ear		End of Year	
20	Total	assets (Part X, line 16)			267,717,52	7	299,701,221	
Secure Pour 20 21 22		iabilities (Part X, line 26) .			100,982,60	-	101,582,119	
			ct line 21 from line 20		166,734,92	6	198,119,102	
	alties of present and believes.	f, it is true, correct, and comple ** ature of officer	mined this return, including accompanying ste. Declaration of preparer (other than offi	cer) is based on				
-		N RICHARDSON SR VP-FINANCE/C or print name and title	.i U					
	Print/Type		Preparer's signature		Check if self-	_	PTIN	
aid	preparer's	name ne DELOITTE TAX LLP			employed 🕨			
reparer							Firm's EIN	
se Only	Firm's add	dress 1111 BAGBY ST STE 4500					Phone no 🕨	
		HOUSTON, TX 77002					l	

Form	1990 (2010)					Page 2
Par		t of Program Servedule O contains a res				
1	Briefly describe the	organization's missio	n			
comi provi	munities In furtheran ides essential health	ce of its mission and i care services such as	in an effort to redu s outpatient clinic	ice the government's s, and emergency roo	ustains and improves the he financial burden, Providence om and ambulatory facilities apital projects in support of	e Health Services of Waco that serve low income
2		ı undertake any sıgnıfı or 990-EZ?	cant program ser	vices during the year	which were not listed on	┌ Yes ┌ No
	If "Yes," describe th	iese new services on S	Schedule O			
3	services?			changes in how it coi	nducts, any program	┌ Yes ┌ No
	If "Yes," describe th	ese changes on Sche	dule O			
4	Section 501(c)(3) a		ations and section	n 4947(a)(1) trusts a	largest program services by re required to report the amo service reported	
4a	(Code SEE STATEMENT 1) (Expenses \$	191,223,553	including grants of \$	3,596,550) (Revenue \$	244,189,173)
4b	(Code) (Expenses \$	1	ncluding grants of \$) (Revenue \$)
4c	(Code) (Expenses \$	1	including grants of \$) (Revenue \$)
		-		-		
4d	Other program ser (Expenses \$	vices (Describe in Sc inc	hedule O) cluding grants of s	\$) (Revenue \$)
4e	Total program serv	vice expenses►\$	191,223,553			

Part TV	Checklist of	Required	Schedules
	CHCCKHSCOL	IXCUUII CU	Scriculics

			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)? $^{f z}$	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		Νο
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		No
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 1	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 quasiendowments? If "Yes," complete Schedule D, Part $\sqrt{2}$	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			
а	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
С	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII.	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX.	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X.	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional	12b	Yes	
13	Is the organization a school described in section 170 (b)(1)(A)(II)? If "Yes," complete Schedule E	13		No
	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
	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? <i>If</i> " <i>Yes,"</i> 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	

Par	t 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		No
С	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? 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)			
а	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part			
	IV	28a		No
	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b	Yes	
С	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule Ma	29	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? If "Yes," complete Schedule R, Part I	33		Νo
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	
а	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			
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?	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 211			
Ь	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable 1b 0			
С	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			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?]		
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b	Yes	
_				
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	За	Yes	
ь	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				140
_	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			
	5 ,			
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? \cdot .	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?			No
		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		Νo
h	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts			
	were not tax deductible?	6b		Νo
7	Organizations that may receive deductible contributions under section 170(c).			
а	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and	7a	Yes	
L	services provided to the payor?	7b	Yes	
	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to		res	
·	file Form 8282?	7c		Νo
d	If "Yes," indicate the number of Forms 8282 filed during the year 7d 0			
е	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
	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as			
	required?	7g		Νo
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h		No
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did	- "-		NO
	the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess			
	business holdings at any time during the year?	8		No
9	Sponsoring organizations maintaining donor advised funds.			
а	Did the organization make any taxable distributions under section 4966?	9a		Νo
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b		No
10	Section 501(c)(7) organizations. Enter			
	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			
11				
	Gross income from members or shareholders			
	Gross income from other sources (Do not net amounts due or paid to other sources			
-	against amounts due or received from them)			
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a		No
	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.			1
а	Is the organization licensed to issue qualified health plans in more than one state?	13a		No
	Note. See the instructions for additional information the organization must report on Schedule O			
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			
c	Enter the amount of reserves on hand			
	13c			
	Did the organization receive any payments for indoor tanning services during the tax year?	14a		Νo
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b		Νo

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.

Se	ection 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			
b	Enter the number of voting members included in line 1a, above, who are independent			
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	5		Νo
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			
а	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
	ection B. Policies (This Section B requests information about policies not required by the Internal			
KE	evenue Code.)		Yes	No
10a	Does the organization have local chapters, branches, or affiliates?	10a		No
	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		No
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			
	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?			
а	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	
Se	ection 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 V Upon request

- 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 ► KAREN RICHARDSON SR VPCFO 6901 MEDICAL PARKWAY WACO, TX 767127910

<u>Part VIII</u> Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

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 organ	nization nor any r	sate	sated any current officer, director, or trustee							
(A) Name and Title	(B) Average hours	(C) Position (check all that apply)						(D) Reportable compensation from the	(E) Reportable compensation from related	(F) Estimated amount of other compensation
	per week (describe hours for related organizations in Schedule O)	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former	organization (W- 2/1099-MISC)	organizations (W- 2/1099- MISC)	from the organization and related organizations
See Additional Data Table										

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

	(A) Name and Title	(B) Average hours		tion (that a			Ш		Rep comp	(D) ortable ensation	(E) Reportable compensation		(F) Estima amount o	ted fother
		per week (describe hours for related organizations in Schedule O)	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former	organız	m the zation (W- 9-MISC)	from related organizations (W- 2/1099- MISC)		compens from t organizati relate organiza	he on and ed
See A	dditional Data Table													
							+					+		
							+					+		
							+					+		
							-					+		
							-					+		
1b	Sub-Total				٠.	•	٠	-						
С	Total from continuation sheets	to Part VII, Sec	tion A				Þ							
d	Total (add lines 1b and 1c) .						•	•		3,607,545			3	81,409
2	Total number of individuals (incl \$100,000 in reportable compen						above) who	receive	d more tha	n			
											F		Yes	No
3	Did the organization list any for on line 1a? <i>If</i> "Yes," complete Sch					ey e	mploy	ee, o	r highes	t compens	ated employee			
4	For any individual listed on line 3					nero	sation	• and a	other co	mnensation	from the	3		No
•	organization and related organization											4	Yes	
5	Did any person listed on line 1a services rendered to the organiz										r individual for	5		No
Se	ection B. Independent Con	tractors												
1	Complete this table for your five	highest comper		ndep	ende	ent d	ontra	ctors	that rec	eived more	than			
	\$100,000 of compensation from	(A)	n								(B)	T	(C)
	Nan	ne and business ad	dress							Descr	iption of services		Compen	sation

(A)	(B)	(C)
Name and business address	Description of services	Compensation
WACO SURGICAL GROUP 6600 FISH POND RD WACO, TX 767102621	MEDICAL CONSULTING	571,635
NAVVIS CONSULTING LLC 15945 CLAYTON ROAD STE360 BALLWIN, MO 63011	CONSULTING	904,559
MCLENNAN COUNTY MEDICAL EDUCATION & RESEARCH 1600 PROVIDENCE DR WACO, TX 767072291	Resident Medical Svc	840,168
MCLENNAN COUNTY HOSPITALISTS PO BOX 23548 WACO, TX 767023548	HOSPITALISTS	1,372,039
MCLENNAN COUNTY EMERGENCY PHYSICIANS PO BOX 23548 WACO, TX 767023548	EMERGENCY PHYSICIANS	8,198,174
2 Total number of independent contractors (including but not limited to those listed above) \$100,000 in compensation from the organization ▶28	who received more than	

Form 9		2010) Statement of Revenue					Pag	e 9
		, otatement 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
nts	1a	Federated campaigns	1a					
gra	ь	Membership dues	1b					
Contributions, gifts, grants and other similar amounts	c	Fundraising events	1c	187,553				
<u>#</u> ,#	d	Related organizations	1d	1,819,044				
Sing.	e	Government grants (contributions)	1e					
흊	f	All other contributions, gifts, grants, and	1f					j
き	a	similar amounts not included above Noncash contributions included in lines 1a-	1f \$	80,987				
	_		·		2,006,597			
<u>O #</u>	-	Total. Add lines 1a-1f		Busunsas Cada	2,000,397			
e E	2a			Business Code				
Vеп	24	NET PATIENT SVCS REV		624100	240,061,738	240,061,738		
Program Serwce Revenue	b							
MCE	С							
33	d							
ä	е							
Ş	f	All other program service revenue						
	g	Total. Add lines 2a-2f			240,061,738			
	3	Investment income (including divid	dends, interest					
		and other similar amounts)			10,485,443			10,485,443
	4	Income from investment of tax-exempt be	ond proceeds F		0			
	5	Royalties			0			
	_		(i) Real	(II) Personal				
		Gross Rents Less rental	478,443					
	_	expenses	470.440					
		Rental income or (loss)	478,443					
	d	Net rental income or (loss)			478,443			478,443
	7a		Securities 157,382	(II) O ther				
		from sales of assets other than inventory						
		Less cost or other basis and sales expenses	297,976 -140,594					
	_	Gain or (loss) Net gain or (loss)	·		-140,594			-140,594
Ó		Gross income from fundraising eve						
Other Revenue		(not including \$187,553 of contributions reported on line 1c						
Ē		See Part IV, line 18						
the	L	Local direct expenses	a	71,982				
0		Less direct expenses Net income or (loss) from fundraisi	b ng events ►	120,058	-48,076			-48,076
		Gross income from gaming activities						
		Less direct expenses						
		Net income or (loss) from gaming a	ictivities		0			
	10a	Gross sales of inventory, less returns and allowances						
			1	431,915				
	Ь	Less cost of goods sold I	b	216,778				
	С	Net income or (loss) from sales of	inventory 🟲		215,137			215,137
		Miscellaneous Revenue		Business Code		3 757		
		PHARMACY SALES		900099	2,757,228			
		MISC OTHER		900099	906,223			2 2== - :-
		CAFETERIA SALES		900099	2,275,017		4=	2,275,017
		All other revenue			903,503	463,984	439,519	
	е	* Total. Add lines 11a-11d	· · · · · •		6,841,971			
	12	Total revenue. See Instructions .					4=0	
					259,900,659	244,189,173	439,519	13,265,370
							m 990 (20	

Part IX Statement of Functional Expenses
Section 501(c)(3) and 501(c)(4) organizations must complete all columns.

Δ	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 no	ot include amounts reported on lines 6b, p, 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	3,596,550	3,596,550		<u> </u>				
2	Grants and other assistance to individuals in the U.S. See Part IV, line 22	0							
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16	0							
4	Benefits paid to or for members	0							
5	Compensation of current officers, directors, trustees, and key employees	2,230,454		2,230,454					
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0							
7	Other salaries and wages	87,117,053	75,159,210	11,957,843					
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	4,621,383	4,251,672	369,711					
9	Other employee benefits	9,053,133	8,057,288	995,845					
10	Payroll taxes	6,558,102	5,836,711	721,391					
а	Fees for services (non-employees) Management	0							
b	Legal	195,657		195,657					
c	Accounting	206,217		206,217					
d	Lobbying	0							
e	Professional fundraising services See Part IV, line 17	0							
f	Investment management fees	0							
g	Other	25,617,617	19,453,196	6,164,421					
12	Advertising and promotion	829,579		829,579					
13	Office expenses	57,497,351	53,585,920	3,911,431					
14	Information technology	0							
15	Royalties	0							
16	Occupancy	3,524,308	3,504,808	19,500					
17	Travel	592,374	325,994	266,380					
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0							
19	Conferences, conventions, and meetings	0							
20	Interest	2,147,172		2,147,172					
21	Payments to affiliates	0							
22	Depreciation, depletion, and amortization	11,292,035	9,598,230	1,693,805					
23 24	Insurance	480,406		480,406					
а	OTHER EXPENSES	5,870,492	2,646,620	3,223,872	_				
b	MINOR EQUIPMENT	646,800	226,430	420,370					
c	MAINTENANCE & REPAIRS	4,324,230	2,239,539	2,084,691					
d	FACILITATING PT DISCHARGE	734,347	734,347	_,,,,,,,,,					
e	EQUIPMENT RENT & MAINT	1,796,743	1,644,996	151,747					
f	All other expenses	1,597,464	362,042	1,235,422					
25	Total functional expenses. Add lines 1 through 24f	230,529,467	191,223,553	39,305,914	0				
26	Joint costs. Check here ► ☐ If following	,,	, ==,=25	, , , , , , , ,					
	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								

Pa	rt X	Balance Sheet					
					(A) Beginning of year		(B) End of year
	1	Cash—non-interest-bearing			Degining of year	1	O Cita of year
	2	Savings and temporary cash investments			17,339,481	2	18.074,285
	3	Pledges and grants receivable, net			,555,151	3	0
	4	Accounts receivable, net	•		32,274,245		34,126,285
	5	Receivables from current and former officers, directors, trustee	s kay	employees and	02,271,210	_	01,120,200
		highest compensated employees Complete Part II of	5, KC y	employees, and			
		Schedule L				5	0
۷۸	6	Receivables from other disqualified persons (as defined under spersons described in section $4958(c)(3)(B)$, and contributing esponsoring organizations of section $501(c)(9)$ voluntary emploorganizations (see instructions)	mploy	ers, and			
}		Schedule L				6	0
ssets	7	Notes and loans receivable, net			2,732,035	7	2,177,213
⋖	8	Inventories for sale or use			4,882,227	8	4,046,227
	9	Prepaid expenses and deferred charges			1,074,183	9	1,127,545
	10a	Land, buildings, and equipment cost or other basis <i>Complete Part VI of Schedule D</i>	10a	226,407,428			
	b	Less accumulated depreciation	10b	114,185,473	111,599,208	10c	112,221,955
	11	Investments—publicly traded securities				11	0
	12	Investments—other securities See Part IV, line 11				12	0
	13	Investments—program-related See Part IV, line 11				13	0
	14	Intangible assets				14	3,286,277
	15	Other assets See Part IV, line 11			97,816,148	15	124,641,434
	16	Total assets. Add lines 1 through 15 (must equal line 34) .			267,717,527	16	299,701,221
	17	Accounts payable and accrued expenses .			20,135,190	17	21,556,744
	18	Grants payable				18	
	19	Deferred revenue				19	4,938,374
	20	Tax-exempt bond liabilities				20	
8	21	Escrow or custodial account liability Complete Part IV of Schedu				21	
bilities	22	Payables to current and former officers, directors, trustees, ker employees, highest compensated employees, and disqualified	/				
Lia		persons Complete Part II of Schedule L				22	
	23	Secured mortgages and notes payable to unrelated third partie	s .	•	53,802,968	23	53,368,857
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities Complete Part X of Schedule D			27,044,443	25	21,718,144
	26	Total liabilities. Add lines 17 through 25			100,982,601	26	101,582,119
		Organizations that follow SFAS 117, check here ► 🔽 and com	plete	lines 27			
ě		through 29, and lines 33 and 34.					
au	27	Unrestricted net assets			165,884,852	27	197,443,470
Fund Balances	28	Temporarily restricted net assets			850,074	28	675,632
돧	29	Permanently restricted net assets				29	
Ē		Organizations that do not follow SFAS 117, check here ► ┌ a	nd cor	nplete			
5		lines 30 through 34.					
	30	Capital stock or trust principal, or current funds	•			30	
Assets	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other f	unds			32	
¥	33	Total net assets or fund balances			166,734,926	33	198,119,102
_	34	Total liabilities and net assets/fund balances			267,717,527	34	299,701,221

Par	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		259.9	900,659
2	Total expenses (must equal Part IX, column (A), line 25)	2			529,467
3	Revenue less expenses Subtract line 2 from line 1	3	29,371,		371,192
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	166,734,9		
5	Other changes in net assets or fund balances (explain in Schedule O)	5		2,0	12,984
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		198,1	119,102
Par	T XII Financial Statements and Reporting Check If Schedule O contains a response to any question in this Part XII			୮	
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			Yes	No
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	
С	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of t 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		No
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were is on a separate basis, consolidated basis, or both	sued			
	Separate basis Consolidated basis Both consolidated and separated basis				
За	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	:	3a		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the reaudit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	quired	3b		No

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DLN: 93493135058442

OMB No 1545-0047

Inspection

SCHEDULE A

(Form 990 or 990EZ)

Name of the organization

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.

Employer identification number

PROVIDENCE HEALTH SERVICES OF WACO dba PROVIDENCE HEALTHCARE NETWORK 74-1109636 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) A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i). 1 A school described in section 170(b)(1)(A)(ii). (Attach Schedule E) 2 굣 A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii). 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 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) A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v). 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) A community trust described in section 170(b)(1)(A)(vi) (Complete Part II) An organization that normally receives (1) more than 331/3% 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 331/3% 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) An organization organized and operated exclusively to test for public safety Seesection 509(a)(4). 10 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of 11 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 Type I **b** Type II Type III - Other 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) 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 Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons? (i) a person who directly or indirectly controls, either alone or together with persons described in (ii) Yes No 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	(iv) Is the organizate col (i) lis your gove docume	ion in ted in rning	(v) Did you not organizati col (i) of suppor	ion in your	(vi) Is the organization in col (i) organized in the US?		(vii) A mount of support
		inst ruct ions))	Yes	No	Yes	No	Yes	No	
-									
Total									

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.)

S	ection A. Public Support		and to quanty t			out complete			
	endar year (or fiscal year beginning								
Care	in)	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total		
1	Gifts, grants, contributions, and								
	membership fees received (Do not								
	ınclude 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								
Ū	line 4								
S	ection B. Total Support		<u> </u>	I I.					
	endar year (or fiscal year beginning								
	ın) >	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total		
7	A mounts from line 4								
8	Gross income from interest,								
Ū	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 activiti	es, etc (See inst	ructions)			12			
13	First Five Years If the Form 990 is t	for the organizati	on's first, second	, thırd, fourth, or	fifth tax year as a	501(c)(3) organı			
	check this box and stop here						►		
	-tiC Ct-tiC D-l	L'a Carana at B							
<u> </u>	ection C. Computation of Pub Public Support Percentage for 2010			11 column (f))					
	· ·		•	II Column (1))		14			
15	Public Support Percentage for 2009	Schedule A, Pa	rt II, line 14			15			
16a	33 1/3% support test—2010. If the				line 14 is 33 1/3%	or more, check			
_	and stop here. The organization qua						▶ □		
b	33 1/3% support test—2009. If the				5a, and line 15 is 3	33 1/3% or more,	- -		
	box and stop here. The organization				45.46		►		
1/a	10%-facts-and-circumstances test-								
	is 10% or more, and if the organization made						rt a d		
	in Part IV how the organization mee	ts the "racts and	circumstances"	test ine organiz	ration qualifies as	a publicly suppo			
L	organization	_2000 If+ba a	anization did not	chack a hay an l	no 12 165 166 -	r 17a and line	► □		
D	10%-facts-and-circumstances test- 15 is 10% or more, and if the organ								
	Explain in Part IV how the organization						V		
	supported organization	aon meets the 10	acts and circuilis	tances test file	z organizacion qual	mes as a publici	y ▶[¯		
18	• • •	on did not check	a box on line 13	. 16a. 16b. 17a o	r 17b, check this	box and see	- 1		
	rivate Foundation If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see								

organization

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 (a) 2006 **(b)** 2007 (c) 2008 (d) 2009 (e) 2010 (f) Total ın) 🟲 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants") 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 Gross receipts from activities that are not an unrelated trade or business under section 513 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf The value of services or facilities furnished by a governmental unit to the organization without charge Total. Add lines 1 through 5 7a Amounts included on lines 1, 2, and 3 received from disqualified 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 Public Support (Subtract line 7c from line 6) Section B. Total Support Calendar year (or fiscal year beginning (a) 2006 **(b)** 2007 (c) 2008 (d) 2009 (e) 2010 (f) Total in) 9 Amounts from line 6 Gross income from interest, 10a dividends, payments received on securities loans, rents, royalties and income from similar sources Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 Add lines 10a and 10b C Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on Other income Do not include 12 gain or loss from the sale of capital assets (Explain in Part IV) Total support (Add lines 9, 10c, 11 and 12) First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here Section C. Computation of Public Support Percentage 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 Investment income percentage for **2010** (line 10c column (f) divided by line 13 column (f)) 17 **17** Investment income percentage from 2009 Schedule A, Part III, line 17 18 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

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

▶□

Part IV

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

Schedule A (Form 990 or 990-EZ) 2010

Software ID: 10000105 **Software Version:** 2010v3.2

EIN: 74-1109636

Name: PROVIDENCE HEALTH SERVICES OF WACO

dba PROVIDENCE HEALTHCARE NETWORK

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

Compensated Employees, and Independent Contractors										
(A) Name and Title	(B) Average hours		tion (that a		/)			(D) Reportable compensation	(E) Reportable compensation	(F) Estimated amount of other
	per week	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former	from the organization (W- 2/1099-MISC)	from related organizations (W- 2/1099- MISC)	compensation from the organization and related organizations
VICKY CAMPBELL VP HOME CARE	40 00				х			126,656	0	33,085
TONY WELCH CRNA	40 00					х		145,633	0	3,039
TODD MOFFAT MD Trustee	1 00	Х						0	0	0
TIMOTHY BARRETT Executive Direc	40 00				х			257,115	0	42,191
STEVEN T CATES Trustee	1 00	Х						0	0	0
SR MARIE THERESE SEDGWICK DC Chairman	40 00	Х						0	0	0
Sr JOANNE M VASA DC Trustee	1 00	Х						0	0	0
Sr DOROTHEA MOLL DC Trustee	1 00	Х						0	0	0
Sr CECILE MATUSHEK DC VP MISSION AFF	40 00				х			117,677	0	16,192
SAMUEL E ABERNATHY PHARMACIST	40 00					х		157,840	0	10,750
ROBERT E BUCK COO	40 00			х				135,388	0	2,964
ODIS NICHOLS SR VP / COO	40 00			х				301,530	0	52,801
MS DEBORAH K KEEL Trustee	1 00	Х						0	0	0
LUCI HANSSON PHARMACISTS	40 00					х		153,585	0	5,724
LARRY STEPHENS VP L/T CARE	40 00				х			122,945	0	22,462
KRISTIN CRAIG CRNA	40 00					х		144,852	0	12,118
KENT A KEAHEY President & CEO	40 00			х				879,185	0	16,998
KENNETH HAMPTON Trustee	1 00	Х						0	0	0
KAREN RICHARDSON Sr V P/CFO	40 00			х				188,590	0	40,600
JONATHAN FORD VP MKTG	40 00				х			132,230	0	40,583
JOEK HOPKINS VPMH SVCS	40 00				х			129,761	0	20,301
HAL M WHITAKER Treasurer	1 00	Х						0	0	0
DR RONALD J EPPS VICE CHAIR	1 00	Х						0	0	0
DENNIS MICHAELIS Secretary	1 00	Х						0	0	0
DEBRA GORTON PHARMACISTS	40 00					х		156,514	0	12,239

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

(A) Name and Title	(B) Average hours	(C) Ition (check all that apply)					(D) Reportable compensation from the	(E) Reportable compensation from related	(F) Estimated amount of other	
	per week	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former	from the organization (W-2/1099-MISC)	organizations (W- 2/1099- MISC)	compensation from the organization and related organizations
CHUCK SIVESS V P O F H R	40 00				Х			112,750	0	27,024
BRETT ESROCK SR VP / COO	40 00			х				0	0	0
BRENDA P DAVIS VP-CLINICAL SVC	40 00				Х			183,883	0	13,710
ANNETTE F AYERS VP NURSING	40 00				Х			161,411	0	8,628

DLN: 93493135058442

OMB No 1545-0047

Open to Public Inspection

SCHEDULE C

Internal Revenue Service

(Form 990 or 990-EZ) Department of the Treasury

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.

Political Campaign and Lobbying Activities

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

- ◆ 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

If the	, ,, , =	t have NOT filed Form 5768 (election s," to Form 990, Part IV, Line 5 (I			•
N a PRO	me of the organization VIDENCE HEALTH SERVICES OF WACO PROVIDENCE HEALTHCARE NETWORK	·		Employer iden 74-1109636	tification number
Par	t I-A Complete if the or	ganization is exempt unde	r section 501(c) or is a section 527	organization.
1	Provide a description of the or	ganızatıon's dırect and ındırect polı	tical campaign act	tivities in Part IV	
2	Political expenditures			.	\$
3	Volunteer hours				
Par	Complete if the or	ganization is exempt unde	r section 501(c)(3).	
1		e tax incurred by the organization u			\$
2	Enter the amount of any excise	e tax incurred by organization mana	igers under sectio	n 4955 🕨	\$
3		section 4955 tax, did it file Form 47			Yes ✓ No
4a	Was a correction made?				┌ Yes ┌ No
b	If "Yes," describe in Part IV				
Par	t I-C Complete if the or	ganization is exempt unde	r section 501(c) except section 50:	L(c)(3).
1	Enter the amount directly expe	ended by the filing organization for s	section 527 exem	pt function activities 🕨	\$
2	Enter the amount of the filing of exempt funtion activities	organization's funds contributed to	other organization	s for section 527 ▶	\$
3	Total exempt function expendi	tures Add lines 1 and 2 Enter her	e and on Form 112	20-POL, line 17b ►	¢
4	Did the filing organization file I	Form 1120-POL for this year?			√ Yes
5	organization made payments l amount of political contribution	nd employer identification number (For each organization listed, enter t ns received that were promptly and political action committee (PAC)	he amount paid fro directly delivered	om the filing organization's t to a separate political orga	funds Also enter the inization, such as a
	(a) Name	(b) Address	(c) EIN	(d) A mount paid from filing organization's funds If none, enter -0-	(e) A mount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0-
For 5	anorwark Poduction Act Natice of	ee the Instructions for Form 990 or 9	90-57	Cat No 500845 Schedule C (

Р	art II-A Complete if the organization under section 501(h)).	is exempt under section 501(c)(3)	and filed Form 5768	(election
	Check If the filing organization belongs to a Check If the filing organization checked bo	n affiliated group x A and "limited control" provisions apply		
	Limits on Lobbying E (The term "expenditures" means ar		(a) Filing O rganization's Totals	(b) Affiliated Group Totals
1a	Total lobbying expenditures to influence public o	pınıon (grass roots lobbyıng)		
b	Total lobbying expenditures to influence a legisl	ative body (direct lobbying)		
C	Total lobbying expenditures (add lines 1a and 1	o)		
d	O ther exempt purpose expenditures			
е	Total exempt purpose expenditures (add lines 1	c and 1d)		
f	Lobbying nontaxable amount Enter the amount to columns			
	If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:		
	Not over \$500,000	20% of the amount on line 1e		
	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000		
	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000		
	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000		
	Over \$17,000,000	\$1,000,000		
	Grassroots nontaxable amount (enter 25% of lir	e 1f)		
h	Subtract line 1g from line 1a If zero or less, ent	er -0 -		
i	Subtract line 1f from line 1c If zero or less, ente	r-0-		
j	If there is an amount other than zero on either lii section 4911 tax for this year?	ne 1h or line 1i, did the organization file Form	4720 reporting	┌ 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 Expendit	ures During 4	4-Year Avera	ging 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					

	,	· ug·
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)).

		(6	a)	(b)	
		Yes	No	Amount	
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of				
а	Volunteers?		No		
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		Νo		
C	Media advertisements?		Νo		
d	Mailings to members, legislators, or the public?		No		
e	Publications, or published or broadcast statements?		Νo		
f	Grants to other organizations for lobbying purposes?	Yes		12,261	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		Νo		
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		Νo		
i	Other activities? If "Yes," describe in Part IV		Νo		
j	Total lines 1c through 1i			12,261	
2a	Did the activities in line 1 cause the organization to be not described in section $501(c)(3)$?		No		
b	If "Yes," enter the amount of any tax incurred under section 4912				
C	If "Yes," enter the amount of any tax incurred by organization managers under section 4912				
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?		No		

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

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

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

	1		
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).		
а	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	

Part IV Supplemental Information

Dues, assessments and similar amounts from members

Taxable amount of lobbying and political expenditures (see instructions)

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

Identifier	Return Reference	Explanation
Part II-B, Line 1i	Description	Lobbying expenses represent the portion of dues paid to national and state hospital associations that is specifically allocable to lobbying

1 1

efile GRAPHIC print - DO NOT PROCESS

As Filed Data -

DLN: 93493135058442

OMB No 1545-0047

Department of the Treasury

SCHEDULE D (Form 990)

Supplemental Financial Statements

► Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.

Open to Public

CITIZET TO CONTINUE OCIVIDE F ALL ACTI LOT	Torri 990. F See Separate instructions.		Filspection
Name of the organization PROVIDENCE HEALTH SERVICES OF WACO		Emplo	yer identification number
dba PROVIDENCE HEALTHCARE NETWORK			109636
Part I Organizations Maintaining Donor A organization answered "Yes" to Form 9		Funds o	r Accounts. Complete if the
-	(a) Donor advised funds	(b) Funds and other accounts
. Total number at end of year			
Aggregate contributions to (during year)			
Aggregate grants from (during year)			
Aggregate value at end of year			
Did the organization inform all donors and donor adv funds are the organization's property, subject to the		onor advis	ed Yes No
Did the organization inform all grantees, donors, and used only for charitable purposes and not for the be conferring impermissible private benefit			purpose Yes No
Part II Conservation Easements. Complete	e if the organization answered "Yes	" to Form	990, Part IV, line 7.
Preservation of land for public use (e g , recrea Protection of natural habitat Preservation of open space Complete lines 2a-2d if the organization held a qual easement on the last day of the tax year	Preservation of	a certified	ally importantly land area historic structure iservation
			Held at the End of the Year
a Total number of conservation easements		2a	
b Total acreage restricted by conservation easement	s	2b	
Number of conservation easements on a certified h	storic structure included in (a)	2c	
d Number of conservation easements included in (c)	acquired after 8/17/06	2d	
Number of conservation easements modified, transfithe taxable year Number of states where property subject to conserve			organization during
Number of states where property subject to conserv			
Does the organization have a written policy regarding enforcement of the conservation easements it holds		andling of v	Yes No
Staff and volunteer hours devoted to monitoring, ins			
A mount of expenses incurred in monitoring, inspect	ing, and enforcing conservation easeme	nts during	the year ► \$
Does each conservation easement reported on line 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)?	2(d) above satisfy the requirements of s	ection	┌ Yes
In Part XIV, describe how the organization reports balance sheet, and include, if applicable, the text of the organization's accounting for conservation ease	the footnote to the organization's financ		
art III Organizations Maintaining Collecti Complete if the organization answered		s, or Oth	er Similar Assets.
a If the organization elected, as permitted under SFA art, historical treasures, or other similar assets hel provide, in Part XIV, the text of the footnote to its fine.	d for public exhibition, education or rese	arch in furt	
If the organization elected, as permitted under SFA historical treasures, or other similar assets held for provide the following amounts relating to these item	public exhibition, education, or researc		
(i) Revenues included in Form 990, Part VIII, line	1		► \$
(ii) Assets included in Form 990, Part X			► \$
If the organization received or held works of art, his following amounts required to be reported under SF		for financ	
Revenues included in Form 990. Part VIII. line 1	-		▶ - \$

b Assets included in Form 990, Part X

Par	TIP Organizations Maintaining Co	liections of Art, H	ISTO	ric	<u>ai ireas</u>	ures, or Oth	er Simila	r Asse	ts (co	ntinued)
3	Using the organization's accession and othe items (check all that apply)	r records, check any of	the f	ollo	wing that a	re a significant	use of its c	ollection	า	
а	Public exhibition	d	Г	-	Loan or ex	change program	s			
b	Scholarly research	e	Г	-	Other					
С	Preservation for future generations									
4	Provide a description of the organization's co	ollections and explain h	ow th	ney	further the	organızatıon's e	exempt purp	ose in		
5	During the year, did the organization solicit						mılar	_	Yes	┌ No
Par	t IV Escrow and Custodial Arrang Part IV, line 9, or reported an ar	ements. Complete	ıf the	e o	rganızatıc		Yes" to Fo) NO
1a	Is the organization an agent, trustee, custod included on Form 990, Part X?	•				or other assets	not	Г	Yes	┌ No
b	If "Yes," explain the arrangement in Part XI	/ and complete the follo	owing	tab	ole			A		
_	Danis and halassa					1.		Amou	ınt	
c d	Beginning balance					1c				
e e	Additions during the year					10 1e				
f	Distributions during the year Ending balance					1f				
	-	000 Davit V line 31							Yes	□ No
2a	Did the organization include an amount on F		L /					,	res	j NO
	If "Yes," explain the arrangement in Part XIV rt V Endowment Funds. Complete		newo	roc	d "Vec" to	Form 990 Da	rt IV line	10		
r a	Endownent Funds: Complete		(b) Pri				d) Three Years		Four Y	ears Back
1a	Beginning of year balance	965,247		8	373,361	931,263				
b	Contributions	32,020			31,644	39,858				
C	Investment earnings or losses	84,587			95,476	-93,914				
d	Grants or scholarships			_	-28,144	-3,837				
e	Other expenditures for facilities and programs	-1,748			-7,090					
f	Administrative expenses									
g	End of year balance	1,080,106		9	965,247	87,331				
2	Provide the estimated percentage of the year	r end balance held as								
а	Board designated or quasi-endowment 🕨									
b	Permanent endowment 🕨 100 000 %									
С	Term endowment ▶									
3a	Are there endowment funds not in the posse	ssion of the organizatio	n tha	t ar	e held and	admınıstered fo	r the			
	organization by							25(i)	Yes	No No
	(i) unrelated organizations		•	•				3a(i) 3a(ii)	Yes	110
ь	If "Yes" to 3a(II), are the related organization							3b	Yes	
4	Describe in Part XIV the intended uses of th	•								
Par	t VI Investments—Land, Building	s, and Equipment.	See	Fo	rm 990, F	Part X, line 10				
	Description of investment				ost or other (investment)	(b) Cost or other basis (other)	(c) Accumi deprecia		(d) Boo	ok value
1a	Land		\top		3,056,088	6,674,595	5			9,730,683
b	Buildings					135,981,288	64,5	96,644	7.	1,384,644
c	Leasehold improvements					5,521,239	3,79	97,560		1,723,679
d	Equipment					68,048,512	45,79	91,269	2.	2,257,243
_е	Other					7,125,706	5			7,125,706
	I. Add lines 1a-1e <i>(Column (d) should equal Fo</i>	orm 990, Part X, column (B), III	ne 1	(0(c).) .		▶		111	2,221,955

Part VII Investments—Other Securities. See	Form 990, Part X, line 1	2.
(a) Description of security or category	(b)Book value	(c) Method of valuation
(including name of security)	(2)20011 14140	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	e Form 990, Part X, line	
(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)	1	
Part IX Other Assets. See Form 990, Part X, lir	ne 15.	
(a) Descrip	otion	(b) Book value
(1) SETTLEMENTS FROM 3RD PARTIES		5,560,108
(2) RESTRICTED DONATIONS		675,632
(3) OTHER ASSETS		30,250
(4) INVESTMENT IN COMMUNITY HOSPICE OF TX		6,288,474
(5) INVESTMENT IN ASC JV - FISHPOND		1,159,388
(6) HSD-EXCESS OPERATING FUND		52,849,609
(7) HSD - PENSION PREFUNDING INVESTMENT		3,963,123
(8) DEFERRED COMPENSATION ASSET		4,487,988
1-7		.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Total. (Column (b) should equal Form 990, Part X, col.(B) line 1	(5.)	124,641,434
Part X Other Liabilities. See Form 990, Part X	(, line 25.	
1 (a) Description of Liability	(b) A mount	
Federal Income Taxes		
THIRD PARTY SETTLEMENTS	960,515	
PENSION & OTHER POST-RETIREMENT BENEFITS	9,023,656	
OTHER LIABILITIES	328,171	
OTHER LIABILITIES	4,722,144	
GENERAL & PROFESSIONAL TRUST FUND LIAB	2,195,670	
DEFERRED COMPENSATION LIABILITY	4,487,988	
Total. (Column (b) should equal Form 990, Part X, col (B) line 25) ▶	21,718,144	

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	
Par	TXII Reconciliation of Revenue per Audited Financial Statements With Revenue	per Re	turn
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		
а	Net unrealized gains on investments		
b	Donated services and use of facilities		
c	Recoveries of prior year grants]	
d	Other (Describe in Part XIV) 2d	<u> </u>	
е	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		
а	Investment expenses not included on Form 990, Part VIII, line 7b . 4a	_	
b	Other (Describe in Part XIV)	<u> </u>	
С	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	Reconciliation of Expenses per Audited Financial Statements With Expense	s per l	Return
1	Total expenses and losses per audited financial statements	1 1	
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities		
b	Prior year adjustments		
c	Other losses		
d	Other (Describe in Part XIV) 2d		
e	Add lines 2a through 2d		
3	Subtract line 2e from line 1	3	
4	A mounts included on Form 990, Part IX, line 25, but not on line 1:		
а	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	
Pai	TEXIV Supplemental Information		
Con	nnieta this nart to provide the descriptions required for Part II lines 3 5 and 9 Part III lines 1a and 4 P	 Part IV/ I	ines 1 h and 2 h

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

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 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
Part X	Part X FIN48 Footnote	Effective FY07, Providence Health Services of Waco adopted ASC 740 The adoption of ASC 740 did not have a material impact on Providence Health Services of Waco's consolidated financial position or results of operations. The financial statements of Providence Health Services of Waco were audited on a consolidated basis, as part of the consolidated financial statements of Ascension Health. An audit committee has been delegated the responsibility to oversee the audited financial statements and the selection of the independent accountants that audited the financial statements.
Part XI, Line 8	Part XI, Line 8 Other Changes in Net Assets or Fund Balances	UNREALIZED GAIN / LOSS \$7634731 DEFERRED PENSION \$8777288 OTHER \$0 EQUITY CONTRIBUTION - PHA \$ - 7625000 EQUITY CONTRIBUTION - AH \$ -6517096 OTHER \$ -256939
Part V, Line 4	Part V, Line 4 Intended uses of the endowment fund	All endowment funds are held by Providence Foundation, a related organization. The funds are administered for the benefit of Providence Health Services of Waco, including the funding of various programs and services. These programs and services are detailed in the narrative provided for Part III, Line 4a, Program Service Accomplishments.

Additional Data

Software ID: 10000105

Software Version: 2010v3.2

EIN: 74-1109636

Name: PROVIDENCE HEALTH SERVICES OF WACO

dba PROVIDENCE HEALTHCARE NETWORK

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

(a) Description	(b) Book value
SETTLEMENTS FROM 3RD PARTIES	5,560,108
RESTRICTED DONATIONS	675,632
OTHER ASSETS	30,250
INVESTMENT IN COMMUNITY HOSPICE OF TX	6,288,474
INVESTMENT IN ASC JV - FISHPOND	1,159,388
HSD-EXCESS OPERATING FUND	52,849,609
HSD - PENSION PREFUNDING INVESTMENT	3,963,123
DEFERRED COMPENSATION ASSET	4,487,988

DLN: 93493135058442

OMB No 1545-0047

Department of the Treasury Internal Revenue Service

(Form 990 or 990-EZ)

SCHEDULE G

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.

Supplemental Information Regarding

Fundraising or Gaming Activities

Name of the organization **Employer identification number** PROVIDENCE HEALTH SERVICES OF WACO dba PROVIDENCE HEALTHCARE NETWORK 74-1109636 Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17. Indicate whether the organization raised funds through any of the following activities. Check all that apply Mail solicitations e Solicitation of non-government grants Solicitation of government grants Internet and e-mail solicitations Phone solicitations Special fundraising events In-person solicitations 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? 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 (ii) Activity (iii) Did (iv) Gross receipts (v) A mount paid to (vi) A mount paid to ındıvıdual fundraiser have from activity (or retained by) (or retained by) or entity (fundraiser) custody or fundraiser listed in organization col (i) control of contributions? Yes 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

			(a) Event #1 STYLE SHOW	(b) Event #2 JEWELRY SALE	(c) Other Events	(d) Total Events (Add col (a) through col (c))
			(event type)	(event type)	(total number)	
IKLE	1	Gross receipts	203,193	25,362	29,646	258,201
Revenue	2	Less Charitable contributions	187,553			187,553
	3	Gross income (line 1 minus line 2)	15,640	25,362	29,646	70,648
	4	Cash prizes				
မှာ	5	Non-cash prizes	43,492			43,492
Expenses	6	Rent/facility costs				
Š Š	7	Food and beverages				
Direct	8	Entertainment				
Ž	9	Other direct expenses .	43,712	18,484	14,370	76,566
	10	Direct expense summary Add lir	nes 4 through 9 ın column	(d)		120,058
	11	Net income summary Combine li				-49,410
	t III	Gaming. Complete if the o \$15,000 on Form 990-EZ, li		,		
B.C.			(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (Add col (a) through
Revenue	1	Gross revenue			(c) O ther gaming	(d) Total gaming (Add col (a) through col (c))
		Gross revenue			(c) O ther gaming	(Add col (a) through
	2				(c) O ther gaming	(Add col (a) through
Expenses	2	Cash prizes			(c) Other gaming	(Add col (a) through
	2 3 4	Cash prizes			(c) Other gaming	(Add col (a) through
Expenses	2 3 4 5	Cash prizes Non-cash prizes Rent/facility costs			(c) Other gaming Yes%	(Add col (a) through
Expenses	2 3 4 5	Cash prizes	✓ Yes%_ ✓ No s 2 through 5 in column (o	□ Yes% □ No	Г Yes%_ Г No	(Add col (a) through
Expenses	2 3 4 5 6 7 8	Cash prizes Non-cash prizes Rent/facility costs Other direct expenses Volunteer labor Direct expense summary Add line Net gaming income summary Comer the state(s) in which the organize	Yes%_ No s 2 through 5 in column (anbine lines 1 and 7 in columation operates gaming act	T Yes% No d)		(Add col (a) through col (c))
Direct Expenses	2 3 4 5 6 7 8 Ent Ist	Cash prizes Non-cash prizes Rent/facility costs Other direct expenses Volunteer labor Direct expense summary Add line Net gaming income summary Com	Yes%_ No s 2 through 5 in column (on the lines 1 and 7 in column ation operates gaming activities in each	Yes%_ No mn (d)	Г Yes	· Yes No

11	Does the organization operate ga	aming activities with nonmembers? .		$\Gamma_{ m Yes}$ $\Gamma_{ m No}$
12	Is the organization a grantor, be	neficiary or trustee of a trust or a mem	ber of a partnership or other entity	
	formed to administer charitable (gaming?		. Г _{Yes} Г _{No}
13	Indicate the percentage of gamir	ng activity operated in		
а	The organization's facility		13a	
b	An outside facility		13b	
14	Provide the name and address of records	f the person who prepares the organiza	tion's gaming/special events books and	
	Name 🟲			
	Address 🟲			
15a	Does the organization have a co	ntract with a third party from whom the	organization receives gaming	
	-	· ·		. Γ_{Yes} Γ_{No}
b			tion 🟲 \$ and the	, , , , , , , , , , , , , , , , , , , ,
	amount of gaming revenue retain	ned by the third party 🟲 \$		
c	If "Yes," enter name and address	s		
	Name 🟲			
	Address ►			
16	Gaming manager information			
	Name 🟲			
	Gaming manager compensation I	> \$		
	Description of services provided			
	Director/officer	□ Employee	Independent contractor	
17	Mandatory distributions			
а		er state law to make charitable distribu		
				Tyes No
b		required under state law distributed t	o other exempt organizations or spent	
D		activities during the tax year \$	reconnect to question on Cohedule C./	
Pa	t IV Complete this part to proceed instructions.)	provide additional information for	responses to question on Schedule G (see
	Identifier	ReturnReference	Explanation	

OMB No 1545-0047

Open to Public Inspection

SCHEDULE H (Form 990)

Department of the Treasury Internal Revenue Service

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

Hospitals

Name of the organization PROVIDENCE HEALTH SERVICES OF WACO

Employer identification number

ba I	PROVIDENCE HEALTHCARE NETWORK					1109636			
Ρ	art I Financial Assista	nce and C	ertain Oth	er Community Be	nefits at Cost				
_	D.d.th.				EUNIA II Alees te			Yes	No
	Did the organization have a fi					n 6a.	1a	Yes	
	If "Yes," is it a written policy						1b	Yes	
2	If the organization has multip assistance policy to its vario				describes application (of the financial			
	Applied uniformly to all ho	spitals		Applied uniformly	to most hospitals				
	Generally tailored to indiv	ıdual hospita	ls						
3	Answer the following based o organization's patients during			nce eligibility criteria tl	nat applied to the large	est number of the			
а	Does the organization use Fe income individuals? If "Yes,"						3a	Yes	
	Г _{100%} Г _{150%}	_	о% Г	Other	o/ ₀	·	Ja	163	
b					care to low income in	dividuals 2 If			
	"Yes," indicate which of the fo					aividuais. Ii	3b		N
		_	·		_		30		No
	200% 250%	J 30	00% I	350%	0%	<u>%</u>			
c	If the organization does not u determining eligibility for free test or other threshold, regan	ordiscounte	d care Inclu	de in the description w	nether the organizatior				
4	5					urıng the tax year	4	Yes	
5a	provide for free or discounted Did the organization budget amount			-		x vear?	5a	Yes	ĺ
b	If "Yes," did the organization					ŀ	<u>5a</u> 5b	Yes	
c	If "Yes" to line 5b, as a resul		-		_	ŀ	שכ	1 65	
_	care to a patient who was elig						5c		No
6a	Does the organization prepar			ort during the tax			6a		No
6h	year?			ublic 2		ı	c l-	I	١ ,,, ,
OD	Complete the following table		•		instructions Do not s	ubmit these	6b		No
	worksheets with the Schedule		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,						
7	Financial Assistance and C	ertain Other	Community I	Benefits at Cost					<u> </u>
	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 b expense	enefit	(f) Per total ex	
а	Financial Assistance at cost (from Worksheets 1 and 2)			21,228,886		21,22	8,886	9	210 %
b	Unreimbursed Medicaid (from Worksheet 3, column a)			25,387,729	33,629,340	-8,24	1,611		
c	Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)								
d	Total Financial Assistance and Means-Tested Government Programs			46,616,615	33,629,340	12,98	7,275	9	210 %
е	Other Benefits Community health improvement services and community benefit operations (from				, ,:::	,	·		
f	(Worksheet 4)			322,339		32	2,339	0	140 %
	(from Worksheet 5)			885,972		88	5,972	0	380 %
g	Subsidized health services (from Worksheet 6)			270,760		27	0,760	0	120 %
h :	Research (from Worksheet 7)								
i	Cash and in-kind contributions to community groups					_			400
i	(from Worksheet 8) Total Other Benefits			3,285,938 4,765,009			5,938 5,009		430 % 070 %
-	Total Add lines 7d and 71		 	4,765,009 51 381 624	33 629 340		_		280 %

Par	Community Building activities during the of the communities i	tax year, an								ldıng	age .
	or the communities i	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) [rect offse revenue		(e) Net communit building expense		(f) Pero total ex	
1 1	Physical improvements and housing										
2 [Economic development			231,4	29			231,	429	0	100 %
3 (Community support			5,5	14			5,	514		
	Environmental improvements										
	eadership development and training for community members			78	38				788		
6 (Coalition building										
	Community health improvement advocacy										
_	Norkforce development										
9 (Other										
	Total			237,7	31			237,	731	0	100 %
Part	Bad Debt, Medicar	e, & Collec	tion Practic	es							
	on A. Bad Debt Expense Did the organization report bad Statement No 15?	d debt expens	e ın accordance	with Heathcare Fi	nancıal M	lanager	ment Ass	ociation	1	Yes Yes	No
2	Enter the amount of the organi	zatıon's bad d	ebt expense (a	t cost)		2		8,634,221			
3	Enter the estimated amount of attributable to patients eligible				olicy .	3		1,726,844			
	Provide in Part VI the text of t In addition, describe the costi rationale for including a portion on B. Medicare	ng methodolog	gy used in deter	rmining the amount							
	Enter total revenue received fr	om Medicare	(including DSH	and IME)		5		84,769,002			
	Enter Medicare allowable cost		_	· ·		6		85,633,703			
	Subtract line 6 from line 5 Th					7		-864,701			
8	Describe in Part VI the extent Also describe in Part VI the co Check the box that describes	to which any osting method the method us	shortfall reporte ology or source ed	ed in line 7 should used to determine	be treate the amo	d as co		benefit			
	Cost accounting system	Гс	st to charge ra	tio	Other						
Section	on C. Collection Practices										
	Does the organization have a v								9a	Yes	
	If "Yes," does the organization patients who are known to qua								9b		No
	IV Management Com				Clibe III I	ait VI					110
	(a) Name of entity		b) Description of practivity of entity	rımary	(c) Organ profit % o owners	or stock	tr em	Officers, directors, ustees, or key ployees' profit % tock ownership%	pro	Physic ofit % or ownershi	stock
1 FPS	C II ITC	SURGERY CENT	ER			42 000 %	_	tock ownership 70			
2 COM	IMUNITY HOSPICE OF TEXAS	HOSPICE SERV	ICES			25 000 %	0				
3											
4											
5											
6											
7											
8											
9											
10											
11											
12									\perp		

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? 3		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Ortical access hospital	Research facility	ER-24 hours	ER-other	
Name	and address									Other (Describe)
3	Depaul Center 301 Londonderry Dr Waco, TX 76712	×								Free Standing Psychiatric Hospital
2	Providence Park 300 W State Hwy 6 Waco, TX 76712									Long Term Care Facility
1	Providence Health Center 6901 Medical Parkway Waco, TX 76712	х	х					х		
		-				-				
		-								
		_			<u> </u>		<u> </u>			
		1			-					
		\vdash								

Part V Facility Information (continued)

Section B. Facility Policies and Practices.

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

Name of Hospital Facility: Depaul Center			_
ine Number of Hospital Facility (from Schedule H, Part V, Section A):3			_
		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2010)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	1		
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a 🔽 A definition of the community served by the hospital facility			
b Demographics of the community			
c Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d			
e The health needs of the community			
Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and			
minority groups			
The process for identifying and prioritizing community health needs and services to meet the community health needs			
h $igcap$ The process for consulting with persons representing the community's interests			
${f i}$ ${f \Gamma}$ Information gaps that limit the hospital facility's ability to assess all of the community's health needs			
j			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the	Ť		
other hospital facilities in Part VI	4		
5 Did the hospital facility make its Needs Assessment widely available to the public?	5		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a Hospital facility's website			
b Available upon request from the hospital facility			
c Other (describe in Part VI)			
6. If the hospital faculity addressed needs identified in its most recently conducted Needs Assessment, indicate how	l		

c \(\tag{O}\) Other (describe in Part VI)

If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)

a \(\tag{A}\) Adoption of an implementation strategy to address the health needs of the hospital facility's community.

a Adoption of an implementation strategy to address the health needs of the hospital facility's community

b Execution of the implementation strategy

c Participation in the development of a community-wide community benefit plan

d Participation in the execution of a community-wide community benefit plan

Inclusion of a community benefit section in operational plans

f Adoption of a budget for provision of services that address the needs identified in the Needs Assessment

g Prioritization of health needs in the community

h Γ Prioritization of services that the hospital facility will undertake to meet health needs in its community

7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs

Finar	icial Assistance	e Policy								
С	ud the hospital	facility have	ın place du	ring the ta	x vear a	written	financial	assistance	policy	that

8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?

9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals? . . If "Yes," indicate the FPG family income limit for eligibility for free care __%

7

8

2	Facility Information (continued)			
			Yes	No
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals?	10		<u> </u>
	If "Yes," indicate the FPG family income limit for eligibility for discounted care%			l
11	Explained the basis for calculating amounts charged to patients?	11		<u> </u>
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a Income level			
	b Asset level			
	c Medical indigency			
	d Insurance status			
	e Uninsured discount			
	f Medicaid/Medicare			
	g			
	h Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12		
	Included measures to publicize the policy within the community served by the hospital facility?	13		
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	The policy was posted at all times on the hospital facility's web site			
	b The policy was attached to all billing invoices			
	The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d The policy was posted in the hospital facility's admissions offices			
	e The policy was provided, in writing, to patients upon admission to the hospital facility			
	f The policy was available upon request			
	g Other (describe in Part VI) ling and Collections			
	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial			
	assistance policy that explained actions the hospital facility may take upon non-payment?	14		
15	Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at			
	any time during the tax year			
	a Reporting to credit agency			
	b Lawsuits			
	c Liens on residences			
	d Body attachments			
	e Other (describe in Part VI)			Į
16	Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during	16		
	the tax year?	16		<u> </u>
	Reporting to credit agency			
	b Lawsuits			
	c Liens on residences			
	d Body attachments			
	e Cother (describe in Part VI)			
1/	Indicate which actions the hospital facility took before initiating any of the collection actions checked in question 16 (check all that apply)			
	Notified patients of the financial assistance policy upon admission			
	b Notified patients of the financial assistance policy prior to discharge			
	c Notified patients of the financial assistance policy in communications with the patients regarding the patients'			
	bills			
	d Documented its determination of whether a patient who applied for financial assistance under the financial			
	assistance policy qualified for financial assistance			
	e Other (describe in Part VI)			

If "Yes," explain in Part VI

If "Yes," explain in Part VI

Part V Facility Information (continued) Policy Relating to Emergency Medical Care Yes No 18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals 18 If "No," indicate the reasons why (check all that apply) a The hospital facility did not provide care for any emergency medical conditions **b** The hospital facility did not have a policy relating to emergency medical care c The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI **d** Other (describe in Part VI) Charges for Medical Care 19 Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply) The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility **b** The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility c The hospital facility used the Medicare rate for those services d Other (describe in Part VI) 20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial

assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more

than the amounts generally billed to individuals who had insurance covering such care?

21 Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that

21

20

Part V Facility Information (continued) Section B. Facility Policies and Practices.

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

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

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

P	art V	Facility Information (continued)			
				Yes	No
10	Used F	FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? [10		
	If "Yes	," indicate the FPG family income limit for eligibility for discounted care%			
11	Explai	ned the basıs for calculatıng amounts charged to patıents?	11		
	If "Yes	," indicate the factors used in determining such amounts (check all that apply)			
	аГ	Income level			
	ьГ	Asset level			
	сΓ	Medical indigency			
	dГ	Insurance status			
	еГ	Uninsured discount			
	fГ	Medicaid/Medicare			
	a T	State regulation			
		Other (describe in Part VI)			
12		ned the method for applying for financial assistance?	12		
		ed measures to publicize the policy within the community served by the hospital facility?	13		
		," indicate how the hospital facility publicized the policy (check all that apply)			
		The policy was posted at all times on the hospital facility's web site			
	ьГ	The policy was attached to all billing invoices			
	c T	The policy was posted in the hospital facility's emergency rooms or waiting rooms			
		The policy was posted in the hospital facility's admissions offices			
		The policy was provided, in writing, to patients upon admission to the hospital facility			
		The policy was available upon request			
		Other (describe in Part VI)			
Bil		Collections			
		e hospital facility have in place during the tax year a separate billing and collections policy, or a written financial			
		ance policy that explained actions the hospital facility may take upon non-payment?	14		<u> </u>
15		all of the following collection actions against a patient that were permitted under the hospital facility's policies at			
	_	ne during the tax year Reporting to credit agency			
		Lawsuits			
		Liens on residences			
		Body attachments			
		Other (describe in Part VI)			
16	•	e hospital facility engage in or authorize a third party to engage in any of the following collection actions during			l
10		(year?	16		
		," check all collection actions in which the hospital facility or a third party engaged (check all that apply)			
	аГ	Reporting to credit agency			
	ьГ	Lawsuits			
	сГ	Liens on residences			
	dГ	Body attachments			
	еГ	Other (describe in Part VI)			
17	Indica	te which actions the hospital facility took before initiating any of the collection actions checked in question 16			
		call that apply)			
	_	Notified patients of the financial assistance policy upon admission			
	ь 🗀	Notified patients of the financial assistance policy prior to discharge			
	·-	Notified patients of the financial assistance policy in communications with the patients regarding the patients'			
	bills				
	· ·	Documented its determination of whether a patient who applied for financial assistance under the financial			
		stance policy qualified for financial assistance Other (describe in Part VI)			

If "Yes," explain in Part VI

If "Yes," explain in Part VI

Part V Facility Information (continued) Policy Relating to Emergency Medical Care Yes No 18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals 18 If "No," indicate the reasons why (check all that apply) a The hospital facility did not provide care for any emergency medical conditions **b** The hospital facility did not have a policy relating to emergency medical care c The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI **d** Other (describe in Part VI) Charges for Medical Care 19 Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply) The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility **b** The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility c The hospital facility used the Medicare rate for those services d Other (describe in Part VI)

20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more

than the amounts generally billed to individuals who had insurance covering such care?

21 Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that

21

20

Part V Facility Information (continued) Section B. Facility Policies and Practices.

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

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

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

P	art V	Facility Information (continued)			
				Yes	No
10	Used F	FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? [10		
	If "Yes	," indicate the FPG family income limit for eligibility for discounted care%			
11	Explai	ned the basıs for calculatıng amounts charged to patıents?	11		
	If "Yes	," indicate the factors used in determining such amounts (check all that apply)			
	аГ	Income level			
	ьГ	Asset level			
	сΓ	Medical indigency			
	dГ	Insurance status			
	еГ	Uninsured discount			
	fГ	Medicaid/Medicare			
	a T	State regulation			
		Other (describe in Part VI)			
12		ned the method for applying for financial assistance?	12		
		ed measures to publicize the policy within the community served by the hospital facility?	13		
		," indicate how the hospital facility publicized the policy (check all that apply)			
		The policy was posted at all times on the hospital facility's web site			
	ьГ	The policy was attached to all billing invoices			
	c T	The policy was posted in the hospital facility's emergency rooms or waiting rooms			
		The policy was posted in the hospital facility's admissions offices			
		The policy was provided, in writing, to patients upon admission to the hospital facility			
		The policy was available upon request			
		Other (describe in Part VI)			
Bil		Collections			
		e hospital facility have in place during the tax year a separate billing and collections policy, or a written financial			
		ance policy that explained actions the hospital facility may take upon non-payment?	14		<u> </u>
15		all of the following collection actions against a patient that were permitted under the hospital facility's policies at			
	_	ne during the tax year Reporting to credit agency			
		Lawsuits			
		Liens on residences			
		Body attachments			
		Other (describe in Part VI)			
16	•	e hospital facility engage in or authorize a third party to engage in any of the following collection actions during			l
10		(year?	16		
		," check all collection actions in which the hospital facility or a third party engaged (check all that apply)			
	аГ	Reporting to credit agency			
	ьГ	Lawsuits			
	сГ	Liens on residences			
	dГ	Body attachments			
	еГ	Other (describe in Part VI)			
17	Indica	te which actions the hospital facility took before initiating any of the collection actions checked in question 16			
		call that apply)			
	_	Notified patients of the financial assistance policy upon admission			
	ь 🗀	Notified patients of the financial assistance policy prior to discharge			
	·-	Notified patients of the financial assistance policy in communications with the patients regarding the patients'			
	bills				
	· ·	Documented its determination of whether a patient who applied for financial assistance under the financial			
		stance policy qualified for financial assistance Other (describe in Part VI)			

If "Yes," explain in Part VI

If "Yes," explain in Part VI

Part V Facility Information (continued) Policy Relating to Emergency Medical Care Yes No 18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals 18 If "No," indicate the reasons why (check all that apply) a The hospital facility did not provide care for any emergency medical conditions **b** The hospital facility did not have a policy relating to emergency medical care c The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI **d** Other (describe in Part VI) Charges for Medical Care 19 Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply) The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility **b** The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility c The hospital facility used the Medicare rate for those services d Other (describe in Part VI)

20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more

than the amounts generally billed to individuals who had insurance covering such care?

21 Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that

21

20

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Page **7**

David V	Caailit	Information	(continued)
Part V	racility	information	i continuea)

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	on operate during the tax year?
Name and address	Type of Facility (Describe)
5	

Schedule H (Form 990) 2010

Schedule H (Form 990) 2010 Page 8

Part VI Supplemental Information

Complete this part to provide the following information

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
- 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
- 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.)
- 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
	Fait VI - Additional Information	Part I, Line 7k(f) - Actual percentage on line 7k column F is incorrectly stated due to software limitations. The 11 28% does not reflect the Medicaid surplus shown on line 7b. The correct percentage is 7 70%.

I dentifier ReturnReference		Explanation
	rait v - Explanation of Number of	One Durable Medical Equipment (DME) Store, One Breast Health Diagnostic Center

Identifier	ReturnReference	Explanation
	Part VI - Affilated Health Care System Roles and Promotion	Providence Healthcare Network proudly serves as a member of Ascension Health, the nation's largest Catholic and largest nonprofit health system Since being founded by the Daughters of Charity in 1905 as a ministry to the suffering, Providence Healthcare Network and its affiliated Divisions have been dedicated to providing accessible, safe and quality healthcare to all patients regardless of their ability to pay Providence is a comprehensive healthcare network that operates several facilities including the Health Center, DePaul Center, Home Care, Durable Medical Equipment, Providence Park and 13 clinics in Waco, Texas Network wide, in FY11 our Ministry provided more than \$29 million in community health services, professional education, subsidized health care, research, financial contributions and other community building activities

Identifier	ReturnReference	Explanation
	Organization Furthers Its Exempt Purpose	Providence Healthcare Network provides a wide variety of benefits to the community which includes Social service and support counseling for patients and familiesPastoral careSpace for community groups to use at no chargeEmployee and Administration active involvement on community boards and associationsMentoring children through year round partnerships with local elementary schoolsOngoing clinical research to help advance medical careOngoing educational programs for internal and external medical/clinical staffComprehensive and interactive websiteCharitable financial support of many local and national non-profit organizationsCollaboration with health department and other local hospital to identify community needs and address community problemsFree mammograms for uninsured and underinsured women Trained financial assistance counselors available to identify eligibility for government benefitsHospital volunteers receive extensive training by AARP to provide free tax preparation to the needy and underserved in our communityFree or no-cost medications provided to those persons that qualifyFlu shots offered at reduced prices for the general community and free to employees and their familiesDisaster readiness support provided locally and globallyYear round CPR Life Support Course provided for free to the community Active Volunteer Services Department providing the opportunity for persons in the community to come together and combine their compassion, skills and talent to make a difference in the lives of our patients and families, employees, physicians and clinical staff Annual free health screeningsThrough each of these diverse community outreach support efforts, Providence Healthcare Network provides a significant impact on the overall well-being of the community while increasing access to health care services and reducing health care costs

Identifier	ReturnReference	Explanation
	dievi Community Information	Providence Healthcare Network is located in Waco, Texas and serves McLennan County (pop 233,378) and the six contiguous counties which include Hill (pop 39,761), Bosque (pop 20,232), Limestone (pop 22,287), Falls (pop 20,452), Bell (pop 294,101) and Coryell (pop 98,538) Waco (pop 126,217), known as the education and consumer center of Texas, is our primary service area and is located along Interstate 35 in Central Texas, equidistant from Dallas/Ft Worth and Austin (90 miles) Waco is served by two not for profit hospitals, Providence Healthcare Network and Hillcrest Baptist Medical Center In McLennan County, 27% of households live at or below federal poverty guidelines, median income is \$43,063, 14 4% of families are on Medicaid or other assistance, uninsured and underinsured persons comprise 24% of the population, and 25 8% of our county's population is minority and 17 4% speak a language other than English at home, with Spanish being the predominant other language In FY10, our Ministry served 18,845 patients and provided \$16 6m in traditional charity care, and \$1 2m in unpaid costs of public programs

Identifier	ReturnReference	Explanation
	Part VI - Patient Education of Eligibility for Assistance	Providence Healthcare Network is prepared to educate and qualify patients for financial assistance as needed. Financial assistance counselors meet with all self pay patients and screen them for potential government benefits. They assist them with the charity care applications as well as work with them to establish eligibility for governmental benefits. Our counselors receive extensive training on how to qualify patients for assistance under federal, state or local government programs. They are also bi-lingual in both English and Spanish A summary of our charity care policy is provided to patients during the intake and discharge process.

Identifier	ReturnReference	Explanation
	Part VI - Needs Assessment	Our Community Needs Assessment is conducted every three years, most recently in July 2010. Our Ministry collaborates with Hillcrest Baptist Medical Center and the Waco-McLennan County Public Health District (WMCPHD) to provide a comprehensive and unbiased profile of McLennan County. The survey is jointly funded by all three entities. During the months of August and September 2009, our needs assessment survey was administered to the residents of the Waco-McLennan. County Public Health District, Texas. The survey was a third citizen survey conducted by the University of North Texas. Survey Research Center (SRC) for the WMCPHD. Many of the questions in the survey were modeled after the Behavioral Risk Factor Surveillance System Questionnaire (BRFSS). Survey questions included Perceptions of public health preparedness General physical and emotional health status Health care access issues Health care awareness of several health conditions Behaviors that affect health Women's health issues. The needs assessment included a random sample of 24 geographic areas within our county and a telephone survey of 1,000 landline households and 211 cell-phone-only households. The SRC provided statistical analysis of the survey data to help identify local health needs, to determine priority health needs for McLennan County and to assist in developing a plan of action. The 2010 Community Needs Assessment of McLennan County revealed that the majority of respondents (77.3%) are in good or better health as compared to CDC national data. Diabetes was identified as a specific need in the 2010 Community Needs Assessment and our Ministry is taking steps to address this need.

Identifier	ReturnReference	Explanation
	Collection Practices For Qualified Patients	The organization has a written debt collection policy that also includes a provision on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance. If a patient qualifies for charity or financial assistance certain collection practices do not apply

Identifier	ReturnReference	Explanation
	Shortfall As Community Benefit	Ascension Health and related health ministries follow the Catholic Health Association ("CHA") guidelines for determining community benefit CHA community benefit reporting guidelines suggest that Medicare shortfall is not treated as community benefit

Identifier	ReturnReference	Explanation
		The organization's share of bad debt expense for fiscal year 2011 was \$27,856,958 at charges (\$8,634,221 at cost)The organization is part of the Ascension Health System consolidated audit. The footnote that references bad debt expense in the 2011 consolidated audit is as follows "The provision for bad debts is based upon management's assessment of expected net collections considering economic conditions, historical experience, trends in the health care coverage, and other collection indicators. Periodically throughout the year, management assesses the adequacy of allowance for uncollectible accounts based upon historical write off experience by payor category, including those amounts not covered by insurance. The results of this review are then used to make any modifications to the provision for bad debts to establish an appropriate allowance for uncollectible accounts. After satisfaction of amounts due from insurance and reasonable efforts to collect from the patient have been exhausted, the organization follows established guidelines for placing certain past due patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by the organization. Accounts receivable are written off after collection efforts have been followed in accordance with the Organization's policies."

Identifier	ReturnReference	Explanation
	With Physicans Clinics	The organization employs its physicians at physician clinics, so the associated costs and charges relating to those physician services are included in all relevant categories in Part I

Identifier	ReturnReference	Explanation
	of Rad Debt Expense	The amount of bad debt expense reported on Form 990, Part IX, Line 25, column (A), but subtracted for purposes of calculating the percentages in Part I, Line 7, column (f) is \$27,654,274

Identifier	ReturnReference	Explanation
	Costing Methodology	The cost of providing charity care, means tested government programs, and community benefit programs is estimated using internal cost data, and is calculated in compliance with Catholic Health Association ("CHA") guidelines. The organization uses a costing accounting system that addresses all patient segments (for example, inpatient, outpatient, emergency room, private insurance, Medicaid, Medicare, uninsured, or self pay). The best available data was used to calculate the amounts reported in the table. For certain categories in the table, this was a cost accounting system, in other categories, a specific cost-to-charge ratio was applied.

Identifier	ReturnReference	Explanation
	Eligibility Criteria (FPG Is Not Used)	The organization provides medically necessary care to all patients, regardless of race, color, creed, ethnic origin, gender, disability or economic status. The organization uses a percentage of Federal Poverty Level (FPL) to determine free and discounted care. At a minimum, patients with income less than or equal to 200% of the FPL, which may be adjusted for cost of living utilizing the local wage index compared to national wage index, will be eligible for 100% charity care write off of charges for services that have been provided to them. Also, at a minimum, uninsured patients that do not fall within the 200% FPL may be eligible for a charity care adjustment. An assessment of the patient's personal and financial information based on the United Stated Census Bureau and Internal Revenue Service guidelines is performed by Providence.

Schedule H (Form 990) 2010

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Schedule I (Form 990)

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

OMB No 1545-0047

DLN: 93493135058442

Department of the Treasury Internal Revenue Service		mpiete ir the organizatio	Attach to Form 99	•	21 or 22.		Open to Public Inspection
Name of the organization PROVIDENCE HEALTH SERVIO	CES OF WACO					Employer identif	cation number
dba PROVIDENCE HEALTHCAF	RE NETWORK					74-1109636	
Part I General Inform							
1 Does the organization mai the selection criteria used	to award the grants	orassistance?					✓ Yes
2 Describe in Part IV the or	<u> </u>	<u>-</u>	<u> </u>				
Form 990, Part IV	V, line 21 for any r	Governments and recipient that received ded	l more than \$5,000.	Check this box if n	o one recipient rece	ved more than \$5,0	
1 (a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) A mount of cash grant	(e) A mount 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) WACO SYMPHONY ASSOCPO Box 1201 Waco,TX 76703	74-6062658	501(C)(3)	20,000	0			Special Event
(2) WACO FOUNDATION 900 AUSTIN AVE 9TH FLOOR WACO,TX 76701	74-6054628	501(C)(3)	26,000	0			SPECIAL EVENT
(3) SOCT2950 50TH STREET LUBBOCK,TX 79413	32-0316424	501(C)(3)	3,265,699	0			COMMUNITY GRANTS
(4) PROJECT CURE10377 E GEDDES AVE CENTENNIAL,CO 80112	84-1568566	501(C)(3)	0	65,742		HOSPITAL SUPPLIES	COMMUNITY NEEDS
(5) MARCH OF DIMES3000 HERRING AVE STE 4471 WACO,TX 76708	75-1815327	501(C)(3)	15,000	0			SPECIAL EVENT
(6) HOTRAC405 LONDONDERRY DR STE 201 Waco,TX 76712	74-2707640	501(C)(3)	38,668	0			Special Event
(7) GREATER WACO CHAMBERPO BOX 1220 Waco,TX 76703	75-2420690	501(C)(3)	76,588	0			SPECIAL EVENTS
(8) FAMILY PRACTICE1600 PROVIDENCE DR Waco,TX 76707	74-2446071	501(C)(3)	10,480	0			SPECIAL EVENT
(9) DIOCESE OF AUSTIN 6225 E HWY 290 AUSTIN,TX 78723	74-1542827	501(C)(3)	10,000	0			SPECIAL EVENT
(10) AMERICAN HEART ASSOC10900-B Stonelake Blvd Austin,TX 78759	13-5613797	501(C)(3)	53,373	0			Special Events

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

10

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) A mount of cash grant	(d)A mount 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
Grantmaker's Description of How Grants are Used		When grant or sponsorship requests are submitted, each request is reviewed by the marketing team to determine if the request meets one or more of the following criteria ~How does the request fit with our mission of providing charity care to our community?~How does the request support health related issues within our community?~Will this request be financially sustainable from year to year?~Is the organization/company making the request a member of the Greater Waco Chamber of Commerce?For approved requests, the appropriate forms are filled out and signed by the vice president of marketing. The documents are then forwarded to accounting for processing. Records are maintained of amounts spent and are regularly reviewed to ensure compliance.

Compensation Information

DLN: 93493135058442

OMB No 1545-0047

Open to Public Inspection

Schedule J (Form 990)

Department of the Treasury

Internal Revenue Service

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

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

► Attach to Form 990. ► See separate instructions.

Name of the organization **Employer identification number** PROVIDENCE HEALTH SERVICES OF WACO dba PROVIDENCE HEALTHCARE NETWORK 74-1109636 Part Ouestions Regarding Compensation

				Yes	NI a		
1a	Check the appropriate box(es) if the organization provided any of the 990, Part VII, Section A, line 1a Complete Part III to provide any			res	No		
		g allowance or residence for personal use					
		nts for business use of personal residence					
		or social club dues or initiation fees					
	☐ Discretionary spending account ☐ Person	al 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						
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?						
	officers, and cross, crustees, and the GEG/Executive Birector, regar	and the terms effected in fine 14	2	Yes			
3	Indicate which, if any, of the following the organization uses to esta organization's CEO/Executive Director Check all that apply	olish the compensation of the					
	▼ Compensation committee	employment contract					
	☐ Independent compensation consultant ☐ Compe	nsation survey or study					
	Form 990 of other organizations	ral by the board or compensation committee					
4	During the year, did any person listed in Form 990, Part VII, Sections or a related organization	n A , line 1a with respect to the filing organization					
а	Receive a severance payment or change-of-control payment from the organization or a related organization?						
b							
c	Participate in, or receive payment from, an equity-based compensation arrangement?						
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III						
	Only 501(c)(3) and 501(c)(4) organizations only must complete lin	es 5-9.					
5	For persons listed in form 990, Part VII, Section A, line 1a, did the compensation contingent on the revenues of	organization pay or accrue any					
а	The organization?		5a		Νo		
b	Any related organization?		5b		Νo		
	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 compensation contingent on the net earnings of	organization pay or accrue any					
а	The organization?		6a		Νo		
b	Any related organization?						
	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						
8	Were any amounts reported in Form 990, Part VII, paid or accured subject to the initial contract exception described in Regs section in Part III				NI -		
9	If "Yes" to line 8, did the organization also follow the rebuttable pre section 53 4958-6(c)?	sumption procedure described in Regulations	9		No No		

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-MIS	SC compensation	(C) Retirement and	(D) Nontaxable	(E) Total of columns	
		(i) Base compensation	(ii) Bonus & ıncentive compensation	(iii) Other reportable compensation	other deferred compensation	benefits	(B)(ı)-(D)	reported in prior Form 990 or Form 990-EZ
(1) VICKY CAMPBELL	(I) (II)	118,588		8,068	24,276	8,809	159,741	27,760
(2)TIMOTHY BARRETT	(ı) (ıı)	255,349		1,766	32,788	9,403	299,306	
(3) SAMUEL E ABERNATHY	(ı) (ıı)	157,056		784	2,741	8,009	168,590	
(4) ODIS NICHOLS	(I) (II)	298,137		3,393	43,095	9,706	354,331	
(5) LUCI HANSSON	(I) (II)	153,351		234	2,702	3,022	159,309	
(6) KRISTIN CRAIG	(ı) (ıı)	144,673		179	2,574	9,544	156,970	
(7) KENT A KEAHEY	(ı) (ıı)	445,183	409,400	24,602	4,900	12,098	896,183	
(8) KAREN RICHARDSON	(ı) (ıı)	187,878		712	31,638	8,962	229,190	
(9) JONATHAN FORD	(ı) (ıı)	132,012		218	30,406	10,177	172,813	21,286
(10) JOE K HOPKINS	(ı) (ıı)	123,977		5,784	13,702	6,599	150,062	
(11) DEBRA GORTON	(ı) (ıı)	156,342		172	2,731	9,508	168,753	
(12) BRENDA P DAVIS	(I) (II)	183,721		162	3,238	10,472	197,593	
(13) ANNETTE F AYERS	(I) (II)	161,162		249	1,820	6,808	170,039	
(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
Line 1a	1a Relevant Information in	Providence Healthcare Network utilizes an Accountable Plan to guide its activities in the reimbursement of business expenses for employees, officers, and board members. The Accountable Plan, in all material respects, conforms to the rules and regulations of the Internal Revenue Service The CEO is eligible for travel reimbursement for companions, as well as reimbursement of health or social club dues or initiations fees. The benefits are treated as taxable compensation to each eligible person pursuant to the organization's accountable plan.

Schedule J (Form 990) 2010

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DLN: 93493135058442

OMB No 1545-0047

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.

2010

Open to Public Inspection

PROVIDE	f the organization NCE HEALTH SERVICES OF WACO								-		tion numbe	er
Part I	IDENCE HEALTHCARE NETWORK Excess Benefit Trar		ons (s	ection 501	(c)(3) a	and section 501	(c)(4)		<u>4-11096</u> zations (
	Complete if the organizat										ne 40b	
1	(a) Name of disqu					(b) Desc				•		(c) rected?
_						(2, 2 33					Yes	No
	er the amount of tax impos	ed on tl	_					_	ear unde	r	•	•
	tion 4958 er the amount of tax, if any	on line				e organization .				* —		
Part I												
	Complete if the organiz			d "Yes" on Fo T	orm 990	Part IV, line 26	, or Forr	n 990-E	Z, Part V		a T	
(a) Nam	e of interested person and	(b) Loan to or from the		(c)Original			(e) In		Approved		(g)Written	
(u) ituii	purpose	1	zatıon?			(d)Balance due	default?		by board or committee?		agreement?	
		То	From				Yes	No	Yes	No	Yes	No
Total .	<u> </u>				▶ \$							
Part II	Grants or Assistar Complete if the orga						, line 2	27.				
(a) Name of interested person (b)Rel			(b) Relationship between interested person and the organization			rson	(c) A m	nount of g	rant or ty	pe of assis	stance	
			_									
			- 1									

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	(c) A mount of transaction	(d) Description of transaction	organı	arıng of zatıon's nues?
	organization			Yes	No
(1) JANA WHITAKER	FAMILY MEMBER COMP	50,692	SEE PART V STATEMENT		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
		BOARD TREASURER, HAL M WHITAKER, IS MARRIED TO THE VP OF MARKETING FOR PROVIDENCE HEALTHCARE NETWORK JANA WHITAKER IS COMPENSATED FOR HER SERVICES AS VP OF MARKETING BY PHSW

Schedule L (Form 990 or 990-EZ) 2010

NonCash Contributions

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

OMB No 1545-0047

Open to Public Inspection

Internal Revenue Service Name of the organization PROVIDENCE HEALTH SERVICES OF WACO

SCHEDULE M

Department of the Treasury

(Form 990)

Employer identification number

dba P	ROVIDENCE HEALTHCARE NETWORK				74-1109636			
Pa	rt I Types of Property							
		(a) Check if applicable	(b) Number of Contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line	(d Method of determining of amounts		contribut	ion
1	Art—Works of art	Х	6		SELLING PRICE			
2	Art—Historical treasures			,				
3	Art—Fractional interests							
4	Books and publications							
	Clothing and household							
good	ls	X		3,980	SELLING PRICE			
6	Cars and other vehicles .							
7	Boats and planes							
8	Intellectual property							
9	Securities—Publicly traded							
10	Securities—Closely held stock							
11	Securities—Partnership, LLC, or trust interests .							
12	Securities—Miscellaneous							
13	Qualified conservation contribution—Historic structures							
14	Qualified conservation contribution—Other							
15	Real estate—Residential .							
16	Real estate—Commercial							
17	Real estate—Other							
18	Collectibles							
19	Food inventory	Х	14	8,778	SELLING PRICE			
	Drugs and medical supplies			·				
	Taxidermy							
	Historical artifacts							
23	Scientific specimens							
24	Archeological artifacts							
25	Other ► ()		See Add'l Data					
	O ther ▶()							
27	O ther ▶()							
	Other ► ()							
29	Number of Forms 8283 received by for which the organization complete				29			
							Yes	No
30a	During the year, did the organization	n receiv	e by contribution any prope	erty reported in Part I, lines	1-28 that it			
	must hold for at least three years f			on, and which is not require	d to be used			
	for exempt purposes for the entire	holdıng p	eriod?			30a		No
b	If "Yes," describe the arrangement	in Part I	I					
31	Does the organization have a gift a	cceptano	ce policy that requires the r	review of any non-standard	contributions?	31	Yes	
32a	Does the organization hire or use t contributions?		es or related organizations	to solicit, process, or sell	non-cash	32a		No
b	If "Yes," describe in Part II							_
33	If the organization did not report re	venuesı	n column (c) for a type of p	roperty for which column (a) is checked,			

Page 2

Part II

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

Identifier Return Reference Explanation

Schedule M (Form 990) 2010

Additional Data

Software ID: 10000105

Software Version: 2010v3.2

EIN: 74-1109636

Name: PROVIDENCE HEALTH SERVICES OF WACO

dba PROVIDENCE HEALTHCARE NETWORK

Form 990 Schedule M, Part I - Types of Property

	Property Type	(a) Check if applicable	(b) Number of Contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1q	(d) Method of determining oncash contribution amounts
	Other▶(<u>OTHER</u>)	Х	18	12,849	SELLING PRICE
ı	Other►(<u>TRAVEL/HOTEL</u>)	Х	10	2,294	SELLING PRICE
	Other ► (JEWELRY)	Х	12	3,071	SELLING PRICE
ı	Other▶(<u>GIFT CARDS</u>)	Х	25	5,589	SELLING PRICE
	EVENT Other▶(<u>TICKETS</u>)	X	3	250	SELLING PRICE
	BEAUTY Other►(<u>PRODUCTS</u>)	×	16	4,688	SELLING PRICE

efile GRAPHIC print - DO NOT PROCESS

SCHEDULE O

As Filed Data -

DLN: 93493135058442

OMB No 1545-0047

2010

Department of the Treasury
Internal Revenue Service

(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.

Supplemental Information to Form 990 or 990-EZ

Open to Public Inspection

Name of the organization	Employer identification number
PROVIDENCE HEALTH SERVICES OF WACO	
dba PROVIDENCE HEALTHCARE NETWORK	74-1109636

Identifier Return Explanation		Explanation	
		PHSW dba continued	Providence Health Services of Waco, Inc dba's Providence Healthcare NetworkProvidence Health CenterDepaul CenterProvidence ParkProvidence Home CareProvidence Breast Health Center

Identifier	Return Reference	Explanation
	Form 990 Part VII Section A	Compensation reported in these columns is attributable to employees' time devoted each wiek to this entity and to related organizations as follows Kent Keahey Providence Foundation - 3 hours Providence Health Alliance - 5 hours Odis Nichols Providence Health Alliance - 5 hours Karen Richardson Providence Foundation - 3 hours Providence Health Alliance - 5 hours Timothy Martindale Providence Foundation - 1 hour Sr cecile Matushek Providence Foundation - 1 hour

ldentifier	Return Reference	Explanation
Form 990, Part VI, Line 19	Form 990, Part VI, Line 19 Other Organization Documents Publicly Available	Organization provides governing documents, conflict of interest policy, and financial statements to the public upon request

ldentifier	Return Reference	Explanation
Form 990, Part VI, Line 15b	Form 990, Part VI, Line 15b Compensation Review and Approval Process for Officers and Key Employees	POLICY The executive Compensation Committee of the Board of Trustees of Ascension Health has been delegated the responsibility and authority to oversee the Executive Compensation Program, in accordance with the Committee Charter and the Board approved Executive Compensation Responsibility/Authority Matrix. The Committee is charged with overseeing the Program in a manner designed to assure independence, avoid conflicts of interest, ensure reasonableness and market comparability of total compensation, and to otherwise abide by pertinent laws and regulations. The Providence Healthcare Network Wage Plan is reviewed and appropriately revised at least annually, and is maintained as required between reviews A salary survey is completed in the market for positions at points over the complete range of the wage scale for all levels of employment including key personnel. The proposed wage plan shall be approved by the President and distributed by the Human Resources Department and to Network Administration.

ldentifier	Return Reference	Explanation
Form 990, Part VI, Line 12c	Form 990, Part VI, Line 12c Explanation of Monitoring and Enforcement of Conflicts	PROCEDURES Duty to Disclose In connection with any actual or possible conflicts of interest, an interested person must disclose the existence of his or her financial interest and all material facts to the Trustees, or to the members of a committee with board delegated powers, considering the proposed transaction or arrangement. Such disclosure shall be made either through the annual questionnaire required under "Annual Statements" or when a conflict not disclosed on the questionnaire otherwise arises. The annual statements are reviewed by the compliance department to ensure no conflicts of interest exist.

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

ldentifier	Return Reference	Explanation
VI, Line 7a	Form 990, Part VI, Line 7a How Members or Shareholders ⊟ect Governing Body	Providence Health Services of Waco has a single corporate member, Ascension Health, who has the ability to elect members to the governing body of the Providence Health Services of Waco

ldentifier	Return Reference	Explanation
Form 990, Part VI, Line 6	Form 990, Part VI, Line 6 Explanation of Classes of Members or Shareholder	Ascension Health is the single entity member of the organization

Identifier	Return Reference	Explanation
		Client Note 1 - PROVIDENCE HEALTH SERVICES OF WACO 74-1109636FORM 990 - RETURN OF ORGANIZA TION EXEMPT FROM INCOME TAXSUEPORTING STATEMENT FYE 6/30/2011PART III, STATEMENT OF PROGRA M SERVICE ACCOMPLISHMENTSProvidence Healthcare Network provides a full range of care, including outpatient care, inpatient care, emergency services, long-term care, mental health care, chemical dependency treatment, child care and senior adult care services and more Providence Health Allance inc is the part of Providence Healthcare Network that operates fifteen physician clinics that serve Waco and the six surrounding countes. The Providence Clinics accept all payors to provide complete health care for individuals and families. The clinics 'team of dedicated health professionals provides a diverse range of services, if rom routine physicals and preventive medicine, to more complex matters of illness and injury. The clinics obscilations includes provided in the providence Healthcare Network also includes Providence Health Services of Viaco (74-1109636) which operates Providence Healthcare Network also includes Providence Foundation, inc (74-2683112), which is the fund-raising division of Providence Healthcare Network also includes Providence Foundation, inc (74-2683112), which is the fund-raising division of Providence Healthcare Network also includes Providence Foundation, inc (74-2683112), which is the fund-raising division of Providence Healthcare Network and is responsible for the acquisition of capital equipment and advanced technology. Providence Healthcare Network contributes to the positive health status of the communities if service of Waco, inc and Providence Foundation, inc file separate IRS Forms 990. The following information pertains to Providence Healthcare Network or this providence Healthcare Network continues to cubic and strengthen sustainable collaborative efforts that benefit the health of individuals, families, and society as a whole Ascension Health directs its governance and mana gement activities toward stron

Identifier	Return Reference	Explanation
		equire medical attention, our Ministry has developed the following programs to help achieve its mission Expanding Awareness, Education, and Health Promotion Providence Healthcare Network believes that it is essential to educate people regarding the types of behavior that improve their chances of living a healthy life. Providence Healthcare Network has invest ed significantly in unique, top quality health education programs and materials to accomplish its goals. Pulmonary Support GroupCommunity Skin Cancer ScreeningCommunity General Health Screenings (glucose levels, blood pressure, cholesterol)Worksite Welliness ProgramDiabe tic Support GroupHealing Grine Series Internal Cardioverter Defibrillator training for ICD patents and familiesLuving Luvers ClassesCardiac Support GroupOsteoporosis Support GroupB ariatric Support GroupSupport Groups for chemical addictions, anxiety/stress, bipolar diso order, depression and compulsive overeating Website Educational Materials All of the above listed support groups are posted on our website www providence net Additionally, we have severals all of the above listed support groups are posted on our website www providence net Additionally, and have severals ervices lines that have dedicated websites in order to provide a convenient way to better educate their patients. Also, several of our service lines highlight preventative educational materials. Comprehensive Surgical Weight Loss Center- We post support groups on a dedicated website www. we rechanginglives come which provides health resources necessary to aid individuals in determining whether surgery is the best option and educating patients on lifestyle changes that must occur if the individual choses surgery. Providence Breast Health Center- This website www. providence Breast Health Center- This website www. providence Breast Health Center- This website includes information such as Facts and Figures and links to other cribible national organizations with preventative breast cancer information. DePaul Center- Our psychiat

For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990.

DLN: 93493135058442

2010

OMB No 1545-0047

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Schedule R (Form 990) 2010

SCHEDULE R (Form 990)

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.

Department of the Treasury
Internal Revenue Service

Name of the organization
PROVIDENCE HEALTH SERVICES OF WACO
dba PROVIDENCE HEALTHCARE NETWORK

T4-1109636

							, ,			
Part I Identification of Disregarded Entities (Con	nplete	ıf the organızatı	on	answered "Yes	" OI	n Form 990, Pa	rt IV, lıne 33.)			
(a) Name, address, and EIN of disregarded entity		(b) Primary activity		(c) Legal domicile (stat or foreign country)	te)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity		
Part II Identification of Related Tax-Exempt Orga or more related tax-exempt organizations during	nizat g the t	ions (Complete tax year.)	ıf t	the organizatio	n a	nswered "Yes"	on Form 990, Part	IV, line 34 becaus	e it had	one
(a) Name, address, and EIN of related organization		(b) Primary activity	Leg or	(c) gal domicile (state r foreign country)	Exe	(d) empt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	Section 5:	rolled
									Yes	No
(1) Ascension Health										
PO Box 45998	Healt	hcare		МО		501(c)(3)	11 a Type 1	N/A		No
St Louis, MO 63145 31-1662309										
(2) Providence Health Alliance										
6901 Medical Parkway	Physi	cıan Practices		TX		501(c)(3)	3 Hospital	Providence Health Services of Waco	Yes	
Waco, TX 76712 74-2696970										
(3) Providence Foundation Inc										
6901 Medical Parkway		ort charitable ose of PHSW		TX		501(c)(3)	11 a Type I	Providence Health Services of Waco	Yes	
Waco, TX 76712 74-2683112									<u> </u>	

Cat No 50135Y

Part III Identifi because	ication of Relat it had one or mo	ed Organie	anizations Taxa ted organizations t	ble as a Partner reated as a partne	ship (Co ership du	mplete if ring the t	the org ax year	ganızatıon (r.)	answe	ered "\	es" on Fo	rm 990,	Part	IV, lır	ne 34						
(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)	Share of t	(f) Share of total income		(f) Share of total income				Share of end-of-year		Share of end-of-year		i) ortionate tions?	tionate Code V-		(j Genei mana parti	ral or aging	(k) Percentage ownership
									Yes	No			Yes	No							
Part IV Identifi	i cation of Relat because it had on	ed Orga e or mo	anizations Taxa ore related organiz	ble as a Corpora ations treated as a	tion or a corpora	Trust (Co	I omplete ust dur	e if the org ing the tax	anıza year	tion ar .)	nswered "\	es" on	<u>I</u> Form	990,	Part IV,						
Name, address, an	(a) d EIN of related organız	ration	(b) Primary activity	(c) Legal domicile (state or foreign country)		(d Direct cor enti	ntrolling	(e) Type of el (C corp, S or trust	corp,	Share o	(f) f total income	Sha end-o	j) re of f-year sets		(h) Percentage ownership						

No

Sch	edule R (Form 990) 2010		Pε	age
Pa	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	<u></u>
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?			
а	Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity	1a		
b	Gift, grant, or capital contribution to other organization(s)	1 b		1
C	Gift, grant, or capital contribution from other organization(s)	1 c	Yes	
d	Loans or loan guarantees to or for other organization(s)	1d		1
е	Loans or loan guarantees by other organization(s)	1e		
f	Sale of assets to other organization(s)	1f		1
g	Purchase of assets from other organization(s)	1g		\Box
h	Exchange of assets	1h		
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		
k	Performance of services or membership or fundraising solicitations for other organization(s)	1k		
I	Performance of services or membership or fundraising solicitations by other organization(s)	11		1
n	n Sharing of facilities, equipment, mailing lists, or other assets	1m	1	1
n	Sharing of paid employees	1n		1
o	Reimbursement paid to other organization for expenses	10	Yes	
р	Reimbursement paid by other organization for expenses	1р	Yes	
а	Other transfer of cash or property to other organization(s)	1a	Yes	T

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

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) Ascension Health	o	6,517,096	COST
(2) Providence Health Alliance	q	7,625,000	COST
(3) Providence Health Alliance	ı	568,889	COST
(4) Providence Foundation Inc	р	303,467	COST
(5) Providence Foundation Inc	с	1,819,044	COST
(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 partr sect 501(d organiz	all ners non c)(3) ations?	(e) Share of end-of-year assets		r) ortionate tions?	(g) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	mana part	
			Yes	No		Yes	No		Yes	No
									+	
									+	
										-
										1

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation
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Schedule R (Form 990) 2010

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

8. Derivative Instruments

Ascension Health uses interest rate swap agreements to manage interest rate risk associated with its outstanding debt. These swaps effectively convert interest rates on variable rate bonds to fixed rates and rates on fixed rate bonds to variable rates. At June 30, 2011 and 2010, the notional values of outstanding interest rate swaps were \$2,310.187 and \$2,431,137, respectively.

Ascension Health recognizes the fair value of its interest rate swaps in the consolidated balance sheet as assets, recorded in other noncurrent assets, or liabilities, recorded in other noncurrent liabilities, as appropriate. At June 30, 2011 and 2010, the fair value of interest rate swaps in an asset position were \$64,426 and \$66,929, respectively, while the fair value of interest rate swaps in a liability position were \$141,287 and \$169,047, respectively.

Prior to July 1, 2006, Ascension Health designated certain of its interest rate swaps as cash flow hedges, for accounting purposes, and accordingly deferred gains or losses associated with those swaps in net assets. Net gains of \$303 and \$14,123 were recognized in other nonoperating gains (losses) for the years ended June 30, 2011 and 2010, respectively, representing the recognition of interest rate swap gains deferred prior to July 1, 2006, when these swaps were designated and accounted for as cash flow hedges. For the year ended June 30, 2010, \$13,033 of the gain represented the recognition of deferred gains that were previously designated to long-term debt that was redeemed or deseased during the year ended June 30, 2010. The remaining amount of deferred gain at June 30, 2011, that will be reclassified into nonoperating gains (losses) over the next 12 months is immaterial.

Beginning July 1, 2006, previously designated cash flow hedging relationships were dedesignated for accounting purposes. Accordingly, all changes in the fair value of interest rate swaps since that date have been recognized in nonoperating gains (losses) in the accompanying consolidated statements of operations and changes in net assets. A net nonoperating gain of \$25.257 was recognized for the year ended June 30, 2011, while a net nonoperating loss of \$18,641 was recognized for the year ended June 30, 2010.

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Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

8. Derivative Instruments (continued)

Ascension Health's interest rate swap agreements include collateral requirements for each counterparty under such agreements, based upon specific contractual criteria. Ascension Health's collateral requirements are based upon Ascension Health's Senior Credit Group long-term debt credit ratings (Senior Debt Credit Ratings), as obtained from each of two major credit rating agencies, as well as the net liability position of total interest rate swap agreements outstanding with each counterparty. At June 30, 2011 and 2010, based upon Ascension Health's net liability positions and Senior Debt Credit Ratings, no collateral on interest rate swap agreements was required to be posted. The aggregate net fair value of interest rate swap agreements with creditrisk-related contingent features on June 30, 2011 and 2010, was a liability of \$76,861 and \$102,118, respectively.

9. Retirement Plans

Defined-Benefit Plans

Certain Ascension Health entities participate in the Ascension Health Pension Plan (the Ascension Plan), which is a noncontributory, defined-benefit pension plan covering all eligible employees of certain Ascension Health entities. Benefits are based on each participant's years of service and compensation. Ascension Plan assets are invested in a master trust (the Trust) consisting of cash and cash equivalents, equity, fixed income funds, and alternative investments. Contributions to the Ascension Plan are based on actuarially determined amounts sufficient to meet the benefits to be paid to plan participants.

The assets of the Ascension Plan are available to pay the benefits of eligible employees and retirees of all participating entities. In the event entities participating in the Ascension Plan are unable to fulfill their financial obligations under the Ascension Plan, the other participating entities are obligated to do so.

Certain other Ascension Health entities participate in separate noncontributory, defined-benefit plans (the Other Ascension Health Plans) in which substantially all employees are eligible to participate. The Other Ascension Health Plans' benefits are based on each participant's years of service and compensation. Substantially all of the Other Ascension Health Plans' assets are invested in the Trust.

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Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

9. Retirement Plans (continued)

The following table sets forth the combined benefit obligations, the assets of the Ascension Plan, and the Other Ascension Health Plans (collectively, the Ascension Health Pension Plans) at June 30, 2011 and 2010, components of net periodic benefit costs for the years then ended, and a reconciliation of the amounts recognized in the accompanying consolidated financial statements:

	Year Ended June 30,		
	2011	2010	
Change in projected benefit obligation:			
Projected benefit obligation at beginning of year	\$ 5.618,553	\$ 4,755,922	
Service cost	208,253	176,920	
Interest cost	304,365	303,764	
Amendments	(476)	(636)	
Assumption change	(154,944)	558,866	
Actuarial (gain) loss	(29,136)	14,521	
Benefits paid	(212,166)	(190.804)	
Projected benefit obligation at end of year	5,734,449	5,618.553	
Accumulated benefit obligation at end of year	5,140,261	4,920,528	
Change in plan assets:			
Fair value of plan assets at beginning of year	4,624,393	3,808,540	
Actual return on plan assets	848,439	835,613	
Employer contributions	136,927	171,044	
Benefits paid	(212,166)	(190,804)	
Fair value of plan assets at end of year	5,397,593	4,624,393	
Net amount recognized at end of year and funded status	\$ (336,856)	\$ (994,160)	
·		24.4.4.4.4	

The Ascension Health Pension Plans' funded status as a percentage of the projected benefit obligation at June 30, 2011 and 2010, was 94.1% and 82.3%, respectively. The Ascension Health Pension Plans' funded status as a percentage of the accumulated benefit obligation at June 30, 2011 and 2010, was 105.0% and 94.0%, respectively.

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Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

9. Retirement Plans (continued)

Included in unrestricted net assets at June 30, 2011 and 2010, respectively, are the following amounts that have not yet been recognized in net periodic pension cost:

		Year Ended June 30,						
	ماليات	2011		2010				
Unrecognized prior service credit Unrecognized actuarial loss	\$	(69,548) 33,874	\$	(80,927) 835,418				
	\$	(35,674)	\$	754,491				

Changes in plan assets and benefit obligations recognized in unrestricted net assets during 2011 and 2010, respectively, include:

	Year Ended June 30, 2011 2010
Current year actuarial (gain) loss Amortization of actuarial loss Current year prior service credit Amortization of prior service credit	\$ (671,223) \$ 66,144 (130,321) (72,948) (476) (636) 11,855 11,199
	\$ (790,165) \$ 3,759
	Year Ended June 30, 2011 2010
Components of net periodic benefit cost Service cost Interest cost Expected return on plan assets Amortization of prior service credit Amortization of actuarial loss	\$ 208,253 \$ 176,920 304,365 303,764 (361,295) (328,370) (11,855) (11,199) 130,321 72,948
Net periodic benefit cost	\$ 269,789 \$ 214,063

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

9. Retirement Plans (continued)

The prior service credit and actuarial loss included in unrestricted net assets and expected to be recognized in net periodic pension cost during the year ending June 30, 2012, are \$10.600 and \$27,700, respectively.

The assumptions used to determine the benefit obligation and net periodic benefit cost for the Ascension Health Pension Plans are set forth below:

	June 30,			
	2011	2010		
Weighted-average discount rate Weighted-average rate of compensation increase	5.63% 4.00%	5.49% 4.00%		
Weighted-average expected long-term rate of return on plan assets	8.50%	8.50%		

The Ascension Health Pension Plans' assets are invested in a portfolio designated to protect principal and obtain competitive investment returns and long-term investment growth, consistent with actuarial assumptions, with a reasonable and prudent level of risk. Diversification is achieved by allocating to funds that correlate to three different economic regimes defined as growth, recession and inflation investment strategies. Growth strategies include long-only equity, long/short equity, private equity, and credit related instruments. Recession strategies include government bonds, investment grade bonds, hedge funds and cash. Inflation strategies include inflation-linked bonds, commodities, and real assets. The Plan retains multiple investment managers with complementary styles, philosophies, and approaches. In accordance with the Ascension Health Pension Plans' objectives, derivatives may also be used to gain market exposure in an efficient and timely manner.

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Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

9. Retirement Plans (continued)

In accordance with the Ascension Health Pension Plans' asset diversification targets, as presented in the table that follows, the Ascension Health Pension Plans invest in certain portfolio investment funds, or alternative investments. These Ascension Health Pension Plans' investments, comprised of various hedge funds, real estate funds, private equity funds, commodity funds, and certain other unregistered mutual funds, do not have observable market values. As such, these investments are valued at the funds' net asset values as determined by each fund's investment manager, which approximates fair value. The fair value of the Ascension Health Pension Plans' alternative investments as of June 30, 2011, is reported in the fair value measurement table that follows. Collectively, these funds have liquidity terms ranging from weekly to annual with notice periods ranging from 1 to 93 days. Due to redemption restrictions, investments in real estate and private equity funds, whose fair value was approximately \$346,401 at June 30, 2011, cannot be redeemed. However, the potential for the Ascension Health Pension Plans to sell their interest in real estate and private equity funds in a secondary market prior to the end of the fund term does exist.

The investments in these alternative investment funds also include contractual commitments to portfolio funds and other funds to provide capital contributions during the investment period, which is typically five years, and may extend to the end of the fund term. During these contractual periods, investment managers may require the Ascension Health Pension Plans to invest in accordance with the terms of the agreement. Commitments not funded during the investment period will expire and remain unfunded. As of June 30, 2011, investment periods expire between July 2011 and December 2016. The remaining unfunded capital commitments of the Ascension Plan total approximately \$437,000 for 35 individual contracts as of June 30, 2011.

The weighted-average asset allocation for the Ascension Health Pension Plans at the end of fiscal 2011 and 2010 and the target allocation for fiscal 2012, by asset category, are as follows:

	Target Allocation	Percentage of Plan Assets at Year-End			
Asset Category	2012	2011	2010		
Growth Recession/deflation Inflation	50%	52%	47%		
	30 20	32 16	44 9		
Total	100%	100%	100%		

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

9. Retirement Plans (continued)

Ascension Health adopted the FASB's authoritative disclosure guidance on reporting for assets of postretirement benefit plans for the fiscal year ended June 30, 2010. The following tables summarize fair value measurements at June 30, 2011 and 2010, by asset class and by level, for the Ascension Health Pension Plans' assets and liabilities in accordance with that guidance. As also discussed in the Fair Value Measurements note, Ascension Health follows the three-level fair value hierarchy to categorize plan assets and liabilities recognized at fair value, which prioritizes the inputs used to measure such fair values.

The inputs and valuation techniques discussed in the Fair Value Measurements note also apply to Plan assets and liabilities as presented in the following tables.

	Level 1	Level 1 Level 2		Total
June 30, 2011 Short-term investments	\$ 433,526	S 12,682	s -	\$ 446,208
Derivative assets - interest rate Derivative assets - other U.S. government obligations Corporate and foreign fixed	717 74 -	3 2,939 1,734,828	65,727 1,159 2,129	66,447 4,172 1,736,957
income investments Asset-backed securities Equity securities Alternative investments Assets not at fair value Total	1,186,520 -	406,793 265,277 — —	19,462 4,427 1,701 1,591,483	426,255 269,704 1,188,221 1,591,483 221,405 5,950,852
Derivative liabilities – interest rate Derivative liabilities – other Investments sold, not yet settled Liabilities not at fair value Total Fair value of plan assets	17 307	283 1,067 56,451	258,882 16,371 -	259,182 17,745 56,451 219,881 553,259 \$ 5,397,593

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Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

9. Retirement Plans (continued)

	 Level 1	 Level 2		Level 3		Total
June 30, 2010	 					
Short-term investments	\$ 196,039	\$ 92,170	\$	n alle	\$	288,209
Derivative assets – interest rate	171	285		90,505		90,961
Derivative assets – other	1,260	5,058		197		6,515
U.S. government obligations	1,200	1,344.660		2.241		1,346,901
Corporate and foreign fixed income investments		447,515		52,193		499,708
Asset-backed securities	-	221,140		4,790		225,930
Equity securities	1,266,949	***		122.447		1,389,396
Alternative investments		en.		1,163,027		1,163,027
Assets not at fair value						238,607
Total						5,249,254
Derivative liabilities –						
interest rate	159	128		323,977		324,264
Derivative liabilities – other Investments sold,	584	376		24.774		25,734
not yet settled	سند	52,018		er de la		52,018
Liabilities not at fair value		•				222,845
Total						624,861
Fair value of plan assets					\$ 4	4,624,393

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Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

9. Retirement Plans (continued)

For the years ended June 30, 2011 and 2010, the changes in the fair value of the Ascension Health Pension Plans' assets measured using significant unobservable inputs (Level 3) were comprised of the following:

	D	Net erivatives		U.S. evernment bligations	ane	orporate d Foreign Fixed Income vestments	5	Asset- Backed ecuritics		Equity ecurities		ternative vestments
June 30, 2011 Beginning balance	·	(258,049)	\$	2,241	S	52,193	\$	4,790	S	122,447	\$1	,163,027
Total actual return on		•	~	·	**	•	_	r	•		-	
plan assets Purchases, issuances, and		57,843		99		1,976		(8)		33,096		171,459
settlements		(8,161)		(211)		(29,882)		376		(153,343)		256,997
Transfers (out of) into Level 3						(4,825)		(731)		(499)		
Ending balance	<u> </u>	(208,367)	\$	2,129	\$	19,462	\$	4,427	\$	1,701	\$ 1	,591,483
Actual return on plan assets relating to plan assets still held at June 30, 2011	S	(25,056)	\$	65	\$	(195)	5	195	\$		5	154,299
	D	Net crivatives		U.S. evernment bligations	an	orporate d Foreign Fixed Income vestments	Ę	Asset- Backed Securities		Equity ecurities		ternative vestments
June 30, 2010		(515 56A)	\$	2	S	93,599	\$	6,626	\$	407	\$	585.210
Beginning balance Total actual return on	3	(515,560)	φ	(3)	Ф		4D		Ψ		Ψ	86,161
plan assets Purchases, issuances, and		126,983		(2)		11,353		3,585		(8.642)		00,101
settlements		130,373		2,243		(36,314)		(5,421)		129,134		491,656
Transfers into (out of) Level 3		155		_		(16,445)				1,548		
Ending balance	\$	(258,049)	\$	2,241	\$	52,193	\$	4,790	\$	122,447	\$	2,163,027
Actual return on plan assets relating to plan assets still held at June 30, 2010	_\$	75,541	\$	(2)	\$	3,965	\$	187	\$	(8,508)	\$	(778)

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Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

9. Retirement Plans (continued)

The Trust has entered into a series of interest rate swap agreements with a net notional amount of approximately \$2.539,000. The combined targeted duration of these swaps and the Trust's fixed income investments approximates the duration of the liabilities of the Trust. Currently, 75% of the dollar duration of the liability is subject to this economic hedge. The purpose of this strategy is to economically hedge the change in the net funded status for a significant portion of the liability that can occur due to changes in interest rates.

The expected long-term rate of return on plan assets is based on historical and projected rates of return for current and planned asset categories in the Ascension Health Pension Plans' investment portfolio. Assumed projected rates of return for each asset category were selected after analyzing historical experience and future expectations of the returns and volatility for assets of that category using benchmark rates. Based on the target asset allocation among the asset categories, the overall expected rate of return for the portfolio was developed and adjusted for historical and expected experience of active portfolio management results compared to benchmark returns and for the effect of expenses paid from plan assets.

Information about the expected cash flows for the Ascension Health Pension Plans follows:

Expected employer contributions 2012	\$	179,000
Expected benefit payments:		
2012		309,000
2013		329.000
2014		353,000
2015		374,000
2016		394,000
2017 - 2021	2	2,301,000

The contribution amount above includes amounts paid to the Trust. The benefit payment amounts above reflect the total benefits expected to be paid from the Trust.

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Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

9. Retirement Plans (continued)

Other Postretirement Benefit Plans

In addition to the retirement plan described above, several Health Ministries sponsor postretirement benefit plans that provide health care benefits to qualified retirees who meet certain eligibility requirements. The total benefit obligation of these plans at June 30, 2011 and 2010, is \$44,446 and \$50.557, respectively. The net obligation included in pension and other postretirement liabilities in the accompanying consolidated balance sheets at June 30, 2011 and 2010, is \$10,086 and \$21,702, respectively. The change in the plans' assets and benefit obligations recognized in unrestricted net assets during the year ended June 30, 2011, was \$6.778

Defined-Contribution Plans

Ascension Health entities participate in contributory and noncontributory, defined-contribution plans covering all eligible associates. There are three primary types of contributions to these plans: employer automatic contributions, employee contributions, and employer matching contributions. Benefits for employer automatic contributions are determined as a percentage of a participant's salary and, for certain entities, increases over specified periods of employee service. These benefits are funded annually and participants become fully vested over a period of time. Benefits for employer matching contributions are determined as a percentage of an eligible participant's contributions each payroll period. These benefits are funded each payroll period and participants become fully vested in these employer contributions immediately. Expenses for the defined-contribution plans were \$113,337 and \$107,198 during 2011 and 2010, respectively.

10. Self-Insurance Programs

Certain Ascension Health hospitals and other entities participate in pooled risk programs to insure professional and general liability risks and workers' compensation risks to the extent of certain self-insured limits. In addition, various umbrella insurance policies have been purchased to provide coverage in excess of the self-insured limits. Trust funds and a captive insurance company have been established for the self-insurance programs, and actuarially determined amounts, discounted at 6%, are contributed to the trusts and the captive insurance company to provide for the estimated cost of claims. The loss reserves recorded for estimated self-insured professional, general liability, and workers' compensation claims include estimates of the ultimate costs for both reported claims and claims incurred but not reported and are discounted at

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Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

10. Self-Insurance Programs (continued)

6% in 2011 and 2010. Those entities not participating in the self-insured programs are insured under separate policies.

Professional and General Liability Programs

Professional and general liability coverage is provided on a claims-made basis through a wholly owned onshore trust and offshore captive insurance company, Ascension Health Insurance, Ltd. (AHIL), with a self-insured retention of \$10.000 per occurrence with no aggregate. Excess coverage is provided through AHIL with limits up to \$185,000. AHIL retains \$5,000 per occurrence and \$5,000 annual aggregate for professional liability. AHIL also retains a 20% quota share of the first \$25,000 of umbrella excess. The remaining excess coverage is reinsured by commercial carriers. Self-insured entities in the states of Indiana and Wisconsin are provided professional liability coverage on an occurrence basis with limits in compliance with participation in the Patient Compensation Funds. The Patient Compensation Funds apply to claims in excess of the primary self-insured limit.

Included in operating expenses in the accompanying consolidated statements of operations and changes in net assets is professional and general liability expense of \$69,073 and \$106,274 for the years ended June 30, 2011 and 2010, respectively. Included in current and long-term self-insurance liabilities on the accompanying consolidated balance sheets are professional and general liability loss reserves of approximately \$522,489 and \$536,506 at June 30, 2011 and 2010, respectively.

AHIL also offers physician professional liability coverage through insurance or reinsurance arrangements to nonemployed physicians practicing at Ascension Health's various facilities, primarily in Michigan. Coverage is offered to physicians with limits ranging from \$100 per claim to \$1.000 per claim with various aggregate limits.

Workers' Compensation

Workers' compensation coverage is provided on an occurrence basis through a grantor trust. The self-insured trust provides coverage up to \$1,000 per occurrence with no aggregate. The trust provides a mechanism for funding the workers' compensation obligations of its members. Excess insurance against catastrophic loss is obtained through commercial insurers. Premium payments made to the trust are expensed and represent claims reported and claims incurred but not reported.

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Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

10. Self-Insurance Programs (continued)

Included in operating expenses in the accompanying consolidated statements of operations and changes in net assets is workers' compensation expense of \$41,973 and \$40,538 for the years ended June 30, 2011 and 2010, respectively. Included in current and long-term self-insurance liabilities on the accompanying consolidated balance sheets are workers' compensation loss reserves of \$98,867 and \$94,922 at June 30, 2011 and 2010, respectively.

11. Lease Commitments

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

Year ending June 30:	
2012	\$ 180.960
2013	169.374
2014	137,302
2015	109,610
2016	90,862
Thereafter	278,052
Total	\$ 966,160

Ascension Health and several of its Health Ministries are lessees under operating lease agreements for the use of space in buildings owned by third parties, including medical office buildings (MOBs) and medical and information technology equipment. In addition, certain Health Ministries have subleased space within buildings where the Health Ministry has a current operating lease commitment. Certain Health Ministries also are lessors under operating lease agreements, primarily ground leases related to third-party-owned MOBs on land owned by the Health Ministries.

Ascension Health's future minimum noncancelable payments associated with operating leases where Ascension Health is the lessee, as well as future minimum noncancelable receipts associated with operating leases where Ascension Health is the sublessor or lessor, are presented in the table that follows. Future minimum payments and receipts relate to noncancelable leases with terms of one year or more.

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Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

11. Lease Commitments (continued)

	Future Payments Where Ascension Health is Lessee	Future Receipts Where Ascension Health is Sublessor/Lessor	Net Future Payments (Receipts)			
Year ending June 30:						
2012	\$ 180,960	\$ 29,839	\$ 151,121			
2013	169,374	25,688	143,686			
2014	137,302	20,743	116,559			
2015	109.610	16,620	92,990			
2016	90.862	13,041	77.821			
Thereafter	278,052	291,477	(13,425)			
Total	\$ 966,160	\$ 397,408	\$ 568,752			

Rental expense under operating leases amounted to \$295,190 and \$275,149 in 2011 and 2010, respectively.

In previous fiscal years, certain Health Ministries sold MOBs to third parties and contemporaneously leased back certain space in those buildings to support ongoing ministry operations. These space leases are being accounted for as operating leases based on their terms, and future minimum lease payments under these leases are included in the future minimum payment amounts reported above. As of June 30, 2011 and 2010, net deferred gains of \$7,226 and \$10,206, respectively, were included in other noncurrent liabilities in the accompanying consolidated balance sheets. These gains are being recognized as operating income over the related leaseback terms.

Also in previous fiscal years, certain Health Ministries entered into agreements to lease space in MOBs under construction by external development companies. Based on relevant authoritative accounting guidance, the Health Ministries were considered the owner of the MOBs during construction. In addition, because these transactions and the sales of other existing MOBs did not qualify for sale-leaseback accounting, they were treated as financing transactions. Accordingly, the associated financing obligations, along with their related construction in progress or building assets, of \$116.314 and \$116,449 at June 30, 2011 and 2010, respectively, are included in other noncurrent liabilities and construction in progress or building and equipment in the

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CONSOLIDATED FINANCIAL STATEMENTS

Ascension Health Years Ended June 30, 2011 and 2010 With Report of Independent Auditors

Consolidated Financial Statements

Years Ended June 30, 2011 and 2010

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Report of Independent Auditors

The Board of Trustees Ascension Health

We have audited the accompanying consolidated balance sheets of Ascension Health (as identified in Note 1) as of June 30, 2011 and 2010, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of Ascension Health's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of Ascension 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 Ascension 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, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

September 8, 2011

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Ernst + Young LLP

Consolidated Balance Sheets

(Dollars in Thousands)

	June 30,			
		2011		2010
Assets				
Current assets:				
Cash and cash equivalents	\$	1,117.574	\$	1,168,278
Short-term investments		91,146		81,650
Accounts receivable, less allowances for uncollectible accounts				
(\$1,091,291 and \$1,018,364 in 2011 and 2010, respectively)		1,700,917		1,590,084
Assets limited as to use		161,300		158,676
Inventories		192,057		201,353
Estimated third-party payor settlements		90,365		115,798
Other		297,549		313,698
Total current assets		3,650,908		3,629,537
Board-designated and other investments		8,251,466		6,701,328
Property and equipment, net		6,013,874		6,093,288
Other assets.				
investment in unconsolidated entities		889,077		809,488
Capitalized software costs, net		486,916		388,701
Other		660,818		487,782
Total other assets		2,036,811	4	1,685,971
Total assets	<u>S</u>	19,953,059	\$	18,110,124

		June 30,		
		2011		2010
Liabilities and net assets	15-15111			
Current liabilities:				
Current portion of long-term debt	\$	29,563	\$	31,221
Long-term debt subject to short-term remarketing arrangements*		1,662,950		1.228,115
Accounts payable and accrued habilities		1,831,710		1,734,533
Estimated third-party payor settlements		281,007		254,232
Current portion of self-insurance liabilities		191,551		188,114
Other	(B-11-00)	75,963		67,955
Total current liabilities		4,072,744		3,504,170
Noncurrent liabilities:				
Long-term debt (senior and subordinated)		2,546,785		3,007,210
Self-insurance liabilities		448,624		461.907
Pension and other postretirement liabilities		396,903		1,022,488
Other		681,626		659,390
Total noncurrent liabilities		4,073,938		5,150,995
Total liabilities		8,146,682		8,655,165
Ner assets:				
Unrestricted		11,332,631		9,013,920
Temporarily restricted		331,563		310.032
Permanently restricted		99,444		89,871
Total net assets excluding noncontrolling interests		11,763.638		9,413,823
Noncontrolling interests		42,739		41,136
Total net assets		11,806,377		9,454,959
Total liabilities and net assets	5	19,953,059	\$	18,110,124

The accompanying notes are an integral part of the consolidated financial statements

^{*}Consists of variable rate demand bonds with pur options that may be exercised at the option of the bondholders, with stated repayment installments through 2047, as well as certain serial mode bonds with scheduled remarketing/mandatory-tender dates occurring prior to June 30, 2012. In the event that bonds are not remarketed upon the exercise of out options or the scheduled mandatory tenders, management would utilize other sources to access the necessary mountity. Potential sources include liquidating investments, drawing upon the \$500,000 line of credit, and issume commercial paper. The \$250,000 commercial paper program is supported by lines of credit totaling \$250,000, as discussed in the Long-Term Debt note.

Consolidated Statements of Operations and Changes in Net Assets

(Dollars in Thousands)

		Year Ended June 30,		
		2011		2010
Operating revenue:				
Net patient service revenue	\$	14,719,615	\$	13,967,469
Other revenue		844,747		788,842
Total operating revenue		15,564,362		14,756,311
Operating expenses:				
Salaries and wages		6,264,651		5,762,470
Employee benefits		1.462,380		1,358,256
Purchased services		781.392		837,171
Professional fees		895,074		747,007
Supplies		2,279,657		2,253,201
Insurance		92,610		120,350
Bad debts		1,001,893		973.767
Interest		130,725		114,323
Depreciation and amortization		659,673		666,933
Other		1,570,018		1,397,185
Total operating expenses before self-insurance trust fund investment return				
and impairment, restructuring, and nonrecurring expenses		15,138,073		14,230,663
Income from operations before self-insurance trust fund investment return	*********	ar er	**********	and the second second
and impairment, restructuring, and nonrecurring expenses		426,289		525,648
				50.05
Self-insurance trust fund investment return		90,402		73,976
Income from operations before impairment, restructuring, and nonrecurring				
expenses		516,691		599,624
Impairment, restructuring, and nonrecurring expenses	*******	92,458		31,111
Income from operations		424,233		568,513
Nonoperating gains (losses):				
Investment return		1,140,325		722,870
Loss on extinguishment of debt		(1,007)		(7.515)
Gain on interest rate swaps		30,941		3,119
Income from unconsolidated entities		11,915		16,147
Donations		(25,968)		(9,864)
Other	***	(43,077)		(33.762)
Total nonoperating gains, net		1,113,129		684,995
Excess of revenues and gains over expenses and losses	<u> </u>	1,537,362		1,253,508
Less excess of revenues and gains over expenses and losses				
attributable to noncontrolling interests		27.484		23,423
Excess of revenues and gains over expenses and losses				
attributable to controlling interest		1,509,878		1,230,085

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

(Dollars in Thousands)

	Year Ended June 30,		
		2011	2010
Unrestricted net assets, controlling interest:			
Excess of revenues and gains over expenses and losses	S	1,509,878 \$	1,230,085
Contributed net assets		(374)	64
Transfers to sponsors and other affiliates, net		(16,959)	(86.940)
Net assets released from restrictions for property acquisitions		70,829	92,351
Pension and other postretirement liability adjustments		793,938	(4.361)
Change in unconsolidated entities' net assets		1,175	(20,113)
Deferred gain on interest rate swaps		(303)	(14,123)
Other		(96)	(224)
Increase in unrestricted net assets, controlling interest, before			······································
gain (loss) from discontinued operations and cumulative effect of			
change in accounting principle		2,358,088	1,196,739
Gain (loss) from discontinued operations		6,616	(48.911)
Cumulative effect of change in accounting principle		(45,993)	~
Increase in unrestricted net assets, controlling interest		2,318,711	1,147,828
Unrestricted net assets, noncontrolling interest:			
Excess of revenues and gains over expenses and losses		27,484	23,423
Distributions and other		(25.881)	(38,046)
Increase (decrease) in unrestricted net assets, noncontrolling interest		1,603	(14,623)
Temporarily restricted net assets:			
Contributions and grants		100,884	109,068
Net change in unrealized gains/losses on investments		15,714	13.618
Investment return		8,295	2,602
Net assets released from restrictions		(103.972)	(128,604)
Other		610	(5.410)
Increase (decrease) in temporarily restricted net assets		21,531	(8,726)
Permanently restricted net assets:			
Contributions		8,030	2,607
Net change in unrealized gains/losses on investments		1,692	(151)
Investment return		(62)	(252)
Other		(87)	(2.225)
Increase (decrease) in permanently restricted net assets	-	9.573	(21)
Increase in net assets		2,351,418	1,124,458
Net assets, beginning of year		9,454,959	8,330.501
Net assets, end of year	\$	11,806,377 \$	9,454,959

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Cash Flows

(Dollars in Thousands)

	Year Ended June 30,		
		2011	2010
Operating activities		and committee and an analysis of the second	
Increase in net assets	\$	2,351,418 \$	1,124,458
Adjustments to reconcile increase in net assets to net cash			
provided by operating activities:			
Depreciation and amortization		659,673	666,933
Amortization of bond premiums		(9,951)	(9,390)
Loss on extinguishment of deb:		1,067	7,515
Provision for bad debts		1,001,893	973,767
Pension and other postretirement liability adjustments		(793,938)	4,361
Contributed net assets		374	(64)
Interest, dividends, and net gains on investments		(1,256,366)	(812,663)
Change in market value of interest rate swaps		(25,257)	18,641
Deferred gain on interest rate swaps		(303)	(14,123)
Gain on sale of assets, net		(21,290)	(9,555)
Cumulative effect of change in accounting principle		45,993	
Impairment and nonrecurring expenses		35,384	14,670
Transfers to sponsor and other affiliates, net		16,959	86,940
Restricted contributions, investment return, and other		(117,670)	(106,390)
Other restricted activity		(1,394)	20,524
Nonoperating depreciation expense		311	303
(increase) decrease in.			
Short-term investments		(9,496)	(8,286)
Accounts receivable		(1,112,960)	(903,747)
Inventories and other current assets		18,489	11,699
Investments classified as trading		(295,223)	(478,803)
Other assets		(218,766)	(163,877)
Increase (decrease) in			
Accounts payable and accrued liabilities		105,101	198,666
Estimated third-party payor settlements payable, net		52,208	(21,818)
Other current liabilities		36,358	(15.522)
Self-insurance liabilities		(9,846)	13,259
Other noncurrent liabilities		235,244	139,038
Net cash provided by continuing operating activities		687,952	736.536
Net cash used in discontinued operations		(2,098)	(27,738)
Net cash provided by operating activities		685,854	708,798

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Consolidated Statements of Cash Flows (continued)

(Dollars in Thousands)

	Year Ended June 30,			
		2011	2010	
Investing activities Property, equipment, and capitalized software additions, net	S	(730,404)	(622,308)	
Proceeds from sale of property and equipment Net cash used in investing activities	***************************************	25,714 (704,690)	(619,307)	
Financing activities				
Issuance of long-term debt		691,240	2,854,053	
Repayment of long-term debt		(804,536)	(2,839,341)	
Decrease in assets under bond indenture agreements		467	1,197	
Transfers to sponsors and other affiliates, net		(36,709)	(13.930)	
Restricted contributions, investment return, and other		117,670	106,390	
Net cash (used in) provided by financing activities	<u> </u>	(31,868)	108,369	
Net (decrease) increase in cash and cash equivalents		(50,704)	197,860	
Cash and cash equivalents at beginning of year		1,168,278	970,418	
Cash and cash equivalents at end of year	S	1,117,574 \$	1,168,278	

The accompanying notes are an integral part of the consolidated financial statements.

Notes to Consolidated Financial Statements (Dollars in Thousands)

June 30, 2011

1. Organization and Mission

Organizational Structure

Ascension Health is a Catholic, national health system consisting primarily of nonprofit corporations that own and operate local health care facilities, or Health Ministries, located in 20 of the United States and the District of Columbia. Ascension Health is sponsored by the Northeast, Southeast, East Central, and West Central Provinces of the Daughters of Charity of St. Vincent de Paul, the Congregation of St. Joseph, and the Congregation of the Sisters of St. Joseph of Carondelet. All of the Health Ministries are related through common control. Substantially all expenses of Ascension Health are related to providing health care services.

Mission

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

- Traditional charity care includes the cost of services provided to persons who cannot afford health care because of inadequate resources and/or who are uninsured or underinsured.
- Unpaid cost of public programs, excluding Medicare, represents the unpaid cost of services provided to persons covered by public programs for persons living in poverty and other vulnerable persons.
- Cost of other programs for persons living in poverty and other vulnerable persons includes unreimbursed costs of programs intentionally designed to serve the persons living in poverty and other vulnerable persons of the community, including substance abusers, the homeless, victims of child abuse, and persons with acquired immune deficiency syndrome.

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Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

1. Organization and Mission (continued)

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

Discounts are provided to all uninsured patients, including those with the means to pay. Discounts provided to those patients who did not qualify for assistance under charity care guidelines are not included in the cost of providing care of persons living in poverty and community benefit programs. The cost of providing care to persons living in poverty and community benefit programs is estimated using each facility's internal cost data and is calculated in compliance with guidelines established by both the Catholic Health Association (CHA) and the Internal Revenue Service. The amount of traditional charity care provided, determined on the basis of cost, was \$408,894 and \$375,039 for the years ended June 30. 2011 and 2010, respectively. The amount of unpaid cost of public programs, cost of other programs for persons living in poverty and other vulnerable persons, and community benefit cost are reported in the accompanying other financial information.

2. Significant Accounting Policies

Principles of Consolidation

All corporations and other entities for which operating control is exercised by Ascension Health or one of its member corporations are consolidated, and all significant inter-entity transactions have been eliminated in consolidation. Investments in entities where Ascension Health does not have operating control are recorded under the equity or cost method of accounting. Income from unconsolidated entities is included in consolidated excess of revenues and gains over expenses and losses in the consolidated statements of operations and changes in net assets as follows:

		Year Ended June 30,			
	2011			2010	
Other revenue Nonoperating gains, net	\$	138,469 11,915	\$	131,680 10,147	

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Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Significant Accounting Policies (continued)

Use of Estimates

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

Fair Value of Financial Instruments

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

Cash and Cash Equivalents

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

Investments and Investment Return

Ascension Health holds investments through the Health System Depository (HSD), an investment pool of funds in which a limited number of nonprofit health care providers participate for purposes of establishing investment goals and monitoring performance under agreed-upon socially responsible investment guidelines. Investments are managed primarily by external investment managers within established investment guidelines. Ascension Health does not consolidate the entire investment pool of funds as a portion of the investment pool represents the interests of other entities. Accordingly, as related to the HSD, Ascension Health's investments recorded in the accompanying consolidated financial statements consist only of Ascension Health's pro rata share of the HSD's investments held for participants.

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

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Significant Accounting Policies (continued)

Investment returns are comprised of dividends, interest, and gains and losses. The cost of substantially all securities sold is based on the average cost method. Investment return on self-insurance trust funds is reported as a separate component of income from operations in the consolidated statements of operations and changes in net assets. Investment return from all other investments is reported as nonoperating gains (losses) in the consolidated statements of operations and changes in net assets unless the return is restricted by donor or law.

Inventories

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

Intangible Assets

Intangible assets primarily consist of goodwill and capitalized computer software costs, including software internally developed. Costs incurred in the development and installation of internal use software are expensed or capitalized depending on whether they are incurred in the preliminary project stage, application development stage, or post-implementation stage. Intangible assets are included in other noncurrent assets in the consolidated balance sheets and are comprised of the following:

		June 30,					
		2011		2010			
Goodwill Capitalized computer software costs, net Other, net	\$	118,871 486,916 29,404	\$	93,324 388,701 5,624			
Total intangible assets	S	635,191	5	487,649			

Intangible assets whose lives are indefinite, primarily goodwill, are not amortized and are evaluated for impairment at least annually, while intangible assets with definite lives, primarily capitalized computer software costs, are amortized over their expected useful lives. Amortization expense for these intangible assets in 2011 and 2010 was \$86,741 and \$87,440, respectively.

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Significant Accounting Policies (continued)

During the year ended June 30, 2010, Ascension Health began a significant multi-year, System-wide enterprise resource planning initiative including information technology and process standardization project (Symphony), which is expected to continue through December 2014. The project is anticipated to result in a transition to a common software product for various finance, information technology, procurement, and human resources management processes, including standardization of those processes throughout Ascension Health. Capitalized costs of Symphony were approximately \$162,000 and \$49,000 at June 30, 2011 and 2010, respectively. Certain costs of this project were also expensed. See the Impairment, Restructuring, and Nonrecurring Expenses discussion for additional information about costs associated with Symphony.

Property and Equipment

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

		June 30,						
		2011 2010						
Land and improvements	\$	621,874	\$	606,425				
Building and equipment		12,405,114		11,904,661				
Construction in progress		150,376		861,463				
Y &		13,177,364		13,372,549				
Less accumulated depreciation		7,163,490		7,279,261				
Total property and equipment, net	S	6.013,874	\$	6,093,288				

Depreciation is determined on a straight-line basis over the estimated useful lives of the related assets. Depreciation expense in 2011 and 2010 was \$569,633 and \$574,609, respectively.

Several capital projects have remaining construction and related equipment purchase commitments of approximately \$114,000.

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Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Significant Accounting Policies (continued)

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those assets whose use by Ascension Health has been limited by donors to a specific time period or purpose. Permanently restricted net assets consist of gifts with corpus values that have been restricted by donors to be maintained in perpetuity, which include endowment funds. Temporarily restricted net assets and earnings on permanently restricted net assets, including earnings on endowment funds, are used in accordance with the donors' wishes, primarily to purchase equipment and to provide charity care and other health and educational services. Contributions with donor-imposed restrictions that are met in the same reporting period are reported as unrestricted.

Performance Indicator

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

Operating and Nonoperating Activities

Ascension Health's primary mission is to meet the health care needs in its market areas through a broad range of general and specialized health care services, including inpatient acute care, outpatient services, long-term care, and other health care services. Activities directly associated with the furtherance of this purpose are considered to be operating activities. Other activities that result in gains or losses peripheral to Ascension Health's primary mission are considered to be nonoperating. Several primary care clinics that are not associated with an acute care hospital and that rely significantly on contributions from foundations are also considered nonoperating.

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Significant Accounting Policies (continued)

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

Not patient service revenue is reported at the estimated realizable amounts from patients, third-party payors, and others for services provided excluding the provision for bad debt expense and includes estimated retroactive adjustments under reimbursement agreements with third-party payors. Revenue under certain third-party payor agreements is subject to audit, retroactive adjustments, and significant regulatory actions. Provisions for third-party payor settlements and adjustments are estimated in the period the related services are provided and adjusted in future periods as additional information becomes available and as final settlements are determined.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a possibility that recorded estimates will change by a material amount in the near term. Adjustments to revenue related to prior periods increased net patient service revenue by approximately \$83,416 and \$69.091 for the years ended June 30, 2011 and 2010, respectively.

During 2011, approximately 36% of net patient service revenue was earned under the Medicare program and 11% under various state Medicaid programs. During 2010, approximately 36% of net patient service revenue was earned under the Medicare program and 10% under various state Medicaid programs. Ascension Health grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor arrangements. Significant concentrations of accounts receivable at June 30, 2011, include Medicare (20%) and various states' Medicaid programs (10%). Significant concentrations of accounts receivable at June 30, 2010, include Medicare (21%) and various states' Medicaid programs (10%)

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Significant Accounting Policies (continued)

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

Impairment, Restructuring, and Nonrecurring Expenses

During the years ended June 30, 2011 and 2010, Ascension Health recorded total impairment, restructuring, and nonrecurring expenses of \$92,458 and \$31,111, respectively. For the year ended June 30, 2011, this amount was comprised of long-lived asset impairments of approximately \$21,834 and restructuring and nonrecurring expenses of approximately \$70,624. The restructuring and nonrecurring expenses for the year ended June 30, 2011, included approximately \$44,355 of nonrecurring expenses associated with Symphony. Symphony nonrecurring expenses include project management and process reengineering costs, as well as costs to establish a shared service center and develop a business intelligence data warehouse.

For the year ended June 30, 2010, total impairment, restructuring, and nonrecurring expenses of \$31,111 were comprised of approximately \$7,629 of restructuring and nonrecurring expenses related to changes in business operations, including reorganization and severance charges, as well as approximately \$14.670 of long-lived asset impairments. Restructuring and nonrecurring expenses for the year ended June 30, 2010, also include \$8.812 associated with Symphony.

Amortization

Bond issuance costs, discounts, and premiums are amortized over the term of the bonds using a method approximating the effective interest method.

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Significant Accounting Policies (continued)

Income Taxes

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

Regulatory Compliance

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

Reclassifications

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

Subsequent Events

Ascension Health evaluates the impact of subsequent events, which are events that occur after the balance sheet date but before the financial statements are issued, for potential recognition in the financial statements as of the balance sheet date. For the year ended June 30, 2011, Ascension Health evaluated subsequent events through September 8, 2011, representing the date on which the accompanying audited consolidated financial statements were issued.

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Significant Accounting Policies (continued)

Adoption of New Accounting Standards

In January 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2010-07, Not-for-Profit Entities: Mergers and Acquisitions. which establishes accounting and disclosure requirements for how a not-for-profit entity determines whether a combination is a merger or an acquisition, how to account for each, and the required disclosures. In addition, ASU 2010-07 includes amendments to FASB's Accounting Standards Codification (the Codification, or ASC) Topic 350, Intangibles - Goodwill and Other, and ASC Topic 810, Consolidation, to make both applicable to not-for-profit entities. ASC Topic 350 clarifies the accounting for goodwill and indefinite-lived identifiable intangible assets recognized in a not-for-profit entity's acquisition of a business or nonprofit activity. Such assets are not amortized and are tested for impairment at least annually. ASC Topic 810 clarifies the accounting for noncontrolling interests and establishes accounting and reporting standards for the noncontrolling interest in a subsidiary, including classification as a component of net assets. Ascension Health adopted the guidance relative to ASU 2010-07 as of July 1, 2010. The adoption of this guidance resulted in goodwill impairment of \$45,993 recorded as a cumulative effect of change in accounting principle on the consolidated statements of operations and changes in net assets for the year ended June 30, 2011.

3. Organizational Changes

On April 20, 2011, Ascension Health signed a non-binding Letter of Intent with Alexian Brothers Health System (Alexian Brothers) to assess a potential transaction whereby Ascension Health would become the sole corporate member of Alexian Brothers. Alexian Brothers is a Catholic health care organization which oversees the operations of four hospitals, ambulatory care clinics, physician practices, and senior living facilities.

On April 29, 2011, the Federal Trade Commission completed its review of a proposed affiliation between Seton Health System, Inc. (Seton Health) in Troy. New York, Northeast Health, Inc. and St. Peter's Health Care Services. Under the terms of the related agreements, it is anticipated that Ascension Health will retain certain limited rights as an ongoing member of Seton Health in Troy, New York. With this clearance received, the organizations will move forward to create an affiliated health system which is anticipated to result in Seton Health no longer being under the control of Ascension Health.

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

3. Organizational Changes (continued)

Discontinued Operations

Effective July 1, 2009, Catholic Health Partners (CHP) and Saint Anthony Hospital (SAH) separated from Ascension Health and Missionary Sisters of the Sacred Heart of Jesus-Provincial Council of the Stella Maris Province (MS-SMP) as agreed upon in the Separation Agreement dated May 28, 2009, to allow SAH to operate as a freestanding, community-based, Catholic hospital serving its community in Chicago, Illinois. The operating results of CHP and SAH are classified in Ascension Health's accompanying consolidated financial statements as discontinued operations.

Ascension Health reported an increase in net assets from discontinued operations of \$6,616 for the year ended June 30, 2011, representing the excess of revenues over expenses for previously discontinued lines of business in Michigan and Tennessee, as well as the fair value of net assets relinquished under the Separation Agreement for the CHP and SAH operations. These entities had recorded operating revenues totaling \$29,066 during the period that they were operational during the year ended June 30, 2011.

Ascension Health reported a decrease in net assets from discontinued operations of \$48,911 for the year ended June 30, 2010, representing the deficit of revenues over expenses for previously discontinued lines of business in Michigan and Tennessee, as well as the fair value of net assets relinquished under the Separation Agreement for the CHP and SAH operations. These entities had recorded operating revenues totaling \$34,898 during the period that they were operational during the year ended June 30, 2010.

The accompanying consolidated balance sheets include assets held for sale and liabilities related to assets held for sale associated with the above transactions. At June 30, 2011 and 2010, assets held for sale consist primarily of accounts receivable and property and equipment while liabilities related to assets held for sale consist primarily of accounts payable, other liabilities, and self-insurance liabilities.

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

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

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

	June 30,				
	2011	2010			
Cush and cash equivalents	\$ 1,117,574	\$ 1.168,278			
Short-term investments	91,146	81,650			
Assets limited as to use	161,300	158,676			
Board-designated and other investments:					
Board-designated investments	623,129	3,804,898			
Other investments	6,713,801	1,994.816			
Assets limited as to use:					
Under bond indenture agreement	439	906			
Self-insurance trust funds, less current portion	495,232	517,302			
Temporarily or permanently restricted	418,865	383,406			
Total assets limited as to use	914,536	901.614			
Total Board-designated and other investments	8,251,466	6,701.328			
Total	\$ 9,621,486	\$ 8,109,932			

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

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

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

	June 30,				
	marine and deliver	2011		2010	
Cash and cash equivalents	S	459,550	\$	459,198	
Short-term investments		60,559		73,440	
U.S. government obligations		49,958		59,058	
Corporate and foreign fixed income investments		50,813		62,421	
Asset-backed securities		60,280		52,194	
Equity securities		316,338		260,569	
Private equity and other investments		164,894		132,666	
Other assets limited as to use		78,340		79,571	
Subtotal, included in cash and cash equivalents, short-term investments, and Board-designated and other					
investments		1,240,732		1,179,117	
Ascension Health's pro rata share of HSD funds held for participants		8,380,754		6,930,815	
Cash and cash equivalents, short-term investments, and Board-designated and other investments	\$	9,621,486	\$	8,109,932	

Ascension Health's pro rata share of the HSD's funds held for participants was \$8,380,754 and \$6,930,815 at June 30, 2011 and 2010, respectively, representing 77.2% and 76.1% of the funds held for participants in the HSD at those respective dates.

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

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

As disclosed in the Significant Accounting Policies note. Ascension Health holds investments through the HSD. The following is a condensed balance sheet of the entire HSD, including the interests of Ascension Health and all other participating entities, at June 30, 2011 and 2010:

	June 30,						
		2011		2010			
Assets Cash	\$	26,757	\$	24,023			
Loans, interest, and other receivables	Ψ	88,180	•	96,575			
Due from brokers		799,869		1,411,218			
Securities lending collateral		378,877		364,608			
Derivative asset		33,208		21,281			
Investments, at fair value:		***		coa (00			
Short-term investments		747,955		502,600			
U.S. government obligations		3,056,988		2,375,313			
Corporate and foreign fixed income investments		1,260,685		1,605,176			
Asset-backed securities		1,764,404		1,037,000			
Equity, private equity, and other investments		2,287,580		2,216,625			
Equity method investments		2,026,142		1,390,415			
Total assets	\$	12,470,645	\$	11,044,834			
Liabilities and funds held for participants							
Due to brokers	\$	1,032,350	\$	1,471,668			
Derivative liability		34,768		49,711			
Investments sold, not yet settled		166,663		36,963			
Other payables		6,743		5,191			
Payable under securities lending program		380,684		368,282			
Total liabilities		1,621,208		1,931,815			
Funds held for participants		10,849,437		9,113,019			
Total liabilities and funds held for participants	\$	12,470,645	\$	11,044,834			

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

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

Ascension Health's investment strategy includes investing in alternative investments, such as private equity and real estate funds, a portion of which are valued up to 90 days in arrears. Ascension Health's investment in alternative investment funds include contractual commitments to portfolio venture funds and other funds to provide capital contributions during the investment period which is typically five years and can extend to the end of the fund term. During these contractual periods, investment managers may require Ascension Health to invest in accordance with the terms of the agreement. Commitments not funded during the investment period will expire and remain unfunded. As of June 30, 2011, investment periods expire between August 2011 and December 2016. The remaining unfunded capital commitments for all HSD participants and a joint venture consolidated for financial reporting purposes total approximately \$659,000 for 40 individual contracts as of June 30, 2011.

Due to the uncertainty surrounding whether the contractual commitments will require funding during the contractual period, future minimum payments to meet these commitments cannot be reasonably estimated. These committed amounts have not been reduced by the anticipated cash inflows from liquidating previous investments in alternative investment funds.

Investment return recognized by Ascension Health is summarized as follows:

Year Ended June 30,				
2011		2010		
S 1,152,338	\$	756,437		
17,051		15,872		
80,814		38,760		
6,163		1,594		
\$ 1,256,366	\$	812,663		
	2011 \$ 1,152,338 17,051 80,814 6,163	2011 \$ 1,152,338 \$ 17,051 80,814 6,163		

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

5. Fair Value Measurements

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

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

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

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

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

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

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

5. Fair Value Measurements (continued)

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

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

Cash and cash equivalents and short-term investments

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

Derivative assets and liabilities

The fair value of derivative contracts is primarily determined using techniques consistent with the market approach. Derivative contracts include interest rate, credit default, and total return swaps. Significant observable inputs to valuation models include interest rates, Treasury yields, volatilities, credit spreads, maturity, and recovery rates.

U.S. government obligations

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

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

5. Fair Value Measurements (continued)

Asset-backed securities

The fair value of U.S. agency and corporate asset-backed securities is primarily determined using techniques consistent with the income approach, such as a discounted cash flow model. Significant observable inputs include prepayment speeds and spreads, benchmark yield curves, volatility measures, and quotes.

Corporate and foreign fixed income investments

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

Equity securities

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

Investments sold, not vet settled

The fair value of investments sold, not yet settled is primarily determined using techniques consistent with the income approach. Significant observable inputs to the income approach include data points for benchmark, constant maturity curves, and spreads.

Securities lending collateral

The fair value of collateral received under HSD's securities lending program is determined using the calculated net asset value for the commingled fund in which the collateral is invested. The underlying investments are valued using techniques consistent with the market approach, which utilizes significant observable market inputs such as available trades, quotes, benchmark curves, sector groupings, and matrix pricing.

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

5. Fair Value Measurements (continued)

Guaranteed pooled fund

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

Private equity investments

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

As discussed in the Significant Accounting Policies and the Cash and Cash Equivalents. Investments, and Other Assets Limited as to Use notes, Ascension Health holds investments through the HSD representing 77.2% and 76.1% of the net asset value of the HSD as of June 30, 2011 and 2010, respectively. The HSD's investments include equities, various fixed income securities, and alternative investments.

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

5. Fair Value Measurements (continued)

The following table summarizes fair value measurements, by level, at June 30, 2011 and 2010, for all the HSD financial assets and liabilities measured at fair value on a recurring basis in the HSD's financial statements:

		Level 1	Level 2			Level 3	 Total
June 30, 2011							
Assets included in:							
Securities lending collateral	\$	***	\$	378,877	S		\$ 378,877
Derivative asset		19,649		2,303		11,256	33,208
Short-term investments		689,742		58,213			747,955
U.S. government obligations				3,046,822		10,166	3,056,988
Corporate and foreign fixed							
income investments		_		1,144,643		116,042	1,260,685
Asset-backed securities		***		1,719.704		44,700	1,764,404
Equity, private equity, and other							
investments		2,240,360				47,220	2,287,580
T To Not State on the called State State							
Liabilities included in:		1,162		3,116		30,490	34,768
Derivative liability		1,102		166,663		50,450	166,663
Investments sold, not yet settled		_		100,000			2110,000
June 30, 2010							
Assets included in:							
Securities lending collateral	S	_	\$	364,608	\$	nur.	\$ 364,608
Derivative asset		7,256		8,569		5,456	21,281
Short-term investments		353,700		148,900		_	502,600
U.S. government obligations		~		2,367,973		7.340	2,375,313
Corporate and foreign fixed							
income investments		-		1,437,703		167,473	1.605,176
Asset-backed securities		-		1,010,931		26,069	1,037,000
Equity, private equity, and other							
investments		1,716,904		76,146		423,575	2,216,625
4 2 2 A 2 A 2 A 2 A 2 A 2 A 2 A 2 A 2 A							
Liabilities included in:		2,029		1,777		45,905	49,711
Derivative liability		2,029		36,963		409200	36,963
Investments sold, not yet settled				20,703			50,505

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

5. Fair Value Measurements (continued)

For the years ended June 30, 2011 and 2010, the changes in the fair value of the HSD assets measured using significant unobservable inputs (Level 3) were comprised of the following:

The amount of total gains or losses for the period included in nonoperating gains (losses) attributable to the change in unrealized gains or losses relating to assets still held at June 30, 2011 Sune 30, 2010 Beginning balance Total realized and unrealized gains (losses) included in nonoperating gains (losses) included in nonoperating gains (losses) Purchases, issuances, and settlements Transfers (out of) into Level 3 Ending balance The amount of total gains or losses for the period included in nonoperating gains (losses) attributable to the change in unrealized gains or losses relating to assets still held at		Gov	U.S. ernment igations	and	orporate I Foreign Fixed ncome estments	E	Asset- Backed curities	Eq	Equity, Private juity, and Other vestments	De	Net erivatives
Total realized and unrealized gains included in nonoperating gains. Purchases issuances, and settlements		Δ.			5 c W 4 M 3	•	27.060	e	197 585	e-	740.44m
Description		\$	7,340	3	167,473	3	26,009	3	423,575	3	(40,447)
Purchases, issuances, and settlements Transfers into (out of) Level 3 Ending balance 1,499 (42.171) 19,814 (476,085) (158,999) Transfers into (out of) Level 3 Ending balance 5 10,166 5 116,042 5 44,700 5 47,220 5 (19,234) The amount of total gains or losses for the period included in nonoperating gains (losses) attributable to the change in unrealized gains or losses relating to assets still held at June 30, 2011 S 107 5 (1,948) 5 781 5 5,872 5 (146,992) June 30, 2010 Beginning balance Total realized and unrealized gains (losses) nonoperating gains (losses) Purchases, issuances, and settlements Transfers (out of) into Level 3 (5,676) (50,095) (59,146) (12,269) 1,396 The amount of total gains or losses for the period included in nonoperating gains (losses) attributable to the change in unrealized gains or losses relating to assets still held at			202		8,209		1,514		99,730		180,214
Transfers into (out of) Level 3 Ending balance 1,425 (17,469) (2.697) S 10,166 \$ 116,042 \$ 44,700 \$ 47,220 \$ (19,234) The amount of total gains or losses for the period included in nonoperating gains (losses) attributable to the change in unrealized gains or losses relating to assets still held at June 30, 2011 S 107 \$ (1,948) \$ 781 \$ 5,872 \$ (146,992) June 30, 2010 Beginning balance Total realized and unrealized gains (losses) included in nonoperating gains (losses) Purchases, issuances, and settlements Transfers (out of) into Level 3 Ending balance The amount of total gains or losses for the period included in nonoperating gains (losses) Attributable to the change in unrealized gains or losses for the period included in nonoperating gains (losses) attributable to the change in unrealized gains or losses relating to assets still held at	Purchases, issuances, and		4.400		(40 474)		10.016		/ 487 ABES		(1 20 000)
Ending balance S 19,166 \$ 116,042 \$ 44,706 \$ 47,220 \$ (19,234) The amount of total gains or losses for the period included in nonoperating gains (losses) attributable to the change in unrealized gains or losses relating to assets still held at June 30, 2011 \$ 107 \$ (1,948) \$ 781 \$ 5,872 \$ (146,992) June 30, 2010 Beginning balance \$ 25,746 \$ 244,131 \$ 87,091 \$ 80,437 \$ (23,159) Total realized and unrealized gains (losses) horized in nonoperating gains (losses) 449 \$ 16,515 \$ 11,091 \$ (38,308) \$ (20,928) Purchases, issuances, and settlements \$ (13,179) \$ (43,078) \$ (12,967) \$ 393,715 \$ 2,242 Transfers (out of) into Level 3 \$ 7,340 \$ 167,473 \$ 26,069 \$ 423,575 \$ (40,449) The amount of total gains or losses for the period included in nonoperating gams (losses) attributable to the change in unrealized gains or losses relating to assets still held at					, ,				(4/6,065)		(120,377)
The amount of total gains or losses for the period included in nonoperating gains (losses) attributable to the change in unrealized gains or losses relating to assets still held at June 30, 2011 Sune 30, 2010 Beginning balance Total realized and unrealized gains (losses) included in nonoperating gains (losses) Purchases, issuances, and settlements Transfers (out of) into Level 3 Ending balance The amount of total gains or losses for the period included in nonoperating gains (losses) attributable to the change in unrealized gains or losses relating to assets still held at		\$		S		S		\$	47,220	S	(19,234)
for the period included in nonoperating gains (losses) attributable to the change in unrealized gains or losses relating to assets still held at June 30, 2011 Sune 30, 2010 Beginning balance Total realized and unrealized gains (losses) included in nonoperating gains (losses) Purchases, issuances, and settlements Transfers (out of) into Level 3 Ending balance The amount of total gains or losses for the period included in nonoperating gains (losses) attributable to the change in unrealized gains or losses relating to assets still held at			adjuntar (m			7505VIII		TO BEE		JUNE WA	
June 30, 2010 Beginning balance \$ 25,746 \$ 244,131 \$ 87,091 \$ 80,437 \$ (23,159) Total realized and unrealized gains (losses) included in nonoperating gains (losses) 449 16,515 11,091 (38,308) (20,928) Purchases, issuances, and settlements (13,179) (43,078) (12,967) 393,715 2,242 Transfers (out of) into Level 3 (5,676) (50,095) (59,146) (12,269) 1,396 Ending balance \$ 7,340 \$ 167,473 \$ 26,069 \$ 423,575 \$ (40,449) The amount of total gains or losses for the period included in nonoperating gains (losses) attributable to the change in unrealized gains or losses relating to assets still held at 10,000	for the period included in nonoperating gains (losses) attributable to the change in unrealized gains or losses relating to assets still held at	\$	107	\$	(1,948)	\$	781	S	5,872	\$	(146,992)
Beginning balance \$ 25,746 \$ 244,131 \$ 87,091 \$ 80,437 \$ (23,159) Total realized and unrealized gains (losses) included in nonoperating gains (losses) 449 16,515 11,091 (38,308) (20,928) Purchases, issuances, and settlements (13,179) (43,078) (12,967) 393,715 2,242 Transfers (out of) into Level 3 (5,676) (50,095) (59,146) (12,269) 1,396 The amount of total gains or losses for the period included in nonoperating gains (losses) attributable to the change in unrealized gains or losses relating to assets still held at		West		12.5		,		•			
Total realized and unrealized gains (losses) included in nonoperating gains (losses) 449 16.515 11,091 (38,308) (20,928) Purchases, issuances, and settlements (13,179) (43,078) (12,967) 393,715 2,242 Transfers (out of) into Level 3 (5,676) (50,095) (59,146) (12,269) 1,396 Ending balance \$\frac{1}{3}\frac{1}\frac{1}{3}\frac{1}{3}\frac{1}{3}\frac{1}{3}\frac{1}{3}\frac{1}		an.	25 746	e	244 121	¢	97.063	c	20.437	ď.	/23 150)
(losses) included in nonoperating gains (losses) Purchases, issuances, and settlements Transfers (out of) into Level 3 Ending balance The amount of total gains or losses for the period included in nonoperating gams (losses) attributable to the change in unrealized gains or losses relating to assets still held at		Ъ	23,740	3	244,131	Þ	07,091	J	00,457	145	(23,137)
settlements Transfers (out of) into Level 3 Ending balance (13,179) (43,078) (12,967) 393,715 2,242 (5,676) (50,095) (59,146) (12,269) 1,396 \$ 7,340 \$ 167,473 \$ 26,069 \$ 423,575 \$ (40,449) The amount of total gains or losses for the period included in nonoperating gams (losses) attributable to the change in unrealized gains or losses relating to assets still held at	(losses) included in nonoperating gains (losses)		449		16,515		11,091		(38,308)		(20,928)
Transfers (out of) into Level 3 Ending balance (5,676) (50,095) (59,146) (12,269) 1,396 \$ 7,340 \$ 167,473 \$ 26,069 \$ 423,575 \$ (40,449) The amount of total gains or losses for the period included in nonoperating gains (losses) attributable to the change in unrealized gains or losses relating to assets still held at			(13 179)		(43.078)		(12.967)		393.715		2.242
Ending balance \$ 7.340 \$ 167,473 \$ 26,069 \$ 423,575 \$ (40,449) The amount of total gains or losses for the period included in nonoperating gains (losses) attributable to the change in unrealized gains or losses relating to assets still held at							• ,		(12, 269)		1,396
for the period included in nonoperating gains (losses) attributable to the change in unrealized gains or losses relating to assets still held at	, ,	\$	7,340	\$	167,473	\$	26,069	\$	423,575	\$	(40,449)
June 30, 2010 \$ - \$ 3,937 \$ (704) \$ 31.635 \$ (9.236)	for the period included in nonoperating gains (losses) attributable to the change in unrealized gains or losses relating to assets still held at	\$	_	\$	3,937	\$	(794)	\$	31.635	\$	(9.236)

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

5. Fair Value Measurements (continued)

The basis for recognizing and valuing transfers into or out of Level 3, in the Level 3 rollforward, is as of the beginning of the period in which the transfers occur.

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

	Level 1 Level 2 Level 3					Total	
June 30, 2011							
Cash and cash equivalents	S	86,946	S	6,954	\$ _	S	93,900
Short-term investments		15,592		44,768			60,360
U.S. government obligations		_		49,516	442		49,958
Corporate and foreign fixed							
income investments				45,789	5,024		50,813
Asset-backed securities				58,356	1,924		60,280
Equity, private equity, and other							
investments		286,961		17,878	101,681		406,520
Assets not at fair value		·					518,901
Subtotal, included in cash and cash equivalents, short-term investments, assets limited as to use, and Board-designated and other investments						<u>. \$</u>	1,240,732
Deferred compensation assets, included in other noncurrent assets, invested in: Equity securities Guaranteed pooled fund	\$	t40,238 -	s	 -	\$ 32,116	\$	140,238 32,116
Interest rate swaps, included in other noncurrent assets		-		64,426			64,426
Interest rate swaps, included in other noncurrent liabilities		-		141,287	_		141,287

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

5. Fair Value Measurements (continued)

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

	Level 1			Level 2	Level 3		Total		
June 30, 2010						,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			
Cash and cash equivalents	\$	77,740	\$	7,845	\$ ***	\$	85,585		
Short-term investments		30,016		42,212	201		72,429		
U.S. government obligations				58,616	442		59,058		
Corporate and foreign fixed									
income investments				57,576	4,845		62,421		
Asset-backed securities				52,005	189		52,194		
Equity, private equity, and other									
investments		241,052		10,337	74,335		325,724		
Assets not at fair value							521,706		
Subtotal, included in cash and cash									
equivalents, short-term									
investments, assets limited as to									
use, and Board-designated and									
other investments						S	1,179,117		
Deferred compensation assets,									
included in other noncurrent									
assets, invested in:									
Fquity securities	\$	107.239	\$		\$	S	107,239		
Guaranteed pooled fund		_			28,694		28,694		
Interest rate swaps, included in									
other noncurrent assets				66,929			66,929		
Interest rate swaps, included in									
other noncurrent liabilities		t.d		169,047			169,047		

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Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

5. Fair Value Measurements (continued)

During the years ended June 30, 2011 and 2010, the changes in the fair value of the foregoing assets measured using significant unobservable inputs (Level 3) were comprised of the following:

	T	ort- erm stments	Gov	U.S. ernment igations	and I	rporate l Foreign Fixed ncome estments	1	Asset- Backed ecurities	Eq	Equity, Private uity, and Other restments		aranteed led Fund
June 30, 2011	e tr	401	~	1.12	6	4 0 4 5	S	189	s	74,335	S	28,694
Beginning balance Total realized and unrealized	\$	201	S	442	\$	4,845	3	103	Э	14,000	Þ	20,074
gains (losses):												
Included in income from												
operations		~~		-		412		(16)		676		-
Included in nonoperating										(73)		_
gains (losses) Included in changes m		_		_		_		_		(13)		_
net assets						_		_		315		***
Purchases, issuances, and												
settlements		***		••		(233)		1,463		27,493		2,609
Transfers (out of) into		(201)						288		(1,065)		813
Level 3	·	(201)	\$	442	\$	5,024	-\$	1,924	\$	101,681	\$	32,116
Ending balance	\$			****	<i>3</i>	2,04% 	9 19 19	1,747	M	10140014		
June 30, 2010												
Beginning balance	8	_	\$	_	\$	4,474	\$	201	\$	43,135	\$	25.961
Total realized and unrealized												
gains (losses):												
Included in income from						938		2		531		
operations Included in nonoperating		also allo		20		ەرو		ک		JJI		
gains (losses)	•			_		_				(425)		(59)
Included in changes in												
net assets		_				_		_		1,296		_
Purchases, issuances, and				442		(567)		187		(4,704)		3,125
settlements Transfers into (out of)				744		(307)		10,		(~,10-1)		J,123
I evel 3		201						(201)		34,502		(333)
Ending balance	\$	201	\$	442	\$	4,845	\$	189	\$	74,335	\$	28,694

The basis for recognizing and valuing transfers into or out of Level 3, in the Level 3 rollforward, is as of the beginning of the period in which the transfers occur.

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

6. Significant Investments in Unconsolidated Entities

Ascension Health has a 50% membership interest in Via Christi Health, Inc. (VCH). Ascension Health accounts for this membership interest under the equity method of accounting. Ascension Health's investment in VCH is \$499,910 and \$452,781 at June 30, 2011 and 2010, respectively, and is reported in the consolidated balance sheets in investment in unconsolidated entities. Ascension Health's investment in VCH reflects the financial performance of VCH one month in arrears.

At June 30, 2011 and 2010, the difference between the amount at which Ascension Health's investment in VCH is carried in the accompanying consolidated balance sheets and its interest in the underlying net assets of VCH is \$30,568 and \$33,309, respectively. This difference relates primarily to the excess of the fair value of VCH property and equipment and long-term debt over their carrying values at the date Ascension Health received the interest in VCH. The difference is being amortized over the remaining life of the property and equipment and term of the long-term debt.

Condensed financial information of VCH as of and for the years ended June 30, 2011 and 2010, is summarized below:

Current assets Noncurrent assets Total assets Current liabilities S Noncurrent liabilities	748,221		2010
Noncurrent assets Total assets Current liabilities S Noncurrent liabilities	,	~	
Current liabilities S Noncurrent liabilities	932,313	\$	694,549 859,460
Noncurrent liabilities	,680,534	\$	1,554,009
	120,335 555,415	\$	99,460 556,460
Total liabilities Net assets	675,750 1,004,784		655,920 898,089
Total liabilities and net assets	1,680,534	\$	1,554,009
10(4:12 10):40	1,094,925 1,072,680) 97,573	\$	996,949 (942,838) 60,134
Excess of revenues over expenses S	119,818	\$	114,245

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Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

7. Long-Term Debt

Long-term debt consists of the following:

	June 30,			
		2011		2010
Tax-exempt hospital revenue bonds secured: Variable rate demand bonds, subject to a put provision which provides for a cumulative 7-month notice and remarketing period, payable through November 2047; interest (0.18% at June 30, 2011) tied to a				
market index plus a spread	S	320,480	\$	320,480
Variable rate demand bonds, subject to a 7-day put provision, payable through November 2047; interest set at prevailing market rates Variable rate demand bonds, subject to a 7-day put provision, payable through November 2039; interest (0.06% at June 30, 2011) set at		ans.		274,070
prevailing market rates Variable rate demand bonds, subject to a 7-day put provision, payable through November 2033; interest (0.06% at June 30, 2011) set at		246,730		****
prevailing market rates, swapped to fixed rates of 5.544% through maturity		150,325		150,325
Indexed put bonds subject to weekly rate resets based on a taxable index, payable through November 2046, interest (3 076% at June 30, 2011) swapped to a variable rate tied to a tax-exempt market index plus a spread through November 2016 Fixed rate put bonds (converted from an indexed put bond mode based on a taxable index in May 2009) payable through November 2046,		153,800		153,800
interest (4.10% at June 30, 2011) swapped to a variable rate tied to a market index plus a spread through November 2016		153,690		153,690
Fixed rate serial and term bonds payable in installments through November 2040; interest at 4.125% to 5.75%		984,635		1,004,530
Fixed rate serial and term bonds payable in installments through November 2039; interest at 5.00% swapped to variable rates over the life of the bonds		599,490		599,490
Fixed rate serial mode bonds payable through 2047 with purchase dates ranging from August 2011 through June 2014, interest at 0.45% to 3.75% through the purchase dates		823,560		549,490
Fixed rate serial mode bonds payable through 2033 with purchase dates through May 2012: interest at 1 25%, swapped to fixed rates of 5.454% to 5.544% through maturity		156,975		403,705

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

7. Long-Term Debt (continued)

	June 30,		
	2011	2010	
Tax-exempt hospital revenue bonds – unsecured: Variable rate demand bonds issued under the Subordinate Master Trust Indenture, subject to a 7-day put provision, payable through November 2027; interest (0.06% at June 30, 2011) set at prevailing market rates Fixed rate serial mode bonds issued under the Subordinate Master Trust Indenture payable through 2027 with purchase dates through	\$ 57,815	\$ 57,815	
November 2012; interest at 5.00%, swapped to variable mode through the purchase dates Fixed rate serial mode bonds issued under the Subordinate Master Trust Indenture payable through 2027 with purchase dates through	149,470	246,570	
Fune 2017; interest at 5.00%	303,270	216,315	
Total hospital revenue bonds	4,100,240	4,130,280	
Other debt: Obligations under capital leases Other	34,865 36,960 4,172,065	38,196 30,747 4,199,223	
Unamortized premium, net	67,233	67,323	
Less current portion	(29,563)	(31,221)	
Less long-term debt subject to short-term remarketing arrangements	(1,662.950)	(1.228,115)	
Long-term debt, less current portion and long-term debt subject to short- term remarketing arrangements	\$ 2,546.785	\$ 3,007,210	
Senior Master Trust Indenture long-term debt obligations, including unamortized premium, net	\$ 1,953,354	\$ 2,414,076	
Subordinate Master Trust Indenture long-term debt obligations, including unamortized premium, net	528,917	535,270	
Other	64,514	57.864	
Long-term debt, less current portion, and long-term debt subject to short-term remarketing arrangements	\$ 2,546,785	\$ 3,007,210	

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

7. Long-Term Debt (continued)

Scheduled principal repayments of long-term debt, considering obligations subject to short-term remarketing as due according to their long-term amortization schedule, as of June 30, 2011, are as follows:

Year ending June 30:	
2012	\$ 29,563
2013	28,502
2014	71,733
2015	66,526
2016	57,836
Thereafter	3,917,905
Total	\$ 4,172.065

The carrying amounts of variable rate bonds and other notes payable approximate fair value. The fair values of the unsecured fixed rate serial and term bonds are estimated based on discounted cash flow analyses that consider current incremental borrowing rates for similar types of borrowing arrangements. The fair value of fixed rate serial and term bonds, including the component of variable rate demand bonds subject to long-term fixed interest rates, approximates carrying value at June 30, 2011 and 2010. During the years ended June 30, 2011 and 2010, interest paid was approximately \$147,800 and \$136,500, respectively. Capitalized interest was approximately \$7,100 and \$12,800 for the years ended June 30, 2011 and 2010, respectively.

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

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

7. Long-Term Debt (continued)

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

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

The unsecured variable rate demand bonds of both the Senior and Subordinate Credit Groups, while subject to long-term amortization periods, may be put to Ascension Health at the option of the bondholders in connection with certain remarketing dates. To the extent that bondholders may, under the terms of the debt, put their bonds within 12 months after June 30, 2011, the principal amount of such bonds has been classified as a current obligation in the accompanying consolidated balance sheets. Management believes the likelihood of a material amount of bonds being put to Ascension Health to be remote. However, to address this possibility, management has taken steps to provide various sources of liquidity in the event any bonds would be put, including entering into certain bond repurchase agreements, assessing alternate sources of financing, including the line of credit and commercial paper program, and maintaining unrestricted assets as a source of self-liquidity.

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

7. Long-Term Debt (continued)

In January 2010, Ascension Health issued \$157,000 of commercial paper for previous capital expenditures. In February and March 2010, Ascension Health used existing cash and investments to defease or redeem \$558,737 of bonds and commercial paper originally issued from 1999 through 2010. In March 2010, Ascension Health issued a total of \$1,326,870 of bonds (Series 2010A through 2010F) through five different issuing authorities in five states. The proceeds of the bonds, including original issue premium, were used to reimburse Ascension Health for previous capital expenditures, to refinance the outstanding commercial paper issued January 2010, and to refund \$742,550 of current bonds which were originally issued in 1999 and 2008. The Series 2010A through 2010E bonds bear interest at fixed interest rates with principal maturities through November 2040, while the Series 2010F bonds are variable rate bonds with weekly-resetting interest rates and principal maturities through 2047. Due to aggregate financing activity during the fiscal years ended June 30, 2011 and 2010, including the aforementioned activities as well as the scheduled remarketing of certain serial mode bonds with unamortized issuance costs, losses on extinguishment of debt of \$1,007 and \$7,515 were recorded, which are included as nonoperating gains (losses) in the accompanying consolidated statements of operations and changes in net assets.

Ascension Health is a party to multiple interest rate swap agreements that convert the variable or fixed rates of certain debt issues to fixed or variable rates, respectively. See the Derivative Instruments note for a discussion of these derivatives.

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

As of June 30, 2011, the Senior Credit Group has a line of credit of \$500,000 for general corporate purposes toward which bank commitments totaling \$500,000 extend to April 2, 2012. As of June 30, 2011 and 2010, there were no borrowings under the line of credit.

As of June 30, 2011, the Subordinate Credit Group has a \$50,000 revolving line of credit related to its letters of credit program toward which a bank commitment of \$50,000 extends to December 28, 2011. The revolving line of credit may be accessed solely in the form of Letters of Credit issued by the bank for the benefit of the members of the Credit Groups. Of this \$50,000 revolving line of credit, letters of credit totaling \$37,162 have been issued as of June 30, 2011. No borrowings were outstanding under the letters of credit as of June 30, 2011 and 2010.