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DLN: 93493132027312

Form **990** 

Department of the Treasury

### **Return of Organization Exempt From Income Tax**

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

2010

OMB No 1545-0047

Open to Public

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

Form of organization	101 EAST VALENCIA MESA DRIVE  City or town, state or country, and FULLERTON, CA 92835  F Name and address of pr LEE PENROSE			95-16433  E Telephone n  (714) 446	umber
Name change Initial return Terminated Amended return Application pending  Tax-exempt status  Website: > WW  Form of organization	ST JÜDE MEDICAL CENTER  Number and street (or P O box if 101 EAST VALENCIA MESA DRIVE  City or town, state or country, and FULLERTON, CA 92835  F Name and address of pr LEE PENROSE	ZIP + 4 Incipal officer	<b>H(a)</b> Is this a	E Telephone n (714) 446	<b>umber</b> -7213
Initial return  Terminated  Amended return  Application pending  Tax-exempt status  Website: ► WW  Form of organization	Number and street (or P O box if 101 EAST VALENCIA MESA DRIVE  City or town, state or country, and FULLERTON, CA 92835  F Name and address of price PENROSE	ZIP + 4 Incipal officer	<b>H(a)</b> Is this a	(714) 446	7213
Terminated  Amended return  Application pending  Tax-exempt status  Website: > WW  Form of organization	101 EAST VALENCIA MESA DRIVE  City or town, state or country, and FULLERTON, CA 92835  F Name and address of pr LEE PENROSE  ▼ 501(c)(3)	ZIP + 4 Incipal officer	<b>H(a)</b> Is this a	<b>G</b> Gross receipt	
Application pending  Tax-exempt status  Website: ► WW  Form of organization	FULLERTON, CA 92835  F Name and address of pr LEE PENROSE  V 501(c)(3)  501(c)( )	incipal officer			s \$ 496,796,334
Tax-exempt status <b>Website: ►</b> WW  Form of organization	F Name and address of pr LEE PENROSE ▼ 501(c)(3)			group return for affilia	
Website: ► WW	LEE PENROSE  ▼ 501(c)(3)			group return for affilia	
Website: ► WW		(insert no ) 4947(a)(1) or 527	H(h) Are all		tes? Yes Vo
Website: ► WW		(insert no ) 4947(a)(1) or 527	II(D) Ale all	affiliates included?	┌ Yes ┌ N
Website: ► WW		(insert no ) 4947(a)(1) or 527		o," attach a list p exemption nu	(see instructions)
Form of organization	W STJUDEMEDICALCENTER		H(c) Grou	p exemption nu	111ber <b>F</b> 0928
		ORG			
Part I Sum	Corporation Trust Associat	on	L Year of for	mation 1942 M	State of legal domicile
	mary				
	escribe the organization's miss HEDULE O	ion or most significant activities			
2 Check th 3 Number 4 Number 5 Total nu 6 Total nu					
2 Check th	nis box 🛏 if the organization o	liscontinued its operations or disposed (	of more than 2	5% of its net as	sets
<b>3</b> Number	of voting members of the gover	nıng body (Part VI, lıne 1a)		3	1
<b>4</b> Number	of independent voting members	of the governing body (Part VI, line 1b		4	1
<b>5</b> Total nu	mber of individuals employed ir	calendar year 2010 (Part V, line 2a)		5	2,80
<b>6</b> Total nu	mber of volunteers (estimate if	necessary)		6	8 5
/a rotarum		Part VIII, column (C), line 12		7a	282,44
<b>b</b> Net unre	lated business taxable income	from Form 990-T, line 34		7b	
				r Year	Current Year
		line 1 h)		11,202,421	12,637,79
<del>.</del> l		line 2g)		63,276,518	462,715,11
10 Invest		in (A), lines 3, 4, and 7d)		17,523,026	20,847,85 362,26
		1 (must equal Part VIII, column (A), lin	e	100,551	302,20
1	5			92,188,496	496,563,01
13 Grants	and similar amounts paid (Par	t IX, column (A), lines 1-3)		6,463,853	6,548,05
		IX, column (A), line 4)		0	
<b>15</b> Salario 5−10)		vee benefits (Part IX, column (A), lines	2	12,859,725	224,763,45
16a Profes		, column (A ), line 11e)	<del></del>	,	, ,
ъ 1 –			1	118,987	80,23
<b>b</b> Total fu	ndraising expenses (Part IX column (	3). line 25) <b>b</b> -1,473,204		118,987	80,23
_	ndraising expenses (Part IX, column ( expenses (Part IX, column (A)		2		
<b>17</b> Other	expenses (Part IX, column (A)	, lines 11a-11d, 11f-24f)		11,494,306	208,581,72
17 Other 18 Total 6	expenses (Part IX, column (A) expenses Add lines 13–17 (m		4		
17 Other 18 Total of 19 Reven	expenses (Part IX, column (A) expenses Add lines 13–17 (m	, lines 11a-11d, 11f-24f)	4 Beginning	11,494,306 30,936,871 61,251,625 Jof Current	208,581,72 439,973,47
17 Other 18 Total of 19 Reven	expenses (Part IX, column (A) expenses Add lines 13–17 (m ue less expenses Subtract line	, lines 11a–11d, 11f–24f) ust equal Part IX, column (A), line 25) e 18 from line 12	Beginning Yo	11,494,306 30,936,871 61,251,625	208,581,72 439,973,47 56,589,54
17 Other 18 Total ( 19 Reven	expenses (Part IX, column (A) expenses Add lines 13–17 (m ue less expenses Subtract line assets (Part X, line 16)	, lines 11a-11d, 11f-24f)	Beginning Ye	11,494,306 30,936,871 61,251,625 J of Current ear	208,581,72 439,973,47 56,589,54 End of Year
17 Other 18 Total ( 19 Reven 20 Total ( 21 Total (	expenses (Part IX, column (A) expenses Add lines 13–17 (mue less expenses Subtract lines assets (Part X, line 16)	, lines 11a-11d, 11f-24f) ust equal Part IX, column (A), line 25) a 18 from line 12	Beginning Yo	11,494,306 30,936,871 61,251,625 of Current ear 48,843,008	208,581,72 439,973,47 56,589,54 End of Year 826,477,10

Par		ement of Program				<del>.</del>
1	Briefly desc	ribe the organization's r	nission			
SEE	SCHEDULE O					
2		nization undertake any : m 990 or 990-EZ? .			which were not listed on	┌ Yes ┌ No
	If "Yes," des	cribe these new service	s on Schedule O			
3		nızatıon cease conductı • • • • •			nducts, any program	┌ Yes ┌ No
	If "Yes," des	cribe these changes on	Schedule O			
4	Section 501		ganizations and section	on 4947(a)(1) trusts a	largest program services b ire required to report the am service reported	
4a	(Code SEE SCHEDUL	) (Expenses	\$ 408,167,543	including grants of \$	6,548,059 ) (Revenue \$	463,062,479 )
	-					
4b	(Code	) (Expenses	\$	including grants of \$	) (Revenue \$	)
4c	(Code	) (Expenses	\$	ıncludıng grants of \$	) (Revenue \$	)
	Other progr	am services (Describe	ın Schedule O )			
	(Expenses		including grants of	<sup>:</sup> \$	) (Revenue \$	)
	Total progra	am service expenses►\$	408.167.54	3		

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)? 📆	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		
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 $V^{\bullet}$	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
C	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII.	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX.	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X.	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If</i> " <i>Yes</i> ," complete Schedule D, Parts XI, XII, and XIII	12a		Νo
b	Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(II)? If "Yes," complete Schedule E	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? If "Yes," complete Schedule F, Parts I and IV	14b	Yes	
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S ? If "Yes," complete Schedule F, Parts II and IV	15		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	Yes	
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? <b>Note.</b> 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 $\blacksquare$	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	Yes	
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		
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		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part $I$	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? If "Yes," complete Schedule L, Part III	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
а	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b		No
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		No
34	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1	34	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	35	Yes	
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? <b>Note.</b> All Form 990 filers are required to complete Schedule O	38	Yes	
		F	orm <b>990</b>	(2010)

Part V	Statements Regarding Other IRS Filings and Tax Compliance	

	check in senedule o contains a response to any question in this rare v		•,	
a	Enter the number reported in Box 3 of Form 1096 Enter -0 - if not applicable		Yes	No
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable			
	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable			
1	gaming (gambling) winnings to prize winners?	1c	Yes	
	Statements filed for the calendar year ending with or within the year covered by this return		11	
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	2b	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)  Did the organization have unrelated business gross income of \$1,000 or more during the			
	year?	3a	Yes	
	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b	Yes	
	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
)	If "Yes," enter the name of the foreign country ▶			
_	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a		No
	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		No
3	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c		
	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
)	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b		
	Organizations that may receive deductible contributions under section 170(c).  Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and	7a	Yes	
	services provided to the payor?			
	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	Yes	
	file Form 8282?	<b>7</b> c		No
	, manufacture and manufacture			
2	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e		Νo
-	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f		Νo
	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g		
1	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h		
	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8		
	Sponsoring organizations maintaining donor advised funds.			
1	Did the organization make any taxable distributions under section 4966?	9a		
)	Did the organization make a distribution to a donor, donor advisor, or related person?	9b		
	Section 501(c)(7) organizations. Enter			
	Initiation fees and capital contributions included on Part VIII, line 12 10a			
)	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities			
	Section 501(c)(12) organizations. Enter			
	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 )			
a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a		
)	If "Yes," enter the amount of tax-exempt interest received or accrued during the year			
	Section 501(c)(29) qualified nonprofit health insurance issuers.			
a	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O	13a		
b	Enter the amount of reserves the organization is required to maintain by the states			
c	In which the organization is licensed to issue qualified health plans  Enter the amount of reserves on hand			
	13c	1/1-		NI o
	Did the organization receive any payments for indoor tanning services during the tax year?	14a 14b		Νo
_				

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

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	Yes	J.
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	5		No
6	Does the organization have members or stockholders?	6	Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a	Yes	
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? $\cdot$ $\cdot$	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		Νo
	ection B. Policies (This Section B requests information about policies not required by the Internal evenue Code.)			
			Yes	No
10a	Does the organization have local chapters, branches, or affiliates?	10a		Νo
b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?	10b		
11a	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990	114	163	
12a	Does the organization have a written conflict of interest policy? If "No," go to line 13	12a		No
	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise			
	to conflicts?	12b		
	describe in Schedule O how this is done	12c		
13	Does the organization have a written whistleblower policy?	13		Νo
14	Does the organization have a written document retention and destruction policy?	14		No
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			1:
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		No
Se	ection C. Disclosure			
17	List the States with which a copy of this Form 990 is required to be filed▶CA			
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you make these available. Check all that apply Own website. Another's website. Upon request			

- 19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public See Additional Data Table
- 20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ► ANNIE LAGADO
  101 E VALENCIA MESA DR
  FULLERTON, CA 92835
  (714) 446-7233

## <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 organi		elated o	rganı	zatio	on co	ompen	sate	d any current office	er, director, or trust	ee
(A) Name and Title	(B) Average hours per	(C) Position (check all that apply)						(D) Reportable compensation	(E) Reportable compensation	(F) Estimated amount of other
	week (describe hours for related organizations in Schedule O)	Highest compensated employee  Key employee  Officer  Institutional Trustee or director			Former	from the organization (W- 2/1099-MISC)	from related organizations (W- 2/1099- MISC)	compensation from the organization and related organizations		
See Additional Data Table										
				<u> </u>	<u> </u>					

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

	<b>(A)</b> Name and Title	(B) Average hours	(C) Position (check all that apply)						(D) Reportable compensation	(E) Reportable compensation	n     ;	( <b>F</b> ) Estima amount o	ted f other
		per week (describe hours for related organizations in Schedule O)	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)		compens from t organizati relate organiza	he on and ed
See A	Additional Data Table												
				<u> </u>									
				<u> </u>									
				_									
				<u> </u>									
				<u> </u>									
				_									
				<u> </u>									
				<u> </u>									
	Sub-Total	<u> </u>						<u> </u>					
	Total from continuation shee						<u></u>						
d	Total (add lines 1b and 1c) .							<b>F</b>	4,011,009	1,050,31	.6		54,065
2	Total number of individuals (i \$100,000 in reportable comp						above	) who	received more tha	n	•		
3	Did the organization list any <b>f</b> on line 1a? <i>If</i> " <i>Yes,"</i> complete					ey e				ated employee	3	<b>Yes</b> Yes	No
4	For any individual listed on lir organization and related orga individual	nızatıons greater t		50,00	007.								
5	Did any person listed on line					fror	n anv	• unrel	lated organization o	r individual for	4	Yes	

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

### **Section B. Independent Contractors**

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

(A) Name and business address	(B) Description of services	(C) Compensation
PROCARE NURSES LLC FILE 57074 LOS ANGELES, CA 900747074	NURSING REGISTRY	687,055
WESTWAYS STAFFING SERVICES INC 500 CITY PARKWAY WEST SUITE 130 ORANGE, CA 92868	NURSING REGISTRY	568,707
ROTH STAFFING COMPANIES FILE 8761 LOS ANGELES, CA 900848761	CONTRACTED SERVICES	350,303
CAREER STAFF UNLIMITED PO BOX 200528 HOUSTON, TX 772160528	MEDICAL THERAPISTS	290,230
PREMIER NURSING SERVICES INC 444 W OCEAN BLVD SUITE 1050 LONG BEACH, CA 90802	NURSING REGISTRY	246,263
2 Total number of independent contractors (including but not limited to those listed above \$100,000 in compensation from the organization ►15	) who received more than	

	990 (2010)				Page <b>10</b>
Par	Statement of Functional Expenses				
Δ	Section $501(c)(3)$ and $501(c)(4)$ organizations mus II other organizations must complete column (A) but are not required to $c$			(D)	
Do no	ot include amounts reported on lines 6b, b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	( <b>D</b> ) Fundraising expenses
1	Grants and other assistance to governments and organizations in the U S See Part IV, line 21	6,480,399	6,480,399		<u>'</u>
2	Grants and other assistance to individuals in the U.S. See Part IV, line 22	67,660	67,660		
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16	0	0		
4	Benefits paid to or for members	0	0		
5	Compensation of current officers, directors, trustees, and key employees	2,143,587	1,388,564	755,023	0
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	0	0	0
7	Other salaries and wages	151,213,404	143,215,480	7,153,951	843,973
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	9,527,344	8,904,480		72,793
9	Other employee benefits	48,960,119	47,109,813	1,608,976	241,330
10	Payroll taxes	12,919,002	12,399,582	· · ·	65,960
а	Fees for services (non-employees) Management	0	0		0
ь	Legal	537,532	61,552	475,980	0
С	Accounting	414,663	1,530	413,133	0
d	Lobbying	0	0	0	0
e	Professional fundraising services See Part IV, line 17	80,238			80,238
f	Investment management fees	0	0	0	0
g	Other	54,510,667	41,371,557	13,139,110	0
12	Advertising and promotion	227,478	0	227,478	0
13	Office expenses	79,727,932	77,548,169	2,162,591	17,172
14	Information technology	3,235,365	2,404,371	830,994	0
15	Royalties	0	0		0
16	Occupancy	8,816,906	8,286,695	379,348	150,863
17	Travel	356,731	222,053	133,803	875
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0	0	0	0
19	Conferences, conventions, and meetings	206,329	135,916	70,413	0
20	Interest	14,957,762	13,910,719	1,047,043	0
21	Payments to affiliates	0	0	0	0
22	Depreciation, depletion, and amortization	25,086,921	24,837,928	248,993	0
23	Insurance	2,813,222	2,813,222	0	0
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
а	HOSPITAL FEE PROGRAM	15,391,584	15,391,584	0	0
b	ALL OTHER EXPENSES	2,298,631	1,616,269	682,362	0
c d					
e					_
f	All other expenses				
25	Total functional expenses. Add lines 1 through 24f	439,973,476	408,167,543	30,332,729	1,473,204
26	Joint costs. Check here ► ☐ If following	,_,,,,,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	22,232,723	
	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				
					000 (2010)

Pa	rt X	Balance Sheet					
					(A) Beginning of year		(B) End of year
	1	Cash—non-interest-bearing			9,040	1	8,740
	2	Savings and temporary cash investments			87,750,302	2	93,617,349
	3	Pledges and grants receivable, net			4,989,151	3	4,196,664
	4	Accounts receivable, net			44,008,288	4	44,129,435
	5	Receivables from current and former officers, directors, trustee highest compensated employees Complete Part II of	employees, and				
		Schedule L	ıle L				
Assets	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	
	7	Notes and loans receivable, net			146,266	7	97,851
	8	Inventories for sale or use			3,353,717	8	3,674,868
	9	Prepaid expenses and deferred charges			636,639	9	517,696
	10a	Land, buildings, and equipment cost or other basis <i>Complete Part VI of Schedule D</i>	10a	666,251,519			
	ь	Less accumulated depreciation	10b	254,526,755	392,037,095	<b>10</b> c	411,724,764
	11	Investments—publicly traded securities	189,436,189	11	242,472,154		
	12	Investments—other securities See Part IV, line 11		12			
	13	Investments—program-related See Part IV, line 11		13			
	14	Intangible assets	1,002,063	14	1,002,063		
	15	Other assets See Part IV, line 11	25,474,258	15	25,035,516		
	16	<b>Total assets.</b> Add lines 1 through 15 (must equal line 34) .	748,843,008	16	826,477,100		
	17	Accounts payable and accrued expenses .			40,690,985	17	41,984,485
	18	Grants payable				18	
	19	Deferred revenue				19	
	20	Tax-exempt bond liabilities		20			
- S	21	Escrow or custodial account liability Complete Part IV of Schedu	ıle D			21	
bilities	22	Payables to current and former officers, directors, trustees, ke 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 .			23	
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities Complete Part X of Schedule D			253,518,879	25	247,251,978
	26	Total liabilities. Add lines 17 through 25			294,209,864	26	289,236,463
- S		Organizations that follow SFAS 117, check here ▶ 🔽 and com	plete	lines 27			
ğ		through 29, and lines 33 and 34.			4.47.700.000		504 404 705
<u> </u>	27	Unrestricted net assets			447,708,938		531,494,765
Fund Balances	28	Temporarily restricted net assets	7,784,087		5,720,872		
핕	29	Permanently restricted net assets	_	_	-859,881	29	25,000
		Organizations that do not follow SFAS 117, check here ► a	nd cor	nplete			
è	30	lines 30 through 34.  Capital stock or trust principal, or current funds				30	
Assets	30					31	
Š	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other f	unus		454 GOO 444		527 240 627
Net	33	Total lieblings and not accept found belonged			454,633,144		537,240,637
	34	Total liabilities and net assets/fund balances			748,843,008	34	826,477,100

Pair	Check if Schedule O contains a response to any question in this Part XI			. [고	
1	Total revenue (must equal Part VIII, column (A), line 12)	1		496 5	563,019
2	Total expenses (must equal Part IX, column (A), line 25)	2			973,476
3	Revenue less expenses Subtract line 2 from line 1	3		56,5	589,543
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4		454,6	533,144
5	Other changes in net assets or fund balances (explain in Schedule O)	5		26,0	17,950
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		537,2	240,637
Par	T XII Financial Statements and Reporting  Check if Schedule O contains a response to any question in this Part XII			·	
1	Accounting method used to prepare the Form 990			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	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of 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 its Schedule O		2c	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were in a separate basis, consolidated basis, or both	ssued			
	☐ Separate 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 th Single Audit Act and OMB Circular A-133?	e	3a	Yes	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the raudit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	equired	3b	Yes	

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As Filed Data -

DLN: 93493132027312

OMB No 1545-0047

### **SCHEDULE A Public Charity Status and Public Support** (Form 990 or 990EZ)

Department of the Treasury Internal Revenue Service

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.

Inspection

Name of the organization ST JUDE HOSPITAL INC

**Employer identification number** 

95-1643325

Pa	rt I	Reas	<u>on for Pu</u>	blic Charity Stat	<b>tus</b> (All org	ganızatıons	must comp	lete this p	art.) See in	structions	
he c	rganı	zatıon ıs	not a privat	e foundation becaus	eıtıs (Forl	ınes 1 throu	gh 11, check	only one bo	x )		
1	Γ	A churc	ch, conventi	on of churches, or as	ssociation of	churches de	escribed in <b>se</b>	ection 170(b	)(1)(A)(i).		
2	Г	A scho	ol described	in <b>section 170(b)(1</b>	. <b>)(A)(ii).</b> (At	tach Schedu	ıle E)				
3	✓	A hosp	ıtal or a coo	perative hospital sei	rvice organiz	atıon descrı	bed in <b>sectio</b> i	n 170(b)(1)(	(A)(iii).		
4	Γ			n organization operat ty, and state	ed in conjun	ction with a	hospital desc	ribed in <b>sec</b>	tion 170(b)(1	L)(A)(iii). E	nter the
5	Γ	_	-	erated for the benefit	_	or universit	y owned or o	perated by a	governmenta	al unit desc	ribed in
6	_			<b>A)(iv).</b> (Complete Polocal government or		al unit docci	ribad in <b>casti</b> i	om 170/b)/1	\( A \( \( \)		
7	<u>'</u>			at normally receives	_					om tha gana	vral nublic
,	ı	describ	ed in	(A)(vi) (Complete P		ii part or its :	support nom	a governine	ntal unit of he	om the gene	riai public
8	Г			described in <b>section</b>		A)(vi) (Com	nnlete Part II	)			
9	Ţ.			at normally receives					utions, meml	hershin fees	and gross
_	•	_		ities related to its ex							-
		•		oss investment incoi	•	-			• •		
			=	janızatıon after June				-		,	
0	Г			, ganızed and operated							
1	r	An orga one or i	anızatıon orç more publicl	ganized and operated ly supported organizations bes the type of supp b Type II	d exclusively ations descri orting organi	for the bene lbed in secti ization and c	efit of, to perfo on 509(a)(1)	orm the func or section 5 s 11e throug	tions of, or to 509(a)(2) Se gh 11h	e <b>section 5</b>	
e f	Γ	other th section If the o	nan foundatı ı 509(a)(2)	ox, I certify that the on managers and oth received a written de	ner than one	or more pub	licly supporte	ed organizati	ions describe	d in section	1509(a)(1) or
g				2006, has the organı	zation accep	ted any gift	or contribution	n from any	of the		,
			g persons?								
				rectly or indirectly c				persons des	cribed in (ii)		Yes No
				governing body of th		_	ition?			11g	
				er of a person descril						11g(	
_				led entity of a persor						11g(	iii)  <u> </u>
h		Provide	the following	ng information about	the supporte	ed organizati	on(s)				
(i) Name of supported organization		of ted	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (see	(iv) Is the organizati col (i) list your gove docume	ion in ted in rning	(v) Did you not organizati col (i) of suppor	on in your	(vi) Is the organizati col (i) orga in the U	on in anized	(vii) A mount of support
				instructions))	Yes	No	Yes	No	Yes	No	
ota											

## 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)	<b>(a)</b> 2006	<b>(b)</b> 2007	<b>(c)</b> 2008	<b>(d)</b> 2009	<b>(e)</b> 2010	<b>(f)</b> 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>	<b>I</b> I.			
	endar year (or fiscal year beginning						
	ın) <b>&gt;</b>	<b>(a)</b> 2006	<b>(b)</b> 2007	<b>(c)</b> 2008	<b>(d)</b> 2009	<b>(e)</b> 2010	<b>(f)</b> 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 <b>stop here</b>						<b>►</b>
	-tiC Ct-ti	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	<b>33 1/3% support test—2010.</b> If the				line 14 is 33 1/3%	or more, check	
_	and <b>stop here.</b> The organization qua						<b>▶</b> □
b	<b>33 1/3% support test—2009.</b> If the				5a, and line 15 is 3	33 1/3% or more,	- <del>-</del>
	box and <b>stop here.</b> The organization				45.46		<b>►</b>
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	<b>►</b> □
D	<b>10%-facts-and-circumstances test-</b> 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	Private Foundation If the organizati	on did not check	a box on line 13	. 16a. 16b. 17a o	r 17b, check this	box and see	- 1
	instructions	on ala not check	a box on fine 15	, 100, 100, 1700	I by check tills	SON GING SCC	<b>▶</b> □

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

DLN: 93493132027312

OMB No 1545-0047

Open to Public

### **SCHEDULE C**

(Form 990 or 990-EZ)

Department of the Treasury Internal Revenue Service

**Political Campaign and Lobbying Activities** 

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

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

Inspection

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

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

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

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

	e organization answered "Ye ection 501(c)(4), (5), or (6) organi	s," to Form 990, Part IV, Line 5 zations Complete Part III	(Proxy Tax) or For	rm 990-EZ, Part V, line 35a	(Proxy Tax), then
	me of the organization JUDE HOSPITAL INC			Employer ider	ntıfıcatıon number
	JODE HOSI ITAL INC			95-1643325	
Par	t I-A Complete if the or	ganization is exempt und	er section 501(	c) or is a section 527	organization.
1	Provide a description of the org	ganızatıon's dırect and ındırect po	olitical campaign act	tivities in Part IV	
2	Political expenditures			►	\$
3	Volunteer hours				
Par	tJe: Complete if the or	ganization is exempt und	er section 501(	c)(3).	
1		e tax incurred by the organization			\$
2	Enter the amount of any excise	e tax incurred by organization ma	nagers under sectio	n 4955 <b>►</b>	\$
3	If the organization incurred a s	section 4955 tax, did it file Form	4720 for this year?		☐ Yes ☐ No
4a	Was a correction made?				┌ Yes ┌ No
b	If "Yes," describe in Part IV				
Pai	t I-C Complete if the or	ganization is exempt und	er section 501(	c) except section 50	1(c)(3).
1	Enter the amount directly expe	ended by the filing organization fo	r section 527 exem	pt function activities 🕨	\$
2	Enter the amount of the filing of exempt funtion activities	organization's funds contributed to	o other organization	s for section 527	\$
3	Total exempt function expendi	tures Add lines 1 and 2 Enter he	ere and on Form 112	20-POL, line 17b ►	¢
4	Did the filing organization file <b>F</b>	Form 1120-POL for this year?			↑ Yes  No
5	organization made payments f amount of political contribution	nd employer identification number For each organization listed, ente ns received that were promptly ar political action committee (PAC)	r the amount paid fro id directly delivered	om the filing organization's I to a separate political orga	funds Also enter the anization, 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-
		İ	1	i	1

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

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

During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of  a Volunteers?  b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?  c Media advertisements?  d Mailings to members, legislators, or the public?  publications, or published or broadcast statements?  f Grants to other organizations for lobbying purposes?  p Direct contact with legislators, their staffs, government officials, or a legislative body?  h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?  i Other activities? If "Yes," describe in Part IV  Total lines 1c through 1:  2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?  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?			(8	1)	(b)
legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of  Volunteers?  No  Media staff or management (include compensation in expenses reported on lines 1c through 1i)?  No  Media advertisements?  Mailings to members, legislators, or the public?  Publications, or published or broadcast statements?  Grants to other organizations for lobbying purposes?  No  Direct contact with legislators, their staffs, government officials, or a legislative body?  No  Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?  Other activities? If "Yes," describe in Part IV  Total lines 1c through 1:  Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?  No  If "Yes," enter the amount of any tax incurred under section 4912  If "Yes," enter the amount of any tax incurred by organization managers under section 4912  If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			Yes	No	Amount
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?  c Media advertisements?  d Mailings to members, legislators, or the public?  e Publications, or published or broadcast statements?  f Grants to other organizations for lobbying purposes?  p Direct contact with legislators, their staffs, government officials, or a legislative body?  h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?  i Other activities? If "Yes," describe in Part IV  Total lines 1c through 1i  Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?  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?	1	legislation, including any attempt to influence public opinion on a legislative matter or referendum,			
Media advertisements?  Mailings to members, legislators, or the public?  Publications, or published or broadcast statements?  Grants to other organizations for lobbying purposes?  Direct contact with legislators, their staffs, government officials, or a legislative body?  No  Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?  No  Other activities? If "Yes," describe in Part IV  Yes  71,630  Total lines 1c through 1:  Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?  No  If "Yes," enter the amount of any tax incurred under section 4912  If "Yes," enter the amount of any tax incurred by organization managers under section 4912  If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?	а	Volunteers?		No	
Mailings to members, legislators, or the public?  Publications, or published or broadcast statements?  Grants to other organizations for lobbying purposes?  Direct contact with legislators, their staffs, government officials, or a legislative body?  No  Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?  No  Other activities? If "Yes," describe in Part IV  Yes  71,630  Total lines 1c through 1:  Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?  No  If "Yes," enter the amount of any tax incurred under section 4912  If "Yes," enter the amount of any tax incurred by organization managers under section 4912  If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?	b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
Publications, or published or broadcast statements?  Grants to other organizations for lobbying purposes?  Direct contact with legislators, their staffs, government officials, or a legislative body?  No  Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?  No  Other activities? If "Yes," describe in Part IV  Total lines 1c through 1:  Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?  No  If "Yes," enter the amount of any tax incurred under section 4912  If "Yes," enter the amount of any tax incurred by organization managers under section 4912  If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?	C	Media advertisements?		No	
f Grants to other organizations for lobbying purposes?  Direct contact with legislators, their staffs, government officials, or a legislative body?  No  Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?  No  Other activities? If "Yes," describe in Part IV  Total lines 1c through 1:  Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?  No  If "Yes," enter the amount of any tax incurred under section 4912  If "Yes," enter the amount of any tax incurred by organization managers under section 4912  If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?	d	Mailings to members, legislators, or the public?		No	
p Direct contact with legislators, their staffs, government officials, or a legislative body?  No Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?  No Other activities? If "Yes," describe in Part IV Yes 71,630 Total lines 1c through 1i 71,630 Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?  No If "Yes," enter the amount of any tax incurred under section 4912 If "Yes," enter the amount of any tax incurred by organization managers under section 4912 If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?	е	Publications, or published or broadcast statements?		Νo	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?  i Other activities? If "Yes," describe in Part IV  yes 71,630  Total lines 1c through 1:  Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?  No  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?	f	Grants to other organizations for lobbying purposes?		No	
i Other activities? If "Yes," describe in Part IV  j Total lines 1c through 1i  Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?  No  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?	g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
Total lines 1c through 1i  Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?  No  If "Yes," enter the amount of any tax incurred under section 4912  If "Yes," enter the amount of any tax incurred by organization managers under section 4912  If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?	h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?  No  If "Yes," enter the amount of any tax incurred under section 4912  If "Yes," enter the amount of any tax incurred by organization managers under section 4912  If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?	i	O ther activities? If "Yes," describe in Part IV	Yes		71,630
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?	j	Total lines 1c through 1i			71,630
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?	2a	Did the activities in line 1 cause the organization to be not described in section $501(c)(3)$ ?		No	
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?	Ь	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		ļ	
		· · · · · · · · · · · · · · · · · · ·			

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

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

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

_		_	
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	
_	·		
5	Taxable amount of lobbying and political expenditures (see instructions)	5	

### Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
DESCRIPTION OF LOBBYING ACTIVITIES		PORTION OF DUES PAID TO HOSPITAL ASSOCIATIONS FOR LOBBYING ACTIVITIES, DURING THE PAST YEAR, THE ST JOSEPH HEALTH SYSTEM HAS CONDUCTED AN ADVOCACY EFFORT WHICH INCLUDED MINIMAL LOBBYING ACTIVITY THESE INCLUDED MEETING WITH LOCAL, STATE, AND FEDERAL LEGISLATORS, THEIR STAFF AND OTHER GOVERNMENTAL OFFICIALS, AND COMMUNICATIONS TO LEGISLATORS ADVOCATING POSITIONS ON LEGISLATION

efile GRAPHIC print - DO NOT PROCESS | As Filed Data -

DLN: 93493132027312

OMB No 1545-0047

Department of the Treasury Internal Revenue Service

**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.

► Attach to Form 990. ► See separate instructions.

	offit 990. F See Separate instructions	<u> </u>	
		Emp	loyer identification number
		95-:	1643325
		r Funds	or Accounts. Complete if the
organization anowered Tee to Form 3	(a) Donor advised funds		<b>b)</b> Funds and other accounts
otal number at end of year			
ggregate contributions to (during year)			
ggregate grants from (during year)			
ggregate value at end of year			
			sed <b>Yes No</b>
used only for charitable purposes and not for the bei			
<b>III</b> Conservation Easements. Complete	ıf the organization answered "Ye	es" to Forn	n 990, Part IV, line 7.
Protection of natural habitat Preservation of open space Complete lines 2a-2d if the organization held a qua	Preservation	of a certifie	
			Held at the End of the Year
Fotal number of conservation easements		2a	
Total acreage restricted by conservation easements	5	2b	
Number of conservation easements on a certified his	storic structure included in (a)	2c	
Number of conservation easements included in (c) a	cquired after 8/17/06	2d	
Number of conservation easements modified, transf	erred, released, extinguished, or term	inated by th	e organization during
he taxable year 🗠			
Number of states where property subject to conserv	ation easement is located 🕨		
Does the organization have a written policy regardin	g the periodic monitoring, inspection,	, handling of	violations, and Yes No
Staff and volunteer hours devoted to monitoring, ins	pecting and enforcing conservation ea	asements d	uring the year ►
Amount of expenses incurred in monitoring, inspect	ing, and enforcing conservation easer	ments during	g the year 🕨 \$
•	2(d) above satisfy the requirements o	ofsection	┌ Yes
palance sheet, and include, if applicable, the text of	the footnote to the organization's fina	•	•
			ner Similar Assets.
			halance sheet works of
art, historical treasures, or other similar assets held	d for public exhibition, education or re	search in fu	
nistorical treasures, or other similar assets held for	public exhibition, education, or resea		
(i) Revenues included in Form 990, Part VIII, line :	L		<b>►</b> \$
(ii) Assets included in Form 990, Part X			<b>►</b> \$
		ets for finan	
	Total number of conservation easements Preservation of open space Complete lines 2a-2d if the organization held a quaeasement on the last day of the tax year Number of conservation easements modified, transfithe taxable year Obes the organization have a written policy regarding enforcement of the conservation easements in holds Staff and volunteer hours devoted to monitoring, inspect Does each conservation easement reported on line 170 (h)(4)(B)(i) and 170 (h)(4)(B)(ii)? In Part XIV, describe how the organization reports coalance sheet, and include, if applicable, the text of the organization's accounting for conservation ease III Organizations Maintaining Collectic Complete if the organization answered If the organization elected, as permitted under SFAS art, historical treasures, or other similar assets held for provide, in Part XIV, the text of the footnote to its fill the organization elected, as permitted under SFAS art, historical treasures, or other similar assets held for provide, in Part XIV, the text of the footnote to its fill the organization elected, as permitted under SFAS historical treasures, or other similar assets held for provide the following amounts relating to these item  (i) Revenues included in Form 990, Part X III, line :	Total number of conservation easements  Total insumber allers are 2d if the organization and above the last day of the tax year  Total open space  Complete lines 2a - 2d if the organization held a qualified conservation contribution in the easement of the last day of the tax year  Total oconservation easements  Number of conservation easements  Number of conservation easements  Number of conservation easements modified, transferred, released, extinguished, or term the taxable year Poperty subject to conservation easement is located Poperty in the requirement of the conservation easements  Number of conservation easements  Total acreage restricted by conservation easements  Number of conservation easements modified, transferred, released, extinguished, or term the taxable year Poperty subject to conservation asement is located Poperty in the taxable year Poperty subject to the organization deformed in its requirements of the conservation easements  Total acreage restricted by conservation easements  Number of conservation easements  Total one of conservation easements modified, transferred, released, extinguished, or term the taxable year Poperty subject to conservation asement is located Poperty subject to conservation asement is located Poperty subject to conservation asement is located Poperty for the conservation easement is required in the taxable year Poperty subject to conservation asement is located Poperty for the conservation easement is required in the taxable year Poperty subject to conservation asement is located Poperty for the taxable year Poperty subject to conservation and enforcing conservation easement in for the conservation easement is required in the conservation easement in the conservation easement is required in the conservation easement in the conservation ea	Emp by Hospital BitC    Organization Set Hospital BitC    Organizations Maintaining Donor Advised Funds or Other Similar Funds organization answered "Yes" to Form 1990, Part IV, line 6.  Total number at end of year   Aggregate contributions to (during year)   Aggregate value at end of year   Did the organization inform all donors and donor advisors in writing that the assets held in donor advisors only funds are the organization's property, subject to the organization's exclusive legal control?   Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for chantable purposes and not for the benefit of the donor or donor advisor, or for any other conferring impermissible private benefit    If Conservation Easements. Complete if the organization answered "Yes" to Form Purpose(s) of conservation easements held by the organization (check all that apply)   Preservation of land for public use (e.g., recreation or pleasure)   Preservation of open space   Complete lines 2a – 2d if the organization held a qualified conservation contribution in the form of a certain preservation of open space   Complete lines 2a – 2d if the organization held a qualified conservation contribution in the form of a certain preservation of open space   Complete lines 2a – 2d if the organization held a qualified conservation contribution in the form of a certain preservation of open space   Complete lines 2a – 2d if the organization held a qualified conservation contribution in the form of a certain preservation of open space   Complete lines 2a – 2d if the organization held a qualified conservation contribution in the form of a certain preservation of open space   Complete lines 2a – 2d if the organization easements    Total number of conservation easements    Does the organization easements included in (c) acquired after 8/17/06    2d    Number of conservation easements modified, transferred, released, extinguished, or terminated by the the taxable year    Does the organization have a

Revenues included in Form 990, Part VIII, line 1

Assets included in Form 990, Part X

Part	•••• Organizations Maintaining Co	llections of Art	<u>, His</u>	torio	<u>cal Tre</u>	asures, or O	the	<u>r Similar Ass</u>	ets (c	ontinued)
3	Using the organization's accession and othe items (check all that apply)	r records, check any	y of th	ne foll	owing th	at are a significa	ant u	ise of its collectio	n	
а	Public exhibition		d	Γ	Loan or	exchange progi	ams	<b>;</b>		
b	Scholarly research		e	$\vdash$	Other					
c	Preservation for future generations									
4	Provide a description of the organization's co	ollections and expla	ın hov	w they	further	the organization	's ex	xempt purpose in		
5	During the year, did the organization solicit of assets to be sold to raise funds rather than t								Yes	┌ No
Par	Escrow and Custodial Arrang Part IV, line 9, or reported an ar						d "Y	es" to Form 99	0,	
1a	Is the organization an agent, trustee, custoo included on Form 990, Part X?	ian or other interme	diary	for co	ontributi	ons or other ass	ets		Yes	┌ No
b	If "Yes," explain the arrangement in Part XI	/ and complete the	follow	/ıng ta	ible	Г				
_						-		Amo	unt	
C	Beginning balance					-	1c			
d	Additions during the year					-	1d			
e	Distributions during the year					-	1e			
f	Ending balance					L	1f			
2a	Did the organization include an amount on Fo	orm 990, Part X, line	e 21?						Yes	∏ No
	If "Yes," explain the arrangement in Part XIV									
Pa	rt V Endowment Funds. Complete								\F \	, ,
1.	Reginning of year balance	(a)Current Year 6,529,804	(D	Prior Y	rear ,940,633	7,423,6	-	I)Three Years Back (	e)Four	'ears Back
1a L	Beginning of year balance	0,323,004			, , , , , , , , , , , , , , , , , , , ,	150,0	-			
b	Contributions	1,468,385			597,471	-1,583,4	-			
С	Investment earnings or losses	1,400,303			397,471	-1,363,4	50			
d	Grants or scholarships	8,300			9 200	40.4	06			
е	Other expenditures for facilities and programs	8,300			8,300	49,4	90			
f	Administrative expenses									
g	End of year balance	7,989,889		6,	,529,804	5,940,6	33			
2	Provide the estimated percentage of the yea	r end balance held a	as					<u> </u>		
а	Board designated or quasi-endowment	99 690 %								
ь	Permanent endowment • 0 %									
c	Term endowment ► 0 310 %									
3a	Are there endowment funds not in the posse	ssion of the organiza	ation	that a	re held a	and administere	d for	the		
	organization by								Yes	No
	(i) unrelated organizations			•				3a(i)		No
	(ii) related organizations							3a(ii)	<u> </u>	No
	If "Yes" to 3a(II), are the related organizatio	•					•	3b		
4	Describe in Part XIV the intended uses of th									
Par	t VI Investments—Land, Building	s, and Equipme	nt. S			1	10.	Г		
	Description of investment				Cost or oth (investme			(c) Accumulated depreciation	( <b>d</b> ) Bo	ok value
<b>1</b> a	and					8,558	,117			8,558,117
b i	Buildings					357,757	,793	94,966,315	26	2,791,478
c I	_easehold improvements		•			11,204	111	9,088,878		2,115,233
d I	Equipment					205,689	,732	150,471,562	5	5,218,170
_e (	Other	<u></u> .				83,041	,766	0	8	3,041,766
Tota	I. Add lines 1a-1e <i>(Column (d) should equal Fo</i>	orm 990, Part X, colur	nn (B)	), line	10(c).)			▶	41	1,724,764
							_	Schedule D (	Form 9	90) 2010

Part VIII Investments—Other Securities. See	Form 990, Part X, line 12		
(a) Description of security or category	(b)Book value		od of valuation
(including name of security)		Cost or end-o	f-year market value
(1)Financial derivatives			
(2)Closely-held equity interests Other			
Other			
Total. (Column (b) should equal Form 990, Part X, col (B) line 12)			
Part VIII Investments—Program Related. See	Form 990, Part X, line 1		
(a) Description of investment type	(b) Book value		od of valuation
		Cost or end-o	f-year market value
		<u> </u>	
Total. (Column (b) should equal Form 990, Part X, col (B) line 13 )	,		
Part IX Other Assets. See Form 990, Part X, lir	ne 15.		
(a) Descrip	otion		(b) Book value
Total. (Column (b) should equal Form 990, Part X, col.(B) line 1	5)	<u> </u>	
Part X Other Liabilities. See Form 990, Part X			
1 (a) Description of Liability	( <b>b</b> ) A mount		
Federal Income Taxes	0		
INTERCOMPANY WITH HS BONDS	236,027,021		
PAYABLE TO THIRD PARTY PAYORS	6,953,023		
OTHER LIABILITIES	2,294,192		
LEASE INCENTIVE OBLIGATION	1,977,742		
Total. (Column (b) should equal Form 990, Part X, col (B) line 25 )	247 254 272		
. Star. (Column (D) Should Equal Form 990, Falt A, COI (D) line 25 )	247,251,978		

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	<b>XII</b> Reconciliation of Revenue per Audited Financial Statements With Revenue p	er 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		
e	Add lines <b>2a</b> through <b>2d</b>	2e	
3	Subtract line <b>2e</b> from line <b>1</b>	3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line $oldsymbol{1}$		
а	Investment expenses not included on Form 990, Part VIII, line 7b . 4a		
b	Other (Describe in Part XIV)		
c	Add lines <b>4a</b> and <b>4b</b>	4c	
5	Total Revenue Add lines <b>3</b> and <b>4c.</b> (This should equal Form 990, Part I, line 12)	5	
Part	Reconciliation of Expenses per Audited Financial Statements With Expenses	per l	Return
1	Total expenses and losses per audited financial statements	1	
2	Amounts included on line 1 but not on Form 990, Part IX, line 25	<u> </u>	
a	Donated services and use of facilities		
b	Prior year adjustments		
c	Other losses		
d	Other (Describe in Part XIV)	1	
e	Add lines <b>2a</b> through <b>2d</b>	2e	
3	Subtract line <b>2e</b> from line <b>1</b>	3	
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:	<u> </u>	
a	Investment expenses not included on Form 990, Part VIII, line 7b 4a		
b	Other (Describe in Part XIV)		
c	Add lines <b>4a</b> and <b>4b</b>	4c	
5	Total expenses Add lines <b>3</b> and <b>4c.</b> (This should equal Form 990, Part I, line 18)	5	
	t XIV Supplemental Information	_	
	oplete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Pa	art IV I	ines 1b and 2b.

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 X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information

Identifier	Return Reference	Explanation
SCHEDULE D, PART V, LINE 4		THE ENDOWMENT FUNDS PROVIDE INCOME THAT IS USED FOR THE ST JUDE MEDICAL CENTER'S CONTINUING NEEDS AND MISSION
SCHEDULE D, PART X, LINE 2		ACCOUNTING STANDARDS CODIFICATION (ASC)740, INCOME TAXES, CLARIFIES THE ACCOUNTING FOR INCOME TAXES BY PRESCRIBING A MINIMUM RECOGNITION THRESHOLD THAT A TAX POSITION IS REQUIRED TO MEET BEFORE BEING RECOGNIZED IN THE FINANCIAL STATEMENTS ASC 740 ALSO PROVIDES GUIDANCE ON DERECOGNITION, MEASUREMENT, CLASSIFICATION, INTEREST AND PENALTIES, DISCLOSURE, AND TRANSITION THE GUIDANCE IS APPLICABLE TO PASS-THROUGH ENTITIES AND TAXEXEMPT ORGANIZATIONS NO SIGNIFICANT TAX LIABILITY OR TAX BENEFITS, INTEREST OR PENALTIES WAS ACCRUED AT JUNE 30, 2011 OR 2010

DLN: 93493132027312

OMB No 1545-0047

2010

Open to Public **Inspection** 

### **SCHEDULE F** (Form 990)

Department of the Treasury Internal Revenue Service

► Complete if the organization answered "Yes" to Form 990, Part IV, line 14b, 15, or 16.

**Statement of Activities Outside the United States** 

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization ST JUDE HOSPITAL INC **Employer identification number** 

95-1643325

- D-			0-1-1-1		93-1043323	-1
Pal	rt I General Information "Yes" to Form 990, Pa			ne United States. C	omplete if the organiz	ation answered
1	For grantmakers. Does the	organization m	naıntaın record	s to substantiate the	amount of the grants	or
	assistance, the grantees' elig	gibility for the	grants or assis	stance, and the select	non criteria used to awa	ard
	the grants or assistance?					│ Yes │ No
2	<b>For grantmakers.</b> Describe in Pa United States	rt V the organiz	atıon's proceduı	es for monitoring the us	e of grant funds outside th	ne
3	Activites per Region (Use Part	V ıf addıtıonal s	pace is needed	)		
	(a) Region	(b) Number of offices in the region	(c) Number of employees or agents in region or independent contractors	region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region)		(f) Total expenditures for region/investments in region
	Central America and the Caribbean	0	0	Program Services	CAPTIVE INSURANCE	1,929,983
За	Sub-total	0	0			1,929,983
	Total from continuation sheets to Part I					
С	Totals (add lines 3a and 3b)	0	0			1,929,983

Part	Part IV, l	ine 15, for any					plete if the organiza received more thai		
	(a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) A mount of cash grant	<b>(f)</b> Manner of cash disbursement	(g) A mount of of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)
2	Enter total nur tax-exempt by	mber of recipie the IRS, or fo	nt organizations lis or which the grante	ted above that are e or counsel has pro	recognized as chari ovided a section 50	ties by the foreign o 1(c)(3) equivalency	country, recognized letter	as . ►	
3	Enter total nur	mber of other o	organizations or en	tities					(Form 990) 2010

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

(a) Type of grant or assistance	(b) Region	(c) Number of recipients	( <b>d)</b> A mount of cash grant	(e) Manner of cash disbursement	(f) A mount of non-cash assistance	(g) Description of non-cash assistance	(h) Method of valuation (book, FMV, appraisal, other)
			I				
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			1				
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,			 I		1		
-			 I		,		
			ı		,		

### Part IV Foreign Forms

1	Was the organization a U S transferor of property to a foreign corporation during the tax year? <i>If "Yes," the organization may be required to file Form 926 (see instructions for Form 926)</i>	<u> </u>	Yes	Г	Νo
2	Did the organization have an interest in a foreign trust during the tax year? If "Yes," the organization may be required to file Form 3520 and/or Form 3520-A. (see instructions for Forms 3520 and 3520-A)	Γ	Yes	দ	Νo
3	Did the organization have an ownership interest in a foreign corporation during the tax year? If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with respect to Certain Foreign Corporations. (see instructions for Form 5471)	Г	Yes	<u>\</u>	Νo
4	Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see instructions for Form 8621)	Г	Yes	ᅜ	Νo
5	Did the organization have an ownership interest in a foreign partnership during the tax year? If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with respect to Certain Foreign Partnerships. (see instructions for Form 8865)	Г	Yes	ᅜ	Νo
6	Did the organization have any operations in or related to any boycotting countries during the tax year? If "Yes," the organization may be required to file Form 5713, International Boycott Report (see instructions for Form 5713).	Г	Yes	ত	No

Schedule F (Form 990) 2010

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

ldentifier	Return Reference	Explanation
ACCOUNTING METHOD	SCHEDULE F, PART I, LINE 3, COLUMN F	THE ACCRUAL METHOD OF ACCOUNTING WAS USED TO DETERMINE THE AMOUNT IN COLUMN F

Schedule F (Form 990) 2010

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DLN: 93493132027312

OMB No 1545-0047

Department of the Treasury Internal Revenue Service

**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** 

Open to Public **Inspection** 

17,163

-32,171

130,310

115,302

Na	me	of	the	org	anı	zat	ion	ı
ST	JU	DΕ	НΟ	SP	IT/	٦L	ΙN	C

**BD DIRECT MARKETING** 

PHILLIPS ASSOC

**CSG SYSTEMS** 

Total.

(Form 990 or 990-EZ)

**Employer identification number** 

95-1643325

5,594

32,171

42,473

80,238

Part	I Fundraising Ac	<b>tivities.</b> Complet	e if the o	organızat	ion	answered "Yes"	to Form 990, Part IV	, line 17.
<b>1</b> In	ndicate whether the organ	nization raised funds	through a	any of the	follo	wing activities Ch	eck all that apply	
a 🔽	Mail solicitations			e	~	Solicitation of no	n-government grants	
ь Г	Internet and e-mail so	licitations		f	~	Solicitation of go	vernment grants	
c F	Phone solicitations			g	~	Special fundraisii	ng events	
d 🔽	In-person solicitations	5						
or <b>b</b> If	of the organization have they employees listed in "Yes," list the ten highes be compensated at leas	Form 990, Part VII st paid individuals or	or entity entities	/ in conne (fundraise	ctioi rs) p	n with professional oursuant to agreem	fundraising services? ents under which the fur	
	Name and address of Individual entity (fundraiser)	(ii) Activity	fundrais custo cont	Did ser have ody or trol of outions?	(iv	y) Gross receipts from activity	(v) A mount paid to (or retained by) fundraiser listed in col (i)	(vi) A mount paid to (or retained by) organization

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

Νo

Νo

Νo

CA			

DIRECT MAIL

DIRECT MAIL

CAMPAIGN STUDY

22,757

172,783

195,540

			(a) Event #1	(b) Event #2 WALK A/ STARS	(c) Other Events	(d) Total Events (Add col (a) through col (c))
			(event type)	(event type)	(total number)	
INUE	1	Gross receipts	309,402	114,644	149,174	573,220
Revenue	2	Less Charitable contributions	206,626	76,680	113,768	397,074
	3	Gross income (line 1 minus line 2)	102,776	37,964	35,406	176,146
	4	Cash prizes		922		922
တ္က	5	Non-cash prizes				
Expenses	6	Rent/facility costs	180	175		355
Š Ö	7	Food and beverages	17,566	32,333	952	50,851
Direct	8	Entertainment				
Ā	9	Other direct expenses .	78,649	27,885	2,591	109,125
	10	Direct expense summary Add lir	nes 4 through 9 ın column	(d)		161,253
	11	Net income summary Combine li	nes 3 and 10 in column (	d)		14,893
Par	***			"Yes" to Form 990, Pa	rt IV, line 19, or repo	
_		\$15,000 on Form 990-EZ, li				
Revenue			(a) Bingo	<b>(b)</b> Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (Add col (a) through col (c))
	1	Gross revenue				
ses	2	Cash prizes				
Expenses	3	Non-cash prizes				
	4	Rent/facility costs				
Direct	5	Other direct expenses				
	6	Volunteer labor		┌ Yes	Г Yes	
		Direct expense summary Add line				
	8	Net gaming income summary Com	nbine lines 1 and 7 in colu	mn (d)	<u> <del>.</del> .</u>	
9	Ente	er the state(s) in which the organization licensed to operate	gaming activities in each	civities		· Fyes Fno
a b	If"N	NO, Explain				

11	Does the organization operate ga	aming activities with nonmembers? .		$\Gamma_{\text{Yes}}$ $\Gamma_{\text{No}}$
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 o	gaming?		. Г <sub>Yes</sub> Г <sub>No</sub>
13	Indicate the percentage of gamin	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 organıza	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	
	revenue?			. Г <sub>Yes</sub> Г <sub>No</sub>
b			tion 🏲 \$ and the	, , , , , , , , , , , , ,
	amount of gaming revenue retain	ed by the third party 🟲 \$		
С	If "Yes," enter name and address	S		
	Name 🟲			
	Address ►			
16	Gaming manager information			
	Name 🟲			
	Gaming manager compensation I	<b>&gt;</b> \$		
	Description of services provided	<b>-</b>		
	Director/officer	Employee	Independent contractor	
17	Mandatory distributions			
а		er state law to make charitable distribu		
				Tyes Tho
b		·	o other exempt organizations or spent	
Par		activities during the tax year * \$	responses to question on Schedule G (	See
	instructions.)	STOTIAC Additional Information for	responses to question on seneutile of	
	Identifier	ReturnReference	Explanation	

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OMB No 1545-0047

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### **SCHEDULE H** (Form 990)

Department of the Treasury Internal Revenue Service

ST JUDE HOSPITAL INC

Name of the organization

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

Hospitals

**Employer identification number** 

					95-	1643325			
Pā	art I Financial Assista	nce and C	ertain Oth	er Community Be	nefits at Cost				
						-		Yes	No
<b>1</b> a	Did the organization have a fi	nnancıal assı	stance policy	y during the tax year? I	f "No," skip to questio	n 6a .	1a	Yes	
b	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	ospitals		Applied uniformly	to most hospitals				
	Generally tailored to indiv		ls	,	•				
3	Answer the following based o organization's patients during			nce eligibility criteria t	hat applied to the large	est number of the			
а	Does the organization use Fe income individuals? If "Yes,"					utu for fron coro	3a	Yes	
	Г <sub>100%</sub> Г <sub>150%</sub>	<b>▽</b> 20	о% Г	O ther	% 9/a				
b	Does the organization use FP	G to determin	ne eliqihility f	<u></u>	d care to low income in	dividuals? If			
	"Yes," indicate which of the fo		= :	<del>-</del>			<b>2</b> L	V	
		_	· _		_	F	3b	Yes	
	200% 250%	J 30	00% <b>I</b>	350% <b>—</b> 40	0% ✓ Other_	500. %			
С	If the organization does not u determining eligibility for free test or other threshold, regar	or discounte	d care Inclu	de in the description w	hether the organizatior				
4	Did the organization's financi	al assistance	policy that a	applied to the largest n	umber of its patients d	uring the tax year_	4	Yes	
_	provide for free or discounted			_		- I		1 1	
5a	Did the organization budget amount					<u> </u>	5a	Yes	
b	If "Yes," did the organization				_	<u> </u>	<u>5b</u>	Yes	
С	If "Yes" to line 5b, as a resul care to a patient who was elig						5c		No
6a Does the organization prepare a community benefit report during the tax									
6h	year?			ublic 2		1	C L	ا ا ب ـ ـ ا	
OD	Complete the following table		•		instructions Do not s	_	6b	Yes	
	worksheets with the Schedule		Konecto prov	raca iii ciic ociicaale ii	matractions bollocs	abilité cirése			
7	Financial Assistance and C	Certain 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 bei expense	nefit	(f) Pero total ex	
а	Financial Assistance at cost (from Worksheets 1 and 2)	(  ,	16,332	7,218,902	0	7,218,	902	1	640 %
b	Unreimbursed Medicaid (from		·		-				550 %
С	Worksheet 3, column a) . Unreimbursed costs—other		13,700	38,710,386	18,683,717	20,026,	009		330 70
	means-tested government programs (from Worksheet 3, column b)		4,612	8,884,469	2,113,822	6,770,	.647	1	540 %
d	<b>Total</b> Financial Assistance and Means-Tested Government								
	Programs		34,644	54,813,757	20,797,539	34,016,	218	7	730 %
e	Other Benefits Community health improvement services and community benefit operations (from								
£	(Worksheet 4)			9,684,626	2,342,546	7,342,	080	1	670 %
	Health professions education (from Worksheet 5)			124,079	0	124,	079	0	030 %
g	Subsidized health services (from Worksheet 6)			1,579,408	8,119	1,571,	289	0	360 %
h	Research (from Worksheet 7)						$\Box$		
i	Cash and in-kind contributions to community groups								
	(from Worksheet 8)			292,605	29,742	262,	-		060 %
-	Total Other Benefits  Total Add lines 7d and 7:		34 644	11,680,718	2,380,407	9,300,	_		120 % 850 %

Pa	rt II Community Building activities during the of the communities	tax year, an									ealth
	or the communities	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	1 ' '	rect offs revenue	-	(e) Net community building expense		<b>(f)</b> Perc total ex	
1	Physical improvements and housing										
2	Economic development										
3	Community support										
4	Environmental improvements										
5	Leadership development and training										
6	for community members  Coalition building				-				_		
7	Community health improvement										
8	Workforce development										
9	Other										
0	Total										
aı	t IIII Bad Debt, Medicar	e, & Collec	tion Practic	es							
ect	ion A. Bad Debt Expense									Yes	No
L	Did the organization report ba	d debt expense	e in accordance	with Heathcare Fir	nancıal M	anage	ment A	ssociation		res	No
	Statement No 15?								1	Yes	
2	Enter the amount of the organ			•		2		8,238,669			
3	Enter the estimated amount o attributable to patients eligible				olicy .	3		0			
			,		, -				1		
ŀ	Provide in Part VI the text of In addition, describe the costi rationale for including a portio	ing methodolog	gy used in detei	rmining the amount							
ect	ion B. Medicare			mame, sement							
;	Enter total revenue received f	rom Medicare	(including DSH	and IME)		5		85,428,502			
,	Enter Medicare allowable cost		-	-		6		114,983,337			
,	Subtract line 6 from line 5 Th	ıs ıs the surplı	ıs or (shortfall)			7		-29,554,835			
3	Describe in Part VI the extend Also describe in Part VI the c Check the box that describes	osting method	ology or source	used to determine							
	Cost accounting system	Гс。	st to charge ra	tio 🔽	Other						
ect	ion C. Collection Practices										
9a	Does the organization have a	written debt co	llection policy?						9a	Yes	
b	If "Yes," does the organization								9b	Yes	
Pa	patients who are known to qua rt IV Management Com				cribe in P	art VI	· ·		90	163	<u> </u>
	(a) Name of entity		) Description of pr		(c) Organiz		(6	1) Officers, directors,		Physic	
			activity of entity		profit % o ownersh		(	trustees, or key employees' profit % r stock ownership%		fit % or wnershi	
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ı		1									
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13							+				

Part	V Facility Information									
Section (list in	Section A. Hospital Facilities (list in order of size, measured by total revenue per facility, from largest to smallest)			Children's hospital	Teaching hospital	Critical acc	Research facility	ER-24 hours	ER-other	
How many hospital facilities did the organization operate during the tax year?		Licensed hospital	General medical & surgical	iosptal	oepital	Ortical access hospital	acility	Φ		
Name	and address									Other (Describe)
1	ST JUDE HOSPITAL INC 101 EAST VALENCIA MESA DRIVE FULLERTON,CA 92835	X	х	х				х		
		<u> </u>								
		_								
		1				<u> </u>				
		-				<u> </u>				
						<u> </u>				
-										
		1			<u> </u>	<u> </u>				

	er Facilities That Are Not Licensed, Registered, or Similarly Recognize, measured by total revenue per facility, from largest to smallest)	nized as a Hospital Facility	
How many non-	hospital facilities did the organization operate during the tax year?	10	
Name and address	Type of Facility (Describe)		_
		Schedule H (Form 990) 2010	

Part V Facility Information (continued)

Schedule H (Form 990) 2010 Page 8

#### Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the description required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6j, 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
PART I, LINE 7		THE AMOUNTS REPORTED IN THE TABLE WERE CALCULATED USING A COST-TO-CHARGE RATIO, WHICH WAS DERIVED FROM WORKSHEET 2, RATIO OF PATIENT CARE COST-TO-CHARGES

Identifier	ReturnReference	Explanation
PART I, LINE 7G	DODDIDIZED REALIR SERVICES	NO COSTS ATTRIBUTABLE TO PHYSICIAN CLINICS WERE INCLUDED

Identifier	ReturnReference	Explanation
Identifier PART III, LINE 4		Explanation  THE ORGANIZATION RECOGNIZES THAT A PORTION OF THE UNINSURED OR UNDERINSURED PATIENT POPULATION MAY NOT ENGAGE IN THE TRADITONAL FINANCIAL ASSISTANCE APPLICATION PROCESS THEREFORE, THE ORGANIZATION ALSO USES AN AUTOMATED PREDICTIVE SCORING TOOL TO IDENTIFY AND QUALIFY PATIENTS FOR FINANCIAL ASSISTANCE FOR ACCOUNTS THAT ARE INITIALLY CLASSIFIED AS BAD DEBT COLLECTION ACTIONS ARE NOT PURSUED ON THESE ACCOUNTS ONCE THEY ARE RECLASSIFIED AS FINANCIAL ASSISTANCE THERE IS NO OTHER AMOUNT OF BAD DEBT THAT SHOULD BE REPORTED AS FINANCIAL ASSISTANCE SELF-PAY ACCOUNTS ARE GRANTED A DISCOUNT OF 35% OF CHARGES FOR INPATIENT (I/P) SERVICES AND 20% OF CHARGES FOR OUTPATIENT (O/P) SERVICES IF THE SELF-PAY PATIENT CHOOSES TO PAY IN ONE LUMP-SUM AMOUNT, ADDITIONAL DISCOUNT IS GRANTED AS FOLLOWS 10% FOR I/P AND 15% FOR O/P FINANCIAL STATEMENT FOOTNOTE DESCRIBING BAD DEBT THE ORGANIZATION RECEIVES PAYMENT FOR SERVICES RENDERED TO PATIENTS FROM FEDERAL AND STATE GOVERNMENTS UNDER THE MEDICARE AND
		DEBT THE ORGANIZATION RECEIVES PAYMENT FOR SERVICES RENDERED TO PATIENTS FROM FEDERAL AND
		PROGRAMS RECEIVABLES FROM CONTRACTED AND OTHERS ARE FROM VARIOUS PAYORS WHO ARE SUBJECT TO DIFFERING ECONOMIC CONDITIONS, AND DO NOT REPRESENT ANY CONCENTRATED RISKS TO THE ORGANIZATION THE ORGANIZATION ANALYZES ITS HISTORICAL EXPERIENCE AND IDENTIFIES TRENDS FOR EACH OF ITS MAJOR PAYOR SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS THE BAD DEBT AMOUNT REPORTED WAS CALCULATED USING A COST-TO-CHARGE

Identifier	ReturnReference	Explanation
PART III, LINE 8		AS A CATHOLIC HEALTH CARE MINISTRY, THE ORGANIZATION FOLLOWS THE CATHOLIC HEALTH ASSOCIATION'S COMMUNITY BENEFIT REPORTING GUIDELINES AND THEREFORE DOES NOT REPORT MEDICARE AS A COMMUNITY BENEFIT MEDICARE COSTS ARE DETERMINED USING THE MEDICARE COST REPORT SUBMITTED FOR THE FISCAL YEAR USING CMS STANDARD COSTING METHODS THIS METHOD INCLUDES SPECIFIC STEP-DOWN ALLOCATION PROCESSES WHICH ARE APPLIED TO CALCULATE ALLOWABLE MEDICARE COSTS

Identifier	ReturnReference	Explanation
PART III, LINE 9B		THE ORGANIZATION'S PATIENT ACCOUNTS ARE NOT
		FORWARDED TO COLLECTION STATUS WHEN THE
		PATIENT MAKES A GOOD FAITH EFFORT TO RESOLVE
		OUTSTANDING ACCOUNT BALANCES SUCH EFFORTS
		INCLUDE APPLYING FOR FINANCIAL ASSISTANCE,
		NEGOTIATING A PAYMENT PLAN, OR APPLYING FOR
		MEDICAID COVERAGE PRIOR TO ADVANCING ANY
		ACCOUNT FOR EXTERNAL COLLECTION, THE
		ORGANIZATION PERFORMS AN EVALUATION TO
		IDENTIFY IF THE ACCOUNT QUALIFIES FOR CHARITY
		CARE ACCOUNTS FOR PATIENTS WHO QUALIFY FOR
		CHARITY CARE ARE WRITTEN OFF AND COLLECTION
		EFFORTS ARE NOT PURSUED

Identifier	ReturnReference	Explanation
ART VI, LINE 2	NEEDS ASSESSMENT	Explanation  THE HOSPITAL CONDUCTS A COMMUNITY HEALTH NEEDS AND ASSET ASSESSMENT EVERY THREE YEARS TO PROVIDE DIRECTION FOR ITS COMMUNITY BENEFIT PLAN THE COMMUNITY HEALTH NEEDS ASSESSMENT IS CONDUCTED EVERY THREE YEARS TO PROVIDE THE BASIS FOR ST JUDE HOSPITAL, INC dba ST JUDE MEDICAL CENTER (SJMC) AND ST JUDE HERITAGE HEALTHCARE (SJHH) TO DEVELOP PRIORITIES FOR OUR COMMUNITY BENEFIT PLAN AND TO MEET THE LEGAL REQUIREMENTS OF SB 697 THIS INFORMATION PROVIDES A FOUNDATION FOR SJMC AND SJHH TO CARRY OUT OUR MISSION OF IMPROVING THE HEALTH AND QUALITY OF LIFE OF PEOPLE IN THE COMMUNITIES THAT WE SERVE THE NEEDS ASSESSMENT IS REVIEWED AND APPROVED BY THE ST JUDE MEDICAL CENTER BOARD OF TRUSTEES COMMUNITY BENEFIT COMMITTEE THIS COMMITTEE IS COMPOSED OF A MAJORITY OF COMMUNITY MEMBERS WHO REPRESENT THE GEOGRAPHIC AREA AND DIVERSITY OF THE COMMUNITY BENEFIT PLAN WERE OBTAINED FROM FOCUS GROUPS WITH BOTH LOW INCOME RESIDENTS AND WITH REPRESENTATIVES FROM ORGANIZATIONS THAT SERVE LOW INCOME RESIDENTS OVER 120 INDIVIDUALS PARTICIPATED IN PROVIDING FEEDBACK IN ADDITION, THE ORANGE COUNTY HEALTH NEEDS ASSESSMENT SURVEYED KEY STAKEHOLDERS REGARDING PRIORITIES AND THEIR PERCEPTIONS OF HOW THE MEDICAL CENTER IS PARTNERING WITH THE COMMUNITY ONE OF THE PRIORITIES IDENTIFIED IN THE NEEDS
		ASSESSMENT WAS MENTAL HEALTH COUNSELING SERVICES WHILE THE MEDICAL CENTER SUPPORTS SOME SERVICES AT ITS CLINICS WE DID NOT SELECT THIS AS A PRIORITY IN OUR COMMUNITY BENEFIT PLAN BECAUSE THERE ARE OTHER ORGANIZATIONS IN THE COMMUNITY THAT HAVE GREATER EXPERTISE IN THIS AREA

Identifier	ReturnReference	Explanation
PART VI, LINE 3	ELIGIBILITY FOR ASSISTANCE	THE ORGANIZATION POSTS NOTICES INFORMING THE PUBLIC OF THE FINANCIAL ASSISTANCE PROGRAM NOTICES ARE POSTED IN HIGH VOLUME INPATIENT AND OUTPATIENT SERVICE AREAS NOTICES ARE ALSO POSTED AT LOCATIONS WHERE A PATIENT MAY PAY THEIR BILL NOTICES INCLUDE CONTACT INFORMATION ON HOW A PATIENT CAN OBTAIN MORE INFORMATION ON FINANCIAL ASSISTANCE AS WELL AS WHERE TO APPLY FOR ASSISTANCE THESE NOTICES ARE POSTED IN ENGLISH AND SPANISH AND ANY OTHER LANGUAGES THAT ARE REPRESENTATIVE OF 5% OR GREATER OF PATIENTS IN THE HOSPITAL'S SERVICE AREA ALL PATIENTS WHO DEMONSTRATE LACK OF FINANCIAL COVERAGE BY THIRD PARTY INSURERS ARE OFFERED AN OPPORTUNITY TO COMPLETE THE FINANCIAL ASSISTANCE APPLICATION AND ARE OFFERED INFORMATION, ASSISTANCE, AND REFERRAL AS APPROPRIATE TO GOVERNMENT SPONSORED PROGRAMS FOR WHICH THEY MAY BE ELIGIBLE

Identifier	ReturnReference	Explanation
PART VI, LINE 4	COMMONITY INFORMATION	THE SERVICE AREAS OF ST JUDE MEDICAL CENTER REACH 1 68 MILLION PEOPLE THE MEDICAL CENTER'S GEOGRAPHICAL AREA OF FOCUS FOR COMMUNITY BENEFIT PROGRAMS ARE THE CITIES OF BREA, BUENA PARK, FULLERTON, LA HABRA, PLACENTIA AND YORBA LINDA THE SOCIO-DEMOGRAPHIC DATA FOR THE SIX AREAS SERVED BY SJMC COMMUNITY BENEFIT DEMONSTRATE WIDE DISPARITIES IN RACIAL/ETHNIC AND ECONOMIC INDICATORS LA HABRA IS THE CITY WITH THE LOWEST MEDIAN INCOME AND THE GREATEST RACIAL/ETHNIC DIVERSITY WHILE YORBA LINDA HAS THE HIGHEST INCOME AND LEAST RACIAL/ETHNIC DIVERSITY WITH THE EXCEPTION OF YORBA LINDA, THERE ARE NEIGHBORHOODS THAT HAVE A HIGHER PERCENTAGE OF DISPROPORTIONATE UNMET HEALTH NEEDS POPULATIONS HIGHEST NEED NEIGHBORHOODS HAD HIGHEST RATES OF POVERTY, UNEMPLOYMENT AND LOWEST INCOMES

I dentifier ReturnReference	Explanation
PART VI, LINE 5  PROMOTION OF COMMUNITY HEALTH  SC CC C	Explanation  HE GOVERNING BODY IS COMPRISED OF A MAJORITY OF ERSONS WHO RESIDE IN THE HOSPITALS PRIMARY ERVICE AREA AND WHO ARE NOT EMPLOYEES, ONTRACTORS, OR FAMILY MEMBERS THE SUB-OMMITTEE OF THE BOARD OF TRUSTEES, KNOWN AS THE OMMUNITY BENEFIT COMMITTEE, OVERSEES THE EVELOPMENT AND IMPLEMENTATION OF THE OMMUNITY BENEFIT COMMITTEE, OVERSEES THE EVELOPMENT AND IMPLEMENTATION OF THE OMMUNITY BENEFIT PLAN EVERY THREE YEARS, AS WELL S AN ANNUAL COMMUNITY BENEFIT PLAD EVERY THREE YEARS, AS WELL S AN ANNUAL COMMUNITY BENEFIT PROORAM CONTENT, OMMUNITY BENEFIT PLAD EVERY THREE YEARS, AS WELL S AN ANNUAL COMMUNITY BENEFIT PROGRAM CONTENT, OWN MUNITY BENEFIT PROGRAM CONTENT, OWN MUNITY BENEFIT PROGRAM CONTENT, OWN MUNITY BENEFIT PROGRAM CONTINUATION OF THE OWN MUNITY BENEFIT PROGRAM CONTINUATION OF THE OWN MUNITY BENEFIT PROGRAM CONTINUATION OF THE OWN MUNITY WIDE ENGAGEMENT INDICATED TO ALL UNALIFIED PHYSICIANS IN THE COMMUNITY GIVING ACK TO THE COMMUNITY IS INTEGRATED INTO EVERY SPECT OF OUR ORGANIZATION AS A MEMBER OF THE AITH-BASED HEALTH MINISTRY OF ST JOSEPH HEALTH YSTEM, WE PROVIDE FREE AND DISCOUNTED CARE VIA UNFOR FINE AND ADDRESS THE NEEDS OF THE CONOMICALLY POOR AND VULNERABLE IN THE CONOMICALLY POOR AND VULNERABLE IN THE OMMUNITIES WE SERVE OUR MISSION IS TO PROVIDE FLUALITY CARE TO ALL OUR PATIENTS, REGARDLESS OF BILLITY TO PAY WE BELIEVE THAT NO ONE SHOULD BE SERVED OUR RETINOOME IS DEVOTED TO FUND ON MUNITY PROGRAMS FOR THE ECONOMICALLY POOR VIA CARE FOR THE POOR THAT SO AND ANNUAL BASIS, EN PERCENT OF OUR THAT SHOULD BE SHOULD BE SHOULD BE SHOULD BE SHOU

Identifier	ReturnReference	Explanation
ART VI, LINE 6	SYSTEM	ST JUDE MEDICAL CENTER IS A HEALING MINISTRY OF ST JOSEPH HEALTH SYSTEM, AN INTEGRATED HEALTHCARE DELIVERY SYSTEM SPONSORED BY THE ST JOSEPH HEALTH MINISTRY ST JOSEPH HEALTH SYSTEM IS ORGANIZED INTO THREE REGIONS NORTHERN CALIFORNIA, SOUTHERN CALIFORNIA, AND WEST TEXAS/EASTERN NEW MEXICO THE SYSTEM INCLUDES 14 ACUTE CARE HOSPITALS, HOME HEALTH AGENCIES, HOSPICE CARE, OUTPATIENT SERVICES, COMMUNITY CLINICS, AND PHYSICIAN ORGANIZATIONS EACH ASSOCIATED MINISTRY WORKS TO LIVE OUT ITS MISSION OF IMPROVING THE HEALTH AND QUALITY OF LIFE OF THE COMMUNITIES IT SERVES IN 1986, ST JOSEPH HEALTH SYSTEM CREATED A PLAN AND BEGAN AN EFFORT TO FURTHER ITS COMMITMENT TO NEIGHBORS IN NEED WITH A VISION OF REACHING BEYOND THE WALLS OF ITS HEALTHCARE FACILITIES AND TRANSCENDING TRADITIONAL EFFORTS OF PROVIDING FREE CARE FOR THOSE IN NEED OF ACUTE SERVICES, ST JOSEPH HEALTH SYSTEM CREATED THE ST JOSEPH HEALTH SYSTEM FOUNDTION TO IMPROVE THE HEALTH OF LOW-INCOME INDIVIDUALS RESIDING IN LOCAL COMMUNITIES OUR FOUNDATIONAL DOCUMENT, A VISION OF VALUES, FORMALIZES A PROCESS THROUGH WHICH THE HOSPITAL MINISTRIES RETURN TEN PERCENT OF THEIR NET INCOME TO THE ST JOSEPH HEALTH SYSTEM FOUNDATION FUNDS FOR THE MATERIALLY POOR THE FOUNDATION FUNDS PROGRAMS THAT EXEMPLIFY THE FOUR CORE VALUES OF ST JOSEPH HEALTH SYSTEM SERVICE, EXCELLENCE, DIGNITY, AND JUSTICE

Identifier	ReturnReference	Explanation
	BENEFIT REPORT	CALIFORNIA MINISTRIES REPORT TO CALIFORNIA OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT IN ACCORDANCE WITH CALIFORNIA SENATE BILL 697

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

Schedule H (Form 990) 2010

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Part I General Information on Grants and Assistance

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

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

OMB No 1545-0047

DLN: 93493132027312

**Inspection** 

Department of the Treasury Internal Revenue Service Name of the organization

ST JUDE HOSPITAL INC

Schedule I

(Form 990)

► Attach to Form 990

Employer identification number 95-1643325

organization or government  Organization or government  Organization or government  Organization or government  Organization (book, FMV, appraisal, other)  Other)  HEALTHY NEIGHBORH INITIATIVE SVC	Form 990, Part I\	/, line 21 for any	O Governments and recipient that received eded.	l more than \$5,000.	Check this box if no	one recipient rec	eived more than \$5,0	
OLLABORATIVE1401 W ALENCIA DR JLLERTON,CA 92883 SVC SYST JOSEPH HEALTH YSTEM FOUNDATION500 MAIN STREET  NEIGHBORH INITIATIVE SVC CARE FOR TI	organization	<b>(b)</b> EIN	1		cash	valuation (book, FMV, appraisal,		(h) Purpose of grai or assistance
STEM FOUNDATION500 MAIN STREET	OLLABORATIVE1401 W ALENCIA DR	20-1222056	501(C)(3)	41,199				NEIGHBORHOOD INITIATIVE COMM
	STEM FOUNDATION500 MAIN STREET	33-0143024	501(C)(3)	6,439,200				CARE FOR THE PO

art 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>b)</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
(1) MEDICAL SERVICES TO PATIENTS	36	67,660			

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
DESCRIBE THE	FORM 990, SCHEDULE I, PART	EXPENSES ARE MONITORED ON A MONTHLY/QUARTERLY BASIS BY THE VICE-PRESIDENT OF HEALTHY
PROCEDURES FOR	I, LINE 2	COMMUNITIES WE MONITOR THE USE OF GRANT FUNDS BY REQUIRING REPORTS FROM THE ORGANIZATION
MONITORING THE USE		GRANTS ARE GIVEN TO
OF GRANT FUNDS IN		
THEUS		

DLN: 93493132027312

OMB No 1545-0047

**Schedule J** (Form 990)

Department of the Treasury Internal Revenue Service

## **Compensation Information**

For certain Officers, Directors, Trustees, Key Employees, and Highest **Compensated Employees** ► Complete if the organization answered "Yes" to Form 990,

Part IV, question 23. ► Attach to Form 990. ► See separate instructions. Open to Public Inspection

Name	of	the	orga	niza	tion
ST JUD	E H	OSPI	TAL II	VC	

**Employer identification number** 

95-1643325

Pai	It I Questions Regarding Compensation	n			
				Yes	Νo
1a		ovided any of the following to or for a person listed in Form I to provide any relevant information regarding these items			
	First-class or charter travel	Housing allowance or residence for personal use			
	Travel for companions	Payments for business use of personal residence			
	Tax idemnification and gross-up payments	Health or social club dues or initiation fees			
	✓ Discretionary spending account	Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the oreimbursement orprovision of all the expenses desc	rganization follow a written policy regarding payment or cribed above? If "No," complete Part III to explain	1b	Yes	
2	Did the organization require substantiation prior to officers, directors, trustees, and the CEO/Executiv	· · · · · · · · · · · · · · · · · · ·	_		
	officers, directors, diastees, and the GEO/Executiv	e Director, regarding the Items checked in line 14.	2		No
3	Indicate which, if any, of the following the organizat organization's CEO/Executive Director Check all t				
	Compensation committee				
	☐ Independent compensation consultant	Compensation survey or study			
	Form 990 of other organizations	Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, or a related organization	Part VII, Section 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?	4a	Yes	
b	Participate in, or receive payment from, a suppleme	ental nonqualified retirement plan?	4b	Yes	
C	Participate in, or receive payment from, an equity-b	pased compensation arrangement?	4c		Νo
	If "Yes" to any of lines 4a-c, list the persons and p	rovide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only m	ust complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A compensation contingent on the revenues of $\ensuremath{I}$	, line 1a, did the organization pay or accrue any			
а	The organization?		5a		No
b	Any related organization?		5b		No
	If "Yes," to line 5a or 5b, describe in Part III				
6	For persons listed in form 990, Part VII, Section A compensation contingent on the net earnings of	, line 1a, did the organization pay or accrue any			
а	The organization?		6a		No
b	Any related organization?		6b		Νo
	If "Yes," to line 6a or 6b, describe in Part III				
7	For persons listed in Form 990, Part VII, Section A payments not described in lines 5 and 6? If "Yes,"	, line 1a, did the organization provide any non-fixed describe in Part III	7	Yes	
8	Were any amounts reported in Form 990, Part VII,	· · · · · · · · · · · · · · · · · · ·			
	subject to the initial contract exception described in Part III	n Regs section 53 4958-4(a)(3)? If "Yes," describe			
			8		No
9	If "Yes" to line 8, did the organization also follow th section $53\ 4958-6(c)$ ?	e rebuttable presumption procedure described in Regulations	9		

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

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

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

(A) Name		(B) Breakdown of	W-2 and/or 1099-MI	SC compensation	(C) Retirement and	(D) Nontaxable	(E) Total of columns	<b>(F)</b> Compensation
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation	other deferred compensation	benefits	(B)(ı)-(D)	reported in prior Form 990 or Form 990-EZ
(1) LEE PENROSE	(I) (II)	0 395,460	0 158,748	0 161,678	0 17,079	0 21,583		(
(2) BRIAN HELLELAND	(ı) (ıı)	301,161 0	104,903 0	123,745 0	9,794 0	28,773 0	568,376 0	(
(3) MARK JABLONSKI	(ı) (ıı)	228,685 0	82,780 0	108,932 0	21,858 0	22,448 0	464,703 0	(
(4) MICHAEL MARINO	(I) (II)	237,746 0	81,127 0	67,031 0	9,616 0	5,125 0	400,645	(
(5) EDUARDO SALVADOR	(I) (II)	214,736 0	75,185 0	70,091 0	7,350 0	28,652 0	396,014 0	(
(6) KEVIN MANEMANN	(I) (II)	186,692 0	66,442 0	69,948 0	11,902	28,944	363,928 0	(
(7) SUSAN SMITH	(I) (II)	175,373 0	62,075 0	71,874 0	19,098 0	19,568 0	347,988 0	(
(8) BARRY ROSS	(I) (II)	162,811 0	15,096 0	99,829	19,280 0	38,935 0	335,951 0	21,749
(9) KAREN CANNIZZARO	(I) (II)	159,617 0	54,776 0	69,091 0	21,411	20,200	325,095 0	(
(10) DRU ANN COPPING	(I) (II)	148,744 0	51,565 0	65,399 0	13,946 0	875 0	•	(
(11) DON MILLER	(I) (II)	167,096 0	22,176 0	35,613 0	21,268 0	21,005	267,158 0	(
(12) KEVIN MURPHY PHD	(I) (II)	0 200,019	0 55,245	0 79,166	0 11,649	0 28,633	0 374,712	(
(13) CLAIRE HANKS	(I) (II)	47,638 0	0	192,656	2,750 0	2,323	245,367	(
(14) DOREEN L DANN	(I) (II)	0	0	325,249 0	0	0	325,249 0	255
( 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
	· ·	EXECUTIVES RECEIVE A PERCENTAGE OF BASE COMPENSATION FOR DISCRETIONARY SPENDING THESE AMOUNTS ARE INCLUDED IN OTHER REPORTABLE COMPENSATION
	PART I, LINE	THE ORGANIZATION'S CHIEF EXECUTIVE OFFICER IS PAID BY ITS TAX EXEMPT PARENT, ST JOSEPH HEALTH SYSTEM, AND IS DISCLOSED AS A PERSON PAID BY A RELATED ORGANIZATION SEE SCHEDULE O, PART VI, LINE 15A FOR THE PROCESS THAT IS COMPLETED BY THE ST JOSEPH HEALTH SYSTEM
SEVERANCE	SCHEDULE J, PART I, LINE 4A	THE FOLLOWING INDIVIDUALS RECEIVED A SEVERANCE PAYMENT IN 2010 CLAIRE H HANKS \$ 160,368 DOREEN L DANN \$ 325,249
A SUPPLEMENTAL	PART I, LINE 4B	EXECUTIVES COULD PARTICIPATE IN A NON-QUALIFIED DEFERRED COMPENSATION PLAN UNDER INTERNAL REVENUE CODE 457(F) THE PLAN WAS FROZEN EFFECTIVE DECEMBER 31, 2007 AFTER WHICH TIME NO FURTHER CONTRIBUTIONS WERE PERMITTED TO THE PLAN THIS PLAN WILL CEASE TO EXIST ONCE ALL BENEFITS HAVE BEEN DISTRIBUTED IN ACCORDANCE WITH PROVISIONS OF THE PLAN PAYOUT FOR 2010 PARTICIPANTS DOREEN L DANN \$ 255 BARRY ROSS \$ 21,749
	PART I, LINE 7	A PORTION OF THE EXECUTIVE'S SALARY IS PLACED "AT-RISK" AND IS NOT AWARDED UNLESS SPECIFIC STRATEGIC OBJECTIVE TARGETS ARE MET OR EXCEEDED THE AT-RISK EXECUTIVE PLAN IS DESIGNED TO MOTIVATE AND REWARD EXECUTIVES FOR TEAM PERFORMANCE THAT SUPPORTS THE STRATEGIC GOALS AND SUCCESSFUL PERFORMANCE OF ST JOSEPH HEALTH SYSTEM AT-RISK PAY IS AWARDED TO ASSISTANT VICE PRESIDENTS, VICE PRESIDENTS, SENIOR VICE PRESIDENTS, EXECUTIVE VICE PRESIDENTS, AND THE CHIEF EXECUTIVE OFFICER BASED ON ACHIEVING OR SURPASSING SPECIFIC GOALS THAT ARE PREDETERMINED BY THE BOARD OF TRUSTEES PRIOR TO THE BEGINNING OF THE FISCAL YEAR THE GOALS INCLUDE OUR STRATEGIC OBJECTIVES OF PERFECT CARE, SACRED ENCOUNTERS, AND HEALTHIEST COMMUNITIES AS WELL AS FISCAL STEWARDSHIP EACH OF THESE FACTORS IS TAKEN INTO CONSIDERATION WHEN DETERMINING THE PERCENTAGE OF AT-RISK PAY

Schedule J (Form 990) 2010

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DLN: 93493132027312

OMB No 1545-0047

Inspection

Open to Public

**SCHEDULE M** (Form 990)

Department of the Treasury

Internal Revenue Service

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

**NonCash Contributions** 

Name of the organization ST JUDE HOSPITAL INC

**Employer identification number** 

0- 4-4222

Pa	rt I Types of Property				95-1643325			
		(a) Check if applicable	<b>(b)</b> Number of Contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining of amounts		ontribut	ion
1	Art—Works of art			19				
2	Art—Historical treasures							
3	Art—Fractional interests							
4	Books and publications							
	Clothing and household							
good								
6	Cars and other vehicles .							
7	Boats and planes							
8	Intellectual property							
9	Securities—Publicly traded	Х	3	72,062	COST/SELLING PR	ICE		
10	Securities—Closely held stock							
11	Securities—Partnership, LLC, or trust interests .							
12	Securities—Miscellaneous							
13	Qualified conservation contribution—Historic structures							
14	Qualified conservation contribution—Other							
15	Real estate—Residential .							
16	Real estate—Commercial							
17	Real estate—Other							
18	Collectibles							
19	Food inventory							
20	Drugs and medical supplies							
21	Taxidermy							
22	Historical artifacts							
23	Scientific specimens							
24	Archeological artifacts .							
25	Other ► ()							
26	Other ► ()							
27	Other ► ()							
28	Other ► ()							
29	Number of Forms 8283 received by for which the organization complete				29			0
							Yes	No
30a	During the year, did the organization	n receiv	e by contribution any prope	rty reported in Part I, lines	1-28 that it			
	must hold for at least three years fi	rom the o	date of the initial contribution	on, and which is not require	d to be used			
	for exempt purposes for the entire I	holdıng p	eriod?			30a		No
	If "Yes," describe the arrangement							
31	Does the organization have a gift a	cceptano	ce policy that requires the r	eview of any non-standard	contributions?	31	Yes	
32a	Does the organization hire or use the contributions?		<del>-</del>		non-cash	32a		No
b	If "Yes," describe in Part II							
	If the organization did not report re	venues i	n column (c) for a type of p	roperty for which column (a	) is checked,			
	describe in Part II	'	. ,	. ,	,			

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

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DLN: 93493132027312

OMB No 1545-0047

2010

Open to Public Inspection

**SCHEDULE 0** (Form 990 or 990-EZ)

Department of the Treasury Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.

► Attach to Form 990 or 990-EZ.

Name of the organization **Employer identification number** ST JUDE HOSPITAL INC 95-1643325

ldent	fier	Return Reference	Explanation
FORM 990 I, LINE 1 & III, LINE 1	•	ORGANIZATION'S MISSION STATEMENT	AS A MEMBER OF THE ST JOSEPH HEALTH SYSTEM, ST JUDE HOSPITAL, INC dba ST JUDE MEDICAL CENTER IS COMMITTED TO EXTENDING THE HEALING MINISTRY OF JESUS IN THE TRADITION OF THE SISTERS OF ST JOSEPH OF ORANGE BY CONTINUALLY IMPROVING THE HEALTH AND QUALITY OF LIFE OF PEOPLE IN THE COMMUNITIES WE SERVE

Identifier	Return Reference	Explanation
FORM 990, PART III, LINE 4A	PROGRAM SERVICE	

ldentifier	Return Reference	Explanation
	PROGRAM SERVICE ACCOMPLISHMENTS	LIFE PROGRAM IS OFFERED AT THESE SCHOOLS OUTCOMES INCLUDE AN INCREASED PERCENTAGE OF 5TH GRADERS IN THE HEALTHY FITNESS ZONE FOR BODY COMPOSITION PROGRAM SERVICE ACCOMPLISHMENTS NAME UNPAID COST OF MEDICAID PROGRAMS GOAL THIS SERVICE REPRESENTS THE DIFFERENCE BETWE BY THE ACTUAL COST OF PROVIDING INPATIENT AND OUTPATIENT SERVICES TO MEDI-CAL PATIENTS AND THE AMOUNT OF REVENUE RECEIVED FROM MEDI-CAL KEY PARTNERS MINISTRY BUSINESS OFFICE ACCOMPLISHMENTS 13,770 PERSONS SERVED AND \$20,026,669 IN COSTS NAME FINANCIAL ASSISTANCE/CHA RITY CARE PROGRAM GOAL WE BELIEVE THAT NO ONE SHOULD DELAY SEEKING NEEDED MEDICAL CARE BE CAUSE THEY LACK HEALTH INSURANCE THAT IS WHY, AS A MINISTRY OF ST JOSEPH HEALTH SYSTEM, ST JUDE MEDICAL CENTER HAS A PATIENT FINANCIAL ASSISTANCE PROGRAM THAT PROVIDES FREE OR D ISCOUNTED SERVICES TO ELIGIBLE PATIENTS FACTORS USED IN DETERMINING ELIGIBILITY FOR PATIENT FINANCIAL ASSISTANCE INCLUDE INCOME LEVEL, ASSET LEVEL, AND MEDICAL INDIGENCE KEY PART NERS MINISTRY BUSINESS OFFICE ACCOMPLISHMENTS 16,332 PERSONS SERVED AND \$7,218,902 IN CO STS NAME UNPAID COST OF MEANS-TESTED GOVERNMENT PROGRAMS GOAL THIS SERVICE REPRESENTS THE DIFFERENCE BETWEEN THE ACTUAL COST OF FROVIDING CARE TO PATIENTS WHO ARE IN THE ORANGE C OUNTY MEDICAL SERVICES FOR THE INDIGENT PROGRAM AND THE AMOUNT OF REVENUE RECEIVED FROM THIS PROGRAM KEY PARTNERS MINISTRY BUSINESS OFFICE ACCOMPLISHMENTS 4,612 PERSONS SERVED AND \$6,770,647 IN COSTS NAME CARE FOR THE POOR PROGRAMS SUCH AS NEIGHBORHOOD HEALTH CLINIC, MOBILE FAMILY HEALTH CLINIC AND CHILDRENS DENTAL CLINIC WHICH PROVIDE PRIMARY MEDICAL, DENTAL, COUNSELING, HE ALTH EQUINATION, AND CASH MANAGEMENT SERVICES TO LOW INCOME UNINSURED AND UNDERNINSURED PEOP LE IT ALSO PROVIDES STAFF AND OTHER COSTS IN SUPPORT OF HEALTHY COMMUNITIES INITIATIVES KEY PARTNERS MISSION INTEGRATION, CASE MANAGEMENT, MEDICAL CROPS ACCOMPLISHMENTS 6,776 PERSONS SERVED AND \$2,370,693 IN COSTS FOR MORE INFORMATION ABOUT ST JUDE MEDICAL CENTER , PLEASE VISIT WWY STJUDE OFFICE ACCOMPLISHMENTS OF STORMATION

ldentifier	Return Reference	Explanation
FORM 990, PART VI, LINE 2	BUSINESS AND FAMILY RELATIONSHIPS	DR ALLISON FOLEY AND DR JAMES BENOIT HAVE A BUSINESS RELATIONSHIP FORM 990, PART VI, LINE 6 DESCRIPTION OF CLASSES OF MEMBERS OR STOCKHOLDERS ST JOSEPH HEALTH SYSTEM IS THE SOLE CORPORATE MEMBER OF ST JUDE HOSPITAL, INC (DBA ST JUDE MEDICAL CENTER)

ldentifier	Return Reference	Explanation
FORM 990, PART VI, LINE 7A	DESCRIPTION OF CLASSES OF PERSONS AND THE NATURE OF THEIR RIGHTS	ST JUDE MEDICAL CENTER HAS A TIERED GOVERNANCE IN WHICH THE CORPORATE MEMBERS RESERVE THE RIGHT TO APPOINT TRUSTEES TO THE ST JUDE MEDICAL CENTER BOARD ALL TRUSTEE APPOINTMENTS THAT COME FROM THE ST JUDE MEDICAL CENTER BOARD AS NOMINATIONS MUST BE APPROVED BY THE ST JOSEPH HEALTH SYSTEM, AS THE CORPORATE MEMBER, AND THE ST JOSEPH HEALTH MINISTRY, AS THE ORGANIZATIONAL SPONSOR

ldentifier	Return Reference	Explanation
FORM 990, PART VI, LINE 7B		THE RESERVED RIGHTS IN OUR TIERED GOVERNANCE STRUCTURE CONTEMPLATE APPROVAL BY THE ST JOSEPH HEALTH SYSTEM MEMBER OF FINANCING, BUDGETS, UNBUDGETED EXPENDITURES OF DEFINED AMOUNTS, STRATEGIC PLAN, APPOINTMENT OF AUDITORS, CREATION OR INVESTMENT IN A LEGALLY RECOGNIZED ENTITY, JOINT VENTURES, PURPOSES, SALE OR DISPOSITION OF REAL PROPERTY, MERGER OR SALE OF SUBSTANTIALLY ALL ASSETS, APPOINTMENT AND REMOVAL OF TRUSTEES, ADOPTION OR AMENDMENT OF ARTICLES OR BYLAWS

ldentifier	Return Reference	Explanation
FORM 990, PART VI, LINE 11B	PROCESS USED BY MANAGEMENT AND/OR GOVERNING BODY TO REVIEW 990	THE FORM 990 IS PREPARED BY THE FINANCE DEPARTMENT BASED ON INFORMATION RECEIVED FROM VARIOUS DEPARTMENTS OF THE ORGANIZATION AS APPLICABLE. THE FORM 990 IS THEN REVIEWED BY AN OFFICER OF THE ORGANIZATION A COPY OF THE FORM 990 FILING IS DISTRIBUTED TO ALL VOTING MEMBERS OF THE BOARD FOR THE APRIL 2012 MEETING DURING THE FINANCE COMMITTEE MEETING, MANAGEMENT PRESENTS AND DISCUSSES CERTAIN DISCLOSURES AND INFORMATION INCLUDED IN THE FORM 990 THE FINANCE COMMITTEE CHAIR THEN PROVIDES A SUMMARY AT THE FULL BOARD MEETING

Identifier	Return Reference	Explanation
FORM 990, PART VI, LINES 12A, 13 AND 14		IN JANUARY 2012, THE ST JUDE MEDICAL CENTER BOARD OF TRUSTEES APPROVED AND ADOPTED THE FOLLOWING POLICIES A) CONFLICT OF INTEREST, B) WHISTLEBLOWER, C) DOCUMENT RETENTION AND DESTRUCTION THE POLICIES HAVE BEEN IN PLACE AND WERE FOLLOWED PRIOR TO FORMAL ADOPTION BY THE BOARD

Identifier Return Reference	Explanation
PART VI, PROCESS TO CONTINUE 12C MONITOR TRANSACTIONS FOR CONFLICTS OF INTEREST	OFFICERS, TRUSTEES, AND KEY EMPLOYEES ARE REQUIRED TO DISCLOSE ANNUALLY ON THE CONFLICT OF INTEREST DISCLOSURE FORM THE EXISTENCE AND NATURE OF ANY ACTUAL, APPARENT, OR POTENTIAL CONFLICTS OF INTEREST HE/SHE MAY HAVE. ADDITIONALLY, DISCLOSURES SHALL BE MADE PROMPTLY ANY TIME AN ACTUAL, APPARENT, OR POTENTIAL CONFLICT OF INTEREST ARISES AND BEFORE THE CONSUMMATION OF ANY CONTRACT, TRANSACTION, OR ARRANGEMENT THAT IS THE SUBJECT OF THE POTENTIAL CONFLICT OF INTEREST WHEN A CONFLICT OF INTEREST IS IDENTIFIED, SUCH CONFLICT IS DISCLOSED TO THE EXECUTIVE COMMITTEE. IF THE CONFLICT INVOLVES A MEMBER OF THAT COMMITTEE, THE REMAINING COMMITTEE MEMBERS REVIEW THE MATTER AND DETERMINE WHETHER A CONFLICT OF INTEREST EXISTS THE OFFICER, TRUSTEE, OR KEY EMPLOYEE MAY NOT BE PRESENT DURING ANY MEETING IN WHICH THE COMMITTEE CONDUCTS ITS EVALUATION, EXCEPT TO ANSWER QUESTIONS AS MAY BE NECESSARY ONCE ALL NECESSARY INFORMATION HAS BEEN OBTAINED, THE BOARD CONDUCTS ITS EVALUATION AND FORWARDS ITS FINDINGS AND RECOMMENDATIONS TO THE SJHS CHIEF COMPLIANCE OFFICER IF THE BOARD DETERMINES AN UNRESOLVED CONFLICT OF INTEREST EXISTS, THE BOARD WILL EVALUATE AND RECOMMED CONFLICT MITIGATION STRATEGIES THE SJHS CHIEF COMPLIANCE OFFICER IN CONSULTATION WITH THE SJHS GENERAL COUNSEL WILL REVIEW THE BOARD FINDINGS, RECOMMENDATIONS AND MITIGATION STRATEGIES AND PRESENT RECOMMENDATIONS TO THE BOARD FINDINGS AND FOR DISCUSSION AND VOTE

ldentifier	Return Reference	Explanation
FORM 990, PART VI, LINE 15A & 15B	PROCESS FOR DETERMINING COMPENSATION	THE EXECUTIVE COMPENSATION PROCESS AT ST JOSEPH HEALTH SYSTEM IS ADMINISTERED BY A COMMITTEE OF INDEPENDENT TRUSTEES. THEY FOLLOW A BOARD-APPROVED CHARTER AND OVERALL EXECUTIVE COMPENSATION PHILOSOPHY. THE CHARTER EMPOWERS THE SJHS BOARD WORKLIFE COMMITTEE TO ADMINISTER THE EXECUTIVE COMPENSATION PROGRAM AND PROCESS ON BEHALF OF THE FULL BOARD OF TRUSTEES OF SJHS. OVERALL, THE PHILOSOPHY IS INTENDED TO REWARD A BROAD SPECTRUM OF HIGH ORGANIZATIONAL AND INDIVIDUAL PERFORMANCE EXPECTATIONS, AS WELL AS THE RETENTION OF KEY MANAGEMENT TALENT. THE SJHS EXECUTIVE COMPENSATION PHILOSOPHY DEFINES THE MARKET FOR ADMINISTERING COMPENSATION AS A COMPARABLE SET OF NOT-FOR-PROFIT AND FOR-PROFIT HEALTH CARE DELIVERY SYSTEMS. SJHS PROVIDES COMPENSATION TO ITS SENIOR EXECUTIVES IN THE FORM OF BASE SALARY, AN ANNUAL INCENTIVE PROGRAM, AND BENEFITS. TO FULFILL THEIR RESPONSIBILITY, THE COMMITTEE REGULARLY REVIEWS INFORMATION FROM MULTIPLE SOURCES OF MARKET DATA. THEY USE THIS INFORMATION TO SUPPORT THEIR DECISIONS REGARDING ONGOING EFFECTIVENESS AND ADMINISTRATION OF THE PROGRAM. THE WORKLIFE COMMITTEE IS COMPRISED OF SEVERAL INDEPENDENT MEMBERS OF THE BOARD. THEY WEET FOUR TIMES A YEAR AND ALL CRITICAL DECISIONS ARE MADE DURING THE WORKLIFE COMMITTEE MEETINGS OR IN EXECUTIVE. SESSION. THESE DECISIONS ARE DOCUMENTED IN DETAILED MINUTES AND APPROVED IN SUBSEQUENT MEETINGS. THE COMMITTEE IS EMPOWERED TO ENGAGE OUTSIDE COUNSEL AND CONSULTING SUPPORT AS NEEDED. THE WORKLIFE COMMITTEE PERFORMED ITS LAST COMPENSATION REVIEW FOR ASSISTANT VICE PRESIDENTS, VICE PRESIDENTS, SENIOR VICE PRESIDENTS, EXECUTIVE VICE PRESIDENTS, AND THE CHIEF EXECUTIVE OFFICER IN SEPTEMBER 2011

ldentifier	Return Reference	Explanation
PART VI, LINE	AVAIL OF GOV DOCS, CONFLICT OF INTEREST POLICY, & FIN STMTS TO GEN PUBLIC	THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST THE SJHS COMMUNITY BENEFIT REPORTS, FINANCIAL REPORTS, AND PHILANTHROPY REPORTS ARE ALSO AVAILABLE ON THE SJHS INTERNET SITE

ldentifier	Return Reference	Explanation
FORM 990, PART VII	HOURS SPENT FOR THE ORGANIZATION	LEE PENROSE IS THE CEO/PRESIDENT OF ST JUDE MEDICAL CENTER (SJMC) AND A BOARD MEMBER OF ST JOSEPH HERITAGE HEALTH FOUNDATION (HHF) ALTHOUGH HE IS COMPENSATED BY ST JOSEPH HEALTH SYSTEM (SJHS), HE DEVOTES 50 HOURS PER WEEK TO SJMC AND 2 HOURS TO HHF JAMES BENOIT, M D SERVES ON THE BOARD OF SJMC AND ALSO SERVES ON THE BOARD OF HHF HE DEVOTES 2 HOURS PER WEEK TO SJMC AND 2 HOURS PER WEEK TO HHF SISTER MARIE JEANNE GAILLAC SERVES ON THE BOARD OF SJMC, AS WELL AS SJHS, ST JOSEPH EUREKA (SJE) AND REDWOOD MEMORIAL HOSPITAL (RMH) SHE DEVOTES 2 HOURS PER WEEK TO SJHS, SJE AND RMH EDUARDO SALVADOR IS THE CHIEF FINANCIAL OFFICER OF SJMC AND ALSO SERVES ON THE BOARD OF ST JUDE MEDICAL FOUNDATION (SJMF) AND ON THE MANAGEMENT COMMITTEE OF HHF HE DEVOTES 50 HOURS PER WEEK TO SJMC AND 2 HOURS PER WEEK TO SJMF AND HFF SISTER CLAUDETTE DESFORGES IS THE VP OF MISSION INTEGRATION AT SJMC AND SERVES ON THE BOARD OF SJHS AND HHF SHE DEVOTES 50 HOURS PER WEEK TO SJMC, 2 HOURS PER WEEK TO SJHS AND 2 HOURS PER WEEK TO HHF KEVIN MURPHY, PHD SERVES ON THE BOARD OF SJMC AND ALSO WORKS FOR SJHS HE DEVOTES 2 HOURS PER WEEK TO SJMC AND 50 HOURS PER WEEK TO SJMC AND 50 HOURS PER WEEK TO SJHS AS VP OF VALUE INTEGRATION SISTER MARY ANNE HUEPPER SERVES ON THE BOARD OF SJMC AND ALSO SERVES ON THE BOARD OF MISSION HOSPITAL REGIONAL MEDICAL CENTER (MHRMC) SHE DEVOTES 2 HOURS PER WEEK TO SJMC AND 50 HORROW.

Identifier	Return Reference	Explanation
FORM 990, PART XI, LINE 5	OTHER CHANGES IN NET ASSETS	UNREALIZED GAINS \$ 26,017,950 ======

ldentifier	Return Reference	Explanation
FORM 990, PART XII, LINE 2C	OVERSIGHT OR SELECTION PROCESS	THE ST JOSEPH HEALTH SYSTEM BOARD APPROVES THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND SELECTION OF THE INDEPENDENT ACCOUNTANT

ldentifier	Return Reference	Explanation
SECTION 409A DOCUMENT CORRECTION UNDER SECTION VI B, VII C AND XI A	OF IRS NOTICE 2010-6 (DOCUMENT DEFECTS)	1) NAMES AND SOCIAL SECURITY NUMBERS OF AFFECTED PARTICIPANTS NOT APPLICABLE 2) THE 409A FAILURE OCCURRED WITH RESPECT TO THE ST JOSEPH HEALTH SYSTEM 457(F) PLAN ("PLAN") 3) THE 409A PLAN FAILURES ARE ELIGIBLE FOR CORRECTION UNDER THE TERMS OF VI B, VII C AND XI A OF IRS NOTICE 2010-6 THE EMPLOYER HAS TAKEN ALL ACTIONS REQUIRED BEFORE DECEMBER 31, 2010, AND OTHERWISE MET ALL REQUIREMENTS FOR SUCH CORRECTION NO PARTICIPANT IS REQUIRED TO REPAY ANY AMOUNT TO THE PLAN IN A SUBSEQUENT TAX YEAR, NOR IS ANY AMOUNT REQUIRED TO BE INCLUDED IN INCOME UNDER 409A AS PART OF THE CORRECTION THE CORRECTIVE AMENDMENT WAS SIGNED ON OCTOBER 6, 2010 THE DATE OF THE EVENT CAUSING THE AFFECTED PARTICIPANT TO INCLUDE HIS PLAN ACCOUNT IN GROSS INCOME WAS HIS VOLUNTARY TERMINATION DATE 4) DESCRIPTION OF EACH FAILURE. THIS EMPLOYER DID NOT HAVE ANY EMPLOYEES WHO VOLUNTARILY TERMINATED AND WERE DUE A DISTRIBUTION. THEREFORE NO EMPLOYEE WAS AFFECTED BY THIS DEFECT IN THE PLAN'S WRITTEN TERMIS.

efile GRAPHIC print - DO NOT PROCESS | As Filed Data -**SCHEDULE R** 

DLN: 93493132027312

# **Related Organizations and Unrelated Partnerships**

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

OMB No 1545-0047 2010

Open to Public Inspection

Department of the Treasury Internal Revenue Service

See Additional Data Table

(Form 990)

Name of the organization ST JUDE HOSPITAL INC	Employer iden	Employer identification number							
TI JOBE HOSPITAL INC	95-1643325								
Part I Identification of Disregarded Entities (Complet	te if the organization	on answered "Yes'	' on Form 990, Pa	rt IV, line 33.)					
(a) Name, address, and EIN of disregarded entity	<b>(b)</b> Primary activity	(c) Legal domicile (state or foreign country)		<b>(e)</b> End-of-year assets	<b>(f)</b> Direct controlling entity				
Part II Identification of Related Tax-Exempt Organization or more related tax-exempt organizations during the		ıf the organızatıor	answered "Yes"	on Form 990, Part	IV, line 34 becaus	se it had one			
(a) Name, address, and EIN of related organization	<b>(b)</b> Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization			

Part III Identifi because	it had one or m	c <b>ed Org</b> a ore relat	<b>anızatıons Taxa</b> ed organızatıons t	<b>ble as a Partner</b> reated as a partne	<b>ship</b> (Co ership du	mplete if ring the t	the org ax year	ganization r.)	answe	ered "\	res" on Fo	rm 990,	Part	IV, III	ne 34
<b>(a)</b> Name, address, and EIN of related organization	<b>(b)</b> Primary activity	(c) Legal domicile (state or foreign country)	<b>(d)</b> Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512- 514)	Share of t	<b>(f)</b> total income	(g) Income Share of end-of-year assets		(h) Disproprtiona ear allocations?		te Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)		(j) General or managing partner?		<b>(k)</b> Percentage ownership
									Yes	No			Yes	No	
See Additional Data Table					-										
				ble as a Corpora ations treated as a							nswered "\	es" on	Form	990,	Part IV,
(a) (t Name, address, and EIN of related organization Primary		<b>(b)</b> Primary activity	<b>(c)</b> Legal domicile (state or foreign country)		(d) (e) Direct controlling Type of ei entity (C corp, S or trust		corp,			(g) Share of end-of-year assets			(h) Percentage ownership		
See Additional Data Table															

(6)

Fe	LV	Transactions with Related Organizations (Complete in the organization answered Tes	oli i olili 330, Pai	(1v, line 34, 33, 3	JA, 01 JU.)				
	Note.	Complete line 1 if any entity is listed in Parts II, III or IV				Ye	s No		
<b>1</b> Du	rıng th	e tax year, did the orgranization engage in any of the following transactions with one or more related orgar	nizations listed in Parts	s II-IV?					
a	Receip	pt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity			18	Ye	5		
b	<b>b</b> Gift, grant, or capital contribution to other organization(s)								
c	c Gift, grant, or capital contribution from other organization(s)								
d	d Loans or loan guarantees to or for other organization(s)								
е	Loans	or loan guarantees by other organization(s)			16	•	No		
f	Sale o	fassets to other organization(s)			11	:	No		
g	Purch	ase of assets from other organization(s)			19		No		
h	Excha	nge of assets			11	_	No		
i I	Lease	of facilities, equipment, or other assets to other organization(s)			11	Ye	5		
j	Lease	of facilities, equipment, or other assets from other organization(s)			1 <u>1</u>		s No		
k	<b>k</b> Performance of services or membership or fundraising solicitations for other organization(s)								
1 1	l Performance of services or membership or fundraising solicitations by other organization(s)								
m	m Sharing of facilities, equipment, mailing lists, or other assets								
n	Sharın	ng of paid employees			11	1 Ye	3		
							<u> </u>		
		ursement paid to other organization for expenses			10	_	-		
р	Reimb	ursement paid by other organization for expenses			11	Ye	5		
		transfer of cash or property to other organization(s)			10		-		
r	Other	transfer of cash or property from other organization(s)			[1:	Ye	5		
_2	If the a	answer to any of the above is "Yes," see the instructions for information on who must complete this line, in		onships and transact					
		(a)	<b>(b)</b> Transaction	(c)	(d) Method of determ	ınına aı	mount		
		Name of other organization	type(a-r)	Amount involved	involve				
(1)									
See Add	litional [	Data Table							
(2)									
(3)									
(3)									
(4)									
` ,									
(5)									

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

<b>(a)</b> Name, address, and EIN of entity	<b>(b)</b> Primary activity	(c) Legal domicile (state or foreign country)	(d Are partr sect 501(d organiz	all ners non c)(3) ations?	<b>(e)</b> 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
NAME, ADDRESS,	SCHEDULE R,	ST JOSEPH HEALTH SYSTEM HOME HEALTH AGENCY EIN 33-0282945 ADDRESS 1845 W ORANGEWOOD AVENUE, STE 200 ORANGE, CA
AND EIN OF	PART III,	92868-2012 ST JOSEPH HEALTH SYSTEM HOME CARE SERVICES EIN 33-0307672 ADDRESS 1845 W ORANGEWOOD AVENUE, STE 100
RELATED	COLUMNA	ORANGE, CA 92868-2012 METHODIST DIAGNOSTIC IMAGING EIN 75-2343261 ADDRESS 4005 24TH STREET LUBBOCK, TX 79410 SHA, LLC
ORGANIZATION		EIN 75-2569094 ADDRESS 12940 NORTH HIGHWAY 183 AUSTIN, TX 78750 LUBBOCK SURGERY CENTER, LTD EIN 75-2177401 ADDRESS
		4000 24TH STREET LUBBOCK, TX 79410 COVENANT LONG-TERM CARE, LP EIN 20-5033419 ADDRESS 4000 24TH STREET LUBBOCK, TX 79410
		HERITAGE INVESTMENT GROUP I, LLC EIN 27-1000061 ADDRESS 500 S MAIN STREET STE 1000 ORANGE, CA 92868 MISSION AMBULATORY
		SURGICENTER, LTD EIN 33-0355575 ADDRESS 27800 MEDICAL CENTER ROAD, STE 362 MISSION VIEJO, CA 92691 COMPREHENSIVE
		IMAGING PARTNERS OF ORANGE COUNTY, LLC EIN 26-4591502 ADDRESS ONE CITY BOULEVARD WEST, SUITE 1100 ORANGE, CA 92868

Schedule R (Form 990) 2010

Software ID: Software Version:

**EIN:** 95-1643325

Name: ST JUDE HOSPITAL INC

Form 990, Schedule R, Part II - Identification of Rela	ated Tax-Exempt Orga	nizations					
(a) Name, address, and EIN of related organization	<b>(b)</b> Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c) (3))	(f) Direct controlling entity	(g Sectio (b)(i contro	n 512 13) olled
						Yes	No
CAMINO HEALTH CENTER							
30300 CAMINO CAPISTRANO SANJUANCAPISTRANO, CA92675 33-0574214	HEALTHCARE	СА	501(C)(3)	7	MHRMC		
COVENANT HEALTH PARTNERS							
3615 19TH STREET LUBBOCK, TX79410 61-1573313	HEALTHCARE	ТХ	501(C)(3)	11, I	CHS		
COVENANT HEALTH SYSTEM							
3615 19TH STREET LUBBOCK, TX79410 75-2765566	HEALTHCARE	тх	501(C)(3)	3	SJHS		
COVENANT HEALTH SYSTEM FOUNDATION							
4000 24TH STREET LUBBOCK, TX79410 75-2897026	HEALTHCARE	тх	501(C)(3)	7	CHS		
COVENANT MEDICAL GROUP							
3420 22ND PLACE LUBBOCK, TX79410 75-2743883	HEALTHCARE	TX	501(C)(3)	3	СНЅ		
HOME CARE PARTNERS							
1165 MONTGOMERY DR SANTA ROSA, CA95405 68-0318656	INACTIVE	CA	501(C)(3)	3	SRMH		
HOSPICE OF LUBBOCK							
1102 SLIDE ROAD LUBBOCK, TX79414 75-2133781	HEALTHCARE	ТХ	501(C)(3)	9	снѕ		
LUBBOCK METHODIST HOSPITAL FOUNDATION							
3615 19TH STREET LUBBOCK, TX79410 75-2220963	HEALTHCARE	ТХ	501(C)(3)	7	CHS		
METHODIST CHILDREN'S HOSPITAL							
3610 21ST STREET LUBBOCK, TX79410 75-2428911	HEALTHCARE	тх	501(C)(3)	3	CHS		
METHODIST HOSPITAL LEVELLAND							
1900 COLLEGE AVENUE LEVELLAND, TX79336 75-2246348	HEALTHCARE	TX	501(C)(3)	3	СНЅ		
METHODIST HOSPITAL PLAINVIEW							
2601 DIMMITT ROAD PLAINVIEW, TX79072 75-2426010	HEALTHCARE	TX	501(C)(3)	3	СНЅ		
MISSION HOSPITAL REG MED CTR FDN  27700 MEDICAL CENTER ROAD  MISSION VIEJO, CA92691  33-0406118	HEALTHCARE	СА	501(C)(3)	7	мнкмс		
•	•	•	•	1	•	•	•

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

Form 990, Schedule R, Part II - Identification of R	elated lax-Exempt Or	ganizations	1		1		
<b>(a)</b> Name, address, and EIN of related organization	<b>(b)</b> Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c) (3))	<b>(f)</b> Direct controlling entity	(g Sectio (b)(i contr organiz	n 512 13) olled
						Yes	No
MISSION HOSPITAL REGIONAL MEDICAL CENTER							
27700 MEDICAL CENTER ROAD MISSION VIEJO, CA92691 95-1643360	HEALTHCARE	CA	501(C)(3)	3	SJHS		
QUEEN OF THE VALLEY MEDICAL CENTER							
1000 TRANCAS STREET NAPA, CA94558 94-1243669	HEALTHCARE	СА	501(C)(3)	3	SJHS		
REDWOOD MEMORIAL FOUNDATION							
3300 RENNER DRIVE FORTUNA, CA95540 94-2779313	FOUNDATION	CA	501(C)(3)	7	RMH		
REDWOOD MEMORIAL HOSPITAL							
3300 RENNER DRIVE FORTUNA, CA95540 94-1384665	HEALTHCARE	CA	501(C)(3)	3	SJHS		
SANTA ROSA MEMORIAL HOSPITAL							
1165 MONTGOMERY DRIVE SANTA ROSA, CA95405 94-1231005	HEALTHCARE	CA	501(C)(3)	3	SJHS		
SISTERS OF ST JOSEPH OF ORANGE							
480 S BATAVIA ORANGE, CA92868 95-1643383	RELIGIOUS ORG	СА	501(C)(3)	1	NA		
SRM ALLIANCE HOSPITAL SERVICES							
400 NORTH MCDOWELL BLVD PETALUMA, CA94954 68-0395200	HEALTHCARE	СА	501(C)(3)	3	SRMH		
ST JOSEPH HEALTH FDN OF N CALIFORNIA							
PO BOX 552 SANTA ROSA, CA95405 68-0338070	INACTIVE	CA	501(C)(3)	11, I	SRMH		
ST JOSEPH HEALTH MINISTRY							
500 S MAIN STREET SUITE 400 ORANGE, CA92868 27-1666576	RELIGIOUS ORG	CA	501(C)(3)	1	SSJO		
ST JOSEPH HEALTH SYSTEM							
500 S MAIN STREET SUITE 700 ORANGE, CA92868 95-3589356	HEALTHCARE	СА	501(C)(3)	11,1	SJHM		
ST JOSEPH HEALTH SYSTEM FOUNDATION							
500 S MAIN STREET SUITE 1000 ORANGE, CA92868 33-0143024	HEALTHCARE	СА	501(C)(3)	7	SJHS		
ST JOSEPH HOME CARE NETWORK							
170 PROFESSIONAL CENTER DR B ROHNERT PARK, CA94928 68-0331084	HEALTHCARE	CA	501(C)(3)	9	SJHS		

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

(a) Name, address, and EIN of related organization	<b>(b)</b> Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c) (3))	<b>(f)</b> Direct controlling entity	(g) Sectior (b)(1 contro	on 512 [13] rolled
	'				<u> </u>	Yes	No
ST JOSEPH HOSPITAL OF EUREKA	'	'			'	<u> </u>	<u> </u>
2700 DOLBEER STREET EUREKA, CA95501 94-1156596	HEALTHCARE	CA	501(C)(3)	3	SJHS		
ST JOSEPH HOSPITAL OF ORANGE	,	,					,
1100 WEST STEWART DRIVE ORANGE, CA92868 95-1643359	HEALTHCARE	СА	501(C)(3)	3	SJHS		
ST JUDE HOSPITAL YORBA LINDA	'	<u> </u>			'		
279 E IMPERIAL HWY 750 FULLERTON, CA92835 33-0185031	HEALTHCARE	СА	501(C)(3)	3	SJHS		
ST JUDE MEMORIAL FOUNDATION		'			'		
1440 N HARBOR BLVD 200 FULLERTON, CA92835 95-3607229	HEALTHCARE	CA	501(C)(3)	11, I	SJMC		
ST MARY MEDICAL CENTER		'			'		
18300 HIGHWAY 18 APPLE VALLEY, CA92307 95-1914489	HEALTHCARE	СА	501(C)(3)	3	SJHS		
ST MARY OF THE PLAINS HOSPITAL FDN		,					
4000 24TH STREET LUBBOCK, TX79410 75-1653181	HEALTHCARE	тх	501(C)(3)	7	CHS		
TALLER SAN JOSE	,	'			'		
801 NORTH BROADWAY SANTA ANA, CA92701 59-3816355	WORKFORCE DEV	CA	501(C)(3)	2	SSJO		

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

Form 990, Schedule R,	Part III - Identii	ication	oi keiateu t	Ji ganizations	s laxable as a	Partiership						
(a) Name, address, and EIN of related organization	<b>(b)</b> Primary activity	(c) Legal Domicile (State or Foreign Country)	Controlling Entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total Income (\$)	(g) Share of end-of- year assets (\$)	allocat	prtionate ions?	(i) Code V-UBI amount on Box 20 of K-1 (\$)	Gen o Mana Part	or aging :ner?	<b>(k)</b> Percentage ownership
	<del> </del>	+		312-314)			Yes	No		Yes	NO	1
ST JOSEPH HLTH SYS HOME HLTH	HOME HEALTH	CA	NA	N/A	0	0		No	0		Νo	0 %
ST JOSEPH HLTH SYS HOME CARE	HOME HEALTH	СА	NA	N/A	0	0		No	0		Νo	0 %
METHODIST DIAGNOSTIC IMAGING	HEALTHCARE SVCS	TX	NA	N/A	0	0		No	0		Νo	0 %
SHA LLC	HEALTHCARE SVCS	тх	NA	N/A	0	0		No	0		Νo	0 %
LUBBOCK SURGERY CENTER LTD	HEALTHCARE SVCS	тх	NA	N/A	0	0		No	0		Νo	0 %
COVENANT LONG-TERM CARE LP	HEALTHCARE SVCS	тх	NA	N/A	0	0		No	0		Νo	0 %
HERITAGE INVESTMENT GROUP	INVESTMENT	CA	NA	N/A	0	0		No	0		Νo	0 %
MISSION AMBULATORY SURGICENTER	HEALTHCARE SVCS	СА	NA	N/A	0	0		No	0		Νo	0 %
•	•	•	•		•	•	•					

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

(a) Name, address, and EIN of related organization	Primary activity	(c) Legal Domicile (State or Foreign Country)	<b>(d)</b> Direct Controlling Entity	(e) Predominant income (related, unrelated, excluded from tax under sections	(f) Share of total Income (\$)	Chara of and of	<b>(h)</b> Disproj allocat	ortionate	(i) Code V-UBI amount on Box 20 of K-1 (\$)	Gen	r agıng	(k) Percentage ownership
				512-514)			Yes	No		Yes	No	
	HEALTHCARE SVCS	CA	NA	N/A	0	0		No	0		Νo	0 %

### Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

	, ,			<del>-</del>			
(a) Name, address, and EIN of related organization	<b>(b)</b> Primary activity	<b>(c)</b> Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income (\$)	( <b>g)</b> Share of end-of-year assets (\$)	(h) Percentage ownership
ST JOSEPH PROF SRVS ENTERPRISES INC 500 S MAIN STREET SUITE 700 ORANGE, CA92868 33-0155323	HEALTHCARE SVCS	CA	NA	C-CORP	0	0	0 %
AMERICAN UNITY GROUP LTD 58 PAR LA-VILLA RD HAMILTON, HM HX BD	CAPTIVE INSURANCE	BD	NA	C-CORP	0	0	0 %
ALLIANCE PHYSICIAN SERVICES	INACTIVE	CA	NA	C-CORP	0	0	0 %
MISSION VIEJO MEDICAL VENTURES 27800 MEDICAL CENTER RD 354 MISSION VIEJO, CA92691 33-0212905	HEALTHCARE SVCS	CA	NA	C-CORP	0	0	0 %
MISSION MEDICAL CENTER ASSOCIATION 27800 MEDICAL CENTER RD 354 MISSION VIEJO, CA92691 33-0201044	HEALTHCARE SVCS	СА	NA	C-CORP	0	0	0 %
ST JOSEPH YORBA PARK	INACTIVE	CA	NA	C-CORP	0	0	0 %
LUBBOCK METHODIST HOSPITAL SVCS PO BOX 1201 LUBBOCK, TX79410 75-2118585	HEALTHCARE SVCS	тх	NA	C-CORP	0	0	0 %
LUBBOCK METHODIST HOSP PRACTICE MGMT 2107 OXFORD STREET SUITE 300 LUBBOCK, TX79410 75-2578995	INACTIVE	ТХ	NA	C-CORP	0	0	0 %
CHARITABLE REMAINDER TRUSTS (5)	SUPPORT	CA	N/A	TRUST	0	0	0 %

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

Form 9	990, Schedule R, Part V - Transactions With Related Organizations			
	(a) Name of other organization	<b>(b)</b> Transaction type(a-r)	(c) A mount Involved (\$)	(d) Method of determining amount involved
(1)	ST JOSEPH HEALTH SYSTEM FOUNDATION	В	6,439,200	
(2)	ST JOSEPH HEALTH SYSTEM FOUNDATION	С	3,514,320	
(3)	ST JOSEPH HOSPITAL OF ORANGE	0	109,415	
(4)	ST JUDE HOSPITAL YORBA LINDA	В	5,435,800	
(5)	ST JUDE HOSPITAL YORBA LINDA	0	1,399,221	
(6)	ST JUDE HOSPITAL YORBA LINDA	Р	7,039,603	
(7)	ST JUDE HOSPITAL YORBA LINDA	I	3,816,195	
(8)	ST JUDE HOSPITAL YORBA LINDA	J	192,158	_
(9)	ST JUDE HOSPITAL YORBA LINDA	А	3,313,514	
(10)	ST JOSEPH HEALTH SYSTEM HOME CARE SERVICES	0	67,660	
(11)	AMERICAN UNITY GROUP LTD	Q	1,929,983	
(12)	CAMINO HEALTH CENTER		0	_
(13)	COVENANT HEALTH PARTNERS		0	
(14)	COVENANT HEALTH SYSTEM		0	_
(15)	COVENANT HEALTH SYSTEM FOUNDATION		0	_
(16)	COVENANT MEDICAL GROUP		0	_
(17)	HOME CARE PARTNERS		0	
(18)	HOSPICE OF LUBBOCK		0	_
(19)	LUBBOCK METHODIST HOSPITAL FOUNDATION		0	
(20)	METHODIST CHILDREN'S HOSPITAL		0	_
(21)	METHODIST HOSPITAL LEVELLAND		0	_
(22)	METHODIST HOSPITAL PLAINVIEW		0	
(23)	MISSION HOSPITAL REG MED CTR FDN		0	
(24)	MISSION HOSPITAL REGIONAL MEDICAL CENTER		0	
(25)	QUEEN OF THE VALLEY MEDICAL CENTER		0	_
(26)	REDWOOD MEMORIAL FOUNDATION		0	
(27)	REDWOOD MEMORIAL HOSPITAL		0	
(28)	SANTA ROSA MEMORIAL HOSPITAL		0	
(29)	SRM ALLIANCE HOSPITAL SERVICES		0	
(30)	ST JOSEPH HEALTH FDN OF N CALIFORNIA		0	
ļ		I	1	

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

	(a) Name of other organization	<b>(b)</b> Transaction type(a-r)	(c) A mount Involved (\$)	(d) Method of determining amount involved
(31)	ST JOSEPH HOSPITAL OF EUREKA		0	 [
(32)	ST JUDE MEMORIAL FOUNDATION		0	 [
(33)	ST MARY MEDICAL CENTER		0	 [
(34)	ST MARY OF THE PLAINS HOSPITAL FDN		0	 [
(35)	ST JOSEPH HEALTH SYSTEM HOME HEALTH AGENCY		0	 [
(36)	ST JOSEPH HOME CARE NETWORK		0	 [
(37)	METHODIST DIAGNOSTIC IMAGING		0	 [
(38)	SHA LLC		0	 [
(39)	LUBBOCK SURGERY CENTER LTD		0	 [
(40)	COVENANT LONG-TERM CARE LP		0	 [
(41)	HERITAGE INVESTMENT GROUP I LLC		0	 [
(42)	MISSION AMBULATORY SURGICENTER LTD		0	 [
(43)	COMPREHENSIVE IMAGING PARTNERS OF OC LTD		0	 [
(44)	ST JOSEPH PROF SVCS ENTERPRISES INC		0	 [
(45)	ALLIANCE PHYSICIAN SERVICES		0	 [
(46)	MISSION VIEJO MEDICAL VENTURES		0	 [
(47)	MISSION MEDICAL CENTER ASSOCIATES		0	 [
(48)	ST JOSEPH YORBA PARK		0	 [
(49)	LUBBOCK METHODIST HOSPITAL SERVICES		0	 [
(50)	LUBBOCK METHODIST HOSPITAL PRACTICE MGMT		0	 [
(51)	TALLER SAN JOSE		0	 [
(52)	CHARITABLE REMAINDER TRUSTS (5)		0	 

## FORM 926 REGULATIONS SECTION 1.6038B-1(C) ATTACHMENT TO 06/30/2011 FORM 990 AND FORM 926

#### (1) TRANSFEROR

(I): ST. JUDE HOSPITAL, INC.

EIN: 95-1643325

101 EAST VALENCIA MESA DRIVE

**FULLERTON, CA 92835** 

#### (2) TRANSFEREE

(I): AMERICAN UNITY GROUP, LTD.

**EIN: FOREIGNUS** 

58 PAR-LA-VILLE ROAD, PO BOX HM 1995

HAMILTON, HM HX BERMUDA

COUNTRY OF CORPORATION: BERMUDA

A GENERAL DESCRIPTION OF THE TRANSFER: DEEMED CASH TRANSFER OF \$1,929,983 ADDITIONAL PAID IN CAPITAL

(3) CONSIDERATION RECEIVED: BEFORE AND AFTER THE EXCHANGE, ST. JUDE HOSPITAL, INC. OWNED 0% OF AMERICAN UNITY GROUP, LTD

#### (4) PROPERTY TRANSFERRED

- (I) ACTIVE BUSINESS PROPERTY: CASH; FMV AND AB OF \$1,929,983
- (II) STOCK OR SECURITIES: N/A
- (III) DEPRECIATED PROPERTY: N/A
- (IV) PROPERTY TO BE LICENSED: N/A
- (V) PROPERTY TO BE SOLD: N/A
- (VI) TRANSFERS OF FSCS: N/A
- (VII) TAINTED PROPERTY: N/A
- (VIII) FOREIGN LOSS BRANCH: N/A
- (IX) OTHER INTANGIBLES: N/A

#### (5) TRANSFER OF FOREIGN BRANCH WITH PREVIOUSLY DEDUCTED LOSSES:

- (I) BRANCH OPERATIONS: N/A
- (II) BRANCH PROPERTY: N/A
- (III) PREVIOUSLY DEDUCTED LOSSES: N/A
- (IV) CHARACTER OF GAIN: N/A
- (6): APPLICATION OF SECTION 367(A)(5): N/A

DISCLOSURE STATEMENT RELATED TO FORMS 5471, INFORMATION RETURN OF U.S. PERSONS WITH RESPECT TO CERTAIN FOREIGN CORPORATIONS, FILED ON BEHALF OF THE TAXPAYER

UNDER THE CONSTRUCTIVE OWNERSHIP RULES OF IRC SECTIONS 958(A) AND (B), THE TAXPAYER IS REQUIRED TO FILE FORMS 5471, INFORMATION RETURN OF U.S. PERSONS WITH RESPECT TO CERTAIN FOREIGN CORPORATIONS, AS A CATEGORY 5 FILER WITH RESPECT TO CERTAIN CONTROLLED FOREIGN CORPORATIONS (CFCS). THESE FILING REQUIREMENTS ARE OR WILL BE SATISFIED THROUGH THE FILING OF FORMS 5471 FOR THESE CFCS BY OTHER U.S. TAXPAYERS IDENTIFIED BELOW WHO HAVE THE SAME FILING REQUIREMENT.

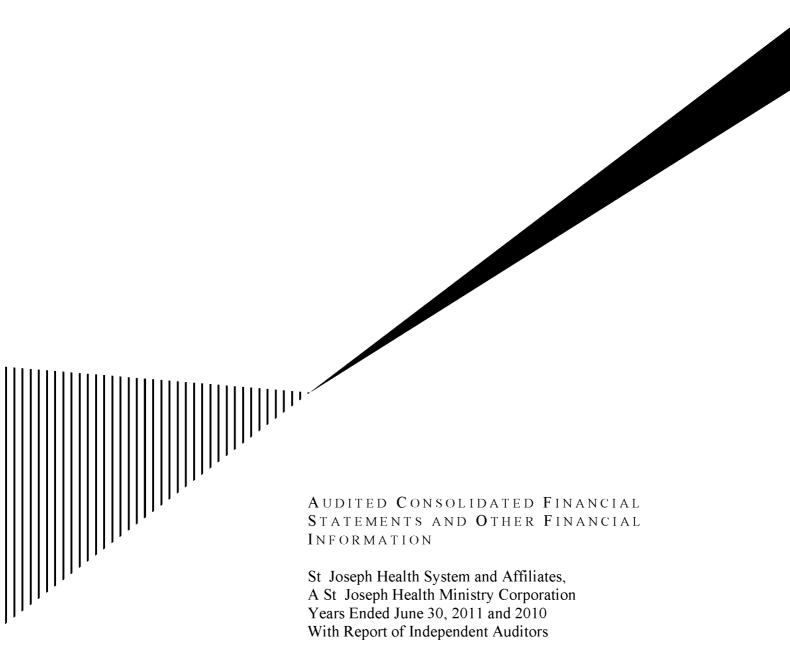
TAXPAYER NAME: ST. JOSEPH HEALTH SYSTEM

ADDRESS: 500 S MAIN STREET

ORANGE, CA 92868-4507

IDENTIFYING NUMBER OF U.S. TAX RETURN WITH WHICH THE FORMS 5471 WERE OR WILL BE FILED: 95-3589356

IRS SERVICE CENTER WHERE U.S. TAX RETURN WAS OR WILL BE FILED: E-FILED



Ernst & Young LLP



## Audited Consolidated Financial Statements and Other Financial Information

Years Ended June 30, 2011 and 2010

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### Report of Independent Auditors

Board of Trustees St Joseph Health System and Affiliates

We have audited the accompanying consolidated balance sheets of St Joseph Health System and Affiliates (the Health System) 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 the Health System's management Our responsibility is to express an opinion on these financial statements based on our audits

We conducted our audits in accordance with auditing standards generally accepted in the United States Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Health System'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 the Health System'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 St Joseph Health System and Affiliates at June 30, 2011 and 2010, and the consolidated results of their operations and changes in their net assets, and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The details of consolidation are presented for purposes of additional analysis and are not a required part of the consolidated financial statements of the Health System. Such information has been subjected to the auditing procedures applied in our audits of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole

September 30, 2011

1104-1249798

Ernst + Young LLP

## Consolidated Balance Sheets (In thousands)

	Jun	e 30	
	 2011		2010
Assets			
Current assets			
Cash and equivalents	\$ 250,712	\$	270,409
Short-term marketable securities	715,530		563,584
Patient accounts receivable, less allowance for doubtful			
accounts (\$157.456 in 2011 and \$184.297 in 2010)	455,273		462,256
Inventories and other	 138,699		106,359
Total current assets	1,560,214		1.402.608
Long-term marketable securities	840,399		633,519
Assets limited as to use			
Board designated	174,329		154,220
Held in trust	 65,118		147,798
Total assets limited as to use	239,447		302,018
Property and equipment, net	2,241,317		2,136,646
Investments and other	67,169		63,200
Collateral held for swap counterparty	10,339		29,010
Notes receivable	5,393		8,172
Deferred financing costs, net	20,357		21,515
Goodwill and other intangibles, less accumulated amortization			
(\$43,112 in 2011 and \$55,447 in 2010)	42,818		61,342
	 146,076		183,239
Total assets	\$ 5,027,453	\$	4,658,030
Liabilities and net assets			
Current liabilities			
Accounts payable	\$ 127,508	\$	142,804
Accrued compensation and related liabilities	313,236		295,416
Accrued liabilities	229,027		165,053
Pavable to third-party pavors	76,119		60,523
Current maturities of long-term debt	 52,017		114,890
Total current liabilities	797,907		778.686
Interest rate swaps	44,964		65,194
Other liabilities	123,978		98,520
Long-term debt, less current maturities	 1,334,843		1,338,523
Total liabilities	2,301,692		2,280,923
Net assets			
Controlling interest	2,696,006		2.348.364
Noncontrolling interests in subsidiaries	 29,755		28,743
	 2,725,761	d'r	2,377,107
Total liabilities and net assets	 5,027,453	\$	4,658,030

1104-1249798

See accompanying notes

# Consolidated Statements of Operations and Changes in Net Assets (In thousands)

Revenues         2011         2010           Patient service, net of contractual allowances and discounts         \$ 3,659,620         \$ 3.499.6           Less Provision for doubtful accounts         196,250         246.6           Net patient service, less provision for doubtful accounts         3,463,370         3.253.5	051 558 538 441
Patient service, net of contractual allowances and discounts Less Provision for doubtful accounts Net patient service, less provision for doubtful accounts 3,463,370 3.253.5	051 558 538 441
Less Provision for doubtful accounts196,250246.0Net patient service, less provision for doubtful accounts3,463,3703.253.5	051 558 538 441
Net patient service, less provision for doubtful accounts 3,463,370 3.253.5	558 538 441
1 ' '	538 441
Premium <b>654,376</b> 675.3	141
Other 105,309 93	
Total revenues, net 4,223,055 4.022.5	537
Expenses	
Compensation and benefits 1,901,420 1.793.3	
Supplies and other 917,107 805.3	
Professional fees and purchased services 966,327 972.3	
Depreciation and amortization 186,761 192.2	
Interest <b>59,988</b> 92.2	
Total expenses <b>4,031,603</b> 3.855.	184
Operating income 191,452 167.0	)53
Nonoperating gains, net 171,794 104.3	352
Excess of revenues over expenses 363,246 271	
Less excess of revenues over expenses attributable to noncontrolling interests 6,444 4.6	637_
Excess of revenues over expenses attributable to controlling interests  \$\\$356,802 \\$ 266,7	768
Unrestricted net assets	7/0
Excess of revenues over expenses attributable to controlling interests \$ 356,802 \$ 266.7	
Excess of revenues over expenses attributable to noncontrolling interests <b>6,444</b> 4.6 Cumulative effect of loss on goodwill impairment upon adoption of new	537
accounting principle (17,901)	_
Net assets released from restrictions and other attributable to controlling	
· · · · · · · · · · · · · · · · · · ·	<del>1</del> 29)
Net assets released from restrictions and other attributable to noncontrolling	,
	802
Increase in unrestricted net assets 339,347 263.7	
Temporarily and permanently restricted net assets	
Restricted net assets released from restrictions, restricted contributions and	
other, net, attributable to controlling interests  9,307 15.3	
Increase in net assets <b>348,654</b> 279.2	289
Net assets at beginning of year 2.097.8	318
Net assets at end of year \$ 2,725,761 \$ 2,377,1	107

See accompanying notes

## Consolidated Statements of Cash Flows (In thousands)

Year Ended June	30
2011 20	010
Cash flows from operating activities and nonoperating gains	
Increase in net assets \$ 348,654 \$	279,289
Cumulative effect of loss on goodwill impairment upon adoption	
of new accounting principle 17,901	_
Adjustments to reconcile increase in net assets to net cash provided by	
operating activities and nonoperating gains	
Provision for doubtful accounts 196,250	246.051
Depreciation and amortization 186,761	192.252
Amortization of deferred financing costs 863	2,068
Restricted contributions and other, net (9,307)	(15.511)
Change in fair value of interest rate swap agreements (20,230)	19,909
Changes in operating assets and liabilities	
Patient accounts receivable (189,267)	(229,208)
Inventories and other current assets (32,340)	15,245
Marketable securities (358,826)	(135,212)
Board-designated assets (20,109)	(20.046)
Assets held in trust 82,680	(99,780)
Accounts payable (15,296)	2,301
Accrued compensation and related liabilities 17,820	5,004
Accrued liabilities 63,974	(39,671)
Payable to third-party payors 15,596	3,779
Other liabilities 25,458	9,559
Net cash provided by operating activities and nonoperating gains  310,582	236,029
Investing activities	
Purchase of property and equipment (290,809)	(262,763)
Increase in investments and other (3,969)	(9,635)
Decrease (increase) in collateral held for swap counterparty 18,671	(28.404)
Decrease in notes receivable 2,779	277
Net cash used in investing activities (273,328)	(300,525)
Financing activities	
Restricted contributions and other 9,307	15.511
Proceeds from line of credit 25,500	_
Repayment of line of ciedit (71,500)	_
Proceeds from long-term debt 14,000	470,375
Repayment of long-term debt (34,553)	(334,494)
Decrease (increase) in deferred financing costs 295	(3,652)
Net cash (used in) provided by financing activities (56,951)	147.740
(Decrease) increase in cash and equivalents (19,697)	83,244
Cash and equivalents at beginning of year 270,409	187,165
Cash and equivalents at end of year \$ 250,712 \$	270,409
Supplemental disclosure of cash flow information	
Cash paid for interest \$ 71,341 \$	72.101

See accompanying notes

#### Notes to Consolidated Financial Statements

June 30, 2011

#### 1. Summary of Significant Accounting Policies

#### **Organization**

St Joseph Health System and Affiliates (the Health System) is a non-profit organization previously sponsored by the Sisters of St Joseph of Orange, a religious order of the Roman Catholic Church, with its Motherhouse in Orange, California The sponsorship of the Heath System was expanded to include the laity in a new non-profit organization, St Joseph Health Ministry (SJHM) SJHM is a public juridic person, a pontifical structure that allows laypeople to assume sponsorship responsibilities of "temporal goods" of the Catholic church such as the Health System SJHM formally assumed sponsorship responsibilities previously exercised by the General Council of the Sisters of St Joseph of Orange There was no direct impact on the operations of the Health System and its affiliates as a result of the expanded sponsorship

The Health System is the corporate member of 13 acute care hospital affiliates (3,621 licensed beds) which also offer associated ancillary, skilled nursing, psychiatric, substance abuse, rehabilitation, outpatient surgery, home health, and hospice services The Health System also provides outpatient services and physician practice management through its affiliated non-profit subsidiaries and controlling interests in various partnerships. The hospital affiliates are

St. Joseph Hospital of Orange, Orange, California

St. Jude Hospital, Inc. (dba St. Jude Medical Center), Fullerton, California

Mission Hospital Regional Medical Center (dba Mission Hospital), Mission Viejo, California

St. Mary Medical Center, Apple Valley, California

Oueen of the Valley Medical Center, California, Napa, California

Santa Rosa Memorial Hospital, Santa Rosa, California

SRM Alliance Hospital Services (dba Petaluma Valley Hospital), Petaluma, California

St. Joseph Hospital of Eureka, Eureka, California

Redwood Memorial Hospital, Fortuna, California

Covenant Health System (dba Covenant Medical Center – Lakeside and Covenant Medical Center), Lubbock, Texas

Methodist Children's Hospital (dba Covenant Children's Hospital), Lubbock, Texas

Methodist Hospital Levelland (dba Covenant Levelland), Levelland, Texas

Methodist Hospital Plainview (dba Covenant Hospital Plainview), Plainview, Texas

Notes to Consolidated Financial Statements (continued)

#### 1. Summary of Significant Accounting Policies (continued)

In 1998, the Health System entered into an affiliation agreement with Lubbock Methodist Hospital System and Affiliates (LMHS) The agreement provided for the formation of Covenant Health System (Covenant) (1,181 licensed beds) with contributions by the Health System and LMHS of substantially all of the assets, liabilities and operations of St Mary of the Plains Hospital and Rehabilitation Center and Foundation, Lubbock, Texas, and LMHS to Covenant

Covenant is a non-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code Firstcare, a licensed Texas Health Maintenance Organization, is 67% owned by Covenant Covenant's financial results have been consolidated with those of the Health System, as the two entities are operated under common management and control and certain Covenant hospitals are members of the Health System Obligated Group (as defined below)

Together with its hospital affiliates, the Health System owns a captive insurance company, American Unity Group, Ltd (the Captive) The Health System's hospital affiliates are also the corporate members of St Jude Hospital Yorba Linda dba St Joseph Heritage Healthcare (Heritage), a non-profit corporation providing physician practice management services The Health System is also the sole corporate member of St Joseph Professional Services Enterprises, Inc (PSE), a company formed to participate in health care-related ventures, Revenue Cycle Services, LLC, a company formed to provide collection services from health plan payors on behalf of the hospital affiliates, and St Joseph Health System Foundation, a company formed to administer funds for charitable purposes Through PSE, the Health System owns a controlling interest in Heritage Investment Group I, LLC, a real estate company formed to construct, own and manage a medical office building

On July 1, 2009, Mission Hospital Regional Medical Center purchased substantially all of the assets of South Coast Medical Center (SCMC) for \$35,700,000, which was funded through cash from operations and a draw on a line of credit SCMC is a 208-bed facility located in Laguna Beach, California, offering emergency, acute care, chemical dependency, psychiatric, skilled nursing, and various other inpatient and outpatient services The business combination was accounted for as an acquisition under the purchase method

The Health System office and its hospital affiliates, along with the northern division of the Health System's home health operations, are members of the Obligated Group, as defined under trust indentures, for purposes of entering into long-term debt arrangements (see Note 5)

Notes to Consolidated Financial Statements (continued)

#### 1. Summary of Significant Accounting Policies (continued)

#### **Basis of Consolidation**

The accompanying consolidated financial statements include the accounts of the affiliated members of St Joseph Health System and entities controlled by its affiliates, and Covenant Significant intercompany accounts and transactions have been eliminated in the consolidated financial statements

#### Reclassifications

The 2010 financial statements have been reclassified to conform to the changes in the 2011 financial statement presentation resulting from the adoption of the new noncontrolling interest and provision for doubtful accounts accounting standards. Certain other reclassifications were made to prior year financial statements to conform to current year presentation.

#### **Use of Estimates**

The preparation of the Health System's consolidated financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements Estimates also affect the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates

#### Cash and Equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The carrying amount approximates fair value because of the short maturity of the investments

#### **Marketable Securities**

Marketable securities with readily determinable fair values and all investments in debt securities are reported at fair value based on quoted market prices or similar instruments in markets that are not active. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the excess of revenues over expenses, unless the income or loss is restricted by donor or law

Notes to Consolidated Financial Statements (continued)

#### 1. Summary of Significant Accounting Policies (continued)

The Health System has designated its investment portfolio as "trading" Unrealized gains and losses on marketable securities that have been designated as trading securities are included within excess of revenues over expenses. In addition, cash flows from the purchases and sales of its investment portfolio designated as trading are reported as a component of operating activities in the accompanying consolidated statements of cash flows

Direct investments in equity securities with readily determinable fair values and all direct investments in debt securities have been measured at fair value in the accompanying consolidated balance sheets based upon quoted market prices Investments that are not anticipated to be utilized in the current period are classified as noncurrent

Investments in partnerships and limited liability companies with underlying interest in equity and debt securities are recorded using the equity method of accounting with the related changes in value in earnings reported as nonoperating gains, net in the accompanying consolidated financial statements

#### **Patient Accounts Receivable**

The Health System receives payment for services rendered to patients from the federal and state governments under the Medicare and Medicaid programs, privately sponsored managed care programs for which payment is made based on terms defined under formal contracts, and other payors The following table summarizes the percentages of gross accounts receivable from all payors

	June 30					
	2011	2010				
Government	40%	40%				
Contracted	41	41				
Others	19	19				
	100%	100%				

Notes to Consolidated Financial Statements (continued)

#### 1. Summary of Significant Accounting Policies (continued)

The Health System believes there are no significant credit risks associated with receivables from government programs Receivables from contracted and others are from various payors who are subject to differing economic conditions, and do not represent any concentrated risks to the Health System Accounts receivables are reduced by an allowance for doubtful accounts In evaluating the collectability of accounts receivable, the Health System analyzes its historical experience and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for doubtful accounts The Health System regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts For receivables associated with services provided to patients who have third-party coverage, the Health System analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for doubtful accounts, if necessary For receivables associated with self-pay patients, which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill, the Health System records a significant provision for doubtful accounts in the period of service on the basis of its past experience The difference between the standard rates, or the discounted rates if negotiated, and the amounts actually collected after all reasonable collection efforts have been exhausted is recorded against the allowance for doubtful accounts

#### **Inventories**

Inventories, consisting principally of supplies, are stated at the lower of cost (first-in, first-out basis) or market value

#### **Assets Limited As To Use**

Assets limited as to use primarily include assets held by trustees under indenture agreements and designated assets set aside by the Health System's Board of Trustees (the Board) for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes

Notes to Consolidated Financial Statements (continued)

### 1. Summary of Significant Accounting Policies (continued)

#### **Property and Equipment**

Property and equipment acquisitions are recorded at cost Expenditures which materially increase values, change capacities or extend useful lives are capitalized Depreciation is recorded over the estimated useful life of each class of depreciable asset, ranging from three to 40 years, and is computed using the straight-line method Leases which have been capitalized are amortized over the life of the lease which approximates the useful life of the assets Lease amortization is included within depreciation Net interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets

#### **Deferred Financing Costs**

Costs incurred in obtaining long-term financing are deferred and amortized over the terms of the related obligations using the effective-interest method

#### **Goodwill and Other Intangibles**

Goodwill and other intangible assets consist primarily of costs in excess of the fair value of tangible assets of acquired entities. As of July 1, 2010, the Health System adopted new accounting guidance that requires the Health System to test goodwill for impairment annually (see Note 6). Definite-lived intangible assets are amortized using the straight-line method over the estimated useful lives of the assets. The Health System is currently amortizing an intangible asset over a period of 15 years. To the extent that operating results indicate the probability that the carrying values of such assets have been impaired, provisions for losses are recorded based upon the discounted cash flows of the acquired entities over the remaining amortization period

#### **Self-Insurance**

The Health System is self-insured, through the Captive, for professional and general liability risks, subject to certain limitations Risks in excess of \$5,000,000 per occurrence are reinsured with major independent insurance companies Based on actuarially determined estimates, provisions have been made in the accompanying consolidated financial statements (included in both accrued liabilities and other liabilities) for all known claims and incurred but not reported

Notes to Consolidated Financial Statements (continued)

#### 1. Summary of Significant Accounting Policies (continued)

claims as of June 30, 2011 and 2010 The accruals for professional and general liability claims totaled \$32,808,000 and \$32,962,000 at June 30, 2011 and 2010, respectively, and are not discounted Estimation differences between actual payments and amounts recorded in previous years are recognized as expense in the year such amounts become determinable In management's opinion, the estimated accrued claims provide an adequate reserve for loss contingencies at June 30, 2011 and 2010

#### **Workers' Compensation Insurance**

The Health System is insured for workers' compensation claims with major independent insurance companies, subject to certain deductibles of \$1,000,000 per occurrence as of June 30, 2011 and 2010 Based on actuarially determined estimates, provisions have been made in the accompanying consolidated financial statements (included in accrued compensation) for all known claims and incurred but not reported claims as of June 30, 2011 and 2010 The accruals for workers' compensation claims totaled \$76,145,000 and \$78,516,000 at June 30, 2011 and 2010, respectively, and are not discounted In connection with the workers' compensation plan, the Health System has filed bank letters of credit with the insurance companies Estimation differences between actual payments and amounts recorded in previous years are recognized as expense in the year such amounts become determinable In management's opinion, the estimated accrued claims losses provided an adequate reserve for loss contingencies at June 30, 2011 and 2010

#### **Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets are those assets whose use by the Health System has been limited by donors to a specific time period or purpose Permanently restricted net assets have been restricted by donors to be maintained by the Health System in perpetuity (see Note 12)

Notes to Consolidated Financial Statements (continued)

### 1. Summary of Significant Accounting Policies (continued)

#### **Donor-Restricted Gifts**

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

#### **Net Patient Service Revenues**

The Health System has agreements with third-party payors that provide for payments at amounts different from its established rates Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments

Patient service revenues are reported at net realizable amounts from patients, third-party payors, and others for services rendered, including estimated settlements under reimbursement agreements with third-party payors. Settlements are accrued on an estimated basis in the period the related services are rendered, and adjusted in future periods as final settlements are determined.

The Health System adopted the accounting standard addressing the presentation of the provision for doubtful accounts as of the current reporting period and as such, net patient service revenues are reported net of the provision for doubtful accounts on the statement of operations The Health System records its provision for doubtful accounts based upon historical experience, as well as collections trends for major payor types

Notes to Consolidated Financial Statements (continued)

#### 1. Summary of Significant Accounting Policies (continued)

Patient service revenues, net of contractual allowances and discounts, recognized for the year ended June 30 are as follows

		2011	2010
		(In tho	usands)
Government	\$ 1	,396,129	\$ 1,258,431
Contracted	1	,678,019	1,644,217
Self-pay and others		585,472	596,961
	\$ 3	3,659,620	\$ 3,499,609

The Health System is reimbursed for services provided to patients under certain programs administered by governmental agencies Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Health System believes that they are in compliance with all applicable laws and regulations, and they are not aware of any pending or threatened investigations involving allegations of potential wrongdoing. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

#### **Premium Revenues**

Firstcare contracts with various employers to provide medical services to subscribing participants Firstcare receives monthly premium payments from employers and contracts with various medical providers to provide medical care Firstcare's premium revenue was \$288,179,000 in 2011 and \$319,289,000 in 2010

In addition to the Firstcare contracts, the Health System has contracts with various health plans to provide medical services to subscribing participants. Under these agreements, the Health System's hospital affiliates and Heritage receive monthly capitation payments based on the number of each health plan's participants enrolled with participating affiliated or local physician groups that have designated the hospital affiliates as their provider. Under these arrangements, the hospital affiliates are responsible for hospital contracted services provided to plan

Notes to Consolidated Financial Statements (continued)

#### 1. Summary of Significant Accounting Policies (continued)

participants including services received at other health care facilities. The contracts call for risk-sharing arrangements between the hospital affiliates and the participating physician groups dependent upon utilization experience. The Health System's premium revenue for the contracts was \$366,197,000 in 2011 and \$356,249,000 in 2010. The hospital affiliates have accrued for estimated risk-sharing payments, and claims for professional services and services from other providers (included in accrued liabilities). Claims accruals related to these services are generally based on claims lag analyses and are continually monitored and reviewed.

#### **Charity Care**

The Health System provides care to patients who meet certain criteria under its charity care policies without charge or at amounts less than its established rates Because the Health System does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue

Effective July 1, 2010, the Health System updated its process for determining charity care whereby the Health System analyzes patient accounts receivable for eligibility as presumptive charity care through obtaining additional financial information for uninsured or under insured patients who have not supplied the requisite information. The additional information obtained is used by the Health System to determine whether the patients qualified for charity care in accordance with the Health System's policy. As a result of the adoption of this new policy and inclusion of presumptive charity care in the reported charity care in the consolidated financial statements for the year ended June 30, 2011, the Health System recognized a \$65,761,000 increase in reported charity care and corresponding decrease in provision for doubtful accounts

#### **Operating Income**

The Health System's primary purpose is to provide diversified health care services to the community served by its affiliates Only those activities directly associated with the furtherance of this purpose are considered operating activities and classified as unrestricted operating revenues and expenses Operating revenues include those generated from direct patient care, related support services, and other revenues related to the operation of the Health System Other activities that result in gains or losses unrelated to the Health System's primary purpose are

Notes to Consolidated Financial Statements (continued)

### 1. Summary of Significant Accounting Policies (continued)

considered to be nonoperating Nonoperating gains and losses include gifts, grants and bequests not restricted by donors, community benefit expenses related to various programs for the poor and underserved in local communities, investment income, realized and unrealized gains and losses on trading securities, gains and losses from the sale of property and equipment, and gains and losses on extinguishment of debt

The Health System considers the performance indicator to be the excess of revenues over expenses

#### **Income Taxes**

The principal operations of the Health System are exempt from taxation pursuant to Internal Revenue Code Section 501(c)(3) and the related state provisions

Accounting Standards Codification (ASC) 740, *Income Taxes*, clarifies the accounting for income taxes by prescribing a minimum recognition threshold that a tax position is required to meet before being recognized in the financial statements ASC 740 also provides guidance on derecognition, measurement, classification, interest and penalties, disclosure, and transition The guidance is applicable to pass-through entities and tax-exempt organizations. No significant tax liability for tax benefits, interest or penalties was accrued at June 30, 2011 or 2010

The Health System currently files Form 990 (informational return of organizations exempt from income taxes) and Form 990-T (business income tax return for an exempt organization) in the U S federal jurisdiction and the states of California and Texas The Health System is not subject to income tax examinations prior to 2007 in major tax jurisdictions

#### California Hospital Quality Assurance Program

The California Hospital Quality Assurance Program (the Program) was signed into law by the Governor of California and became effective on January 1, 2010 Amending legislation, to conform to changes requested by the Centers for Medicare and Medicaid Services (CMS) during the approval process, the Program was signed into law by the Governor of California and became effective September 8, 2010 The primary and amending legislation contains two components

Notes to Consolidated Financial Statements (continued)

#### 1. Summary of Significant Accounting Policies (continued)

The Quality Assurance Fee Act governs the "hospital fee" or "Quality Assurance Fee" (QA Fee) paid by participating hospitals The Medi-Cal Hospital Provider Stabilization Act governs supplemental Medi-Cal payments (Supplemental Payments) made to providers from the fund Hospital participation is mandatory with limited exceptions

The Program was approved by CMS in December 2010 The amended legislation allowed California Department of Health Care Services (DHCS) to begin assessing fees and making supplemental payments in September 2010 DHCS began assessing fees in October 2010

The Health System recognized payments to DHCS for the QA Fee in the amount of \$101,951,000 and pledge payments to the California Health Foundation and Trust (CHFT) of approximately \$2,496,000 within supplies and other expenses. The CHFT is administering a private program to aggregate and disburse financial resources to support charitable activities at various independent hospitals for measures to alleviate losses resulting from the implementation of the Program. The Health System recognized Supplemental Payment revenue in the amount of \$136,811,000 pertaining to the Program period from April 1, 2009 to December 31, 2010, within net patient service revenue.

#### **Adoption of New Accounting Pronouncements**

In July 2011, an accounting standard was released, which requires health care entities that recognize significant amounts of patient service revenue at the time the services are rendered even though a patient's ability to pay is not assessed to reclassify the provision for doubtful accounts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts) The standard also requires enhanced disclosures of policies for recognizing patient service revenue and assessing provisions for doubtful accounts The Health System adopted the accounting standard as of the current reporting period and applied its presentation and disclosure requirements retrospectively

In May 2009, an accounting standard was released relating to combinations of not-for-profit (NFP) entities Under this standard, a combination may either be a merger or an acquisition, and the accounting for each is significantly different. The feature that serves to differentiate a merger from an acquisition is control. In a merger, the governing bodies of two or more NFP entities cede control of those entities to create a new entity. In an acquisition, one organization obtains

Notes to Consolidated Financial Statements (continued)

### 1. Summary of Significant Accounting Policies (continued)

control over the net assets of another organization or business. The accounting standard amends accounting standards for goodwill and other intangible assets in which goodwill and indefinite-lived intangible assets are no longer amortized, rather, they are now subject to an impairment test at least annually. As of July 1, 2010, the Health System completed its transitional goodwill impairment test as required and recognized an impairment of goodwill of \$17,901,000 recorded as a reduction in unrestricted net assets as an effect of a change in accounting principle (see Note 6)

This accounting standard also established new guidance governing the accounting for and reporting of noncontrolling interests in partially owned consolidated subsidiaries by requiring that noncontrolling interests (previously referred to as minority interests) be reported as a separate component of the appropriate class of net assets. The Health System applied the standard's provisions regarding noncontrolling interests prospectively, except for the presentation and disclosure requirements, which were applied retrospectively to all periods presented. As a result, upon adoption, the Health System reclassified noncontrolling interests of \$29,755,000 and \$28,743,000 as of June 30, 2011 and 2010, respectively, from other liabilities to net assets

#### **Recent Accounting Pronouncements**

In August 2010, an accounting standard was released which requires health care entities to present insurance claims and related recoveries at gross values within the financial statements. This standard will be effective for the Health System on July 1, 2011. The Health System is currently evaluating the impact to the consolidated financial statements.

In May 2011, an amended accounting standard was released and effective for financial statements for annual periods beginning after December 15, 2011, relating to the intent of existing fair value measurement and disclosure requirements under ASC 820, Fair Value Measurements and Disclosures The Health System is currently evaluating the impact to the consolidated financial statements

#### **Subsequent Events**

The Health System has evaluated subsequent events occurring between the end of the most recent fiscal year ended June 30, 2011 and September 30, 2011, the date the financial statements were issued

Notes to Consolidated Financial Statements (continued)

#### 2. Fair Value Measurements

Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the Health System utilizes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows

- Level 1 Pricing is based on observable inputs such as quoted prices in active markets Financial assets in Level 1 include money market, treasury, corporate debt, and listed equities held by the Health System
- Level 2 Pricing inputs are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities Financial assets and liabilities in this category generally include money market funds, U S Treasury securities, corporate bonds and loans, municipal bonds, and interest rate swap obligations
- Level 3 Pricing inputs are generally unobservable and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require management's judgment or estimation of assumptions that market participants would use in pricing the assets or liabilities. The fair values are therefore determined using factors that involve considerable judgment and interpretations, including, but not limited to, private and public comparables, and discounted cash flow models. This category primarily includes certain corporate debt securities.

Assets and liabilities measured at fair value are based on one or more of three valuation techniques as follows

- (a) Market approach Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities
- (b) Cost approach Amount that would be required to replace the service capacity of an asset (replacement cost)

Notes to Consolidated Financial Statements (continued)

#### 2. Fair Value Measurements (continued)

(c) Income approach Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing, and excess earnings models)

The Health System has invested in three funds which are included in long-term marketable securities and assets limited as to use in the accompanying consolidated balance sheets. These funds use strategies such as long/short equities, arbitrage, and event driven strategies to seek positive returns, regardless of market direction. The terms and conditions upon which the Health System may redeem investments in the two hedge funds range from monthly within 30 days notice to within 45 days notice at calendar quarter end. These investments are made through limited partnerships where liquidity may be limited on new contributions for up to two years. The value recorded under the equity method of accounting and included within the tables below, was \$179,832,000 at June 30, 2011, and \$116,330,000 at June 30, 2010

The following tables provide the composition of certain assets and liabilities as of June 30, 2011 and 2010

Quoted Driese

			Qu	oted Prices	5										
	.]	June 30, 2011	M	n Active arkets for dentical Assets Level 1)	O	gnificant Other bservable Inputs Level 2)	U	Significant nobservable Inputs (Level 3)		air Value Method vestments		Equity Method vestments		Total	Valuation Technique (a,b,c)
Current assets							(1	n monsunas)							
Cash and equivalents	\$	250,712	\$	250,712	\$	_	\$	_	\$	250,712	\$	_	\$	250,712	d
Short-term marketable securities Money market funds		22.5(2	¢.	17 010	s	17.742	•		s	22.5(2			•	22.5(2	
U.S. Treasury	\$	33,562	3	16,819	3	16,743	3	_	Э	33,562	3	_	\$	33,562	d
securities Corporate debt		260,355		32,794		227,561		_		260,355		_		260,355	a
securities		203,994		18,294		185,449		251		203,994		_		203,994	a.c
Corporate equity securities		217,619		217,619		_		_		217,619		_		217,619	d
vectifie,	\$	715,530	\$	285,526	\$	429,753	\$	251	\$	715,530	\$	_	\$	715,530	. "
Long-term marketable securities															•
Money market funds	\$	30,454	\$	11,326	\$	19,128	\$	_	\$	30,454	\$	_	\$	30,454	a
US Treasury securities		146,386		87,341		59,045		_		146,386		_		146,386	d
Corporate debt securities		119,700		253		117,600		1,847		119,700		_		119,700	a
Corporate equity		265 425		265.425						245.425				265.425	
securities		365,425		365,425		_		_		365,425		150 424		365,425	d
Other		178,434	40	464245	40	105 772	470	- 4.047	40	-	40	178,434	45	178,434	•
	<u>\$</u>	840,399	3	464,345	\$	195,773	3	1,847	\$	661,965	\$	178,434	\$	840,399	1

## Notes to Consolidated Financial Statements (continued)

## 2. Fair Value Measurements (continued)

	.J	une 30, 2011	i Mi I	oted Prices n Active arkets for dentical Assets Level 1)	Si	gnificant Other bservable Inputs Level 2)	U	Significant Inobservable Inputs (Level 3) In thousands)		air Value Method vestments		Equity Method vestments		Total	Valuation Technique (a,b,c)
Assets limited as to use Board designated Money market funds	\$	85,512	s	85,512	\$	_	\$	- — —	\$	85,512	s	_	\$	85,512	a
U.S. Treasury securities Corporate debt securities Corporate equity		8,157 49,732		16,090	-	8,157 33,642		<del>-</del>		8,157 49,732		<del>-</del>	•	8,157 49,732	a a
Securities Other		29,530 1,398	45	29,530	40	-	- 12	_ _		29,530	45	1,398	45	29,530 1,398	
Held in trust Money market funds	<u>s</u>	174,329 65,118		131,132 65,118	\$ \$	41,799	<u>\$</u>		\$ \$	172,931 65,118	<u>s</u>	1,398	<u>s</u>	174,329 65,118	: . a
Cash collateral held by swap counterparty	\$	10,339	\$	_	\$	10,339	\$	_	\$	10,339	\$	_	\$	10,339	a
Liabilities Interest rate swaps	<u>s</u>	44,964	\$	_	\$	44,964	\$	_	\$	44,964	\$	_	\$	44,964	c

	J	June 30, 2010	M	n Active arkets for dentical Assets Level 1)	O	gnificant Other bservable Inputs Level 2)	U	Significant nobservable Inputs (Level 3)	_	air Value Method vestments	Equity Method vestments	Total	Valuation Technique (a,b,c)
Current assets							(1	n thousands)					
Cash and equivalents	\$	270,409	\$	270,409	\$	_	\$	-	\$	270,409	\$ -	\$ 270,409	d
Short-term marketable securities													
Money market funds US Treasury	\$	28.610	\$	3,862	\$	24.748	\$	_	\$	28.610	\$ _	\$ 28,610	d
securities Corporate debt		173,556		81		173,475		_		173,556	_	173,556	a
securities Corporate equity		191.223		8.474		182,197		552		191.223	-	191.223	a.c
securities		170,195		150,080		20,115		_		170.195	_	170,195	. a
	\$	563,584	\$	162,497	\$	400,535	\$	552	\$	563,584	\$ _	\$ 563,584	
Long-term marketable securities													
Money market funds	\$	55,436	\$		\$	14,203	\$	31	\$	55,436	\$ _	\$ 55,436	a
US Treasury securities		94,732		85,555		9,177		_		94,732	_	94,732	a
Corporate debt securities		74,890		1,108		73,762		20		74.890	_	74,890	a
Corporate equity													
securities		293,750		260,911		32,839		_		293,750		293,750	તે
Other	-	114,711		-		-				-	 114,711	 114,711	
	\$	633,519	\$	388,776	\$	129,981	\$	51	\$	518,808	\$ 114.711	\$ 633,519	1

**Quoted Prices** 

## Notes to Consolidated Financial Statements (continued)

## 2. Fair Value Measurements (continued)

	June 30, 2010	N	Quoted Prices in Active Iarkets for Identical Assets (Level 1)	o	ignificant Other bservable Inputs (Level 2)	ι	Significant Unobservable Inputs (Level 3)	_	air Value Method vestments	Iı	Equity Method westments	Total	Valuation Technique (a,b,c)
Assets limited as to use							,						
Board designated													
Money market funds	\$ 46,173	\$	46,173	\$	-	\$	_	\$	46,173	\$	-	\$ 46,173	a
U.S. Treasury securities	49,890		43,269		6.621		-		49,890		-	49,890	તે
Corporate debt securities	32,511		26,472		6,039		-		32,511		-	32,511	ત
Corporate equity securities	24,027		24,027		_		_		24.027		_	24,027	a
Other	1.619		_		_		_		_		1.619	1,619	
	\$ 154,220	\$	139,941	\$	12,660	\$	-	\$	152,601	\$	1,619	\$ 154,220	•
Held in trust													•
Money market funds	\$ 63,512	\$	63,512	\$	_	\$	_	\$	63,512	\$	-	\$ 63,512	a
U.S. Treasury securities	82,866		279		82,587		_		82.866		_	82,866	a
Corporate equity													
securities	1,420		1.420		_		_		1.420		_	1,420	a
	\$ 147,798	\$	65,211	\$	82,587	\$	_	\$	147,798	\$	- :	\$ 147,798	
Cash collateral held by swap counterparty													•
Cash and eash equivalents	\$ 2,400	\$	2,400	\$	_	\$	_	\$	2,400	\$	- :	\$ 2,400	a
US Treasury securities	26,610		7.979		18,631		=		26,610		_	26,610	a
	\$ 29,010	\$	10,379	\$	18,631	\$	-	\$	29,010	\$	- :	\$ 29,010	•
Liabilities											-		1
Interest rate swap	\$ 65,194	\$		\$	65,194	\$		\$	65,194	\$	= ;	\$ 65,194	e

Activity for the year ended June 30, 2011, for investments with significant unobservable inputs (Level 3) consists of the following

	Year Ended June 30, 2011 (In thousands)
Balance at July 1, 2010 Net transfers in	\$ 603 1
Purchases, net Net unrealized losses	1,686 (192)
Balance at June 30, 2011	\$ 2,098

Notes to Consolidated Financial Statements (continued)

#### 2. Fair Value Measurements (continued)

The Health System received restricted and unrestricted pledges and contributions totaling approximately \$42,770,000 and \$29,557,000 for the years ended June 30, 2011 and 2010, respectively Contributions and pledges were measured based on actual cash and pledges received Long-term irrevocable planned gifts were measured based on discounted cash flow projections

In accordance with ASC 350, as of July 1, 2011, goodwill with a carrying amount of \$59,373,000 was written down to its implied fair value of \$41,472,000 resulting in an impairment charge of \$17,901,000 recorded in unrestricted net assets as a cumulative effect of the adoption of the new accounting principle (see Note 6) The assets were measured using an income and market approach with significant unobservable inputs (Level 3)

In addition to amounts included in the previous table, the Health System's investments in partnerships, limited liability companies, and similarly structured entities amounting to approximately \$24,488,000 and \$19,443,000 as of June 30, 2011 and 2010, respectively, included in investments and other in the accompanying consolidated balance sheets, are accounted for using the equity method of accounting, which is not a fair value measurement

#### **Investment Gains and Losses**

Net realized gains of \$66,213,000 and \$48,071,000 on sales of marketable securities are included in nonoperating gains, net for the years ended June 30, 2011 and 2010, respectively

Also included in nonoperating gains, net are net unrealized gains of \$110,893,000 and \$57,233,000 for the years ended June 30, 2011 and 2010, respectively

Notes to Consolidated Financial Statements (continued)

#### 3. Property and Equipment

Property and equipment consists of the following at June 30

	2011	2010		
	(In thousands)			
Land	\$ 147,254	\$ 146,440		
Buildings and improvements	2,186,085	2,133,768		
Equipment	1,492,433	1,428,901		
Construction in progress	400,494	248,437		
	4,226,266	3,957,546		
Less accumulated depreciation	(1,984,949)	(1,820,900)		
	\$ 2,241,317	\$ 2,136,646		

The Health System is required to recognize a liability for the fair value of conditional asset retirement obligations if the fair value of the liability can be reasonably estimated. The fair value of a liability for conditional asset retirement obligations must be recognized when incurred, generally upon acquisition, construction or development and/or through the normal operation of the asset. The Health System estimated the fair value of known conditional asset retirement obligations relating to the costs of asbestos abatement that will result from the Health System's current plans to renovate and/or demolish certain of its facilities. This computation is based on a number of assumptions which may change in the future based on the availability of new information, technology changes, changes in costs of remediation, and other factors. The conditional asset obligation at June 30, 2011 and 2010, was \$14,534,000 and \$17,616,000, respectively, and is included in other liabilities in the accompanying consolidated balance sheets

#### **Lease Financing Obligations**

In June 2006, St Joseph Hospital of Orange (SJO) executed a 55-year lease arrangement with a developer, whereby the developer agreed to construct a 130,000 square foot medical office building and a parking structure on SJO's land Under the ground lease, SJO received nominal base rent until construction was completed in August 2008, at which time SJO took occupancy SJO guaranteed to lease 64,000 square feet of the medical office building for 10 years and is required to pay lease payments for the parking structure for five years. At the end of the lease term, SJO will have title to both the parking structure and the medical office building. The aggregate cost of the project was approximately \$43,527,000 and is included in buildings and improvements. All construction costs were substantially financed by the developer

Notes to Consolidated Financial Statements (continued)

#### 3. Property and Equipment (continued)

In May 2005, SJO executed a 22-year lease arrangement, including two five-year lease term extensions, with a joint venture partnership in which SJO has a 35% ownership interest. The joint venture partnership owned and constructed a 56,000 square foot medical office building and parking structure on its land. SJO committed to leasing the whole building, but subleased approximately 43,000 square feet to Heritage for physician offices. The aggregate cost of the project was approximately \$28,158,000 and is included in building and improvements. Substantially all construction costs were financed by the joint venture partnership.

SJO is considered the owner of both the medical office buildings and parking structures for financial reporting purposes due to certain financial arrangements that effectively fund a portion of the construction costs Heritage is also considered a separate owner of the medical office building since it is affiliated with SJO who has a 35% ownership interest in the joint venture partnership Accordingly, the assets and long-term debt are recorded in the accompanying consolidated financial statements at June 30, 2011 and 2010 (see Note 5) The medical office buildings and parking structures are included in buildings and improvements as of June 30, 2011 and 2010 SJO and Heritage did not meet the criteria, necessary to derecognize the asset and related long-term debt when construction was complete in 2009 and the lease terms began

The cost of the medical office buildings and parking structures are amortized over the economic life Rent payments paid by SJO and Heritage are recorded as debt service payments on the debt obligation with the portion not relating to interest reducing the principal balance Minimum estimated payments under lease financing obligations, excluding the effect of Consumer Price Index adjustments, are estimated to be as follows (in thousands)

Year	
2012	\$ 420
2013	439
2014	237
2015	254
2016	373
Thereafter	64,450
Total	\$ 66,173

Notes to Consolidated Financial Statements (continued)

#### 4. Short-Term Debt

The Health System has a bank credit facility that provides for the issuance of up to an aggregate of \$50,000,000 under letters of credit Such letters of credit are collateralized under trust indentures (see Note 5) At June 30, 2011, the Health System had provided an aggregate of \$37,299,000 of these letters of credit for its workers' compensation and other insurance plans At June 30, 2011 and 2010, none of these letters have been drawn upon

### 5. Long-Term Debt

Long-term debt consists of the following at June 30

	2011		2010
	(In tho	แรสก	ds)
CSCDA Series 1999, 2000, and 2007A-F fixed rate tax-exempt bonds, net of unamortized premium of \$2,415, due in varying amounts through 2047, coupon rates of 4 0% to 5 75%	\$ 636,810	\$	653,729
LHFDC Series 2008A multi-annual three-year put bonds due in 2030, coupon rate of 3 05%	48,050		49,275
LHFDC Series 2008B variable rate tax-exempt bonds with credit facility liquidity, due in varying amounts through 2023, interest rates varying from 0 04% to 0 29%	116,005		126,180
CHFFA Series 2009A fixed rate tax-exempt bonds, net of unamortized discount of \$2,828, due in varying amounts through 2039, coupon rates of 5 50% and 5 75%	182,267		182,166
CHFFA Series 2009BCD fixed rate multi-annual three-, five- and seven-year put bonds, net of unamortized premium of \$8,035, due in varying amounts through 2034, coupon rates of 3 00% to 5 25%	243,700		244,481
Collateralized bank line of credit, balloon payment due March 2014, interest rate of 0 75%	34,000		_

Notes to Consolidated Financial Statements (continued)

### 5. Long-Term Debt (continued)

	2011	2010	
	 (In thousands)		
Collateralized bank line of credit, terminated and transferred in May 2011, interest rate of 0 73%	\$ - \$	80,000	
Bank note, quarterly payments with balloon due in 2013, interest rate of 1 30%	34,700	39,200	
Lease financing obligation (see Note 3)	66,173	66,578	
Unsecured note payable due in varying amounts through 2018, interest rates of 1 69% to 1 81%	14,000	_	
Capitalized lease obligations and other	11,155	11,804	
	 1,386,860	1,453,413	
Less current portion of long-term debt	(52,017)	(114,890)	
	\$ 1,334,843 \$	1,338,523	

The effective interest rate on tax-exempt debt was 6 16% and 6 14% at June 30, 2011 and 2010, respectively

The aggregate amount of principal maturities and sinking fund requirements related to long-term debt at June 30, 2011, is as follows (in thousands)

2012	\$ 52,017
2013	37,347
2014	75,215
2015	39,359
2016	37,760
Thereafter	1,145,162_
	\$ 1,386,860

At June 30, 2011, the Health System is jointly and severally liable for certificates of participation and tax exempt revenue bonds issued on its behalf by the California Statewide Communities Development Authority (CSCDA), California Health Facilities Financing Authority (CHFFA), and the Lubbock Health Facilities Development Corporation (LHFDC)

Notes to Consolidated Financial Statements (continued)

#### 5. Long-Term Debt (continued)

In August 2009, the Health System issued \$185,095,000 of CHFFA fixed rate revenue bonds, of which \$44,795,000 is due by 2029 at a 5 50% interest rate and \$140,300,000 due by 2039 at a 5 75% interest rate. The proceeds of the issuance were used to reimburse prior capital spending at the various hospitals. In addition, the Health System issued \$236,005,000 of CHFFA multiannual put rate bonds of three-, five- and seven-year terms at interest rates varying from 3 00% to 5 25%. The proceeds from the fixed rate revenue bonds and the multi-annual put rate bonds were used to refund and convert \$293,525,000 of the Health System's variable rate demand bonds with a self-liquidity feature initially issued in 2008.

The fair value of the fixed rate tax exempt bonds approximated \$1,256,725,000 and \$1,167,719,000 at June 30, 2011 and 2010, respectively Fair value is estimated using a discounted cash flow analysis, based on current market interest rates for similar types of borrowing arrangements. The carrying amount of the Health System's variable rate tax exempt bonds approximates its fair value as the interest rates change with the market

At June 30, 2011, the Health System was party to seven interest rate swap agreements with a current notional amount totaling \$403,507,000 and with varying expirations. The swap agreements require the Health System to pay a fixed rate in exchange for a variable rate. The market risk exposure of these agreements occurs when the fixed rate paid is greater than the variable rate received. At June 30, 2011 and 2010, the total fair value of the interest rate swaps of \$44,964,000 and \$65,194,000, respectively, represent the estimated amount the Health System would have paid upon termination of these agreements as of these dates. Fair values are based on independent valuations obtained and are determined by calculating the value of the discounted cash flows of the differences between the fixed interest rate of the interest rate swaps and the counterparty's forward LIBOR curve, which is the input used in the valuation, taking also into account any non-performance risk. Changes in the fair value of the interest rate swaps are included within interest expense. The Health System restricted \$10,339,000 and \$29,010,000 in collateral held for the swap counterparty at June 30, 2011 and 2010, respectively, as required by its swap agreements

The Health System has a note payable with a bank to borrow \$60,000,000 Borrowings under this note bear interest at rates based on specified margins from published indices. The note payable expires on December 31, 2013. The Health System had \$34,700,000 and \$39,200,000 in outstanding borrowings under this credit facility at June 30, 2011 and 2010, respectively.

Notes to Consolidated Financial Statements (continued)

#### 5. Long-Term Debt (continued)

Effective May 18, 2011, the Health System terminated an existing credit facility and transferred the outstanding balance to a credit facility established in March 2011 under which the Health System can cumulatively borrow up to \$80,000,000 Borrowings under this credit facility bear interest at rates based on specified margins from published indices The Health System had \$34,000,000 and \$80,000,000 in long-term and current debt as of June 30, 2011 and 2010, respectively, in outstanding borrowings The credit facility expires in March 2014

The Health System has a line of credit with a bank to cumulatively borrow up to \$75,000,000 Borrowings under this credit facility bear interest at rates based on specified margins from published indices. The credit facility expires on August 25, 2011. At June 30, 2011 and 2010, the Health System did not have any outstanding borrowings under this credit facility.

The Health System has a note payable with a bank to cumulatively borrow up to \$17,800,000 Borrowings under this note bear interest at rates based on specified margins from published indices (ranging from 1 69% to 1 81% for the year ended June 30, 2011) The note expires on September 29, 2018 The Health System had \$14,000,000 in outstanding borrowings at June 30, 2011, and no outstanding borrowings at June 30, 2010

In July 2011, the Health System issued \$302,110,000 of CHFFA variable rate tax exempt demand bonds with interest rates reset daily or weekly and liquidity supported by irrevocable credit facilities that extend through July 13, 2016, unless renewed or extended Proceeds of this issuance will be used to finance prospective projects and reimburse prior capital spending at various hospitals. In addition, the Health System converted \$105,385,000 of LHFDC variable rate demand bonds with liquidity supported by an irrevocable credit facility into a fixed rate revenue bond at an interest rate of 3 12%

In conjunction with the issuance of the CHFFA variable rate tax exempt demand bonds in July 2011, the Health System secured \$306,878,000 of credit facilities to provide liquidity for the outstanding bonds. The Health System also entered into a new syndicated credit arrangement for \$350,000,000 in revolving credit lines expiring on July 18, 2016.

Notes to Consolidated Financial Statements (continued)

### 5. Long-Term Debt (continued)

#### **Debt Covenants**

The Health System's financing agreements contain restrictive covenants and limitations on certain working capital and liquidity ratios, amount of combined debt of the corporations comprising the Obligated Group, and amount of transfer of assets to Non-Obligated Group members Additionally, the trust indentures require that funds are established with, and controlled by, a trustee during the period the bonds remain outstanding

If the Health System does not have a maximum annual debt service coverage ratio at the end of any fiscal year, including June 30, 2011, of at least 2 0 to 1 0, pursuant to its trust indentures for the tax exempt bonds issued through CSCDA, CHFFA, and LHFDC, the Health System is required to fund the applicable debt service reserve fund seven days after the required reporting date. The calculation for its fiscal year ending June 30, 2009, indicated that the debt service coverage ratio was less than 2 0 to 1 0 due primarily to unrealized and realized losses in the investment portfolio. Accordingly, the Health System funded the applicable debt service reserve on September 5, 2009, with \$92,826,000 of cash and marketable securities included in assets held in trust at June 30, 2010. Such funds were released to the Health System on August 31, 2010, as the calculation indicated the maximum annual debt service coverage requirement was more than the 2 0 to 1 0 for the fiscal year ended June 30, 2010.

#### **Interest Cost**

Interest cost incurred is summarized as follows

	Year Ended June 30				
		2011		2010	
		(In thousands)			
Interest paid	\$	71,341	\$	72,101	
Swap mark to market		(20,230)		19,909	
Amortization of deferred financing costs		863		2,068	
Other		8,014		(1,847)	
Total interest expense	\$	59,988	\$	92,231	

Notes to Consolidated Financial Statements (continued)

#### 6. Goodwill

The Health System adopted the new standard related to the accounting treatment for goodwill and indefinite-lived intangible assets by not-for-profit organizations effective July 1, 2010 and accordingly, ceased the amortization of its goodwill. The new accounting standard requires that the Health System test the carrying value of goodwill for impairment at the reporting unit level on an annual basis, or more frequently if significant indicators of impairment exist. The standard also requires a transitional test in the year of adoption. The Health System primarily uses the income and market approaches to valuation that include the discounted cash flow method, the guideline company method, as well as other generally accepted valuation methodologies to determine the fair value of its reporting units

Upon completion of the transitional goodwill impairment test, the Health System determined that the estimated fair value of two of its reporting units was less than their respective carrying values. As a result, the Health System recognized an impairment of \$17,901,000 recorded as a reduction in net assets. The Health System has elected an annual measurement date of April 1 and upon completion of the annual impairment assessment, the Health System determined that no impairment was indicated as the estimated fair value of each of the two remaining reporting units with goodwill exceeded its respective carrying value and no significant indicators of impairment exist for its goodwill that would require additional analysis before its next annual evaluation.

A reconciliation of the excess of revenues over expenses, adjusted to exclude amortization expense, for the period prior to adoption is as follows

	 2011		2010	
	(In thousands)			
Reported excess of revenues over expenses	\$ 363,246	\$	,	
Add back goodwill amortization	 _		4,326	
Adjusted excess of revenues over expenses	\$ 363,246	\$	275,731	

Notes to Consolidated Financial Statements (continued)

### 7. Children's Hospital of Orange County

SJO provides Children's Hospital of Orange County (CHOC) with specified facilities and ancillary services and other operating services under an agreement through March 2013 that requires CHOC to reimburse SJO for the costs of providing such services. Net patient service revenues include \$71,741,000 and \$65,148,000 for the years ended June 30, 2011 and 2010, respectively, relating to these services. SJO also provides management and other administrative support to CHOC. Revenue related to these arrangements, based on cost and included in other revenues, was \$2,000 and \$191,000 for the years ended June 30, 2011 and 2010, respectively. On March 31, 2008, CHOC provided SJO with their notice of intent to terminate this agreement effective March 31, 2013.

In January 1993, Mission Hospital Regional Medical Center (MHRMC) and CHOC entered into an asset purchase agreement, a long-term lease, and an operating agreement forming Children's Hospital at Mission (CHM) Pursuant to the asset purchase agreement, CHM purchased substantially all of the pediatric services and operations of MHRMC and certain tangible and intangible assets related to those activities and operations for \$10,200,000

CHM rents space from MHRMC through January 2013 and has two ten-year renewal options under the long-term lease MHRMC provides CHM and its patients certain hospital services and facilities at an agreed-upon cost plus a percentage mark-up under the operating agreement Net patient service revenues include \$13,830,000 and \$13,924,000 for the years ended June 30, 2011 and 2010, respectively, for these services Other revenue includes \$8,026,000 and \$6,920,000 for the years ended June 30, 2011 and 2010, respectively, for other services provided to CHM

#### 8. Acquisitions and Affiliations

#### **Lubbock Methodist Hospital System Affiliation**

The Health System entered into an affiliation agreement with LMHS to form Covenant Covenant has two corporate members the Health System and LMHS Eight members of the Covenant Board of Trustees are appointed by each corporate member. In addition, the Health System appoints the CEO of Covenant who is also an ex-officio member of Covenant's Board of Trustees with voting rights. The Health System has management responsibility for Covenant and the operations of Covenant have been integrated into the Health System's operations.

Notes to Consolidated Financial Statements (continued)

#### 8. Acquisitions and Affiliations (continued)

Under the terms of the affiliation agreement, net asset transfers from Covenant to the Health System are limited to \$5,000,000 in the aggregate over the life of the affiliation Exceptions to this limitation include (i) payments made to the Health System for management, administration, and other services provided by it, (ii) debt service, repayments of loans and similar financing costs, (iii) payment under the joint and several obligation of the Health System Master Indenture, (iv) return of capital contributed or other advances from the Health System, (v) payments consented to by the corporate members, (vi) payment for services such as insurance, self-insurance, benefit and retirement plans and similar programs administered by the Health System, provided such payments are substantially comparable to charges made to other Health System affiliates, and (vii) payment for property or services provided by third parties through the Health System

Also, under the terms of the affiliation agreement, the Health System and Covenant are required to leave certain deposits in local Lubbock banks. The maximum local banking amount per the agreement is \$50,000,000. Covenant is required to participate in the Health System's cash and investment management program for funds in excess of the maximum local banking amount.

In connection with the affiliation agreement, the Health System and LMHS entered into a "Members Agreement" The principle underlying the Members Agreement is that the affiliation is intended to constitute a long-term relationship Additionally, as part of the affiliation agreement, Covenant became a member of the Health System Obligated Group The accompanying consolidated financial statements present the combined balances of the Health System and Covenant and do not reflect any potential residual or noncontrolling interest related to the reciprocal offer described below based upon the integration of the operations and the related assets of Covenant into the Health System and the Health System Obligated Group

The Members Agreement restricts the ability of the Health System to exit its relationship with Covenant and also precludes the Health System and Covenant from entering into a wide variety of transactions which could result in Covenant assets or affiliates being conveyed to a third party, except conveyances in the ordinary course of business These precluded transactions are referred to as Covered Transactions Should Covenant or the Health System undertake a Covered Transaction, they are obligated to provide notice and information to LMHS and to make a

Notes to Consolidated Financial Statements (continued)

#### 8. Acquisitions and Affiliations (continued)

"reciprocal offer" to LMHS, including an offer to purchase LMHS's membership rights in Covenant and a simultaneous obligation to offer to sell the Health System's membership rights in Covenant to LMHS at the same purchase price, adjusted upward by a formula that reflects the dissolution percentages (57% Health System, 43% LMHS) Covenant's net assets totaled \$469,168,000 and \$412,423,000 at June 30, 2011 and 2010, respectively

Certain changes in control do not constitute Covered Transactions under the Members Agreement Generally, these changes include Covenant transactions with other federal tax-exempt organizations and transactions in which LMHS's rights are preserved

#### 9. Employee Benefit Plans

#### **Retirement Plan**

The Health System sponsors a defined contribution retirement plan that covers substantially all employees. The plan provides for employer matching contributions in an amount equal to a percentage of employee pre-tax contributions, up to a maximum amount. In addition, the Health System makes contributions to all eligible employees based on years of service. The Health System contributed \$75,740,000 in 2011 and \$71,176,000 in 2010 to the plan.

#### **Postretirement Health**

The Health System offers a retiree health reimbursement plan to provide employees who have satisfied the conditions of eligibility, with certain retiree medical expense reimbursement benefits Eligibility for plan benefits is based on age and years of service. The Health System enacted an amendment to the retiree health reimbursement plan in September 2010, with an effective date of July 1, 2011, which allows participants access to an established lump sum rather than a predetermined monthly amount

Notes to Consolidated Financial Statements (continued)

### 9. Employee Benefit Plans (continued)

The following table sets forth the change in benefit obligations and components of net periodic benefit cost for the postretirement health plan As of June 30, 2011 and 2010, there were no plan assets

		2011		2010
		(In thousands)		
Change in benefit obligations				
Accumulated postretirement benefit obligation at				
beginning of year	\$	,	\$	14,446
Service cost		1,850		822
Interest cost		1,434		950
Actuarial (gain) loss		(672)		2,265
Benefits paid		(404)		(413)
Change in plan provision		15,410		
Accumulated postretirement benefit obligation at end	_			
of year recognized in the consolidated balance sheet	<u>\$</u>	35,688	\$	18,070
A				
Amounts recognized in the consolidated balance sheet	<b>₽</b>	(25 (00)	Φ.	(10.070)
Funded status at end of year	\$	(35,688)	<b>3</b>	(18,070)
Unrecognized prior service cost		_		_
Unrecognized net (gain) or loss	<u> </u>	(25 (99)	Φ.	(19.070)
Amounts recognized in the consolidated balance sheet	<u>\$</u>	(35,688)	<b>D</b>	(18,070)
Amounts recognized in changes to unrestricted net assets				
Prior service cost	\$	(21,846)	\$	(9,264)
Net actuarial gain		14,079		14,260
Total	\$	(7,767)	\$	4,996
Components of net periodic benefit costs	_		_	
Service cost	\$	1,850	\$	822
Interest cost		1,434		950
Amortization of net loss		(853)		(1,159)
Amortization of prior service cost		2,828	Φ.	1,813
Net periodic benefit cost	\$	5,259	\$	2,426

Notes to Consolidated Financial Statements (continued)

### 9. Employee Benefit Plans (continued)

The assumptions used to determine the net benefit obligation and net periodic benefit cost for the retirement plan are set forth below

	2011	2010
Weighted-average discount rate for benefit obligation Weighted-average discount rate for net periodic benefit	4.85%	5 00%
cost	5.00%	6 75%

The assumed annual health care cost trend rate for the retiree health plan is 9 00% for 2011, gradually decreasing to 5 00% in 2019 and remaining at that level thereafter

Information about the expected cash flows for the retiree health reimbursement plan follows (in thousands)

Expected employer contributions 2012	\$ 2,361
Expected benefit payments	
2012	\$ 2,361
2013	3,900
2014	3,675
2015	3,724
2016	3,909
2017-2021	21,263

### 10. Functional Expenses

The Health System provides general health care services to residents within the geographic locations served by its affiliates Expenses related to providing these services follow

	Year E	Year Ended June 30			
	2011	2010			
	(In	(In thousands)			
Health care services	\$ 3,201,9	<b>53</b> \$ 2,946,614			
General and administrative	829,6	<b>50</b> 908,870			
	\$ 4,031,6	<b>03</b> \$ 3,855,484			

Notes to Consolidated Financial Statements (continued)

#### 11. Charity Care and Community Benefits

The Health System's policy is to accept all patients regardless of their ability to pay In assessing a patient's ability to pay, the Health System's policy uses generally recognized income levels, but also considers cases where incurred charges are significant when compared to income Health care services rendered to patients who are unable to pay according to these criteria are classified as traditional charity care

The Health System's policy is also to sponsor numerous health care-related programs for the general community and the medically underserved population in the area it serves. Some of these programs include mobile medical vans, health and dental clinics, prenatal programs, AIDs residences, health referral services, and bilingual health education and are referred to as community services.

In addition to traditional charity care and other direct community services, the Health System incurred a shortfall from services rendered to patients covered by certain public programs. This shortfall is defined as the cost of providing services to state Medicaid and local indigent program beneficiaries in excess of government payments.

The cost of the aforementioned programs was determined in accordance with the Catholic Health Association's "A Guide for Planning and Reporting Community Benefit," and is summarized for 2011 and 2010, as follows

		mmunity		-	nsored
	Benefit	Expense,		Commun	ity Benefit
	at (	Cost	Direct	Expense	e, at Cost
		% of Total	Offsetting		% of Total
2011	Amount	Expenses	Revenue	Amount	Expenses
		(	In thousands	5)	_
Benefits for the poor					
Traditional charity care	\$ 94,164	2.3%	\$ 10,668	\$ 83,496	2.1%
Community services for the poor	47,661	1.2%	4,134	43,527	1.1%
Unpaid cost of state and local programs	414,480	10.3%	252,669	161,811	4.0%
Total quantifiable benefits for the poor	556,305	13.8%	267,471	288,834	7.2%
Benefits for the broader community					
Community services for the broader community	31,437	0.8%	1,349	30,088	0.7%
Total quantifiable benefits for the broader community	31,437	0.8%	1,349	30,088	0.7%
Total community benefits	\$ 587,742	14.6%	\$ 268,820	\$ 318,922	7.9%

Notes to Consolidated Financial Statements (continued)

#### 11. Charity Care and Community Benefits (continued)

		mmunity Expense,	-	nsored ity Benefit			
	at (	Cost	Direct	Expense	e, at Cost		
		% of Total	Offsetting		% of Total		
2010	Amount	Expenses	Revenue	Amount	Expenses		
		(	In thousand:	5)			
Benefits for the poor							
Traditional charity care	\$ 61,450	1 5%	\$ -	\$ 61,450	1 5%		
Community services for the poor	38,023	0.9%	3,997	34,026	0.8%		
Unpaid cost of state and local programs	132,560	3 2%	_	132,560	3 2%		
Total quantifiable benefits for the poor	232,033	5 6%	3,997	228,036	5 5%		
Benefits for the broader community							
Community services for the broader community	32,925	0.8%	667	32,258	0.8%		
Total quantifiable benefits for the broader community	32,925	0.8%	667	32,258	0.8%		
Total community benefits	\$ 264,958	6 4%	\$ 4,664	\$ 260,294	6 3%		

Effective July 1, 2010, the Health System updated its policy for determining charity care whereby the Health System analyzes patient accounts receivable for eligibility as presumptive charity care Traditional charity care for the year ended June 30, 2011, in the above table, includes presumptive charity care amounts at cost

In addition, the Health System incurred \$316,210,000 and \$282,076,000 in costs in excess of reimbursement from the Medicare program in 2011 and 2010, respectively

In August 2010, an accounting standard was released which required health care entities to present charity care disclosures at cost The Health System's policy is to report charity care and community benefits disclosures on a cost basis and does not expect the new accounting standard to impact the consolidated financial statements

The Health System affiliated hospitals dedicate approximately 10% of revenues in excess of expenses attributable to controlling interests each year to the St Joseph Health System Foundation (Foundation) The Foundation administers various programs for the poor and underserved in local and other communities Such programs are reflected in community services for the poor

Notes to Consolidated Financial Statements (continued)

### 12. Temporarily and Permanently Restricted Net Assets

A summary of net assets at June 30 follows

			2010					
	(In thousands)							
Unrestricted	\$	2,615,539	\$	2,276,192				
Temporarily restricted		102,739		94,423				
Permanently restricted		7,483		6,492				
Total net assets	\$	2,725,761	\$	2,377,107				

Temporarily and permanently restricted net assets are donor-restricted assets appropriated for plant expansion, capital acquisition, health services, and other specific purposes

#### **Endowments**

The Health System's endowment consists of approximately 87 separate endowment funds included in assets limited as to use established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees of the hospital foundations to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions

The Board of Trustees has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor restrictions to the contrary As a result of this interpretation, the Health System classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily net

Notes to Consolidated Financial Statements (continued)

#### 12. Temporarily and Permanently Restricted Net Assets (continued)

assets until those amounts are appropriated for expenditure by the Health System in a manner consistent with the standard of prudence prescribed by UPMIFA In accordance with UPMIFA, the Health System considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds

- a The duration and preservation of the fund
- b The purposes of the hospital and the donor-restricted endowment fund
- c General economic conditions
- d The possible effect of inflation and deflation
- e The expected total return from income and the appreciation of investments
- f Other resources of the hospital
- g The investment policies of the hospital

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

2011	Uni	restricted	porarily stricted	nanently stricted	Total
Board-designated endowment funds Donor-restricted endowment	\$	19,595	\$ 3,672	\$ _	\$ 23,267
funds		_	531	6,419	6,950
Total funds	\$	19,595	\$ 4,203	\$ 6,419	\$ 30,217
2010	Uni	restricted	porarily stricted	nanently stricted	Total
Board-designated endowment funds Donor-restricted endowment	\$	14,821	\$ 3,043	\$ _	\$ 17,864
funds			 474	 6,182	 6,656
Total funds		14,821	\$ 3,517	\$ 6,182	\$ 24,520

Notes to Consolidated Financial Statements (continued)

### 12. Temporarily and Permanently Restricted Net Assets (continued)

Changes in endowment net assets during the years ended June 30, 2011 and 2010, were as follows (in thousands)

			Ten	porarily	Peri	manently	
2011	Uni	restricted	Re	stricted	Re	stricted	Total
Endowment net assets,							
July 1, 2010	\$	14,821	\$	3,517	\$	6,182	\$ 24,520
Realized investment gains							
(losses)		1,557		33		(556)	1,034
Unrealized gains		2,790		679		_	3,469
Contributions, net		1,207		102		805	2,114
Appropriation of endowment							
assets for expenditure		(780)		(128)		(12)	(920)
Endowment net assets,				·			
June 30, 2011	\$	19,595	\$	4,203	\$	6,419	\$ 30,217

			Ten	nporarily	Per	manently	
2010	Unr	estricted	Re	estricted	Re	estricted	Total
Endowment net assets,							
July 1, 2009	\$	13,192	\$	2,551	\$	4,783	\$ 20,526
Realized investment gains		5		23		88	116
Unrealized gains (losses)		2,399		(38)		779	3,140
Contributions, net		_		1,111		532	1,643
Appropriation of endowment							
assets for expenditure		(775)		(130)		_	(905)
Endowment net assets,			•		•		
June 30, 2010	\$	14,821	\$	3,517	\$	6,182	\$ 24,520

The Health System has investment and spending policies for endowment assets that attempt to provide a stream of funding to programs supported by its endowment while balancing the risk of investment loss with the long-term preservation of purchasing power Endowment assets include those assets of donor-restricted funds that the Health System must hold in perpetuity or for a donor-specified period as well as board-designated funds. The Health System seeks to maintain the purchasing power of the endowment assets portfolio and to achieve rates of returns which

Notes to Consolidated Financial Statements (continued)

#### 12. Temporarily and Permanently Restricted Net Assets (continued)

over time exceed inflation by a specified margin. To achieve its long-term investment objectives within prudent risk constraints, the Health System develops strategic asset allocation ranges and targets for the endowment portfolio and considers factors including, but not limited to, time horizon, liquidity, and risk tolerance. The current asset allocation targets emphasize diversification across asset classes to manage risk and enhance returns. Actual allocations may differ from target allocations in the short-term or during periods of significant market fluctuations. In addition, the Health System confirms the asset allocation ranges on an annual basis and updates the investment policy and/or target allocations, as needed, if there is a significant change in capital market expectations and/or investment objectives, including spending requirements

The Health System expects that the returns achieved for the endowment portfolio will be accompanied by capital market risk, but the Health System seeks to achieve returns, adjusted for this risk, which will compare favorably to the returns of the applicable markets and representative peers

The Health System's policy allows the individual hospital Board of Trustees to determine a spending rate from endowment investments. In establishing this policy, the Health System considers the fair market value and long-term expected return on its endowment and the factors described above.

Notes to Consolidated Financial Statements (continued)

#### 13. Commitments and Contingencies

#### **Operating Leases**

The Health System leases land, buildings and equipment under various noncancelable operating leases excluding lease financing obligations (see Note 3) for terms up to 18 years. Lease expense was approximately \$65,733,000 in 2011 and \$56,266,000 in 2010. Sublease revenues relating to building space under various noncancelable leases were \$24,957,000 in 2011 and \$19,160,000 in 2010. The leases provide that the minimum monthly lease payments may be adjusted for inflation. Minimum lease commitments at June 30, 2011, are as follows (in thousands).

2012	\$ 51,438
2013	45,263
2014	41,250
2015	37,374
2016	30,800
Thereafter	121,648
	 327,773
Less sublease revenue	(48,855)
	\$ 278,918

### Litigation

The Civil Division of the Department of Justice (DOJ) has contacted the Health System in connection with its nationwide review of whether, in certain cases, hospital charges to the federal government relating to implantable cardio-defibrillators (ICDs) met the Centers for Medicare and Medicaid Services criteria In connection with this nationwide review, the DOJ has indicated that it will be reviewing certain ICD billing and medical records at certain of the Health System's hospitals for the period from October 2003 to the present The review could potentially give rise to claims against the Health System under the federal false claims act or other statutes, regulations or laws At this time, management cannot predict what effect, if any, this review or any resulting claims could have on the Health System

Notes to Consolidated Financial Statements (continued)

#### 13. Commitments and Contingencies (continued)

As a result of a compliant validation survey completed by the California Department of Public Health (CDPH) in September 2010, the Centers for Medicare and Medicaid Services (CMS) concluded that, due to alleged deficiencies relating to infection control, St Joseph Hospital of Eureka (St Joseph Eureka) was not in compliance with certain of the conditions of participation as a provider in the Medicare program St Joseph Eureka submitted a plan of correction to CMS addressing the alleged deficiencies, and CDPH conducted a full survey of the facility in January 2011 to verify compliance with all conditions of participation As a result of that January 2011 survey, CDPH identified certain continuing deficiencies relating to infection control and certain additional deficiencies relating to quality assessment and performance improvement, dietary services, the physical environment, and surgical services In response to these survey findings, CMS issued to St Joseph Eureka a notice of non-compliance with specified Medicare conditions of participation On June 2, 2011, St Joseph Eureka submitted a plan of correction for review by CMS and CDPH

While failure to comply with Medicare conditions of participation may result in termination under the Medicare program, management of the Corporation anticipates that the deficiencies identified by CMS and not already corrected will be corrected by St Joseph Eureka within the time periods required by CMS and that Medicare and Medicaid reimbursement will not be materially adversely affected Management of the Corporation does not expect that the cost of correcting the deficiencies and maintaining compliance will have a material adverse effect on the Health System's financial condition

Certain claims, suits, and complaints arising in the ordinary course of business have also been filed or are pending against the Health System In the opinion of management, such claims, if disposed of unfavorably, would not have a material adverse effect on the Health System's consolidated financial position, results of operations or cash flows

#### **Seismic Compliance (Unaudited)**

The Health System has completed facility master plans for each of its California hospitals, including an assessment of earthquake retrofit requirements. The Health System has received an extension for compliance with seismic standards for all of its California hospitals through January 1, 2013, with an additional extension to January 1, 2015, for some hospitals for factors beyond the hospital's control. The Health System projects total costs of \$1,111,343,000 to meet these seismic standards, and in some cases these projects will meet enhanced standards for 2030.

Notes to Consolidated Financial Statements (continued)

### 13. Commitments and Contingencies (continued)

Of the total projected costs, \$618,094,000 has been spent through 2010, with additional commitments of \$368,931,000 The Health System plans to fund these projects through operations, debt issuance and philanthropy Through June 30, 2011, the Health System has received \$286,669,000 in philanthropic support for all construction projects

### Consolidating Balance Sheet

(In thousands)

June 30, 2011

	Consolidat	ed Eliminati		otal Regional Entities	American Unity Group	Professional Services Enterprises	Heritage Investment Group I	Revenue Cycle Services	St. Joseph Health System Foundation	Obligated Group	Non-Obligated Group
Assets					•						
Current assets											
Cash and equivalents	\$ 250.1	12 \$ (4	453) \$	240 767	\$ 4 043	\$ 2 077	\$ 2.035	\$ 2 384	\$ 3.859	\$ 175.860	\$ 74.852
Short-term marketable securities	715 5	30	_	660 196	-	_	-	-	55 334	621 972	93 558
Patient accounts receivable less allowance											
for doubtful accounts	455.3	73	_	455 273	-	_	_	-	-	407 831	47 442
Inventories and other	138 (	99	_	137 494	1 114	4	60	26	1	121 666	17 033
Total current assets	1.560.3	14 (4	453)	1 493 730	5 157	2 081	2 095	2 410	59 194	1 327 329	232 885
Long-term marketable securities	840 3	99	_	778 756	61 643	_	_	_	_	729 293	111 106
Assets limited as to use											
Board designated	174.3	29	_	146 843	_	_	_	_	27 486	136 128	38 201
Held in trust	65	18	_	65 118	_	_	_	_	_	63 282	1 836
Total assets limited as to use	239 -	47	-	211 961	_	_	_	_	27 486	199 410	40 037
Property and equipment net	2 241 3	17 (23	494)	2 238 868	_	12 905	12 946	92	_	2 173 962	67 355
Investments and other	67	69 (16	834)	66 696	439	9 936	6 892	_	40	76 261	(9 (192)
Collateral held for swap counterparty	10.3	39	_	10 339	_	_	_	_	_	10 339	_
Notes receivable	5.3	93	_	5 393	_	_	_	_	_	5 393	_
Deferred financing costs net	20.3	57	_	20 357	_	_	_	_	_	20 357	_
Goodwill and other intangibles, less accumulated	42.8	18 (5	525)	48 343	_	_	_	_	_	16 066	26 752
amortization	146 (	76 (22	359)	151 128	439	9 936	6 892	_	40	128 416	17 660
Total assets	\$ 5.027 -	53 \$ (50	306) \$	4 874 443	\$ 67 239	\$ 24,922	\$ 21 933	\$ 2,502	\$ 86 720	\$ 4 558 410	\$ 469 043
		<u> </u>					· · · · · · · · · · · · · · · · · · ·	<u> </u>	<u> </u>		
Liabilities and net assets (deficit)											
Current liabilities											
Accounts payable	\$ 127.5	08 \$	(195) \$	126 663	\$ 707	\$ 45	\$ 1	\$ -	\$ 287	\$ 111 975	\$ 15.533
Accrued compensation and related liabilities	313 3	36	-	312 875	_	_	_	361	_	292 351	20 885
Accrued liabilities	229 (	27 (1	441)	208 421	19 787	95	2 165	_	_	148 152	80 875
Payable to third-party payors	76	19	_	76 119	-	-	_	-	_	73 920	2 199
Current maturities of long-term debt	52 (	17	-	50 684	_	1 333	_	_	_	50 544	1 473
Total current liabilities	797 9	07 (1	636)	774 762	20 494	1 473	2 166	361	287	676 942	120 965
Interest rate swaps	44.9	64	-	44 964	_	_	_	_	_	44 964	_
Other liabilities	123 9	78	_	110 805	13 173	_	_	_	_	92 538	31 440
Notes payable and interest due (from) to affiliates		- (4	256)	(5.225)	102	(20)	13 686	493	(4.780)	(105 834)	105 834
Long-term debt less current maturities	1 334 8		356)	1 339 688	_	32 511	_	_	_	1 317 540	17 303
Total liabilities	2 301 0		248)	2 264 994	33 769	33 964	15 852	854	(4 493)	2 026 150	275 542
Net assets (deficit)											
Controlling interest	2 696 (	06 (10	085)	2 582 721	33 470	(9.042)	6 081	1 648	91 213	2 532 260	163 746
Noncontrolling interests in subsidiaries	29		027	26 728	_	-	-	_	_		29 755
	2 725		058)	2 609 449	33 470	(9.042)	6 081	1 648	91 213	2 532 260	193 501
Total liabilities and net assets (deficit)	\$ 5,027,-		306) \$		\$ 67,239		\$ 21,933			\$ 4,558,410	

## Consolidating Balance Sheet of Regional Entities (In thousands)

June 30, 2011

	Tot	al Regional				Southern		Northern			
		Entities	E	liminations	Cal	llifornia Region	Cal	ifornia Region	Texas Region	Sy	stem Office
Assets											
Current assets											
Cash and equivalents	\$	240,767	\$	(9,960)	\$	79,834	\$	30,405		\$	36,635
Short-term marketable securities		660,196		_		322,189		181,104	72.835		84.068
Patient accounts receivable, less allowance for doubtful accounts		455,273		_		220,275		126,798	108,200		_
Inventories and other		137,494		_		49,292		24,008	24,427		39,767
Total current assets		1,493,730		(9,960)		671.590		362,315	309,315		160,470
Long-term marketable securities		778,756		_		447,895		81.221	153,934		95,706
Assets limited as to use											
Board designated		146,843		2,365		127,367		5.985	11,126		_
Held in trust		65,118		_		2,938		_	13,629		48,551
Total assets limited as to use		211,961		2,365		130,305		5,985	24,755		48,551
Property and equipment, net		2,238,868		-		1,358,387		510,082	272,649		97,750
Investments and other		66,696		_		25,384		2,296	19,135		19,881
Collateral held for swap counterparty		10,339		_		_		_	_		10,339
Notes receivable		5,393		_		4,530		801	62		_
Deferred financing costs, net		20,357		_		12,589		5,350	1.973		445
Goodwill and other intangibles, less accumulated amortization		48,343		_		46,996		1,347	_		_
		151,128		-		89,499		9,794	21,170		30,665
Total assets	\$	4,874,443	\$	(7,595)	\$	2,697,676	\$	969,397	\$ 781,823	\$	433,142
Liabilities and net assets											
Current liabilities											
Accounts payable	\$	126,663	\$	(5)	\$	77,733	\$	23,217	\$ 17.067	\$	8.651
Accided compensation and related liabilities		312,875		_		113,718		56,677	33.574		108,906
Accided liabilities		208,421		_		61.617		16,157	52,492		78,155
Payable to third-party payors		76,119		_		39.019		35,468	1.632		_
Current maturities of long-term debt		50,684		(28.817)		13,800		3,162	12,416		50,123
Total current habilities		774,762		(28.822)		305,887		134.681	117,181		245,835
Interest rate swaps		44.964		_		-		_	-		44.964
Other liabilities		110,805		_		13,429		362	33.501		63.513
Notes payable and interest due (from) to affiliates		(5,225)		1,183,580		23,503		3,830	(13.287)		(1.202.851)
Long-term debt, less current maturities		1.339,688		(1.164.718)		843,378		240,358	175.260		1.245,410
Total liabilities		2,264,994		(9,960)		1,186,197		379,231	312,655		396,871
Net assets											
Controlling interest		2.582.721		2,365		1,506,642		590,166	447,277		36,271
Noncontrolling interests in subsidiaries		26,728		_		4,837		_	21.891		_
<del>-</del>		2,609,449		2,365		1,511,479		590,166	469,168		36,271
Total liabilities and net assets (deficit)	\$	4,874,443	\$	(7,595)	\$	2,697,676	\$	969,397	\$ 781,823	\$	433,142

## Consolidating Balance Sheet of Southern California Region (In thousands)

June 30, 2011

							Heritage				Mission	
	Southern			St Jude		St Mary	Foundation		Mission	Mission Viejo	Education	St Joseph
	California	5	st Joseph	Medical	Mission	Medical	Southern	St. Joseph	Ambulatory	Medical	Conference	Home Health
	Region	Eliminations	Orange	Center	Hospital	Center	California	Imaging	Services	Ventures	Center	South
Assets								0 0				
Current assets												
Cash and equivalents	\$ 79 834	S - S	18 055 \$	12 073	\$ 5.853	\$ 26 146	\$ 14 442	\$ 33	\$ 2,546	\$ 258	\$ 428	\$ -
Short-term marketable securities	322 189	_	100 379	81 558	93 093	33 384	13 775	_	_	_	_	_
Patient accounts receivable less allowance												
for doubtful accounts	220 275	_	52 417	44 129	63 396	38 894	13 324	_	2 036	_	_	6 079
Inventories and other	49 292	_	15 584	5 230	11 203	8 042	8 401	141	485	_	30	176
Total current assets	671 590	=	186 435	142 990	173 545	106 466	49 942	174	5 067	258	458	6 255
Long-term marketable securities	447 895	_	173 738	225 484	_	48 673	_	_	-	_	_	_
Assets limited as to use												
Board designated	127 367	_	53 050	16 988	56 698	631	_	_	-	_	_	_
Held in trust	2 938	_	2 938	_	_	_	_	_	-	_	_	_
Total assets limited as to use	130 305	-	55 988	16 988	56 698	631	_	-	-	-	_	_
Property and equipment net	1 358 387	(28 132)	475 592	411 725	319 963	102 652	66 519	1 615	836	_	6 144	1 473
Investments and other	25 384	(18 ()71)	1.825	6 940	29 833	3 412	635	758	-	52	_	_
Notes receivable	4 530	_	4 530	_	_	_	_	_	-	_	_	_
Deferred financing costs net	12 589	_	5.250	3 886	2 984	469	_	_	-	_	_	_
Goodwill and other intangibles, less accumulated												
amortization	46 996	32 277	_	1 002	13 717	_	_	_	_	_	_	_
	89 499	14 206	11 605	11 828	46 534	3 881	635	758	_	52	_	
Total assets	\$ 2,697,676	\$ (13,926) \$	903,358 \$	809,015	\$ 596,740	\$ 262,303	\$ 117,096	\$ 2,547	\$ 5,903	\$ 310	\$ 6,602	\$ 7 <sub>.</sub> 728
Liabilities and net assets (deficit)												
Current liabilities												
Accounts payable	\$ 77 733	S - S	31 033 \$	11 842	\$ 12.219	\$ 10.529	\$ 9712	\$ 603	\$ 1.551	\$ -	\$ -	\$ 244
Accrued compensation and related liabilities	113 718	-	34 728	26 157	26 080	16 246	8 526	-	303	_	_	1 678
Accrued liabilities	61 617	-	23 808	1 813	11 861	6 038	17 293	-	168	_	108	528
Pavable to third-party pavors	39 019	-	5 102	9 125	3 976	18 801	2 015	-	_	-	_	_
Current maturities of long-term debt	13 800	(192)	5 676	4 963	2 746	415	192	_	_	_	_	
Total current liabilities	305 887	(192)	100 347	53 900	56 882	52 029	37 738	603	2 022	-	108	2 450
Other liabilities	13 429	-	3 663	4 272	3 519	3	411	1 517	-	-	_	44
Notes payable and interest due (from) to affiliates	23 503	-	(19 439)	(17.461)	30 884	15 187	9 049	900	134	4	(99)	) 4 344
Long-term debt less current maturities	843 378	(27.700)	369 922	231 064	187 135	36 319	45 454	1 184	-	_	_	
Total liabilities	1 186 197	(27.892)	454 493	271 775	278 420	103 538	92 652	4 204	2 156	4	9	6 838
Net assets (deficit)												
Controlling interest	1 506 642	9 129	448 865	537 240	318 320	158 765	24 444	(1 657)	3 747	306	6 593	890
Noncontrolling interests in subsidiaries	4 837	4 837	_	_	_	_	_	-	_	_	_	
	1 511 479	13 966	448 865	537 240	318 320	158 765	24 444	(1 657)		306	6 593	890
Total liabilities and net assets (deficit)	\$ 2,697,676	\$ (13,926) \$	903,358 \$	809,015	\$ 596,740	\$ 262,303	\$ 117,096	\$ 2,547	\$ 5,903	\$ 310	\$ 6,602	\$ 7,728

## Consolidating Balance Sheet of Northern Region (In thousands)

June 30, 2011

	Northern alifornia Region	Eliminations	Qı	ueen of the Valley	Santa Ros Memoria		Petaluma Valley	loseph reka	lwood norial	Fou No	eritage indation orthern Iifornia	St Joseph Home Health North	M	edwood Iemorial undation
Assets														
Current assets														
Cash and equivalents	\$ 30 405	\$ -	\$	2 606	\$ 21.4	29	\$ 1661	\$ -	\$ 1 931	\$	2 726	\$ -	\$	52
Short-term marketable securities	181 104	_		83 157	80.2	56	-	2.358	13 304		_	_		2 019
Patient accounts receivable less allowance														
for doubtful accounts	126 798	_		37 522	46 9	76	10 534	22 378	5 248		2 914	1 226		_
Inventories and other	 24 008	_		8 855	5.0		1 041	7 101	1 278		610	82		_
Total current assets	362 315	-		132 140	153 7	12	13 236	31 837	21 761		6 250	1 308		2 071
Long-term marketable securities	81 221	_		52 794	10.2	27	_	479	17 721		-	_		_
Assets limited as to use														
Board designated	5 985	_		_	2.6	15	2 248	1 132	-		-	-		-
Held in trust	 _	_		_		-	_	-	_		-	_		
Total assets limited as to use	5 985	_		_	2 6		2 248	1 132	-		-	_		_
Property and equipment net	510 082	_		146 454	171 9		15 243	164 303	9 868		1.825	215		227
Investments and other	2 296	_		571		19	-	1 576	_		_	_		_
Notes receivable	801	_		_		96	305	-	_		_	_		_
Deferred financing costs net	5 350	_		829	2.1	84	1 660	651	26		-	-		_
Goodwill and other intangibles less accumulated	 1 347	_		_		-	_	1 347	_		_	_		
amortization	 9 794			1 400	2.8		1 965	3 574	26		_	_		
Total assets	\$ 969,397	\$ -	\$	332,788	\$ 341,3	20	\$ 32,692	\$ 201,325	\$ 49,376	\$	8,075	\$ 1,523	\$	2,298
Liabilities and net assets (deficit) Current liabilities														
Accounts payable	\$ 23 217	\$ (1)	\$	6 415		81		\$ 4 017	\$ 688	\$	652		\$	_
Accrued compensation and related liabilities	56 677	-		17 296	21.4		5 3 5 4	9 490	2 147		270	623		_
Accrued liabilities	16 157	=		981	11 1		1 984	1.535	438		(5)	62		-
Payable to third-party payors	35 468	=		5 689	12 9		1 585	11 795	3 275		183	11		-
Current maturities of long-term debi	 3 162	_		751	1.4		901	_	37		_	_		
Total current liabilities	134 681	(1)		31 132	56 8		11 408	26 837	6 585		1 100	777		_
Other liabilities	362	-		5		-	-	353	-		4	-		-
Notes payable and interest due (from) to affiliates	3 830	1		(4 905)	(20.0		8 008	5 475	(807)	1	14 901	1 195		2
Long-term debt less current maturities	 240 358	_		54 437	122 6		546	60 756	1 978		_	_		_
Total liabilities	379 231	-		80 669	159 4	11	19 962	93 421	7 756		16 005	1 972		2
Net assets (deficit)														
Controlling interest	590 166	-		252 119	181 8	76	12 730	107 904	41 620		(7.930)	(449)		2 296
Noncontrolling interests in subsidiaries	 _	_		_		-	_	_	_		_			
	590 166	_		252 119	181 8		12 730	107 904	41 620		(7.930)	(449)		2 296
Total liabilities and net assets	 969,397	\$ -	\$	332,788	\$ 341,3	20	\$ 32,692	\$ 201,325	\$ 49,376	\$	8,075	\$ 1,523	\$	2,298

## Consolidating Balance Sheet of Texas Region (In thousands)

June 30, 2011

	Texas Region	Eliminations	Covenant Lubbock		Covenant Plainview	C ovenant LTAC	Covenant Medical Group	Methodist Medical Group	Covenant Surgicenter	Covenant Diagnostic Imaging	Hospice of Lubbock	C ovenant Health Partners	First Care	Methodist Service Provider Organization	Covenant Foundation
Assets															
Current assets															
Cash and equivalents	\$ 103.853	\$ -	\$ 41.572	\$ 7104 5	l 10 ⁻54	\$ 4836	\$ 2,409	\$ -	\$ 2.229	\$ 62	\$ 3175	\$ 3 269	\$ 15,730	\$ 8.433	\$ 3.715
Short-term marketable securities	72 835	_	50 390	_	15	_	82	_	_	_	_	_	22 348	_	_
Patient accounts receivable less allowance															
for doubtful accounts	108 200	_	<sup>-</sup> 9 356	1 660	4 095	3 113	10 781	_	1 650	488	611	_	6 446	_	_
Inventories and other	24 427	_	17 658	354	430	1	2 531	_	708	175	162	388	1 227	58	559
Total current assets	309 315	_	188 976	9118	15 294	8 126	15 803	_	4.587	1 290	3 948	3 657	45 751	8 491	4 274
Long-term marketable securities	153 934	_	104 472	_	_	_	_	_	_	_	_	_	40 406	_	9 056
Assets limited as to use															
Board designated	11 126	_	372	38	_	_	_	_	_	_	_	_	_	_	10.716
Held in trust	13 629	_	11 793	_	_	_	_	_	_	_	_	_	_	_	1 836
Total assets limited as to use	24 755	_	12 165	38	_	-	_	-	_	_	_	_	-	-	12 552
Property and equipment, net	272 649	_	251 598	1 938	4 ~14	1 323	1 240	-	2 600	298	13	_	6 - 14	2.200	11
Investments and other	19 135	(43.308)	11 241	_	833	-	15 858	432	43	_	118	_	-	33 918	-
Notes receivable	62	_	_	62	_	_	_	-	_	_	_	_	-	_	-
Deferred financing costs net	1 9~3	_	1 973	_	-	-	-	-	-	_	_	_	-	-	-
Goodwill and other intangibles less															
accumulated amortization	_	_	-	_	-	-	-	-	-	_	_	_	-	-	-
	21.170	(43 308)	13 214	62	833	-	15 858	432	43	-	118	-	-	33 918	
Total assets	\$ 781,823	\$ (43,308)	\$ 570,425	\$ 11,156	\$ 20 <sub>.</sub> 841	\$ 9,449	\$ 32,901	\$ 432	\$ 7,230	\$ 1,588	\$ 4,079	\$ 3,65	\$ 92,871	\$ 44,609	\$ 25,893
Liabilities and net assets (deficit)															
Current liabilities															
Accounts payable	\$ 17067	\$ -	\$ 13,753	\$ 310 5	I 0″6	\$ 145	\$ 153	\$ -	\$ 326	\$ 45	\$ 165	\$ -	\$ 205	\$ -	\$ 889
Accrued compensation and related liabilities	33.574	_	22 992	52	783	535	7 252	-	228	178	163	_	1 362	-	29
Accrued liabilities	52 492	_	9 599	716	_	128	1 105	-	-	36	-	969	39 598	179	162
Payable to third-party payors	1 632	_	1 792	(106)	(54)	_	_	_	_	_	-	_	-	-	-
Current maturities of long-term debt	12 416	_	12 276	_	_	_	_	-	_	_	_	_	140	_	_
Total current liabilities	117 181	_	60 412	972	1 805	808	8 510	-	554	259	328	969	41 305	179	1 080
Other liabilities	33 501	_	17 211	-	-	-	15 858	432	_	_	-	_	-	-	-
Notes payable and interest due (from) to attiliates	(13.287)	_	(96 358)	529	11 169	344	34 164	-	180	_	-8	(1.348)	-	37 459	496
Long-term debt less current maturities	175 260	-	172 051	_	_	-	_	-	_	-	-	_	3 209	_	_
Total liabilities	312 655	-	153 316	1 501	12 974	1 152	58 532	432	<sup>-</sup> 34	259	406	(379)	44 514	3" 638	1.576
Net assets (deficit)															
Controlling interest	447 277	(65 199)	41~109	9 655	- 86-	8 297	(25 631)	-	6 496	1 329	3 6 3	4 036	48 357	697	24.317
Noncontrolling interests in subsidiaries	21 891	21 891	_	_	-		_	-	-	_	_		_		
	469 168	(43 308)	41 - 109	9 655	<sup>-</sup> 86 <sup>-</sup>	8 297	(25 631)	-	6 496	1 329	3 673	4 036	48 357	6971	24.317
Total liabilities and net assets (deficit)	\$ 781,823	\$ (43,308)	\$ 570,425	\$ 11,156	30,841	\$ 9,449	\$ 32,901	\$ 432	\$ 7,230	\$ 1,588	\$ 4,079	\$ 3,657	\$ 92,871	\$ 44,609	\$ 25,893

## Consolidating Statements of Operations (In thousands)

### For the Year Ended June 30, 2011

	Consolidated	Eliminations	Total Regional Entities	American Unity Group	Professional Services Enterprises	Heritage Investment Group I	Revenue Cycle Services	St Joseph Health System Foundation	Obligated Group	Non-Obligated Group
Revenues						•			Î	
Patient service, net of contractual										
allowances and discounts	\$ 3.659.620	\$ -	\$ 3.659.620	\$ -	\$ -	<b>\$</b> -	<b>S</b> –	\$ -	\$ 3,416,365	\$ 243.255
Less Provision for doubtful accounts	196,250	_	196,250	_	_	_	_	_	175,296	20,954
Net patient service, less provision for doubtful accounts	3,463,370	_	3,463,370	-	-	_	-	_	3,241,069	222.301
Premium	654,376	_	654,376	_	_	_	_	_	133,743	520,633
Other	105,309	(16,119)	99,833	15,953	1,775	354	3,513	_	69,652	35,657
Total revenues, net	4.223.055	(16,119)	4.217.579	15,953	1,775	354	3,513	_	3,444,464	778.591
Expenses										
Compensation and benefits	1,901,420	_	1,898,544	_	_	-	2,876	_	1,654,457	246,963
Supplies and other	917,107	(15,189)	923,883	5,835	516	1,724	338	_	838,851	78,256
Professional fees and purchased services	966,327	(1,662)	967,556	108	3	54	268	_	503,560	462,767
Depreciation and amortization	186,761	(176)	186,640	_	238	28	31	_	176,701	10,060
Interest	59,988	(803)	60,394	_	264	133	_	_	59,638	350
Total expenses	4,031,603	(17,830)	4,037,017	5,943	1,021	1,939	3,513	-	3,233,207	798,396
Operating income (loss)	191,452	1.711	180,562	10,010	754	(1.585)	-	-	211,257	(19.805)
Nonoperating gains (losses), net	171.794	(21.655)	178,558	_	(810)	7	6	15.688	179.874	(8.080)
Excess (deficiency) of revenues over expenses	363.246	(19.944)	359,120	10.010	(56)	(1.578)	6	15.688	391,131	(27.885)
Less Excess of revenues over expenses attributable to noncontrolling interests	6,444	(787)	7,231	-	-	-	_	-	-	6,444
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$ 356,802	\$ (19,157)	\$ 351,889	\$ 10,010	\$ (56)	\$ (1,578)	\$ 6	\$ 15,688	\$ 391,131	\$ (34,329)

## Consolidating Statements of Operations of Regional Entities (In thousands)

	al Regional Entities	Eli	minations	Southern California Region	Northern California Region	Tevas Region	System Office
Revenues				_	_	_	
Patient service, net of contractual allowances and discounts	\$ 3,659,620	\$	_	\$ 1.951.607	\$ 942,752	\$ 765,261	\$
Less Provision for doubtful accounts	 196,250		_	80,958	28,822	86,470	
Net patient service, less provision for doubtful accounts	 3,463,370		-	1.870.649	913,930	678.791	_
Premium	654,376		-	359,101	8,646	286.629	=
Other	99,833		(210,729)	41,527	8,723	46,841	213,471
Total revenues, net	4,217,579		(210,729)	2.271.277	931,299	1,012,261	213,471
Expenses							
Compensation and benefits	1.898.544		(39,474)	963,932	469,664	384,087	120,335
Supplies and other	923,883		(16,197)	510,362	209,257	196,706	23,755
Professional fees and purchased services	967,556		(155,058)	547,665	174,261	337,072	63,616
Depreciation and amortization	186,640		_	90,062	44,531	46,720	5.327
Interest	 60,394		_	48,957	11,480	11,710	(11.753)
Total expenses	 4.037.017		(210,729)	2.160.978	909,193	976.295	201.280
Operating income	 180,562		_	110,299	22,106	35,966	12.191
Nonoperating gains, net	178,558		2.365	106.634	31,451	20.063	18.045
Excess of revenues over expenses	359,120		2,365	216.933	53,557	56.029	30.236
Less Excess of revenues over expenses attributable to noncontrolling interests	7,231		_	2,595	_	4.636	_
Excess of revenues over expenses attributable to controlling interests	\$ 351,889	\$	2,365	\$ 214.338	\$ 53,557	\$ 51.393	\$ 30,236

## Consolidating Statements of Operations of Southern California Region (In thousands)

							Heritage					Mission	
	Southern			St Jude		St Mary	Foundation		Mission	Mission Viejo	Camino	Education	St Joseph
	California		St Joseph	Medical	Mission	Medical	Southern	St. Joseph	Ambulatory	Medical	Health	Conference	Home Health
	Region	Eliminations	Orange	Center	Hospital	Center	California	Imaging	Services	Ventures	Center	Center	South
Revenues													
Patient service net of contractual													
allowances and discounts	\$ 1951607	\$ -	\$ 594 080	\$ 441 652	\$ 474 468	\$ 277 243	\$ 113 211	\$ -		\$ -	\$ 372	\$ -	\$ 37 868
Less Provision for doubtful accounts	80 958	_	13 123	31 414	20/209	9 793	1 643	_	345	_	43	_	4 388
Net patient service less provision for doubtful accounts	1 870 649	_	580 957	410 238	454 259	267 450	111 568	-	12 368	-	329	-	33 480
Premium	359 101	_	50 837	56 662	_	17 775	233 791	_	-	_	36	_	_
Other	41 527	(4 075)	10 226	5 221	12 910	1 581	9 197	3 690	7	_	939	1 603	228
Total revenues net	2 271 277	(4 075)	642 020	472 121	467 169	286 806	354 556	3 690	12 375	-	1 304	1 603	33 708
Expenses													
Compensation and benefits	963 932	_	294 133	219 771	208 458	133 128	77 493	1 272	3 215	_	1 5 5 5	_	24 907
Supplies and other	510 362	(2.347)	180 280	101 195	116 300	57 627	43 295	2 178	3 640	3	410	338	7 443
Professional fees and purchased services	547 665	(2.551)	96 854	77 900	78 223	48 238	243 556	291	1 348	30	236	53	3 487
Depreciation and amortization	90 062	-	29 581	25 085	21 092	8 118	5 147	320	326	_	47	183	163
Interest	48 957	(998)	18 912	14 957	11 976	2 492	1 513	87	_	_	_	_	18
Total expenses	2 160 978	(5 896)	619 <b>7</b> 60	438 908	436 049	249 603	371 004	4 148	8 529	33	2 248	574	36 018
Operating income closs	110 299	1 821	22 260	33 213	31 120	37 203	(16 448)	(458)	3 846	(33)	(944)	1 029	(2310)
Nonoperating gains net	106 634	(1.522)	33 336	51 412	12 042	9 315	1 076	-	10	40	902	1	22
Excess (deficiency) of revenues over expenses	216 933	299	55 596	84 625	43 162	46 518	(15 372)	(458)	3 856	7	(42)	1 030	(2 288)
Less Excess of revenues over expenses attributable to noncontrolling interest-	2 595	2 595		_	_	_	_	_	_	_	_	_	
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$ 214,338	\$ (2,296)	\$ 55,596	\$ 84,625	\$ 43,162	\$ 46,518	\$ (15,372)	\$ (458)	\$ 3,856	\$ 7	\$ (42)	\$ 1,030	\$ (2,288)

## Consolidating Statements of Operations of Northern California Region (In thousands)

	Ca	orthern Jifornia Region	Elimi	inations	Queen of the Valley		Santa Rosa Memorial	taluma Valley		Joseph Eureka	Redwoo Memor		Fou No	eritage indation orthern lifornia	Hon	Joseph ne Health North	Redwo Memor Founda	rıal
Revenues																		
Patient service, net of contractual	_		_			_			_				_		_		_	
allowances and discounts	\$	942,752	\$	(446)			351,876	\$ 84.544	S	198,156		.311	\$	14.686	\$	11,600	\$	_
Less Provision for doubtful accounts		28,822			(535		11,867	6,140		7,254		487		1,335		274		
Net patient service, less provision for doubtful accounts		913.930		(446)	239,560	1	340,009	78,404		190,902	40	.824		13,351		11.326		-
Premium		8.646		_	8,469	)		-		_		_		177		-		-
Other		8,723		(946)	2,749	)	3,578	966		705		176		1,495		-		
Total revenues, net		931.299		(1.392)	250,778		343,587	79,370		191,607	41	.000		15.023		11.326		_
Expenses																		
Compensation and benefits		469,664		_	136,497	•	166,925	47,296		83,389	19	.911		5,873		9,773		-
Supplies and other		209,257		_	54.81-		75.602	15,753		53,401	5	.989		2,566		1,132		-
Professional fees and purchased services		174,261		(1.392)	39,049	)	58.026	15,539		37,231	7	.703		16,961		1,144		_
Depreciation and amortization		44,531		_	13,518	;	18.396	3,516		7,130	1	529		362		80		_
Interest		11,480		_	3,306	,	7,794	59		173		134		_		14		_
Total expenses		909,193		(1,392)	247.18-		326,743	82,163		181,324	35	.266		25.762		12,143		-
Operating income (loss)		22,106		-	3,59-		16,844	(2,793)		10,283	5	.734		(10,739)		(817)		
Nonoperating gains, net		31,451		-	16.815		9.616	21		560	4	.205		3		-		231
Excess (deficiency) of revenues over expenses	_	53,557		_	20,409	)	26,460	(2,772)		10,843	9	939		(10,736)		(817)		231
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$	53,557	\$	- !	\$ 20,409	<b>S</b>	26,460	\$ (2,772)	\$	10,843	<b>\$</b> 9	939	\$	(10,736)	\$	(817)	\$	231

## Consolidating Statements of Operations of Texas Region (In thousands)

For the Year Ended June 30, 2011

	Texas Region	Eliminations	Covenant Lubbock	C ovenant Levelland	Covenant Plainview	C ovenant LTAC	Covenant Medical Group	Methodist Medical Group	Covenant Surgicenter	C ovenant Diagnostic Imaging	Hospice of Lubbock	C ovenant Health Partners	First Care	Methodist Service Provider Organization	Covenant Foundation
Revenues	Region	Eliminations	Lubbock	Levelland	1 iamview	LIAC	Отопр	Стопр	Burgicenter	imaging	Lubbock	Tarthers	rnscare	Organization	T oundation
Patient service net of contractual															
allowances and discounts	\$ 765,261	\$ (64 239)	\$ 647 691	\$ 20.454	\$ 32,710	\$ 21.478	\$ 80.416	\$ 1	\$ 13.518	\$ 689	\$ 6335	\$ -	\$ -	\$ -	\$ -
Less Provision for doubtful accounts	86.470	_	67 218	2 025	4 027	96	12 284	_	244	496	80	_	_	_	_
Net patient service less provision for doubtful accounts	678 791	(64 239)	580 473	18 429	28 683	21 382	68 132	1	13 274	6 401	6 255	-	=	-	-
Premium	286 629	(1.550)	_	_	_	_	_	_	_	-	_	_	288 179	_	_
Other	46 841	(22 123)	25 199	553	3 046	1	24 400	-	-	44	148	3 036	12.537	-	_
Total revenues net	1 012 261	(87 912)	605 672	18 982	31 729	21 383	92 532	1	13 274	6 445	6 403	3 036	300 ~16	=	=
Expenses															
Compensation and benefits	384 087	(1.550)	229 110	11 128	14 078	9 308	90 998	-	3 797	2.174	2 592	440	22 012	_	-
Supplies and other	196 ~06	(4.230)	158 358	3 361	T 482	5 893	12 451	_	3 ~10	990	1 316	32	8 207	(864)	-
Professional fees and purchased services	337 072	(87 264)	125 649	4 108	6 687	4 402	9 1 3 3	_	1 672	596	1 907	1 211	268 971	_	-
Depreciation and amortization	46 720	_	42 135	548	645	297	604	-	470	136	2	-	1.80	<b>-</b> 6	_
Interest	11 710	_	11.570	3	_	-	-	-	_	-	_	_	13	_	
Total expenses	976 295	(93 044)	566 822	19 148	28 892	19 900	113 186	-	9 649	3 896	5.817	1 683	301 134	(788)	-
Operating income (loss)	35 966	5 132	38 850	(166)	2 837	1 483	(20 654)	1	3 625	2 549	586	1 353	(418	387	
Nonoperating gains (losses) net	20 063	(12 938)	22 757	103	184	12	32	-	755	1	11	10	4 438	4 803	(105)
Excess (deficiency) of revenues over expenses	56 029	(~ 806)	61 607	(63)	3 021	1 495	(20 622)	1	4 380	2 550	597	1 363	4 020	5 591	(105)
Less Excess of revenues over expenses attributable to noncontrolling interests	4 636	4 636	_	_	_	_	_	_	_	_	_	_	_	_	_
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$ 51,393	\$ (12,442)	\$ 61,60	\$ (63)	\$ 3,021	<b>\$</b> 1,495	\$ (20,622)	\$ 1	\$ 4,380	\$ 2,550	\$ 597	\$ 1,363	\$ 4,020	\$ 5,591	\$ (105)

### Consolidating Balance Sheet

(In thousands)

June 30, 2010

	Conse	olidated	Eliminati		otal Regional Entities	American Unity Group	Professional Services Enterprises	Heritage Investment Group I	Revenue Cycle Services	St Joseph Health System Foundation	Obligated Group	Non-Obligated Group
Assets							·				·	•
Current assets												
Cash and equivalents	\$	270 409	\$ (8	8 201) \$	264 047	\$ 5.081	\$ 1.541	\$ 4 543	\$ 1.845	\$ 1.553	\$ 218 198	\$ 52 211
Short-term marketable securities		563 584		_	516 520	_	-	-	_	47 064	481 733	81 851
Patient accounts receivable less allowance for doubtful accounts		462 256		-	462 256	-	-	-	_	_	411 783	50 473
Inventories and other		106 359		_	105 030	1 326	-	1	1	1	89 916	16 443
Total current assets	1	402 608	(8	3 201)	1 347 853	6 407	1 541	4 544	1 846	48 618	1 201 630	200 978
Long-term marketable securities		633 519		-	582 633	50 886	-	-	_	_	543 532	89 987
Assets limited as to use												
Board designated		154 220		_	130 742	_	-	-	_	23 478	122 129	32 091
Held in trust		147 798		-	147 798	_	_	-	_	_	146 060	1 738
Total assets limited as to use		302 018		-	278 540	_	_	-	_	23 478	268 189	33 829
Property and equipment net	2	136 646	(7	7 674)	2 136 359	_	4 007	3 837	117	-	2 090 123	46 523
Investments and other		63 200	(4	1 865)	63 637	468	3 866	-	_	94	74 651	(11.451)
Collateral held for swap counterparty		29 010		-	29 010	-	-	-	-	-	29 010	-
Notes receivable		8 172		-	7 993	-	-	-	-	179	7 236	936
Deferred financing costs net		21 515		-	21 515	-	-	-	-	-	21 516	(1)
Goodwill and other intangibles less accumulated amortization		61 342	(11	1989)	73 331	-	-	-	_	-	22 057	39 285
		183 239	(16	5 854)	195 486	468	3 866	-	-	273	154 470	28 769
Total assets	\$ -	658,030	\$ (32	2,729) \$	4,540,871	\$ 57,761	\$ 9,414	\$ 8,381	\$ 1,963	\$ 72,369	\$ 4,257,944	\$ 400,086
Liabilities and net assets (deficit)												
Current liabilities												
Accounts payable	\$	142 804	\$	(194) \$	141 647	\$ 1 338	\$ -	\$ 13	\$ -	\$ -	\$ 131.412	\$ 11 392
Accrued compensation and related liabilities		295 416		-	295 334	=	=	=	82	=	273 705	21 711
Accrued liabilities		165 053		-	145 103	19 186	=	707	1	56	96 752	68 301
Payable to third-party payors		60 523		-	60 523	=	=	=	-	=	59 093	1 430
Current maturities of long-term debi		114 890		-	114 890	=	=	=	=	=	114 750	140
Total current liabilities		778 686		(194)	757 497	20 524	-	720	83	56	675 712	102 974
Interest rate swaps		65 194		-	65 194	-	-	-	-	-	65 194	-
Other liabilities		98 520	(2	2 825)	83 732	13 776	3 837	-	_	_	59 817	38 703
Notes payable and interest due (from) to affiliates		_	(8	3 007)	(3.582)	-	14 563	2	238	(3.214)	(72 643)	72 643
Long-term debt-less current maturities	1	338 523	(3	837)	1 342 360	_	_	_	_	_	1 333 426	5 097
Total liabilities		280 923	(14	1 8631	2 245 201	34 300	18 400	722	321	(3.158)	2 061 506	219 417
Net assets (deficit)												
Controlling interest	2	348 364	(21	680)	2 270 741	23 461	(8 986	7 659	1 642	75 527	2 196 438	151 926
Noncontrolling interests in subsidiaries		28 743		8 814	24 929		_		_	_	_	28 743
	2	377 107	(17	7 866)	2 295 670	23 461	(8 986	) 7 659	1 642	75 527	2 196 438	180 669
Total liabilities and net assets (deficit)	\$ 4	658,030	\$ (32	2,729) \$	4 540 871	\$ 57 <sub>.</sub> 761	\$ 9,414	\$ 8,381	\$ 1,963	\$ 72,369	\$ 4,257,944	\$ 400,086

## Consolidating Balance Sheet of Regional Entities (In thousands)

June 30, 2010

	Tot	al Regional				Southern	Northern				
		Entities	ŀ	Eliminations	C	alıfornıa Region	California Region		Texas Region	Sys	tem Office
Assets											
Current assets											
Cash and equivalents	\$	264,047	\$	(305)	\$	55,040	\$ 30,041	\$		\$	106,426
Short-term marketable securities		516,520		_		275,838	163,979		47.606		29.097
Patient accounts receivable, less allowance for doubtful accounts		462,256		_		222,152	129,957		110,147		_
Inventories and other		105,030		_		48,975	24,708		26,593		4,754
Total current assets		1,347,853		(305)	)	602,005	348,685		257,191		140,277
Long-term marketable securities		582,633		3,815		320,849	55,396		122,415		80,158
Assets limited as to use											
Board designated		130,742		(2,680)	)	114,153	10,238		9,031		_
Held in trust		147,798		_		2,570	_		6,893		138,335
Total assets limited as to use		278,540		(2,680)	)	116,723	10,238		15.924		138,335
Property and equipment, net		2,136,359		(1.305)	)	1,316,931	464,754		300,219		55,760
Investments and other		63,637		1,305		22,629	2,892		22,951		13,860
Collateral held for swap counterparty		29,010		_		_	_		_		29,010
Notes receivable		7,993		_		6,706	1,253		34		_
Defened financing costs, net		21,515		-		13,125	5,798		2,121		471
Goodwill and other intangibles, less accumulated amortization		73,331		_		65,993	7,254		84		_
·		195,486		1,305		108,453	17,197		25,190		43,341
Total assets	\$	4,540,871	\$	830	\$	2,464,961	\$ 896,270	\$	720,939	\$	457,871
Liabilities and net assets											
Current liabilities											
Accounts payable	\$	141,647	S	(2)	S	85,187	\$ 26,216	S	22,278	S	7.968
Accrued compensation and related liabilities	-	295,334	-	\-, -		107,463	50,427	-	31,101	-	106,343
Accrued liabilities		145,103		_		42,451	6,736		43,813		52,103
Payable to third-party payors		60,523		_		30,359	22,395		7.769		_
Current maturities of long-term debt		114,890		(27,816)	)	13,401	3,084		11.891		114,330
Total current liabilities		757,497		(27,818)		278,861	108,858		116,852		280,744
Interest rate swaps		65,194		,,			_		_		65,194
Other habilities		83,732		_		25,991	3,996		25,466		28,279
Notes payable and interest due (from) to affiliates		(3.582)		1.221.712		9,192	(8,762	)	(21.859)		(1.203.865)
Long-term debt, less current maturities		1.342.360		(1.194.199)		844,163	243,637		188.057		1.260,702
Total liabilities		2,245,201		(305)		1,158,207	347,729		308,516		431,054
Net assets				(/							
Controlling interest		2,270,741		1.135		1,301,130	548,541		393,118		26,817
Noncontrolling interests in subsidiaries		24,929		_		5.624	-		19,305		
5		2,295,670		1,135		1,306,754	548,541		412,423		26,817
Total liabilities and net assets	\$	4,540,871	\$	830	\$	2,464,961	\$ 896,270	\$	720,939	\$	457,871

## Consolidating Balance Sheet of Southern California Region (In thousands)

June 30, 2010

Part								Heritage					Mission	
Net series of the series of th		Southern			St Jude		St Mary	Foundation		Mission	Mission Viejo		Education	St Joseph
Content section			El	•					•	•				
Cash and pandems	Assats	Region	Eliminations	Orange	Center	поѕрнаі	Center	Camornia	rmaging	services	ventures	Center	Center	South
Containing a contained   Con														
Pates   Pate		\$ 55 ndn	4 _ 4	10.323 %	2 320 4	10.573 \$	20.665	L2L 2	s -	\$ 2678	\$ 283	4 373	Q1L 2	s _
Patter accounts seen allowance   122182   5   5   90   44008   6114   3407   11579   5   1607   5   5   5   5   5   5   5   5   5	•									200	205			_
Marchite Handling		2 : 0.00		1	0.2 11.5		22	12.250						
Mathematic and other of the part of the		222 [52	_	57.902	21 nns	6.1 1.4.1	3.1.075	11.579	_	1.697	_	75	_	8.672
Total content assets			_						22		_		31	
March   Marc														
None control to the														- 0 >10
Panal designated   11   13   2   49   39   51   56   48   54   54   54   54   54   54   54		52642		115/255	1 5 645		2/2/ 17							
Property and equipment net		11.1.153	_	QLF QL	15 586	48 644	57.1	_	_	_	_	_	_	_
Total saves lumined as to use   11673								_	_	_	_	_	_	_
Poper and equipment net   131691   13691   14690   13291   13293   1												_		
Note steems and other														- 22
Note seemable   19												•	17.52	
Polemed Immange oss net   13125   546   408										_		_	_	_
Conduil and other intamplible less of the part of th			_					_	2.	_	_	_	_	_
Contained anomatication   Contained anomat	c c	13123		5.405	402	3106	45.							
Total assets	Č.	65.002	£1, 27.4		1 (8)2	12717								
Catabilities and net assets (deficit)   Current habilities and net assets (deficit)   Current habilities and net assets (deficit)   Current habilities   C	accumulated amortization			12.019			2.196	217						
Cument habilities and related habilities   September 1   September 2   September 3   September 3   September 3   September 3   September 4   September 3   September 4	Tall									4 5.452				- 0.630
Cument habilities	1 Oldi dissets	\$ 5,404,901	2 -141 2	843,014 3	31,882 3	207,420.2	211,9 3	<u> </u>	<u> 5 - 2,15 </u>	\$ 5,455	3 334	\$ 2,150	3 0	\$ 5,038
Accounts payable         8 85 18"         \$ (2)         3 3782         11066         19432         128 1"         187 8         28"         428         428         -8         41         -8         149           Accounded compensation and related hibitities         107 463	Liabilities and net assets (deficit)													
Accrued compensation and related habilities 10 463 - 34 089 24 659 24 106 13 801 8 586 - 311 - 348 - 1563 Accrued habilities 42 451 - 92 85 3 183 10 527 4 522 14 380 - 43 - 10 10 401 401 401 401 401 401 401 401 4	Current liabilities													
Accrued habilities 42451 - 9285 3183 10527 4522 14380 - 43 100 401 401 402 403 40359 - 5076 8178 3684 12 084 1337 100 401 402 402 40826 454 634 276 17 111 938 2280 (119) 4540 314 1782 6767 3178	Accounts payable	\$ 85.187	\$ (2) \$	33 782 \$	11 066 \$	19 432 \$	12.817	\$ 7187	\$ 287	\$ 428	\$ -	\$ 41	\$ -	\$ 149
Payable to third-party payors         30 359         -         5 076         8 178         3 684         12 084         1 337         -	Accrued compensation and related liabilities	107 463	-	34 089	24 659	24 106	13 801	8 586	-	311	_	348	-	1 563
Current maturities of long-term debt         13 401         (183)         5 555         4 750         2 673         423         183         -	Accrued liabilities	42 451	_	9 285	3 183	10.527	4 522	14 380	_	43	_	_	110	401
Total current habilities 278 861 (185) 8787 51836 60 422 43 647 31 673 287 782 - 389 110 2113 Other habilities 25 991 5 698 7 730 6 235 4 400 380 229 1 244 5 Notes payable and interest due (from) to attiliates 9 192 2 (28 589) (16 960) 30 927 19 234 (630) 900 131 20 (15) (100) 4 272 (20 4 16) (27 801) 37 8 860 236 137 189 984 36 7 4 31 726 1 483	Payable to third-party payors	30 359	_	5.076	8 178	3 684	12 084	1 33	_	_	_	_	-	_
Other habilities         25 991         5 698         T 730         6 235         4 400         380         229         1 244         - </td <td>Current maturities of long-term debt</td> <td>13 401</td> <td>(183)</td> <td>5 555</td> <td>4 750</td> <td>2 673</td> <td></td> <td>183</td> <td>-</td> <td></td> <td>_</td> <td>_</td> <td>_</td> <td>_</td>	Current maturities of long-term debt	13 401	(183)	5 555	4 750	2 673		183	-		_	_	_	_
Notes payable and interest due (from) to affiliates 9192 2 (28 589) (16 960) 30 927 19 234 (630) 900 131 20 (15) (100) 4 272 Long-term debt less current maturities 844163 (27 801) 375 860 236 137 189 984 36 774 31 726 1483	Total current liabilities	278 861	(185)	88-	51 836	60 422	43 64"	31 6-3	287	782	_	389	110	2 113
Long-term debt less current maturities	Other habilities	25 991	5 698	= =3o	6 235	4 400	380	229	1 244	_	-	_	-	75
Total habilities 1158 207 (22 286) 442 788 277 248 285 733 100 035 62 998 3 914 913 20 374 10 6460  Net assets (deficit)  Controlling interests in subsidiaries 5624 5 624	Notes payable and interest due (from) to attiliates	9 192	2	(28 589)	(16 960)	30 927	19 234	(630)	900	131	20	(15)	(100)	4 272
Net assets (deficit)  Controlling interests in subsidiaries  5 624 5 624	Long-term debt-less current maturities	844 163	(27 801)	315 860	236 137	189 984	364	31 ~26	1 483	_	-	_	-	_
Controlling interest   1301130   18 803   400 826   454 634   276 717   111 938   22 830   (119)   4 540   314   1 782   6 767   3 178   Noncontrolling interests in subsidiaries   5 624   5 624   -   -   -   -   -   -   -   -   -	Total liabilities	1 158 207	(22.286)	442 788	277 248	285 733	100 035	62 998	3 91 4	913	20	374	10	6 460
Noncontrolling interests in subsidiaries 5 624 5 624	Net assets (deficit)													
1 306 754 24 427 400 826 454 634 276 717 111 938 22 830 (1 199) 4 540 314 1 782 6 767 3 178	Controlling interest	1 301 130	18 803	400 826	454 634	276 717	111 938	22 830	(1 199)	4 540	314	1 782	6 -6-	3 178
	Noncontrolling interests in subsidiaries	5 624	5 624	_	_	_	_	_	_	_	_	_	_	_
Total habilities and net assets \$ 2.464.96 \$ 2.141 \$ 843.614 \$ 731.882 \$ 562.450 \$ 211.973 \$ 85.828 \$ 2.715 \$ 5.453 \$ 334 \$ 2.156 \$ 6.777 \$ 9.638	•	1 306 754	24 427	400 826	454 634	276717	111 938	22 830	(1 199)	4 540	314	1 782	6 -6-	3178
	Total liabilities and net assets	\$ 2,464,961	\$ 2,141 \$	843,614 \$	731,882 \$	562,450 \$	211,973	\$ 85,828	\$ 2,715	\$ 5,453	\$ 334	\$ 2,156	\$ 6,	\$ 9,638

## Consolidating Balance Sheet of Northern Region (In thousands)

June 30, 2010

	C	Northern Talifornia Region	Eliminations	•	een of the Valley	Santa Rosa Memorial	Pe	taluma V alley	St. Joseph Eureka		Redwood Memorial	Heritage Foundation Northern California	St Joseph Home Health North	Mer	lwood norial idation
Assets															
Current assets															
Cash and equivalents	\$	30 041	\$ -	\$	14 500	\$ 12.730	1 \$	639	\$ -	- \$	1 141	\$ 1 007	\$ -	\$	24
Short-term marketable securities		163 979	_		81 122	54 703	2	_	13 597	7	12 572	_	-		1 986
Patient accounts receivable less allowance															
for doubtful accounts		129 957	_		36 688	50 69	7	10 612	23 302	2	4 946	2 692	1 020		_
Inventories and other		24 708	_		8 761	5 27:	5	1.510	7 216	5	1 395	463	88		_
Total current assets		348 685	_		141 071	123 40-	1	12 761	44 115	;	20 054	4 162	1 108		2 010
Long-term marketable securities		55 396	_		39 595	55	3	_	401		14 842	_	_		_
Assets limited as to use															
Board designated		10 238	_		_	6 67:	2	2 761	805	5	_	_	_		_
Held in trust		_	_		_		_	_	-	_	_	_	_		_
Total assets limited as to use		10 238	_		_	6 67:	2	2 761	805	;	_	_	_		_
Property and equipment net		464 754	_		132 644	179 74	3	12 383	129 076	5	9 569	818	289		227
Investments and other		2 892	_		487	34-	1	_	2 061		_	_	_		_
Notes receivable		1 253	_		_	61.	3	640	-	-	_	_	-		_
Deferred financing costs net		5 798	_		869	2 266	5	1 959	675	5	29	_	-		_
Goodwill and other intangibles less accumulated		7 254	_		_		_	_	7.25	1	_	_	-		_
amortization		17 197	_		1 356	3 22.	3	2 599	9 990		29	_	-		-
Total assets	\$	896,270	\$ -	\$	314,666	\$ 313,600	5 \$	30,504	\$ 184,387	7 \$	44,494	\$ 4,980	\$ 1,397	\$	2,237
Liabilities and net assets (deficit)															
Current liabilities															
Accounts payable	\$	26 216	\$ 2	\$	10 409	\$ 8.80-	4 \$	1 305	\$ 4 643	\$ \$	612	\$ 410	\$ 31	\$	-
Accrued compensation and related liabilities		50 427	-		14 671	20.07:	5	5 188	7 81-	1	1 863	160	656		-
Accrued liabilities		6 736	-		1 739	2 62	7	488	1.579	)	243	(8)	68		-
Payable to third-party payors		22 395	-		4 008	8 076	5	1 741	5 401		3 002	93	74		_
Current maturities of long-term debt		3 084	-		743	1 44	3	856	-	-	37	_	-		_
Total current liabilities		108 858	2		31 570	41 030	)	9 578	19 437	7	5 757	655	829		-
Other liabilities		3 996	-		1 323	569		_	1 881		223	_	-		_
Notes payable and interest due (from) to affiliates		(8 762)	(2)		(3.746)	(12.58)	9)	4 210	(3 66-	<b>1</b> )	(717)	7 3 5 9	209		178
Long-term debt-less current maturities		243 637	_		55 230	124 179	,	1 488	60 722	2	2 018	_	-		_
Total liabilities		347 729	_		84 377	153 189	)	15 276	78 376	5	7 281	8 014	1 038		178
Net assets (deficit)															
Controlling interest		548 541	_		230 289	160 410	5	15 228	106 011		37 213	(3.034)	359		2 059
Noncontrolling interests in subsidiaries		_	_		_		_	_	_	-	_	_	_		_
		548 541	-		230 289	160 410	5	15 228	106 011		37 213	(3.034)	359		2 059
Total liabilities and net assets	\$	896,270	\$ -	\$	314,666	\$ 313,600	5 \$	30,504	\$ 184,387	7 \$	44,494	\$ 4,980	\$ 1,397	\$	2,237

## Consolidating Balance Sheet of Texas Region (In thousands)

June 30, 2010

	Texas Region	Eliminations	Covenant Lubbock	C ovenant Levelland	Covenant Plainview	C ovenant LTAC	Covenant Medical Group	Methodist Medical Group	Covenant Surgicenter	C ovenant Diagnostic Imaging	Hospice of Lubbock	C ovenant Health Partners	First Care = 0	Methodist Service Provider rganization	Covenant Foundation
Assets								•							
Current assets															
Cash and equivalents	\$ 72,845	\$ -	\$ 25 111	\$ 6.423	652	\$ 4150	\$ 7.586	\$ 129	\$ 2.349	\$ 2	\$ 2.667	\$ 2768 \$	4 230 \$	3 169	\$ 6334
Short-term marketable securities	47 606		27 087	_	15		-3	-	-	-	-	-	20 431	-	-
Patient accounts receivable less allowance															
for doubtful accounts	110 147	-	78 263	2 183	3 942	3 91 4	9 834	-	1 594	4-6	594	-	6 439	2 908	-
Inventories and other	26 593	-	19 412	407	988	220	2 422	_	578	1 ~1	51	_	1 802	_	542
Total current assets	257 191	-	149.873	9013	12 597	8 284	19 915	129	4 521	924	3 312	2 768	32 902	60^_	6876
Long-term marketable securities	122 415	_	83 314	-	-	-	_	_	-	_	-	_	33 748	_	5.353
Assets limited as to use															
Board designated	9 031	-	380	3"			-	-	-	-	-	-	-	-	8 614
Held in trust	6 893	-	5 1 5 5	-			-	-	-	-	-	-	-	-	1 ~38
Total assets limited as to use	15 924	-	5 535	37			-	-	-	-	-	-	-	-	10 352
Property and equipment, net	300 219	_	279 672	2 186	2 531	1 561	1 844	_	2 927	416	_	-	6 793	2 276	13
Investments and other	22 951	(40.245)	12 003	_	1 269	-	16 406	628	166	-	108	-	1 63	30 443	536
Notes receivable	34	_	_	34	_	_	_	_	_	_	_	_	_	-	_
Deferred financing costs net	2 1 21	_	2 1 21	_	_	_	-	_	_	_	_	_	-	-	_
Goodwill and other intangibles less															
accumulated amortization	84	-	84	_	-	-	-	_	_	_	_	-	-	_	_
	25 190	(40 245)	14 208	34	1 269	-	16 406	628	166	-	108	-	1 637	30 443	536
Total assets	\$ 720,939	\$ (40,245)	\$ 532,602	\$ 11,270 :	16.39	\$ 9,845	\$ 38,165	\$ 757	\$ 7,614	\$ 1,340	\$ 3,420	\$ 2,768 8	5 75,080 \$	38_796	\$ 23,130
Liabilities and net assets (deficit)															
Current liabilities															
Accounts pay able	\$ 22,278	\$ -			60	\$ 558		\$ 106				\$ 12 \$		-	\$ -
Accrued compensation and related liabilities	31 101	-	1912	453	860	606	8 528	-	243	156	139	-	989	-	-
Accrued liabilities	43 813	_	10 017	3~2	-	128	919	-	-	64	1	982	30 399		854
Payable to third-party payors	69	-	<del>-</del> 499	172	98	-	_	-	-	_	-	-	-	-	-
Current maturities of long-term debt	11 891	-	11 751	-			_	-	_	_	-	-	140	-	
Total current liabilities	116 852	-	67 849	1 324	1 -18	1 292	10 161	106	492	260	309	994	31 416		854
Other habilities	25 466	(972)	8 - 58	-	-	-	16 012	628	_	_	-	1 000	-	-	-
Notes payable and interest due (from) to affiliates	(21 859)	-	(88 868)	226	9 837	1	23 341	(2 904)	138	_	60	(1 899)	-	3" 434	599
Long-term debt less current maturities	188 057	_	184 533	-	-	-	_	_	-	_	_	-	3 524	-	
Total liabilities	308 516	(972)	172 312	1 550	11 555	1 469	49 514	(2170)	630	260	369	95	34 940	37 511	1 453
Net assets (deficit)															
Controlling interest	393 118	(58.578)	360 290	9 720	4 842	8.376	(11.349)	2 927	6 984	1 080	3 051	2.673	40 140	1 285	21 6
Noncontrolling interests in subsidiaries	19 305	19 305	-	-	-	-	=	=	_	=	-	=	=	_	
	41 2 423	(39 273)	360 290	9 720	4 842	8.376	(11.349)	2 927	6 984	1 080	3 051	2.673	40 140	1 285	21 6**
Total liabilities and net assets (deficit)	\$ 720,939	\$ (40,245)	\$ 532,602	\$ 11,270 :	16,397	\$ 9,845	\$ 38,165	\$ 757	\$ 7,614	\$ 1,340	\$ 3,420	\$ 2,768 8	- T5 <sub>1</sub> 080 \$	38_796	\$ 23,130

## Consolidating Statements of Operations (In thousands)

	Cons	solidated	Eliminations	To	otal Regional Entities	American Unity Group	Professional Services Enterprises	Heritage Investment Group I	Revenue Cycle Services	St. Joseph e Health System Foundation	Obligated Group		-Obligated Group
Revenues								-					
Patient service net of contractual allowances and discounts	\$ .	3 499 609	\$ -	\$	3 499 609	\$ -	\$ -	\$	- \$ -	- \$ -	\$ 3 276 635		222 974
Less Provision for doubtful accounts		246 051	-		246 051	-	_				229 715		16 336
Net patient service net of provision for doubtful accounts		3 253 558	-		3 253 558	-	-		-		3 046 920	)	206 638
Premium		675 538	-		675 538	-	-		-		128 073		547 465
Other		93 441	(15 670		89 212	18 025	1 419		- 45:		61 097		32 344
Total revenues net		4 022 537	(15 670	)	4 018 308	18 025	1 419		- 45:	-	3 236 090	)	786 447
Expenses													
Compensation and benefits		1 793 309	-		1 792 975	-	-		- 33-		1 559 308		234 001
Supplies and other		805 345	(14 211		810 756	8 240	504		1 5:		713 59-		91 751
Professional fees and purchased services		972 347	(246		971 015	145	1	1			493 177		479 170
Depreciation and amortization		192 252	1 400		189 326	-	1 519		-	7 –	179 517		12 735
Interest		92 231	(2.722	_	94 890	_	63		-	_	94 500		(2 269)
Total expenses		3 855 484	(15 779	1)	3 858 962	8 385	2 087	1.	3 1.810	-	3 040 096	5	815 388
Operating income closs		167 053	109	1	159 346	9 640	(668	) (1	3) (1.36		195 99-	ļ	(28 941)
Nonoperating gains net		104 352	(24 069	)	111 030	_	53	2	2 .	3 17 313	97 186	5	7 166
Excess (deficiency) of revenues over expenses		271 405	(23 960	)	270 376	9 640	(615	)	9 (1.35)	3) 17.313	293 180	)	(21 775)
Less Excess of revenues over expenses attributable to noncontrolling interests		4 637	5		4 632	-	_				-	-	4 637
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$	266,768	\$ (23,965	) \$	265,744	\$ 9,640	\$ (615	) \$	9 \$ (1,35)	8) \$ 17.313	\$ 293,180	1 \$	(26 412)

## Consolidating Statements of Operations of Regional Entities (In thousands)

For the Year Ended June 30, 2010

	То	tal Regional Entities	Elimin	ations	Southern ornia Region	_	Northern ornia Region	Texas Region	Syste	em Office
Revenues									•	
Patient service, net of contractual allowances and discounts	\$	3,499,609	\$	_	\$ 1,835,062	\$	927,597	\$ 736,950	\$	_
Less Provision for doubtful accounts		246.051		_	107,319		55.691	83.041		_
Net patient service, net of provision for doubtful accounts		3,253,558		_	1,727,743		871,906	653,909		_
Premium		675,538		_	351,308		6,528	317,702		_
Other		89,212		(61,516)	40,073		7,149	39,402		64,104
Total revenues net		4.018.308		(61,516)	2,119,124		885,583	1,011,013		64,104
Expenses										
Compensation and benefits		1,792,975		_	911.802		462,986	379,015		39,172
Supplies and other		810,756		(67)	428,117		182,694	187,990		12.022
Professional fees and purchased services		971,015		(61.449)	507,933		148,758	362,760		13.013
Depreciation and amortization		189,326			90,929		45.612	50,750		2,035
Interest		94,890		_	48,908		11.718	12,538		21.726
Total expenses		3.858,962		(61,516)	1.987.689		851,768	993.053		87.968
Operating income (loss)		159.346		-	131.435		33.815	17.960		(23.864)
Nonoperating gains, net		111,030		1.135	61.616		17.745	18,053		12.481
Excess (deficiency) of revenues over expenses		270,376		1.135	193,051		51,560	36,013		(11.383)
Less Excess of revenues over expenses attributable to noncontrolling interests		4,632		_	1,890		_	2,742		
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$	265,744	\$	1,135	\$ 191,161	\$	51,560	\$ 33,271	\$	(11,383)

## Consolidating Statements of Operations of Southern California Region (In thousands)

							Heritage					Mission	
	Southern			St Jude		St Mary	Foundation		Mission	Mission Viejo	Camino	Education	St Joseph
	California		St Joseph	Medical	Mission	Medical	Southern	St. Joseph	Ambulatory	Medical	Health	Conference	Home Health
	Region	Eliminations	Orange	Center	Hospital	Center	California	Imaging	Services	Ventures	Center	Center	South
Revenues					-								
Patient service net of contractual allowances													
and discounts	\$ 1.835.062	\$ -	\$ 564 348	\$ 411 977	\$ 457.811	\$ 246 387	\$ 102 737	\$ -	\$ 11.825	\$ -	\$ 913	\$ -	\$ 39 064
Less Provision for doubtful accounts	107 319	_	32 228	23 188	29 344	19 <b>7</b> 96	2 009	_	567	_	95	_	92
Net patient service net of provision for doubtful accounts	1 727 743	_	532 120	388 789	428 467	226 591	100 728	-	11 258	-	818	_	38 972
Premium	351 308	_	48 330	55 897	_	17 348	229 583	_	_	_	150	_	_
()ther	40 073	(2.012)	12 043	5 146	11 676	1 766	5 634	1 788	5	_	2 216	1 565	246
Total revenues net	2 119 124	(2.012)	592 493	449 832	440 143	245 705	335 945	1 788	11 263	-	3 184	1 565	39 218
Expenses													
Compensation and benefits	911 802	-	282 097	209 159	200 690	119 751	69 042	964	3 132	_	3 405	_	23 562
Supplies and other	428 117	(2.120)	144 184	86 250	95 423	52 846	37 915	1 430	3 372	1	838	326	7 652
Professional fees and purchased services	507 933	(420)	90 240	70 319	66 906	41 386	232 886	174	1 195	48	605	62	4 532
Depreciation and amortization	90 929	163	30 011	25 456	21 161	7 972	4 943	454	335	-	118	183	133
Interest	48 908	(910)	19 513	14 567	12 096	2 613	924	69	_	-	_	_	36
Total expenses	1 987 689	(3.287)	566 045	405 751	396 276	224 568	345 710	3 091	8 034	49	4 966	571	35 915
Operating income (loss	131 435	1 275	26 448	44 081	43 867	21 137	(9 765)	(1.303)	3 229	(49)	(1.782)	994	3 303
Nonoperating gains net	61 616	(5 907)	15 480	31 205	13 772	4 241	1 041	-	27	35	1 678	3	41
Excess (deficiency) of revenues over expenses	193 051	(4 632)	41 928	75 286	57 639	25 378	(8 724)	(1.303)	3 256	(14)	(104)	997	3 344
Less Excess of revenues over expenses attributable to noncontrolling interests	1 890	1 890	_	_	_	_	-	-	_	_		-	
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$ 191,161	\$ (6,522)	\$ 41,928	\$ 75,286	<b>\$</b> 57,639	\$ 25,378	\$ (8,724)	\$ (1,303)	\$ 3,256	\$ (14)	\$ (104)	\$ 997	\$ 3,344

## Consolidating Statements of Operations of Northern California Region (In thousands)

	Cal	rthern Ifornia egion	Eliminations	•	en of the alley	Santa Rosa Memorial	Petaluma V	alley	St. Joseph Eureka	Redwood Memorial	Heritage Foundation Northern California	St Joseph Home Health North	Redwood Memorial Foundation
Revenues													
Patient service net of contractual													
allowances and discounts	\$	927 597	\$ (359)	) \$	255 614			602 5					\$ -
Less Provision for doubtful accounts		55 691	_		8 644	25 733		935	10 115	4 453	536	275	
Net patient service net of provision for doubtful accounts		871 906	(359	)	246 970	324 780	78	667	167 244	35 488	7 256	11 860	_
Premium		6 528	=		6 499	-		-	=	=	29	-	=
Other		7 149	(256	)	2 229	3 421		946	633	176	_	_	
Total revenues net		885 583	(615	)	255 698	328 201	<b>7</b> 9	613	167 877	35 664	7 285	11 860	
Expenses													
Compensation and benefits		462 986	-		137 263	173 547	47	535	73 889	18 616	2 341	9 795	_
Supplies and other		182 694	_		45 168	73 768	12	264	42 448	6 167	1 672	1 207	_
Professional fees and purchased services		148 758	(615	)	33 903	54 280	14	399	32 473	6 588	7 137	593	-
Depreciation and amortization		45 612	-		13 723	18 937	3	230	7 981	1 507	114	120	_
Interest		11 718	_		3 341	7 8 1 4		110	284	151	-	18	
Total expenses		851 768	(615	)	233 398	328 346	77	538	157 075	33 029	11 264	11 733	_
Operating income (loss		33 815	_		22 300	(145)	2	075	10 802	2 635	(3 979)	127	_
Nonoperating gains net		17 745	-		9 539	3 914		82	1 224	2 502	3	240	241
Excess (deficiency) of revenues over expenses		51 560			31 839	3 769	2	157	12 026	5 137	(3 976)	367	241
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$	51,560	\$ -	\$	31,839	\$ 3,769	\$ 2	157 5	\$ 12,026 \$	5 5,137	\$ (3.976)	\$ 367	\$ 241

## Consolidating Statements of Operations of Texas Region (In thousands)

	Texas Region	Eliminations	Covenant Lubbock	Covenant Levelland	C ovenant Plainview	Covenant LT4C	C ovenant Medical Group	Methodist Medical Group	Covenant Surgicenter	Covenant Diagnostic Imaging	Hospice of Lubbock	C ovenant Health Partners	First Care	Methodist Service Provider Organization	Covenant Foundation
Revenues															
Patient service net of contractual															
allowances and discounts	\$ 736,950	\$ (60 661)					\$ -3	\$ -	4 .2			\$ -	\$ -	\$ -	\$ -
Less Provision for doubtful accounts	83 041	_	62 877	2 919	4 208	326	12 051	_	183	449	28	_	_	_	_
Net patient service the net of provision for doubtful accounts	653 909	(60 661)	558 079	181	29 452	22 511	61 726	-	11 992	6 1 4 6	5 893	-	-	-	_
Premium	317 702	(1.587)	_	_	_	_	_	-	_	-	-	-	319 289	_	-
Other	39 402	(25.312)	19 621	429	423	3	28 314	-	_	32	134	2 926	12 832	_	-
Total revenues net	1 011 013	(87 560)	577 700	19 200	29 875	22 514	90 040	-	11 992	6178	6 027	2 926	332 121	-	-
Expenses															
Compensation and benefits	379 015	(1.587)	223 139	10 500	14 154	9 783	91.376	-	3179	2 247	2 305	401	23 518	_	_
Supplies and other	187 990	(4 089)	146 943	4 694	7 453	6 446	13 603	-	3 732	1 134	1 438	43	9 44~	(2.854)	-
Professional fees and purchased services	362 760	(86 814)	122 462	3 1 5 1	6112	4 545	<b>-</b> 400	-	1 445	557	1 415	1 981	300 506	_	_
Depreciation and amortization	50 750	-	46 166	523	694	280	692	-	524	189	-	-	1.60	75	_
Interest	12 538	_	12 253	13	_	-	-	-	-		-	-	272	-	-
Total expenses	993 053	(92 490)	550 963	18 881	28 413	21 054	113 071	-	8 880	4127	5 1 58	2 425	335 350	(2 779)	=
Operating income (loss)	17 960	4 930	26 737	319	1 462	1 460	(23 031)	-	3 112	2 05]	869	501	(3 229)	29	_
Nonoperating gains net	18 053	(910~)	19 258	96	26	28	60	-	827	2	20	6-	2.670	3 993	113
Excess (deficiency) of revenues over expenses	36 013	(4177)	45 995	415	1 488	1 488	(22 971)	-	3 939	2 053	889	568	(559)	6 2	113
Less Excess of revenues over expenses attributable to noncontrolling interests	2 742	2 742	=	_	-	=	_	=	_	=	=	=		-	
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$ 33,271	\$ (6,919)	\$ 45 <u>.</u> 995	\$ 415	\$ 1,488	\$ 1 <sub>.</sub> 488	\$ (22,9*1)	\$ -	\$ 3,939	\$ 2,053	\$ 889	\$ 568	<b>\$</b> (559)	\$ 6 <sub>,</sub> 2	\$ 113

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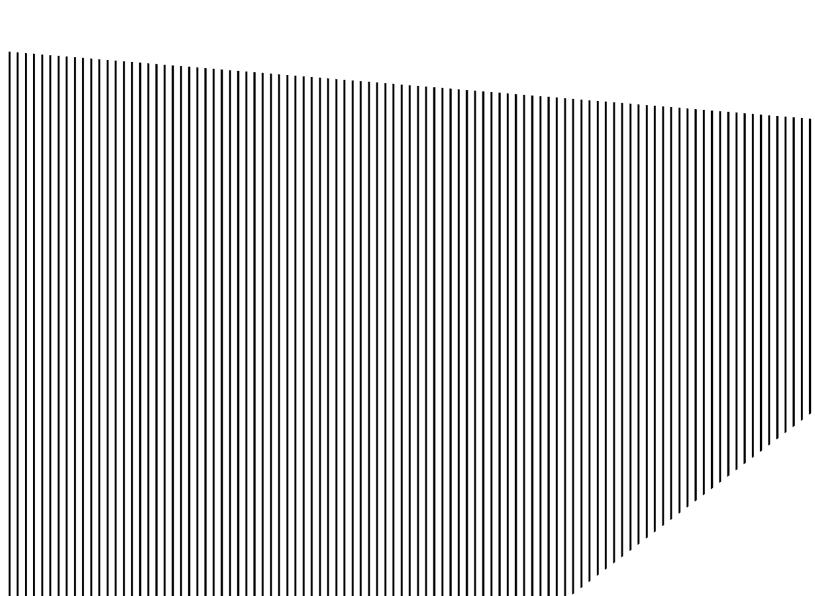
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Software ID: Software Version:

**EIN:** 95-1643325

Name: ST JUDE HOSPITAL INC

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

Compensated Employees, and Ir	depende	nt Co	ntra	cto	rs					
<b>(A)</b> Name and Title	(B) Average hours per		tion (		′)			( <b>D)</b> Reportable compensation from the	<b>(E)</b> Reportable compensation from related	<b>(F)</b> Estimated amount of other compensation
	week	Individual trustee <i>o</i> r 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
LEE PENROSE CEO/PRESIDENT	50 0	Х		х				0	715,886	38,662
WILLIAM E JENNINGS JR CHAIRMAN	2 0	Х						0	0	0
SR PATRICIA HALEY VICE CHAIRMAN	2 0	Х						0	0	0
DENNIS BUCHANAN MD SECRETARY/TREASURER	2 0	Х		х				1,334	0	0
JAMES BENOIT MD TRUSTEE	2 0	Х						0	0	0
TIMOTHY GRECO MD CHIEF OF STAFF/TRUSTEE	2 0	Х						0	0	0
WILLIAM FOLEY MD TRUSTEE - PART YEAR	2 0	Х						54,169	0	0
JUAN GARCIA TRUSTEE	2 0	Х						0	0	0
FATHER TIM FREYER TRUSTEE	2 0	Х						9,624	0	0
ANIL PURI PHD TRUSTEE	2 0	Х						0	0	0
SR MARIE JEANNE GAILLAC TRUSTEE	2 0	Х						0	0	0
SR MARYANNE HUEPPER TRUSTEE	2 0	Х						0	0	0
SR ELLEN JORDAN TRUSTEE	2 0	Х						0	0	0
KEVIN MURPHY PHD TRUSTEE	2 0	Х						0	334,430	40,282
ALLISON FOLEY MD TRUSTEE	2 0	Х						0	0	0
JAMES WINDER TRUSTEE - PART YEAR	2 0	Х						0	0	0
SR LOUISE ANN MICEK TRUSTEE	2 0	Х						0	0	0
EDUARDO SALVADOR CHIEF FINANCIAL OFFICER	50 0			X				360,012	0	36,002
SR CLAUDETTE DES FORGES SR VP MISSION INTEGRATION	50 0			Х				0	0	0
BRIAN HELLELAND CHIEF OPERATION OFFICER	50 0				Х			529,809	0	38,567
MARK JABLONSKI SR VP HUMAN RESOURCES	50 0				Х			420,397	0	44,306
MICHAEL MARINO VP MEDICAL AFFAIRS	50 0				Х			385,904	0	14,741
KAREN CANNIZZARO VP OPERATIONS	50 0				Х			283,484	0	41,611
CLAIRE HANKS VP NURSING SVCS (THRU 3/19/10)	0 0				Х			240,294	0	5,073
KEVIN MANEMANN VP OPERATIONS	50 0					Х		323,082	0	40,846

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

(A) Name and Title	(B) Average hours		(ition that a	•		II		<b>(D)</b> Reportable compensation	<b>(E)</b> Reportable compensation	<b>(F)</b> Estimated amount of other	
	per week	Individual trustee or director	Institutional Trustee	Officei	Key employee	Former Highest compensated employee		from the organization (W- 2/1099-MISC)	from related organizations (W- 2/1099- MISC)	compensation from the organization and related organizations	
SUSAN SMITH VP PHILANTHROPY	50 0					х		309,322	0	38,666	
BARRY ROSS VP HEALTHY COMMUNITIES	50 0					х		277,736	0	58,215	
DRU ANN COPPING VP MARKETING PUBLIC AFFAIRS	500					х		265,708	0	14,821	
DON MILLER DIRECTOR PHARMACY	50 0					х		224,885	0	42,273	
DOREEN L DANN FORMER COO/FORMER KEY EMPLOYEE	0 0						x	325,249	0	0	