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Form 990  Department of the Treasury Internal Revenue Service	Return of Organization Exempt From Income Tax Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation) ▶ The organization may have to use a copy of this return to satisfy state reporting requirements	OMB No 1545-0047
		2010
		Open to Public Inspection

A For the 2010 calendar year, or tax year beginning 07-01-2010 and ending 06-30-2011		
B Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization MISSION HOSPITAL REGIONAL MEDICAL CENTER	D Employer identification number 95-1643360
	Doing Business As	E Telephone number (949) 364-4299
	Number and street (or P O box if mail is not delivered to street address) 27700 MEDICAL CENTER ROAD	Room/suite
	G Gross receipts \$ 501,771,580	
	City or town, state or country, and ZIP + 4 MISSION VIEJO, CA 92691	
	F Name and address of principal officer KENNETH MCFARLAND SAME AS C ABOVE MISSION VIEJO,CA 92691	H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number ▶ 0928
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (Insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
J Website: ▶ WWW.MISSION4HEALTH.COM		
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶	L Year of formation 1941	M State of legal domicile CA

Part I	Summary
Activities & Governance	1 Briefly describe the organization’s mission or most significant activities WE ARE COMMITTED TO EXTENDING THE TRADITION OF THE SISTERS OF ST JOSEPH OF ORANGE BY CONTINUALLY IMPROVING THE HEALTH AND QUALITY OF LIFE IN THE COMMUNITIES WE SERVE
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets
	3 Number of voting members of the governing body (Part VI, line 1a)
	4 Number of independent voting members of the governing body (Part VI, line 1b)
	5 Total number of individuals employed in calendar year 2010 (Part V, line 2a)
Revenue	6 Total number of volunteers (estimate if necessary)
	7a Total unrelated business revenue from Part VIII, column (C), line 12 . . .
	b Net unrelated business taxable income from Form 990-T, line 34 . . .
Expenses	8 Contributions and grants (Part VIII, line 1h)
	9 Program service revenue (Part VIII, line 2g)
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7 d)
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)
	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3) . . .
	14 Benefits paid to or for members (Part IX, column (A), line 4)
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)
Net Assets or Fund Balances	16a Professional fundraising fees (Part IX, column (A), line 11e)
	b Total fundraising expenses (Part IX, column (D), line 25) ▶4,506,157
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)
	19 Revenue less expenses Subtract line 18 from line 12

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

Sign Here	Signature of officer		2012-05-09			
	Date					
Paid Preparer Use Only	Print/Type preparer's name		Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	PTIN
	Firm's name ▶ ERNST & YOUNG US LLP					Firm's EIN ▶
	Firm's address ▶ 18111 VON KARMAN AVENUE SUITE 1000 IRVINE, CA 92612					Phone no ▶ (949) 794-2300

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

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

SEE SCHEDULE O

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

If "Yes," describe these changes on Schedule O

























4a	(Code) (Expenses \$ 358,988,251 including grants of \$ 5,104,532) (Revenue \$ 482,113,797)
	SEE SCHEDULE O

[illegible][illegible]

4e	Total program service expenses	\$ 358,988,251
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Part IV

Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A.</i> 	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? <i>If "Yes," complete Schedule C, Part I.</i> 	3	No
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II.</i> 	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? <i>If "Yes," complete Schedule C, Part III.</i>	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? <i>If "Yes," complete Schedule D, Part I.</i> 	6	No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? <i>If "Yes," complete Schedule D, Part II.</i> 	7	No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i> 	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? <i>If "Yes," complete Schedule D, Part IV.</i> 	9	No
10	Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i> 	10	Yes
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI.</i> 	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? <i>If "Yes," complete Schedule D, Part VII.</i> 	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? <i>If "Yes," complete Schedule D, Part VIII.</i> 	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? <i>If "Yes," complete Schedule D, Part IX.</i> 	11d	No
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i> 	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)? <i>If "Yes," complete Schedule D, Part X.</i> 	11f	Yes
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i> 	12a	No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i> 	12b	Yes
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>	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? <i>If "Yes," complete Schedule F, Parts I and IV.</i> 	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 ? <i>If "Yes," complete Schedule F, Parts II and IV.</i> 	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 ? <i>If "Yes," complete Schedule F, Parts III and IV.</i> 	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? <i>If "Yes," complete Schedule G, Part I (see instructions).</i> 	17	No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II.</i> 	18	Yes
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i> 	19	Yes
20a	Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i> 	20a	Yes
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b	Yes

Part IV

Checklist of Required Schedules (continued)

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

Part V Statements Regarding Other IRS Filings and Tax Compliance			
Check if Schedule O contains a response to any question in this Part V <input checked="" type="checkbox"/>			
		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	1a	290
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	3
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return.	2a	2,818
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	2b	Yes
Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	Yes
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a	No
b	If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c	
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
7 Organizations that may receive deductible contributions under section 170(c).			
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	Yes
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	Yes
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c	No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	No
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8	
9 Sponsoring organizations maintaining donor advised funds.			
a	Did the organization make any taxable distributions under section 4966?	9a	
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b	
10 Section 501(c)(7) organizations. Enter			
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b	
11 Section 501(c)(12) organizations. Enter			
a	Gross income from members or shareholders.	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b	
13 Section 501(c)(29) qualified nonprofit health insurance issuers.			
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b	
c	Enter the amount of reserves on hand.	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b	

Part VI

Governance, Management, and Disclosure

For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.
Check if Schedule O contains a response to any question in this Part VI

Section A. Governing Body and Management			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	15		
b	Enter the number of voting members included in line 1a, above, who are independent	11		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5		No
6	Does the organization have members or stockholders?	6	Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a	Yes	
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	8a	Yes	
b	Each committee with authority to act on behalf of the governing body?	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		No

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)			Yes	No
10a	Does the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?	10b		
11a	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990			
12a	Does the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes	
b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	12c	Yes	
13	Does the organization have a written whistleblower policy?	13	Yes	
14	Does the organization have a written document retention and destruction policy?	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a	Yes	
b	Other officers or key employees of the organization	15b	Yes	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (See instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	Yes	
b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?	16b	Yes	

Section C. Disclosure	
17	List the States with which a copy of this Form 990 is required to be filedCA
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request
19	Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization. AARON NEUHARTH 27700 MEDICAL CTR ROAD MISSION VIEJO, CA 92691 (949) 364-7767

Part VII

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) WILLIAM ELDIEN BOARD CHAIR	5 0	X						0	0	0
(2) OSCAR FLORES BOARD VICE CHAIR	4 0	X						0	0	0
(3) SISTER MARYANNE HUEPPER BOARD MEMBER	2 0	X						0	0	0
(4) SISTER CECILIA MAGLADRY BOARD MEMBER	2 0	X						0	0	0
(5) WILLIAM MURIN BOARD MEMBER	2 0	X						0	858,377	16,833
(6) SISTER CHRISTINE RAY BOARD MEMBER	2 0	X						0	0	0
(7) SISTER EILEEN MCNERNEY BOARD MEMBER	2 0	X						0	0	0
(8) PAT KELLY BOARD MEMBER	2 0	X						0	0	0
(9) ELLEN LEWIS MSN FAAN BOARD MEMBER	2 0	X						0	0	0
(10) FARZAD MASSOUDI MD BOARD MEMBER	2 0	X						0	0	0
(11) MICHELE STAUNTON MD BOARD MEMBER	2 0	X						0	0	0
(12) R CLIFFORD CARPER BOARD MEMBER	2 0	X						0	0	0
(13) ROBERT WINOKUR MD BOARD MEMBER	2 0	X						0	0	0
(14) KENNETH MCFARLAND BOARD MEMBER, CEO (INTERIM)	50 0	X		X				580,082	0	45,018
(15) BETH SCHIMMEL BOARD MEMBER	2 0	X						0	0	0
(16) PETER BASTONE BOARD MEMBER, CEO (OUTGOING)	50 0	X		X				0	846,397	55,724

Part VII

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(17) MARGARITA COWLEY EVP, COO, SECRETARY	50 0			X				707,864	0	43,863
(18) EILEEN HAUBL INTERIM CHIEF FIN OFFICER	50 0			X				307,216	0	30,766
(19) CYNTHIA MUELLER VP MISSION INTEGRATION	50 0			X				255,851	0	43,881
(20) DENNIS HAGHIGHAT VP MEDICAL AFFAIRS	50 0				X			395,806	0	18,699
(21) LINDA JOHNSON VP PATIENT CARE SERVICES	50 0				X			391,030	0	40,832
(22) SHIRLEY BARNES SR VP HUMAN RESOURCES	50 0					X		400,968	0	29,759
(23) WINIFRED JOHNSON CHIEF DEVELOPMENT OFFICER	50 0					X		326,084	0	44,005
(24) LISA WEAVER VP BUSINESS DEVELOPMENT	50 0					X		325,797	0	43,675
(25) PAULA SERIOS VP MARKETING/COMMUNICATIONS	50 0					X		311,576	0	26,464
(26) MICHAEL BECK VP OPERATIONS - LAGUNA BEACH	50 0					X		283,353	0	58,161
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								4,285,627	1,704,774	497,680

2

Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization▶296

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

Section B. Independent Contractors

1

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

(A) Name and business address	(B) Description of services	(C) Compensation
PAIN RECOVERY MEDICAL GROUP INC 21221 SPURNEY LANE HUNTINGTON BEACH, CA 926467243	DEPENDENCY MGMT	4,370,569
MARLA FENNELL INC 2542 CALLE JADE SAN CLEMENTE, CA 92673	TRANSCRIPTION SVC	1,954,997
CLINICAL STAFFING 24375 MIRA VERDE BLDG D SUITE 104 LAGUNA NIGUEL, CA 92677	REGISTRY SERVICE	1,654,115
TRIAGE CONSULTING GROUP 221 MAIN STREET SUITE 1100 SAN FRANCISCO, CA 94105	COLLECTION SERVICE	1,223,149
MISSION TRAUMA SURGICAL MEDICAL GRO 26732 CROWN VALLEY PKWY SUITE 351 MISSION VIEJO, CA 92691	MEDICAL SERVICES	914,900

2

Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization ▶49

Part VIII

Statement of Revenue

			(A)	(B)	(C)	(D)	
			Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns 1a	61,875				
	b	Membership dues 1b					
	c	Fundraising events 1c	1,826,948				
	d	Related organizations 1d	2,052,456				
	e	Government grants (contributions) 1e	190,939				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	5,309,332				
	g	Noncash contributions included in lines 1a-1f \$	520,235				
	h	Total. Add lines 1a-1f ▶	9,441,550				
	Program Service Revenue	2a	Business Code				
		NET PATIENT REV	621110	454,259,633	454,259,633		
b		MOB RENTAL	531120	15,562,363	15,562,363		
c		CHILDREN HOSPITAL AT MISSION	622110	8,026,143	8,026,143		
d		NUTRITIONAL SERVICES	722310	2,136,150	2,136,150		
e		PATHOLOGY REVENUE	621511	918,127	23,992	894,135	
f		All other program service revenue		1,211,381	1,056,852	154,529	
g		Total. Add lines 2a-2f ▶	482,113,797				
Other Revenue	3	Investment income (including dividends, interest and other similar amounts) ▶		8,144,192		8,144,192	
	4	Income from investment of tax-exempt bond proceeds . . ▶		0			
	5	Royalties ▶		0			
	6a	Gross Rents	(i) Real	(ii) Personal			
		b	Less rental expenses				
		c	Rental income or (loss)				
		d	Net rental income or (loss) ▶				
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
		b	Less cost or other basis and sales expenses				
		c	Gain or (loss)				
		d	Net gain or (loss) ▶				
	8a	Gross income from fundraising events (not including \$ 1,826,948 of contributions reported on line 1c) See Part IV, line 18 a					
		b	Less direct expenses b				
		c	Net income or (loss) from fundraising events . . ▶				
	9a	Gross income from gaming activities See Part IV, line 19 . a					
		b	Less direct expenses b				
		c	Net income or (loss) from gaming activities . . ▶				
	10a	Gross sales of inventory, less returns and allowances a					
		b	Less cost of goods sold b				
		c	Net income or (loss) from sales of inventory . . ▶				
Miscellaneous Revenue		Business Code					
11a							
	b						
	c						
	d	All other revenue					
e	Total. Add lines 11a-11d ▶		0				
12	Total revenue. See Instructions ▶		500,150,792	481,065,133	1,048,664	8,595,445	

Part IX

Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the U S See Part IV, line 21	5,095,030	5,095,030		
2	Grants and other assistance to individuals in the U S See Part IV, line 22	9,502	9,502		
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	2,295,873	1,446,062	849,811	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)	89,075	89,075	0	0
7	Other salaries and wages	143,144,627	112,195,336	28,853,361	2,095,930
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	8,615,753	6,714,250	1,780,406	121,097
9	Other employee benefits	45,326,224	36,921,854	7,984,412	419,958
10	Payroll taxes	11,888,992	9,443,159	2,300,495	145,338
a	Fees for services (non-employees)				
	Management	13,100,891	10,349,704	2,751,187	0
b	Legal	1,090,378	146,687	933,366	10,325
c	Accounting	263,339	0	255,694	7,645
d	Lobbying	0	0	0	0
e	Professional fundraising services See Part IV, line 17	0			0
f	Investment management fees	0	0	0	0
g	Other	54,036,072	30,842,738	22,780,420	412,914
12	Advertising and promotion	2,331,469	1,498	2,283,261	46,710
13	Office expenses	79,075,919	68,397,498	10,611,105	67,316
14	Information technology	3,416,825	3,416,825	0	0
15	Royalties	0	0	0	0
16	Occupancy	31,713,609	26,043,714	5,276,012	393,883
17	Travel	265,950	140,407	95,146	30,397
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0	0	0	0
19	Conferences, conventions, and meetings	357,562	307,179	33,892	16,491
20	Interest	12,348,088	12,180,927	167,161	0
21	Payments to affiliates	0	0	0	0
22	Depreciation, depletion, and amortization	21,094,692	11,166,731	9,924,924	3,037
23	Insurance	3,361,436	2,699,800	661,636	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)				
a	HOSPITAL FEE PROGRAM	20,627,768	20,627,768	0	0
b	LICENSES/TAXES/DUES	772,808	406,186	362,487	4,135
c	DONOR RECOGNITION	334,125	0	0	334,125
d	ALL OTHER EXPENSES	2,662,076	346,321	1,918,899	396,856
e					
f	All other expenses				
25	Total functional expenses. Add lines 1 through 24f	463,318,083	358,988,251	99,823,675	4,506,157
26	Joint costs. Check here <input checked="" type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			11,107,671	1	6,423,372
	2	Savings and temporary cash investments			55,263,800	2	93,093,095
	3	Pledges and grants receivable, net			3,847,472	3	3,131,568
	4	Accounts receivable, net			64,144,285	4	63,396,356
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees <i>Complete Part II of Schedule L</i>				5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) <i>Schedule L</i>				6	
	7	Notes and loans receivable, net				7	
	8	Inventories for sale or use			4,228,122	8	5,043,978
	9	Prepaid expenses and deferred charges			2,017,607	9	2,484,057
	10a	Land, buildings, and equipment <i>cost or other basis Complete Part VI of Schedule D</i>	10a	457,139,811			
	b	Less accumulated depreciation	10b	135,877,059	326,852,841	10c	321,262,752
	11	Investments—publicly traded securities			48,110,038	11	56,127,284
	12	Investments—other securities <i>See Part IV, line 11</i>			23,966,257	12	23,373,344
	13	Investments—program-related <i>See Part IV, line 11</i>				13	
	14	Intangible assets			13,717,072	14	13,717,072
	15	Other assets <i>See Part IV, line 11</i>			9,195,317	15	8,686,816
	16	Total assets. Add lines 1 through 15 (must equal line 34)			562,450,482	16	596,739,694
Liabilities	17	Accounts payable and accrued expenses			54,065,430	17	50,160,446
	18	Grants payable				18	
	19	Deferred revenue				19	
	20	Tax-exempt bond liabilities				20	
	21	Escrow or custodial account liability <i>Complete Part IV of Schedule D</i>				21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons <i>Complete Part II of Schedule L</i>				22	
	23	Secured mortgages and notes payable to unrelated third parties				23	
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities <i>Complete Part X of Schedule D</i>			231,667,699	25	228,259,359
	26	Total liabilities. Add lines 17 through 25			285,733,129	26	278,419,805
Net Assets or Fund Balances		Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets			231,062,011	27	268,304,392
	28	Temporarily restricted net assets			45,655,342	28	50,015,497
	29	Permanently restricted net assets				29	
		Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds				30	
	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other funds				32	
	33	Total net assets or fund balances			276,717,353	33	318,319,889
	34	Total liabilities and net assets/fund balances			562,450,482	34	596,739,694

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	500,150,792
2	Total expenses (must equal Part IX, column (A), line 25)	2	463,318,083
3	Revenue less expenses Subtract line 2 from line 1	3	36,832,709
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	276,717,353
5	Other changes in net assets or fund balances (explain in Schedule O)	5	4,769,827
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	318,319,889

Part XII Financial Statements and Reporting

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

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

SCHEDULE A

(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2010

Open to Public
Inspection

Name of the organization MISSION HOSPITAL REGIONAL MEDICAL CENTER	Employer identification number 95-1643360
--	--

Part I

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

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

- 1

☐

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

☐

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

☒

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

☐

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

☐

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

☐

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

☐

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

☐

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

☐

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

☐

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

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other
- e

☐

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

☐

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

☐

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

(i)

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

(ii)

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

(iii)

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

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

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

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

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

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

Part IIIPart III

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

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

Section B. Total Support						
Calendar year (or fiscal year beginning in)	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 Total support (Add lines 9, 10c, 11 and 12)						
14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section501(c)(3) organization, check this box and stop here						

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

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

Part IV

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

Facts And Circumstances Test

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury

Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ **Complete if the organization is described below.**

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

OMB No 1545-0047

2010

Open to Public Inspection

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

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

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

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

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

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

Name of the organization MISSION HOSPITAL REGIONAL MEDICAL CENTER	Employer identification number 95-1643360
--	--

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

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

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

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

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

1	Enter the amount directly expended by the filing organization for section 527 exempt function activities	▶ \$ _____
2	Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities	▶ \$ _____
3	Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b	▶ \$ _____
4	Did the filing organization file Form 1120-POL for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization’s funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

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

Part II-A

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

A

Check

☐

if the filing organization belongs to an affiliated group

B

Check

☐

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

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

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

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

Part II-B

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

		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
	a Volunteers?		No	
	b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
	c Media advertisements?		No	
	d Mailings to members, legislators, or the public?		No	
	e Publications, or published or broadcast statements?		No	
	f Grants to other organizations for lobbying purposes?		No	
	g Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
	h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
	i Other activities? If "Yes," describe in Part IV	Yes		
	j Total lines 1c through 1i			
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	66,368
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Identifier	Return Reference	Explanation
PART II-B, Line 1i	OTHER ACTIVITIES	THE AMOUNT ON LINE 1I IS THE 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 SOME 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.

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2010

Open to Public
Inspection

Name of the organization
MISSION HOSPITAL REGIONAL MEDICAL CENTER

Employer identification number
95-1643360

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

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <div>YesNo</div>	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? <div>YesNo</div>	

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

1

Purpose(s) of conservation easements held by the organization (check all that apply)

☐ Preservation of land for public use (e g , recreation or pleasure)

☐ Preservation of an historically importantly land area

☐ Protection of natural habitat

☐ Preservation of a certified historic structure

☐ Preservation of open space

2

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

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

3

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

4

Number of states where property subject to conservation easement is located ►

5

Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

YesNo

6

Staff and volunteer hours devoted to monitoring, inspecting and enforcing conservation easements during the year ►

7

Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ► \$

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)?

YesNo

9

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

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

1a

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

b

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

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

► \$

(ii) Assets included in Form 990, Part X

► \$

2

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

a

Revenues included in Form 990, Part VIII, line 1

► \$

b

Assets included in Form 990, Part X

► \$

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

Cat No 52283D

Schedule D (Form 990) 2010

Part III

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

3

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

a

☐

Public exhibition

b

☐

Scholarly research

c

☐

Preservation for future generations

d

☐

Loan or exchange programs

e

☐

Other

4

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

5

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

☐ Yes

☐ No

Part IV

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

1a

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

☐ Yes

☐ No

b

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

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	

2a

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

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

	(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a Beginning of year balance	0				
b Contributions	1,207,312				
c Investment earnings or losses	57,912				
d Grants or scholarships	0				
e Other expenditures for facilities and programs	0				
f Administrative expenses	7,729				
g End of year balance	1,257,495				

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶ 100 000 %

b

Permanent endowment ▶ 0 %

c

Term endowment ▶ 0 %

3a

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

(i) unrelated organizations

(ii) related organizations

b

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

	Yes	No
3a(i)		No
3a(ii)		No
3b		

4

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

Part VI

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

Description of investment	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	1,300,000	35,755,457		37,055,457
b Buildings		271,646,923	55,090,773	216,556,150
c Leasehold improvements		16,849,308	7,628,938	9,220,370
d Equipment		114,750,463	73,133,124	41,617,339
e Other		16,837,660	24,224	16,813,436
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).)				321,262,752

Part XI

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

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

Part XII

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

Part XIII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

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

Part XIV

Supplemental Information

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

Identifier	Return Reference	Explanation
PART X, LINE 2	ASC 740 (FIN48) FOOTNOTE	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 OR TAX BENEFITS, INTEREST OR PENALTIES WAS ACCRUED AT JUNE 30, 2011 OR 2010.

1

(i) Method of valuation (book, FMV, appraisal, other)

Schedule F (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.

[illegible]

Part IV Foreign Forms

- 1

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

☒ Yes ☐ No
- 2

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

☐ Yes ☒ No
- 3

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

☐ Yes ☒ No
- 4

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

☐ Yes ☒ No
- 5

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

☐ Yes ☒ No
- 6

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

☐ Yes ☒ No

Part V

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

Identifier	Return Reference	Explanation
METHOD OF ACCOUNTING	PART I, LINE 3, COLUMN (F)	THE AMOUNT IN COLUMN F WAS DETERMINED USING THE ACCRUAL METHOD OF ACCOUNTING

SCHEDULE G
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding
Fundraising or Gaming Activities

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

OMB No 1545-0047

2010

Open to Public
Inspection

Name of the organization
MISSION HOSPITAL REGIONAL MEDICAL CENTER

Employer identification number
95-1643360

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

1

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

a

☐ Mail solicitations

e

☐ Solicitation of non-government grants

b

☐ Internet and e-mail solicitations

f

☐ Solicitation of government grants

c

☐ Phone solicitations

g

☐ Special fundraising events

d

☐ In-person solicitations

2a

Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services?

☐ Yes

☐ No

b

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

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

3

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

Part II Fundraising Events.

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

		(a) Event #1	(b) Event #2	(c) Other Events	(d) Total Events
		GOLF (event type)	GALA (event type)	5 (total number)	(Add col (a) through col (c))
Revenue	1	Gross receipts	354,140	1,282,363	680,783
	2	Less Charitable contributions	275,000	998,663	553,285
	3	Gross income (line 1 minus line 2)	79,140	283,700	127,498
Direct Expenses	4	Cash prizes			
	5	Non-cash prizes			
	6	Rent/facility costs	61,441	45,442	106,883
	7	Food and beverages	19,454	95,875	136,760
	8	Entertainment		34,950	34,950
	9	Other direct expenses	19,217	86,240	77,267
	10	Direct expense summary Add lines 4 through 9 in column (d) ▶			
	11	Net income summary Combine lines 3 and 10 in column (d). ▶			

Part III Gaming.

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

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming
					(Add col (a) through col (c))
Revenue	1	Gross revenue		165,734	165,734
	2	Cash prizes		3,750	3,750
Direct Expenses	3	Non-cash prizes		38,000	38,000
	4	Rent/facility costs			
	5	Other direct expenses			
	6	Volunteer labor			
		<input type="checkbox"/> Yes % <input type="checkbox"/> No	<input type="checkbox"/> Yes % <input type="checkbox"/> No	<input checked="" type="checkbox"/> 100 000 % <input type="checkbox"/> Yes 100 000 % <input type="checkbox"/> No	
		7 Direct expense summary Add lines 2 through 5 in column (d) ▶			41,750
		8 Net gaming income summary Combine lines 1 and 7 in column (d) ▶			123,984

9 Enter the state(s) in which the organization operates gaming activities See Additional Data TableCA

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

b If "No," Explain AS A TAX-EXEMPT HOSPITAL, MISSION HOSPITAL REGIONAL MEDICAL CENTER IS EXEMPT FROM THE CALIFORNIA ATTORNEY GENERAL REGISTRATION AND REPORTING REQUIREMENTS FOR THE RAFFLES

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

b If "Yes," Explain

11

Does the organization operate gaming activities with nonmembers?

☐ Yes ☒ No

12

Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming?

☐ Yes ☒ No

13

Indicate the percentage of gaming activity operated in

a	The organization's facility	13a	0 %
b	An outside facility	13b	100 000 %

14

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

Name

WINIFRED JOHNSON

Address

27700 MEDICAL CENTER ROAD
MISSION VIEJO, CA 92691

15a

Does the organization have a contract with a third party from whom the organization receives gaming revenue?

☐ Yes ☒ No

b

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

c

If "Yes," enter name and address

Name

Address

16

Gaming manager information

Name

WINIFRED JOHNSON

Gaming manager compensation \$ 16,304

Description of services provided VP FOUNDATION/FUNDRAISING

☐ Director/officer ☒ Employee ☐ Independent contractor

17

Mandatory distributions

a

Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license?

☒ Yes ☐ No

b

Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year \$ 149,161

Part IV

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

Identifier	ReturnReference	Explanation
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Schedule G (Form 990 or 990-EZ) 2010

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

OMB No 1545-0047

2010

Open to Public
Inspection

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

Name of the organization
MISSION HOSPITAL REGIONAL MEDICAL CENTER

Employer identification number
95-1643360

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	Yes	
b	If "Yes," is it a written policy?	Yes	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year <input checked="" type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> Applied uniformly to most hospitals <input type="checkbox"/> Generally tailored to individual hospitals		
3	Answer the following based on the the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year a Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____ % b Does the organization use FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input checked="" type="checkbox"/> Other 500. % c If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care 4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?		No
6a	Does the organization prepare a community benefit report during the tax year?	Yes	
6b	If "Yes," did the organization make it available to the public? Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H	Yes	

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			6,742,084	955,244	5,786,840	1 250 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			55,018,861	34,524,128	20,494,733	4 420 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)			9,887,940	4,632,207	5,255,733	1 130 %
d Total Financial Assistance and Means-Tested Government Programs			71,648,885	40,111,579	31,537,306	6 800 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			3,437,422	27,422	3,410,000	0 730 %
f Health professions education (from Worksheet 5)			110,000		110,000	0 020 %
g Subsidized health services (from Worksheet 6)			1,149,491		1,149,491	0 250 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)			2,057,259		2,057,259	0 440 %
j Total Other Benefits			6,754,172	27,422	6,726,750	1 440 %
k Total. Add lines 7d and 7j			78,403,057	40,139,001	38,264,056	8 240 %

Part II

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing		54,600		54,600	0 010 %
2	Economic development					
3	Community support		121,446		121,446	0 030 %
4	Environmental improvements					
5	Leadership development and training for community members					
6	Coalition building					
7	Community health improvement advocacy					
8	Workforce development					
9	Other		160,474		160,474	0 030 %
10	Total		336,520		336,520	0 070 %

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

			Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1	Yes	
2	Enter the amount of the organization's bad debt expense (at cost)	2	4,605,137	
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy	3	0	
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit			

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	87,941,123	
6	Enter Medicare allowable costs of care relating to payments on line 5	6	114,576,873	
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7	-26,635,750	
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input checked="" type="checkbox"/> Other			

Section C. Collection Practices

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

Part IV

Management Companies and Joint Ventures

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1 MECC-SEE PART VI	PHYSICIAN OFFICE&CONF ED CTR	50 000 %		50 000 %
2 MAS - SEE PART VI	OUTPATIENT SURGERY CENTER	43 000 %		56 000 %
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Section A. Hospital Facilities

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

Schedule H (Form 990) 2010

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

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

Name of Hospital Facility: MISSION HOSPITAL REGIONAL MEDICAL CENTER

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

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

Part V

Facility Information (continued)

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

Billing and Collections

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

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Charges for Medical Care

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

Part V Facility Information (continued)

Section B. Facility Policies and Practices.

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

Name of Hospital Facility: MISSION HOSPITAL LAGUNA BEACH

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

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

Part V

Facility Information (continued)

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

Billing and Collections

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

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Charges for Medical Care

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

Part V

Facility Information (continued)

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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

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

Name and address		Type of Facility (Describe)
1	MISSION MEDICAL TOWER 26732 CROWN VALLEY PARKWAY MISSION VIEJO, CA 92691	WELLNESS CENTER, OUTPATIENT IMAGING CENTER, CARDIAC REHAB, PHYSICAL THERAPY
2	MISSION MEDICAL TOWER 26732 CROWN VALLEY PARKWAY MISSION VIEJO, CA 92691	WELLNESS CENTER, OUTPATIENT IMAGING CENTER, CARDIAC REHAB, PHYSICAL THERAPY
3		
4		
5		
6		
7		
8		
9		
10		

Part VI

Supplemental Information

Complete this part to provide the following information

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

Identifier	ReturnReference	Explanation
PART I, LINE 7		THE AMOUNTS REPORTED IN THE TABLE WERE CALCULATED USING THE ORGANIZATION'S COST ACCOUNTING SYSTEM PART I, LINE 7G NO COSTS ATTRIBUTABLE TO PHYSICIAN CLINICS WERE INCLUDED

Identifier	ReturnReference	Explanation
PART II		<p>COMMUNITY BUILDING INITIATIVES OUR MISSION CALLS US TO IMPROVE HEALTH AND QUALITY OF LIFE IN THE COMMUNITIES WE SERVE A KEY EMPHASIS IS PUT ON DEVELOPING PROGRAMS THAT ADDRESS ROOT CAUSES OF HEALTH PROBLEMS KEY ISSUES FOR FISCAL YEAR 2011 CONTINUE TO BE ACCESS TO AFFORDABLE HOMES AND EDUCATION MISSION HOSPITAL HAS PARTNERED WITH KEY COMMUNITY STAKEHOLDERS TO HELP ADDRESS THESE LONG-TERM ISSUES ACCESS TO AFFORDABLE HOMES THE AFFORDABLE HOMES OUTCOME GOAL IS TO INCREASE AFFORDABLE HOMES IN SOUTH ORANGE COUNTY, WITH A SPECIAL FOCUS ON THE CITIES OF SAN CLEMENTE, DANA POINT, SAN JUAN CAPISTRANO AND MISSION VIEJO IN 2008, MISSION HOSPITAL PARTNERED WITH OVER A DOZEN AGENCIES TO CREATE THE SOUTH ORANGE COUNTY ALLIANCE FOR HOUSING OUR COMMUNITIES (SOCAHOC) TOGETHER, THE ALLIANCE WORKS TO INCREASING THE NUMBER OF PUBLIC OR PRIVATE POLICIES THAT SUPPORT AFFORDABLE HOMES, INCREASING BROAD-BASED COMMUNITY ADVOCACY ORGANIZATIONS THAT IDENTIFY AND ACT ON AFFORDABLE HOMES AS A PRIORITY, AND COLLABORATING TO CREATE NEW AFFORDABLE HOMES THREE YEARS AFTER THE STRATEGIC PLAN INITIATION, 121 NEW HOMES (72 RENTAL AND 49 OWNERSHIP) WERE APPROVED FOR HOUSEHOLDS WITH LOW MODERATE INCOME LEVELS IN MISSION VIEJO, SAN JUAN CAPISTRANO, DANA POINT AND SAN CLEMENTE IN THE LAST YEAR OF THE STRATEGIC PLAN, THE WEIGHTED SCORE FOR NUMBER OF POLICIES PASSED AND ACTIVE INCREASED FROM 54 25% TO 60% SEVENTY-NINE GROUPS AND ORGANIZATIONS IDENTIFIED AND ACTED ON HOUSING INITIATIVES COMPARED TO 70 IN 2009 AND THE WEIGHTED SCORE FOR NUMBER OF HOUSING INITIATIVES IN THE THREE TARGETED CITIES (BY PHASE COMPLETED) INCREASED FROM 24 3% IN 2009 TO 46 75% THE HOSPITAL-FACILITATED COALITION, SOCAHOC (SOUTH ORANGE COUNTY ALLIANCE FOR HOUSING OUR COMMUNITIES), SUCCESSFULLY IMPLEMENTED THE COMMUNITY DIALOGUE "OPPORTUNITIES FOR ECONOMIC DEVELOPMENT AND REVITALIZATION LINKING HOUSING, LAND USE AND TRANSPORTATION" WITH PARTICIPATION FROM OVER 100 ATTENDEES AND 60 ORGANIZATIONS INCREASING POST SECONDARY EDUCATION OPPORTUNITIES THE POST-SECONDARY EDUCATION OUTCOME GOAL IS TO INCREASE PARTICIPATION OF YOUTH IN POST-SECONDARY EDUCATION/TRAINING WITHIN THREE YEARS OF GRADUATION, WITH A FOCUS ON STUDENTS IN SAN CLEMENTE, DANA POINT AND SAN JUAN CAPISTRANO THE STRATEGIES USED FOCUS ON CHANGING EXPECTATIONS ABOUT POST-SECONDARY EDUCATION/ TRAINING CAREERS WITH TEACHERS, STUDENTS, PARENTS AND THE COMMUNITY, INCREASING EXPOSURE TO CAREERS, EDUCATIONAL OPTIONS AND THE PROCESS, AND EMPOWERING STUDENTS TO TAKE CONTROL OF THEIR FUTURES IN 2009, THE CAPISTRANO PROMOTING ACCESS TO HIGHER EDUCATION (CPATHE) COLLABORATIVE WAS FORMED THIS COLLABORATIVE REPRESENTS OVER 20 LOCAL AGENCIES DEDICATED TO YOUTH ACHIEVING HIGHER EDUCATION SEVERAL MAJOR ACCOMPLISHMENTS HAVE BEEN ACHIEVED SINCE 2009 IN OUR EFFORTS TOWARD POST-SECONDARY EDUCATION THE PERCENT OF GRADUATING YOUTH WHO BELIEVE THEY CAN PURSUE EDUCATION TO REALIZE THEIR POTENTIAL INCREASED BY JUST OVER 3% (95% TO 98 2%) OUR FOCUS ON INCREASING STUDENTS' SENSE OF CONTROL OVER THEIR OWN FUTURES, DEMONSTRATED AN IMPROVEMENT FROM A 2009 BASELINE OF 2 75 RATING AVERAGE (OFA 5 POINT SCALE) FOR ALL 6-12 GRADERS INTERVIEWED TO 3 25 IN 2011 A LARGE CONTRIBUTION TO THESE RESULTS WAS THE IMPLEMENTATION OF THE "CAN'T STOP, WON'T STOP" YOUTH CONFERENCE FOR LEADERSHIP DEVELOPMENT AND YOUTH EMPOWERMENT THIS PROGRAM WAS IMPLEMENTED WITH MULTIPLE COMMUNITY PARTNERS AND HAD AN ATTENDANCE OF OVER 120 YOUTH AND STAFF AND EDUCATORS FROM 12 FROM LOCAL HIGH SCHOOLS IN ADDITION, OUR EFFORTS AROUND INCREASING EXPOSURE TO CAREERS, EDUCATIONAL OPTIONS AND PROGRESS SHOWS THAT SINCE OUR BASELINE IN 2009, WE HAVE INCREASED THE NUMBER OF STUDENTS AND PARENTS PARTICIPATING IN THESE PROGRAMS BY 175% (631 IN 2009 TO 1,639 IN 2011) OVER THE LAST THREE YEARS, OUR GOAL HAS BEEN TO INCREASE THE PERCENT OF STUDENTS WHO PARTICIPATE IN POST-SECONDARY EDUCATION WITHIN THREE YEARS OF HIGH SCHOOL GRADUATION WE HAVE HAD A STRONG PARTNERSHIP WITH CAPISTRANO UNIFIED SCHOOL DISTRICT WHO HAD THE ABILITY TO COLLECT THIS INFORMATION, BUT DUE TO BUDGET AND STAFFING CUTS FACED BY THE DISTRICT, THIS DATA HAS BECOME UNAVAILABLE IN JANUARY FY11, WE EMBARKED UPON A COLLABORATION WITH SANTA ANA COLLEGE, SADDLEBACK COLLEGE, CUSD, AND UNIVERSITY OF CALIFORNIA, IRVINE TO INITIATE A PILOT PROGRAM, PADRES PROMOTORES, IN SOUTH ORANGE COUNTY THIS PROGRAM'S FOCUS IS ON PARENT ENGAGEMENT, COMMUNICATION AND EDUCATION TOGETHER, WE COORDINATED THE FIRST "PADRES PROMOTORES" (PP) VOLUNTEER TRAINING WHERE 40 PARENTS AND 10 SCHOOL LIAISONS COMPLETED A 3-DAY TRAINING TEN ORGANIZATIONS AND 24 STAFF MEMBERS SUPPORTED THE EVENT OF THE VOLUNTEERS WHO CONTINUED WITH THE PROGRAM, 134 HOME VISITS HAVE BEEN CONDUCTED TO EDUCATE LOCAL PARENTS AND TWO COMMUNITY FORUMS AT KINOSHITA ELEMENTARY SCHOOL REACHING 112 PARENTS HAVE BEEN HELD</p>

Identifier	ReturnReference	Explanation
PART III, LINE 4		THE ORGANIZATION RECOGNIZES THAT A PORTION OF THE UNINSURED OR UNDERINSURED PATIENT POPULATION MAY NOT ENGAGE IN THE TRADITIONAL 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 FINANCIAL STATEMENT FOOTNOTE DESCRIBING BAD DEBT THE ORGANIZATION RECEIVES PAYMENT FOR SERVICES RENDERED TO PATIENTS FROM 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 ORGANIZATION BELIEVES THERE ARE NO SIGNIFICANT 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 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 DISCOUNTS ON PATIENT ACCOUNTS IN BAD DEBT ANY ACCOUNT RETURNED TO THE HOSPITAL FROM A COLLECTION AGENCY THAT HAS DETERMINED THE PATIENT DOES NOT HAVE THE RESOURCES TO PAY HIS OR HER BILL, MAY BE DEEMED ELIGIBLE FOR CHARITY CARE WITHOUT ABSOLUTE REQUIREMENT FOR SUBMISSION OF A FINANCIAL ASSISTANCE APPLICATION ALL OUTSIDE COLLECTION AGENCIES CONTRACTED WITH SJHS TO PERFORM ACCOUNT FOLLOW-UP AND/OR BAD DEBT COLLECTION WILL UTILIZE THE FOLLOWING CRITERIA TO IDENTIFY A STATUS CHANGE FROM BAD DEBT TO CHARITY CARE - PATIENT ACCOUNTS MUST HAVE NO APPLICABLE INSURANCE (INCLUDING GOVERNMENTAL COVERAGE PROGRAMS OR OTHER THIRD PARTY PAYERS), AND - THE PATIENT MUST HAVE A CREDIT SCORE AND BEHAVIOR RATING WITHIN THE LOWEST 25TH PERCENTILE OF CREDIT SCORES FOR ANY CREDIT EVALUATION METHOD USED, AND - THE PATIENT HAS NOT MADE A PAYMENT WITHIN 150 DAYS OF ASSIGNMENT TO THE COLLECTION AGENCY, AND - THE COLLECTION AGENCY HAS DETERMINED THAT THE PATIENT IS UNABLE TO PAY, AND/OR - THE PATIENT DOES NOT HAVE A VALID SOCIAL SECURITY NUMBER AND/OR AN ACCURATELY STATED RESIDENCE ADDRESS IN ORDER TO DETERMINE A CREDIT SCORE ALL ACCOUNTS RETURNED FROM A COLLECTION AGENCY FOR RE-ASSIGNMENT FROM BAD DEBT TO CHARITY CARE WILL BE EVALUATED BY HOSPITAL PERSONNEL TO DETERMINE ELIGIBILITY FOR CHARITY CARE OR DISCOUNTED CARE PRIOR TO ANY RE-CLASSIFICATION WITHIN THE HOSPITAL ACCOUNTING SYSTEM AND RECORDS DOCUMENTATION OF THE PATIENT'S INABILITY TO PAY FOR SERVICES WILL BE MAINTAINED BY THE HOSPITAL COSTING METHOD FOR LINE 2 THE AMOUNTS REPORTED IN THE TABLE WERE CALCULATED USING THE ORGANIZATION'S COST ACCOUNTING SYSTEM

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		MISSION HOSPITAL REGIONAL MEDICAL CENTER (MHRMC) 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
PART IV, COLUMN A	NAME OF ENTITY	1 MISSION EDUCATION CONFERENCE CENTER, LLC 2 MISSION AMBULATORY SURGICENTER, LTD, DBA MISSION SURGERY CENTER

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT		MISSION HOSPITAL REGIONAL MEDICAL CENTER CONDUCTED A HNA IN 2008, AGAIN IN 2010 SPECIFIC TO LAGUNA BEACH AND IN 2011 THE NEEDS ASSESSMENT AND RESIDENT FORUMS BROUGHT FORWARD OVER 25 ADDITIONAL HEALTH AND QUALITY OF LIFE ISSUES, INCLUDING CARDIOVASCULAR RISK, DENTAL SERVICES, ALCOHOL AND SUBSTANCE ABUSE, AND JOB TRAINING FOR YOUTH HOWEVER, BASED UPON HOSPITAL RESOURCES AND THE DESIRE TO FOCUS DEEPLY ON A FEW PRIORITIES VERSUS SPREADING RESOURCES TOO THINLY, MISSION HOSPITAL SELECTED FOUR PRIORITIES FOR ITS COMING FISCAL YEAR 2012-2014 COMMUNITY BENEFIT PLAN, TO INCLUDE CHILDHOOD OBESITY, MENTAL HEALTH, YOUTH ALCOHOL & SUBSTANCE USE, AND AFFORDABLE HOMES

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE		MISSION HOSPITAL REGIONAL MEDICAL CENTER (MHRMC) 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
COMMUNITY INFORMATION		<p>MISSION HOSPITAL PROVIDES SOUTH ORANGE COUNTY COMMUNITIES WITH HEALTH ACCESS THROUGH TWO CONVENIENT LOCATIONS, MISSION VIEJO AND LAGUNA BEACH. THE HOSPITAL'S SERVICE AREA EXTENDS FROM THE JUNCTION OF THE 405 AND 5 FREEWAYS IN THE NORTH TO CAMP PENDLETON IN THE SOUTH. GEOGRAPHICALLY, SOUTH COUNTY IS BORDERED BY THE PACIFIC OCEAN TO THE WEST, THE SANTA ANA MOUNTAINS TO THE NORTH AND EAST, AND THE MARINE BASE CAMP PENDLETON TO THE SOUTH. OUR PRIMARY SERVICE AREA INCLUDES THE CITIES OF MISSION VIEJO, LAGUNA BEACH, LAGUNA NIGUEL, SAN JUAN CAPISTRANO, SAN CLEMENTE, RANCHO SANTA MARGARITA, LAKE FOREST, LAGUNA HILLS, DANA POINT, LADERA RANCH, TRABUCO CANYON, CAPISTRANO BEACH AND ALISO VIEJO. THIS INCLUDES A POPULATION OF APPROXIMATELY 623,000 PEOPLE, AN INCREASE OF 4% FROM THE PRIOR ASSESSMENT. MISSION HOSPITAL'S SECONDARY SERVICE AREA INCLUDES LAGUNA WOODS, IRVINE, FOOTHILL RANCH AND SILVERADO. SOUTH ORANGE COUNTY IS A RELATIVELY AFFLUENT COMMUNITY WITH A MEDIAN HOUSEHOLD INCOME OF \$92,124 COMPARED TO THE ORANGE COUNTY MEDIAN HOUSEHOLD INCOME OF \$58,605 (US CENSUS QUICK FACTS). THE AVERAGE HOUSEHOLD SIZE IS 2.70 COMPARED TO THE ORANGE COUNTY WIDE HOUSEHOLD SIZE OF 3.00. DEMOGRAPHICALLY, THE AREA IS PRIMARILY CAUCASIAN (78%), WITH THE HISPANIC POPULATION REPRESENTING 19.2%. IN GENERAL, MISSION'S SERVICE AREA REFLECTS A HIGH DEGREE OF HEALTH AND QUALITY OF LIFE. MISSION PROVIDES BROAD COMMUNITY BENEFIT SERVICES TO ITS PRIMARY AND SECONDARY SERVICE AREA. HOWEVER, ISOLATED AREAS OF HIGH NEED HAVE BEEN IDENTIFIED IN THE CITIES OF SAN CLEMENTE, DANA POINT, SAN JUAN CAPISTRANO, LAGUNA NIGUEL, MISSION VIEJO, LAKE FOREST AND RANCHO SANTA MARGARITA. THESE AREAS WERE DETERMINED BASED ON KEY DRIVERS FOR COMMUNITY VULNERABILITY, WHICH INCLUDE MEDIAN HOUSEHOLD INCOME, NUMBER OF PEOPLE LIVING IN A HOME, HEALTH INSURANCE COVERAGE, HIGHEST EDUCATIONAL LEVEL, ETC. ALTHOUGH HIGH NEEDS WERE IDENTIFIED IN THESE 8 AREAS, BASED ON HOSPITAL RESOURCES AND PARTNERSHIPS AND IN AN EFFORT TO SHOW SIGNIFICANT OUTCOMES AT THE END OF THE THREE-YEAR PLAN, A DECISION WAS MADE TO PRIMARILY FOCUS ON THE CITIES OF SAN CLEMENTE, DANA POINT, SAN JUAN CAPISTRANO, LAGUNA BEACH AND LAKE FOREST. THIS DECISION WAS MADE IN PARTNERSHIP WITH COMMUNITY BENEFIT DEPARTMENT STAFF, THE HOSPITAL EXECUTIVE TEAM AND THE COMMUNITY BENEFIT COMMITTEE.</p>

Identifier	ReturnReference	Explanation
PROMOTION OF COMMUNITY HEALTH		THE GOVERNING BODY IS COMPRISED OF A MAJORITY OF PERSONS WHO RESIDE IN THE HOSPITAL'S PRIMARY SERVICE AREA AND WHO ARE NOT EMPLOYEES, CONTRACTORS, OR FAMILY MEMBERS THE SUB-COMMITTEE OF THE BOARD OF TRUSTEES, KNOWN AS THE COMMUNITY BENEFIT COMMITTEE, OVERSEES THE DEVELOPMENT AND IMPLEMENTATION OF THE COMMUNITY HEALTH NEEDS ASSESSMENT AND COMMUNITY BENEFIT PLAN EVERY THREE YEARS, AS WELL AS AN ANNUAL COMMUNITY BENEFIT REPORT THE COMMITTEE ALSO PROVIDES GENERAL DIRECTION TO MISSION HOSPITAL REGARDING 1) BUDGETING DECISIONS, 2) COMMUNITY BENEFIT PROGRAM CONTENT, 3) COMMUNITY BENEFIT PROGRAM DESIGN, 4) TARGET GEOGRAPHIC/POPULATION, 5) PROGRAM CONTINUATION OR DISCONTINUATION, 6) FUND DEVELOPMENT SUPPORT, AND 7) COMMUNITY-WIDE ENGAGEMENT MEDICAL STAFF PRIVILEGES ARE EXTENDED TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY GIVING BACK TO THE COMMUNITY IS INTEGRATED INTO EVERY ASPECT OF OUR ORGANIZATION AS A MEMBER OF THE FAITH-BASED HEALTH MINISTRY OF ST JOSEPH HEALTH SYSTEM, WE PROVIDE FREE AND DISCOUNTED CARE VIA OUR FINANCIAL ASSISTANCE PROGRAM AND HAVE A FUNDING STREAM TO ADDRESS THE NEEDS OF THE ECONOMICALLY POOR AND VULNERABLE IN THE COMMUNITIES WE SERVE OUR MISSION IS TO PROVIDE QUALITY CARE TO ALL OUR PATIENTS, REGARDLESS OF ABILITY TO PAY WE BELIEVE THAT NO ONE SHOULD DELAY SEEKING NEEDED MEDICAL CARE BECAUSE THEY LACK HEALTH INSURANCE THAT IS WHY MISSION HOSPITAL, AS A MINISTRY OF ST JOSEPH HEALTH SYSTEM, HAS A PATIENT FINANCIAL ASSISTANCE PROGRAM THAT PROVIDES FREE OR DISCOUNTED SERVICES TO ELIGIBLE PATIENTS ON AN ANNUAL BASIS, TEN PERCENT OF OUR NET INCOME IS DEVOTED TO FUND COMMUNITY PROGRAMS FOR THE ECONOMICALLY POOR (CARE FOR THE POOR FUNDS) SPECIFICALLY, FUNDS ARE USED FOR OUTREACH PROGRAMS, DEFINED AS THOSE SERVICES THAT ADDRESS A SPECIFIC UNMET HEALTH CARE SERVICES IN ADDITION TO DEVOTING A PERCENTAGE OF OUR NET INCOME TO COMMUNITY PROGRAMS FOR THE ECONOMICALLY POOR VIA CARE FOR THE POOR FUNDS, WE STRIVE TO ANNUALLY BUDGET A PORTION OF OUR TOTAL OPERATING EXPENSES FOR HEALTHY COMMUNITIES AND COMMUNITY HEALTH EFFORTS DURING THE PAST YEAR, MISSION HOSPITAL DEDICATED \$1,967,000 IN CARE FOR THE POOR FUNDS AND \$ 5,786,000 TO HEALTHY COMMUNITIES AND COMMUNITY HEALTH INITIATIVES THIS FUNDING MADE THE FOLLOWING PROGRAMS POSSIBLE SUSTAINABILITY OF CAMINO HEALTH CENTER, THE ONE COMMUNITY CLINIC LOCATED IN SOUTH ORANGE COUNTY OUTSIDE OF LAGUNA BEACH, FIVE COUNTY-WIDE INITIATIVES FOCUSED ON 1) CHILDHOOD OBESITY, 2) INCREASING SERVICES FOR DEPRESSION, 3) CREATING AFFORDABLE HOMES, 4) YOUTH ALCOHOL & SUBSTANCE USE PREVENTION, 5) IMPROVING THE RATES OF POST-SECONDARY EDUCATION FOR AT-RISK YOUTH, AS WELL AS THE OPERATION OF TWO FAMILY RESOURCE CENTERS

Identifier	ReturnReference	Explanation
AFFILIATED HEALTH CARE SYSTEM		MISSION HOSPITAL 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 FOUNDATION 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 TO SUPPORT OUTREACH EFFORTS 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
STATE FILING OF COMMUNITY 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,

Name of the organization
MISSION HOSPITAL REGIONAL MEDICAL CENTER

Employer identification number
95-1643360

Part I

General Information on Grants and Assistance

- 1

Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?

☒ Yes ☐ No
- 2

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

Part II

Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. Part II can be duplicated if additional space is needed. ☒

1 (a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) AQUINAS INSTITUTE OF THEOLOGY23 SOUTH SPRING AVE ST LOUIS,MO 63108	43-1233794	501(C)(3)	12,500				PROGRAM SUPPORT
(2) DRUG USE IS LIFE ABUSEPO BOX 28 SANTA ANA,CA 92702	95-3498487	501(C)(3)	12,000				PROGRAM SUPPORT
(3) JSERRA CATHOLIC HIGH SCHOOL26351 JUNIPERO SERRA DRIVE SJC,CA 92675	33-0944424	501(C)(3)	12,500				PROGRAM SUPPORT
(4) ST TIMOTHY'S CATHOLIC CHURCH29102 CROWN VALLEY LAGUNA NIGUEL,CA 92677	95-3656905	501(C)(3)		75,975	COST	FOOD DONATIONS	FOOD DONATIONS
(5) ST KILIAN CHURCH 26872 ESTANCIERO MISSION VIEJO,CA 92691	95-2659054	501(c)(3)		5,566	COST	FOOD DONATIONS	FOOD DONATIONS
(6) SUSAN KOMEN FOR THE CURE3191-A AIRPORT LOOP COSTA MESA,CA 92626	75-7835298	501(C)(3)	5,150				PROGRAM SUPPORT
(7) TALLER SAN JOSE801 NORTH BROADWAY SANTA ANA,CA 92701	59-3816355	501(C)(3)	10,000				PROGRAM SUPPORT
(8) UC - IRVINE555 ADMINISTRATION BLDG IRVINE,CA 92697	95-2226406	GOVT	115,000				PROGRAM SUPPORT
(9) WEST COAST SPORTS MEDICINE1200 ROSECRANS MANHATTAN BEACH,CA 90266	95-4497009	501(C)(3)	33,500				PROGRAM SUPPORT
(10) CAMINO HEALTH CENTER30300 CAMINO CAPISTRANO SJC,CA 92675	33-0574214	501(C)(3)	698,045				COMMUNITY OUTREACH
(11) ST JOSEPH HEALTH SYSTEM FOUNDATION500 S MAIN ST ORANGE,CA 92868	33-0143024	501(C)(3)	4,065,800				CARE FOR THE POOR

Part III

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

(a)Type of grant or assistance	(b)Number of recipients	(c)Amount of cash grant	(d)Amount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance
(1) PAYMENT FOR MEDICAL SERVICES	21	9,502			

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
SCHEDULE I, PART I, LINE 2	DESCRIPTION OF ORGANIZATION'S PROCEDURES FOR MONITORING THE USE OF GRANTS	MISSION HOSPITAL HAS AN AFFILIATION AGREEMENT WITH CAMINO HEALTH CENTER THAT CALLS FOR THE STEERING COMMITTEE, WHICH INCLUDES AN OFFICER FROM THE HOSPITAL, TO PROVIDE OVERSIGHT OF FUNDS GRANTED TO CAMINO BY THE HOSPITAL THE CARE FOR THE POOR FUNDS GIVEN TO THE ST JOSEPH HEALTH SYSTEM IS GOVERNED BY THE HEALTH SYSTEM FOUNDATION THE DISBURSEMENT OF FUNDS FOLLOWS SPECIFICS SET FORTH BY THE HEALTH SYSTEM POLICY "CARE FOR THE POOR PROGRAM ACCOUNTING"

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2010

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization

MISSION HOSPITAL REGIONAL MEDICAL CENTER

Employer identification number

95-1643360

Part I

Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. <div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input checked="" type="checkbox"/> Discretionary spending account</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>		
1b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain	Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?		No
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply. <div><div><input type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Written employment contract</div><div><input type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Compensation survey or study</div><div><input type="checkbox"/> Form 990 of other organizations</div><div><input type="checkbox"/> Approval by the board or compensation committee</div></div>		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization:		
4a	Receive a severance payment or change-of-control payment from the organization or a related organization?		No
4b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	Yes	
4c	Participate in, or receive payment from, an equity-based compensation arrangement?		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:		
5a	The organization?		No
5b	Any related organization?		No
	If "Yes," to line 5a or 5b, describe in Part III		
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:		
6a	The organization?		No
6b	Any related organization?		No
	If "Yes," to line 6a or 6b, describe in Part III		
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	Yes	
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53.4958-4(a)(3)? If "Yes," describe in Part III		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?		

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

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) WILLIAM MURIN	(i)	0	0	0	0	0	0	0
	(ii)	482,546	163,542	212,289	7,350	9,483	875,210	0
(2) KENNETH MCFARLAND	(i)	285,258	89,466	205,358	16,520	28,498	625,100	40,484
	(ii)	0	0	0	0	0	0	0
(3) PETER BASTONE	(i)	0	0	0	0	0	0	0
	(ii)	422,410	162,636	261,351	17,149	38,575	902,121	37,980
(4) MARGARITA COWLEY	(i)	284,330	89,466	334,068	22,035	21,828	751,727	177,006
	(ii)	0	0	0	0	0	0	0
(5) EILEEN HAUBL	(i)	162,707	50,346	94,163	21,723	9,043	337,982	0
	(ii)	0	0	0	0	0	0	0
(6) CYNTHIA MUELLER	(i)	144,506	45,678	65,667	24,329	19,552	299,732	0
	(ii)	0	0	0	0	0	0	0
(7) DENNIS HAGHIGHAT	(i)	241,681	74,468	79,657	9,614	9,085	414,505	0
	(ii)	0	0	0	0	0	0	0
(8) LINDA JOHNSON	(i)	201,669	63,809	125,552	12,194	28,638	431,862	42,392
	(ii)	0	0	0	0	0	0	0
(9) SHIRLEY BARNES	(i)	218,260	66,150	116,558	19,435	10,324	430,727	0
	(ii)	0	0	0	0	0	0	0
(10) WINIFRED JOHNSON	(i)	174,649	56,420	95,015	19,434	24,571	370,089	0
	(ii)	0	0	0	0	0	0	0
(11) LISA WEAVER	(i)	176,802	62,248	86,747	19,295	24,380	369,472	0
	(ii)	0	0	0	0	0	0	0
(12) PAULA SERIOS	(i)	176,160	63,294	72,122	12,241	14,223	338,040	0
	(ii)	0	0	0	0	0	0	0
(13) MICHAEL BECK	(i)	142,698	48,773	91,882	19,592	38,569	341,514	0
	(ii)	0	0	0	0	0	0	0
(14)								
(15)								
(16)								

Part IIISupplemental Information

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

Identifier	Return Reference	Explanation
SUPPLEMENTAL COMPENSATION INFORMATION	PART I, LINE 1A	ST JOSEPH HEALTH SYSTEM ALLOWS FOR COMPANION TRAVEL FOR CERTAIN PRE-APPROVED, MINISTRY SPONSORED EVENTS. COMPANION TRAVEL IS TREATED AS TAXABLE COMPENSATION IN MOST CASES. IN THE CASE THAT COMPANION TRAVEL IS NOT TREATED AS TAXABLE COMPENSATION, THE INDIVIDUAL IS PROVIDING A SERVICE TO THE HEALTH SYSTEM AS A REPRESENTATIVE WITH KNOWLEDGE OF THE COMMUNITIES AND MINISTRIES WE SERVE. MEMBERS OF THE BOARD AND EXECUTIVE MANAGEMENT TEAM ARE SELECTED TO PARTICIPATE IN AN ANNUAL PILGRIMAGE TO LEPUY, FRANCE, WHERE THE SISTER'S FIRST CONGREGATION WAS FORMED. THE PURPOSE OF THE PILGRIMAGE IS FOR THE ORGANIZATION'S LEADERS TO DEVELOP A DEEPER UNDERSTANDING OF THE ROOTS AND HERITAGE OF THE ORGANIZATION IN ORDER TO CARRY OUT THE MISSION. COMPANION TRAVEL IS CONSIDERED TO BE AN ESSENTIAL PART OF THIS EXPERIENCE AND THE COMPANION ACTS AS A REPRESENTATIVE WITH KNOWLEDGE OF THE COMMUNITIES AND MINISTRIES WE SERVE. THE FOLLOWING OFFICERS RECEIVED A BENEFIT FOR COMPANION TRAVEL THAT WAS INTENDED TO BE COMPENSATION. THE BENEFITS WERE PAID BY MISSION HOSPITAL REGIONAL MEDICAL CENTER'S TAX-EXEMPT PARENT, ST JOSEPH HEALTH SYSTEM: KENNETH MCFARLAND \$7,094; MARGARITA COWLEY \$6,881. EXECUTIVES RECEIVE A PERCENTAGE OF BASE COMPENSATION FOR DISCRETIONARY SPENDING. THESE AMOUNTS ARE INCLUDED IN OTHER REPORTABLE COMPENSATION.
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. THE INDIVIDUALS WHO RECEIVED 457(F) DISTRIBUTIONS WERE: KENNETH MCFARLAND \$40,484; PETER BASTONE \$37,980; MARGARITA COWLEY \$177,006; LINDA JOHNSON \$42,392.
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 L
(Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
MISSION HOSPITAL REGIONAL MEDICAL CENTER

Employer identification number
95-1643360

Part I

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

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

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

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

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

Part II

Loans to and/or From Interested Persons.

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

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

Part III

Grants or Assistance Benefitting Interested Persons.

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

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

Part IV

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) JOHN SHAVER MD	SPOUSE OF M STAUNTON, MD	89,075	COMPENSATION FOR SERVICES		No
(2) MISSION VIEJO EMERGENCY MEDICAL ASS	SEE PART V	102,419	PROF FEES PAID TO MVEMA		No

Part V

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

Identifier	Return Reference	Explanation
BUSINESS RELATIONSHIPS	SCHEDULE L, PART IV, LINE 2	ROBERT WINOKUR, M D SERVES ON THE BOARD OF MISSION HOSPITAL REGIONAL MEDICAL CENTER AND ALSO HAS A GREATER THAN 5% OWNERSHIP IN MISSION VIEJO EMERGENCY MEDICAL ASSOCIATION (MVEMA), MAKING MVEMA AN INTERESTED PERSON FOR SCHEDULE L REPORTING PURPOSES

SCHEDULE M
(Form 990)

Department of the Treasury
Internal Revenue Service

NonCash Contributions

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
MISSION HOSPITAL REGIONAL MEDICAL CENTER

Employer identification number
95-1643360

Part I Types of Property

	(a) Check if applicable	(b) Number of Contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining oncash contribution amounts
1 Art—Works of art				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods	X		0	
6 Cars and other vehicles .	X	1	22,940	COST/SELLING PRICE
7 Boats and planes				
8 Intellectual property . .				
9 Securities—Publicly traded	X	14	497,295	COST/SELLING PRICE
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 .				
GIFTS IN				
25 Other ► (KIND)	X	732	00	
26 Other ► ()				
27 Other ► ()				
28 Other ► ()				

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

290

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

Part II

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

Identifier	Return Reference	Explanation
PART I, LINE 5 - CLOTHING AND HOUSEHOLD GOODS		CLOTHING AND HOUSEHOLD GOODS WERE DONATED TO THE HOSPITAL THRIFT N' GIFT PROGRAM \$422,792 WAS RECOGNIZED FROM THE SALE OF SUCH ITEMS IN FY11, THE AMOUNT BEING DETERMINED BY THE SELLING PRICE REVENUE FROM THE SALE OF THE DONATED ITEMS IS REPORTED ON FORM 990, PART VIII, LINE 10A
PART I, LINE 25 - OTHER		GIFTS IN KIND WITH AN ESTIMATED VALUE OF \$665,951 WERE RECEIVED DURING THE YEAR AND WERE NOT INCLUDED ON THE BOOKS VALUE WAS ESTIMATED FROM DONOR'S APPROXIMATION OF VALUE REVENUE FROM THE SALE OF THESE ITEMS IS INCLUDED IN FUNDRAISING REVENUE ON FORM 990, PART VIII, LINE 8A

SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury

Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization

MISSION HOSPITAL REGIONAL MEDICAL CENTER

Employer identification number

95-1643360

Identifier	Return Reference	Explanation
FORM 990, PART I, LINE 1 AND PART III, LINE 1	ORGANIZATION'S MISSION	AS A MEMBER OF THE ST JOSEPH HEALTH SYSTEM (SJHS), MISSION HOSPITAL 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 OUR MISSION IS REALIZED THROUGH THE DELIVERY OF QUALITY IN-PATIENT AND OUT-PATIENT SERVICES, AND FOCUSED COMMUNITY INITIATIVES AND PROGRAMS THAT ARE DEDICATED TO IMPROVING THE LIVES OF ALL WE SERVE

Identifier	Return Reference	Explanation
FORM 990, PART III, LINE 4	PROGRAM SERVICE ACCOMPLISHMENTS	<p>REALIZING OUR MISSION AS A NOT-FOR-PROFIT, MISSION HOSPITAL HAS BEEN MEETING THE HEALTH AND QUALITY OF LIFE NEEDS OF THE LOCAL COMMUNITY FOR OVER 40 YEARS. MISSION HOSPITAL IN MISSION VIEJO IS AN ACUTE CARE, FULL-SERVICE FACILITY THAT HOUSES THE REGION'S DESIGNATED TRAUMA CENTER, ONE OF ONLY THREE IN THE COUNTY. A COMPLETE ARRAY OF TOP-QUALITY HEALTHCARE SERVICES ARE OFFERED INCLUDING 24-HOUR EMERGENCY CARE, IMAGING, CARDIAC REHABILITATION AND CHEST PAIN CENTER, STROKE CENTER, MATERNITY CENTER. MISSION HOSPITAL ALSO OFFERS ORTHOPEDICS, REHABILITATION, CANCER, SPINE AND VASCULAR SERVICES. OUR LAGUNA BEACH HEALTHCARE SERVICES INCLUDE 24-HOUR EMERGENCY, MEDICAL-SURGICAL CARE AS WELL AS BEHAVIORAL HEALTH AND CHEMICAL AND PAIN MEDICATION DEPENDENCY TREATMENT. WITH OVER 2,700 EMPLOYEES COMMITTED TO REALIZING THE MISSION, MISSION HOSPITAL IS ONE OF THE LARGEST EMPLOYERS IN THE SOUTH ORANGE COUNTY REGION. MISSION HOSPITAL, A MEMBER OF THE ST. JOSEPH HEALTH SYSTEM, IS COMMITTED TO EXTENDING THE HEALING MINISTRY OF JESUS IN THE TRADITION OF THE SISTERS OF ST. JOSEPH OF ORANGE. THIS MISSION HAS GUIDED OUR CATHOLIC HEALTHCARE MINISTRY SINCE THE OPENING OF OUR FIRST HOSPITAL IN EUREKA, CALIFORNIA NEARLY 100 YEARS AGO. THE SISTERS OF ST. JOSEPH OF ORANGE TRACE THEIR ROOTS BACK TO 17TH CENTURY FRANCE AND THE UNIQUE VISION OF A JESUIT PRIEST NAMED JEAN-PIERRE MEDAILLE. HE SOUGHT TO ORGANIZE AN ORDER OF RELIGIOUS WOMEN WHO, RATHER THAN REMAINING SAFELY CLOISTERED IN A CONVENT, VENTURED OUT INTO THE COMMUNITY TO SEEK OUT "THE DEAR NEIGHBORS" AND MINISTER TO THEIR NEEDS. THE CONGREGATION MANAGED TO SURVIVE THE TURBULENCE OF THE FRENCH REVOLUTION AND EVENTUALLY EXPANDED, NOT ONLY THROUGHOUT FRANCE, BUT THROUGHOUT THE WORLD. IN 1912 A SMALL GROUP OF SISTERS OF ST. JOSEPH WENT TO EUREKA, CALIFORNIA, AT THE INVITATION OF THE LOCAL BISHOP, TO ESTABLISH A SCHOOL. A FEW YEARS LATER, THE GREAT INFLUENZA EPIDEMIC OF 1918 CAUSED THE SISTERS TO TEMPORARILY SET ASIDE THEIR EDUCATION EFFORTS TO CARE FOR THE ILL. THEY REALIZED IMMEDIATELY THAT THE SMALL COMMUNITY DESPERATELY NEEDED A HOSPITAL. THROUGH BOLD FAITH, FORESIGHT, AND FLEXIBILITY IN 1920, THE SISTERS OPENED THE 28-BED ST. JOSEPH HOSPITAL OF EUREKA, THE FIRST ST. JOSEPH HEALTH SYSTEM MINISTRY. TODAY THE ST. JOSEPH HEALTH SYSTEM IS AN INTEGRATED HEALTHCARE DELIVERY SYSTEM SPONSORED BY THE ST. JOSEPH HEALTH MINISTRY AND 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. OUR MISSION IS REALIZED THROUGH THE DELIVERY OF QUALITY IN-PATIENT AND OUT-PATIENT SERVICES, AND FOCUSED COMMUNITY INITIATIVES AND PROGRAMS THAT ARE DEDICATED TO IMPROVING THE LIVES OF ALL WE SERVE. THREE MISSION OUTCOMES MISSION HOSPITAL IS COMMITTED TO THREE SYSTEMWIDE MISSION OUTCOMES. EVERY INTERACTION WILL BE EXPERIENCED AS A SACRED ENCOUNTER. THE GOAL OF SACRED ENCOUNTER HAS A DIRECT CONNECTION TO THE OVERALL MISSION. OUR VALUE OF DIGNITY CALLS FOR US TO RESPECT EACH PERSON AS AN INHERENTLY VALUABLE MEMBER OF THE HUMAN COMMUNITY AND AS A UNIQUE EXPRESSION OF LIFE. WE STRIVE TO DO THIS BY KEEPING AT THE FOREFRONT OF OUR MINDS THE UNDERSTANDING OF THE IMPACT WE CAN HAVE ON ONE ANOTHER WITH EVERY ACTION WE TAKE. SACRED MOMENTS SUPPORTS OUR MISSION OUTCOME OF SACRED ENCOUNTERS BY FOSTERING SACRED ENCOUNTERS THROUGHOUT THE PATIENT JOURNEY. OUR SACRED MOMENTS PROGRAM IS A PROACTIVE APPROACH TO 'HEALING BEYOND SCIENCE'. IT ATTEMPTS TO BRING THE SACRED INTO EVERYDAY INTERACTIONS BY PROVIDING A PRACTICAL STRUCTURE FOR FRONTLINE CAREGIVERS TO FOSTER SACRED ENCOUNTERS WITH THEIR PATIENTS, VISITORS, PHYSICIANS AND COLLEAGUES. ALL PATIENTS WILL RECEIVE PERFECT CARE. IT IS OUR ATTENTION TO DETAIL AND THE SMALLEST IMPERFECTIONS OF EACH PATIENT'S EXPERIENCE THAT DRIVES A DEEPER UNDERSTANDING AND ULTIMATELY A SUSTAINABLE APPROACH TO THE ACHIEVEMENT OF PERFECT CARE. MISSION HOSPITAL STRIVES TO PROVIDE PERFECT CARE TO ALL OF THE PATIENTS THAT WE SERVE AS PART OF OUR MINISTRY TO CONTINUE THE HEALING MINISTRY OF JESUS. SOME EXAMPLES OF HOW WE HAVE ENDEAVORED TO DELIVER PERFECT CARE ARE LISTED BELOW:</p> <p>1- INSTITUTED CREW RESOURCE MANAGEMENT TEAM TRAINING TO IMPROVE COMMUNICATION AMONGST ALL CARE TEAM MEMBERS INCLUDING PHYSICIANS IN AN ATTEMPT TO REDUCE COMMUNICATION RELATED MEDICAL ERRORS.</p> <p>2- THE IMPLEMENTATION OF STANDARDIZED PROCEDURES WHICH HAVE LEAD TO REDUCTIONS IN VENTILATOR ASSOCIATED PNEUMONIA, URINARY CATHETER RELATED INFECTIONS AND CENTRAL LINE ASSOCIATED BLOODSTREAM INFECTIONS.</p> <p>3- THE IMPLEMENTATION OF SEPSIS SCREENING ON EVERY HOSPITALIZED PATIENT AND THE IMPLEMENTATION OF A RAPID RESPONSE NURSING TEAM THAT CAN BE ACTIVATED BY EITHER ANY STAFF MEMBER, PATIENT OR FAMILY MEMBER TO QUICKLY BRING EXPERT HELP TO A PATIENT'S BEDSIDE. THE COMMUNITIES WE SERVE WILL BE AMONG THE HEALTHIEST IN OUR NATION. WE SEEK TO DEVELOP COMMUNIT</p>

Identifier	Return Reference	Explanation
FORM 990, PART III, LINE 4	PROGRAM SERVICE ACCOMPLISHMENTS	<p>Y HEALTH INITIATIVES THAT IMPACT LONG-TERM HEALTH ACROSS THE ENTIRE COMMUNITY FOR THE PAST SEVERAL YEARS, WE HAVE FOCUSED ON CHILDHOOD OBESITY TO CREATE HEALTHIEST COMMUNITIES. THIS INITIATIVE HAS THREE STRATEGIES: WORKING WITH FAMILIES, IMPLEMENTING PROGRAMS & POLICIES AT LOCAL SCHOOLS, AND INCREASING ENVIRONMENTAL OPTIONS.</p> <p>PROGRAM SERVICE ACCOMPLISHMENTS NAME: UNREIMBURSED MEDICAID. MEDICAID, ALSO KNOWN AS MEDICAL IN CALIFORNIA, IS THE US HEALTH PROGRAM FOR PEOPLE WITH LOW INCOME. IT IS JOINTLY FUNDED BY THE STATE AND FEDERAL GOVERNMENTS, AND IS MANAGED BY THE STATES.</p> <p>ACCOMPLISHMENTS: 11,970 PERSONS SERVED AND \$20,494,700 AT COSTS.</p> <p>NAME: UNREIMBURSED OTHER-MEANS GOVERNMENT PROGRAM.</p> <p>MEDICAL SERVICES INITIATIVE (MSI) IS A FEDERAL, STATE AND COUNTY FUNDED HEALTHCARE PROGRAM THAT PROVIDES A FULL RANGE OF MEDICAL SERVICES FOR COUNTY RESIDENTS 21 - 64 YEARS OF AGE. FINANCIAL ELIGIBILITY IS DETERMINED ON A CASE-BY-CASE BASIS. HOWEVER, ONLY PERSONS WITH ANNUAL INCOMES BELOW 200% OF THE FEDERAL POVERTY LEVEL ARE ELIGIBLE.</p> <p>IN APPLYING FOR THE PROGRAM, PROOF OF ORANGE COUNTY RESIDENCY AND US CITIZENSHIP OR LEGAL RESIDENCY IS REQUIRED.</p> <p>ACCOMPLISHMENTS: 3,478 PERSON SERVED AND \$5,255,700 AT COSTS.</p> <p>NAME: FINANCIAL ASSISTANCE PROGRAM.</p> <p>GOAL: WE BELIEVE THAT NO ONE SHOULD DELAY SEEKING NEEDED MEDICAL CARE BECAUSE THEY LACK HEALTH INSURANCE. OUR PATIENT FINANCIAL ASSISTANCE PROGRAM PROVIDES FREE OR DISCOUNTED SERVICES TO ELIGIBLE PATIENTS.</p> <p>FACTORS USED IN DETERMINING ELIGIBILITY FOR PATIENT FINANCIAL ASSISTANCE INCLUDE INCOME LEVEL, ASSET LEVEL, AND MEDICAL INDIGENCE.</p> <p>KEY PARTNERS: MINISTRY BUSINESS OFFICE.</p> <p>ACCOMPLISHMENTS: 8,922 PERSON SERVED AND \$5,786,000 AT COST.</p> <p>NAME: CARE FOR THE POOR.</p> <p>GOAL: WE BELIEVE THAT ALL RESIDENTS IN THE COMMUNITY DESERVE ACCESS TO MEDICAL CARE. THAT IS WHY MISSION HOSPITAL, AS A MINISTRY OF ST. JOSEPH HEALTH SYSTEM, DEDICATES 10% OF ITS NET INCOME TOWARD CARE FOR THE POOR TO SUPPORT LOCAL PROGRAMS SUCH AS CAMINO HEALTH CENTER, THE LOCAL COMMUNITY CLINIC WHO SERVES SOUTH COUNTY RESIDENTS WHO ARE UNINSURED OR UNDERINSURED, CALIFORNIA KIDS, A LOW-COST HEALTH INSURANCE PROGRAM FOR CHILDREN INELIGIBLE FOR OTHER GOVERNMENT FUNDED PROGRAMS, AND SERVICES FOR THE HOMELESS WHO ARE RECENTLY DISCHARGED FROM THE HOSPITAL TO ENSURE THEY HAVE THE NEEDED MEDICAL SUPPORT TO RETURN THEIR HEALTH TO THE OPTIMAL LEVEL.</p> <p>KEY PARTNERS: BUSINESS OFFICE, MISSION INTEGRATION, CASE MANAGEMENT OFFICE, MEDICAL RECORDS.</p> <p>ACCOMPLISHMENTS: 113,870 PERSON SERVED AND \$1,966,000 AT COSTS.</p> <p>NAME: FAMILY RESOURCE CENTERS.</p> <p>GOAL: OUR TWO FAMILY RESOURCE CENTERS ARE CREATED TO PROVIDE EDUCATION, SUPPORT, AND RESOURCES TO ENHANCE THE PROCESS OF FAMILY GROWTH THROUGH THE DEVELOPMENT OF SKILLS THAT PROMOTE THE HEALTH, SELF-SUFFICIENCY, AND QUALITY OF LIFE FOR THE COMMUNITY.</p> <p>KEY PARTNERS: RAISE FOUNDATION, CHILDRENS BUREAU, HUMAN OPTIONS.</p> <p>ACCOMPLISHMENTS: 8,801 PERSONS SERVED AND \$244,800 AT COSTS.</p> <p>OUR FAMILY RESOURCE CENTERS PROVIDE SERVICES FOR THE COMMUNITY SUCH AS LOW/NO COST MENTAL HEALTH COUNSELING AND SUPPORT GROUPS, ACCESS TO HEALTHCARE THROUGH MEDICAL APPLICATION ASSISTANCE, PARENTING CLASSES, CHILD DEVELOPMENT CLASSES, FINANCIAL ASSISTANCE PROGRAMS INCLUDING SERVICES FROM THE CONSUMER CREDIT COUNSELING OF ORANGE COUNTY.</p> <p>PARTNERS IN OUR FAMILY RESOURCE CENTERS INCLUDE THE RAISE FOUNDATION, CHILDREN'S BUREAU, AND HUMAN OPTIONS.</p> <p>WE JOIN EFFORTS WITH THE LAKE FOREST WOMEN, INFANT & CHILDREN'S CLINIC TO PROVIDE WRAP-AROUND SERVICES FOR THOSE IN NEED.</p> <p>IN SAN JUAN CAPISTRANO, WE COLLABORATE WITH THE MISSION BASILICA TO PROVIDE OUTREACH SERVICES TO THE MOST VULNERABLE AND WORK WITH LOCAL SCHOOL DISTRICTS AND PARENTS TO ENSURE CHILDREN HAVE APPROPRIATE ACCESS TO EDUCATION AND OTHER SUPPORT SERVICES.</p> <p>IN FY11, WE SERVED A TOTAL OF 2,828 PERSONS AT THE TWO SITES AND OVER 32,000 TOTAL CONTACTS.</p> <p>FOR MORE INFORMATION ABOUT MISSION HOSPITAL, PLEASE VISIT WWW.MISSION4HEALTH.COM. FOR MORE INFORMATION ABOUT ST. JOSEPH HEALTH SYSTEM, PLEASE VISIT WWW.STJOE.ORG.</p>

Identifier	Return Reference	Explanation
FORM 990, PART V, LINE 7H	CONTRIBUTIONS OF CARS OR OTHER VEHICLES	MISSION HOSPITAL RECEIVED A VEHICLE DONATION FOR A FUNDRAISING EVENT MISSION HOSPITAL WAS NOT REQUIRED TO FILE FORM 1098-C FORM 990, PART VI, LINE 6 DESCRIPTION OF CLASSES OF MEMBERS OR STOCKHOLDERS ST JOSEPH HEALTH SYSTEM IS THE SOLE CORPORATE MEMBER OF MISSION HOSPITAL

Identifier	Return Reference	Explanation
FORM 990, PART VI, LINE 7A	DESCRIPTION OF CLASSES OF PERSONS AND THE NATURE OF THEIR RIGHTS	MISSION HOSPITAL HAS A TIERED GOVERNANCE IN WHICH THE CORPORATE MEMBERS RESERVE THE RIGHT TO APPOINT TRUSTEES TO THE MISSION HOSPITAL BOARD. ALL TRUSTEE APPOINTMENTS THAT COME FROM THE MISSION HOSPITAL 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.

Identifier	Return Reference	Explanation
FORM 990, PART VI, LINE 7B	DESCR CLASSES OF PERSONS, DECISIONS REQUIRING APPR & TYPE OF VOTING RIGHTS	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

Identifier	Return Reference	Explanation
FORM 990, PART VI, LINE 11	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 MARCH 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, LINE 12C	PROCESS FOR MONITORING 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.

Identifier	Return Reference	Explanation
FORM 990, PART VI, LINES 15A AND 15B	PROCESS USED TO DETERMINE COMPENSATION	<p>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 MEET 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.</p>

Identifier	Return Reference	Explanation
FORM 990, PART VI, LINE 19	GOVERNING DOCS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STMTS AVAILABLE	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

Identifier	Return Reference	Explanation
FORM 990, PART VII	HOURS DEVOTED TO RELATED ORGANIZATIONS	WILLIAM MURIN SERVES ON THE BOARD OF MISSION HOSPITAL REGIONAL MEDICAL CENTER (MHRMC) AND IS AN EMPLOYEE OF ST JOSEPH HEALTH SYSTEM (SJHS) HE DEVOTES 50 HOURS PER WEEK TO SJHS AND 2 HOURS PER WEEK TO MHRMC PETER BASTONE SERVED AS CEO OF MHRMC UNTIL MAY 2011 ALTHOUGH HE IS COMPENSATED BY THE TAX-EXEMPT PARENT, SJHS, HE DEVOTES 50 HOURS PER WEEK TO MHRMC AND NO HOURS TO SJHS SISTER MARY ANNE HUEPPER SERVES ON THE BOARD OF MHRMC AND ST JUDE MEDICAL CENTER (SJMC) SHE DEVOTES 2 HOURS PER WEEK TO MHRMC AND 2 HOURS PER WEEK TO SJMC SISTER CHRISTINE RAY SERVES ON THE BOARD OF MHRMC, SANTA ROSA MEMORIAL HOSPITAL (SRMH) AND SRM ALLIANCE HOSPITAL SERVICES (PVH) SHE DEVOTES 2 HOURS PER WEEK TO MHRMC, 2 HOURS PER WEEK TO SRMH, AND 2 HOURS PER WEEK TO PVH SISTER EILEEN MCNERNEY SERVES ON THE BOARD OF MHRMC AND SJHS SHE DEVOTES 2 HOURS PER WEEK TO MHRMC AND 2 HOURS PER WEEK TO SJHS

Identifier	Return Reference	Explanation
FORM 990, PART XI, LINE 5	OTHER CHANGES IN NET ASSETS	INVESTMENT UNREALIZED GAIN/LOSS \$7,127,530 ST JOSEPH HEALTH SY STEM EQUITY ADJUSTMENT 3,192,030 CAPITAL CONTRIBUTION TO HERITAGE FOUNDATION (5,248,360) INCOME FROM SUBSIDIARIES 1,976,795 ADJ FOR CFP BOOKED IN ASSET/LIABILITY ACCTS (2,002,456) CFP ADJUSTMENT RELATED TO CASH BASIS REPORTING (209,700) OTHER ADJUSTMENT RELATED TO CASH BASIS REPORTING 58,737 FUNDRAISING REVENUE RE-CLASSSED FROM NET ASSETS (123,984) ROUNDING (765) ----- TOTAL \$4,769,827 =====

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

Identifier	Return Reference	Explanation
SECTION 409A DOCUMENT CORRECTION UNDER SECTION VI B, VII C AND XI A	OF IRS NOTICE 2010-6 DOCUMENT DEFECTS	<p>1) NAME 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 SECTION 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 SECTION 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 TERMS Therefore no employee was affected by this defect in the Plan's written terms</p>

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
MISSION HOSPITAL REGIONAL MEDICAL CENTER

Employer identification number
95-1643360

Part I

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

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

Part II

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

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

Part III

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

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

Part IV

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

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

Part V

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

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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by other organization(s)

f

Sale of assets to other organization(s)

g

Purchase of assets from other organization(s)

h

Exchange of assets

i

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

j

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

k

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

l

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

m

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

n

Sharing of paid employees

o

Reimbursement paid to other organization for expenses

p

Reimbursement paid by other organization for expenses

q

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

r

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

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

No

No

No

No

No

No

No

No

No

No

No

Yes

No

No

Yes

Yes

Yes

No

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) See Additional Data Table			
(2)			
(3)			
(4)			
(5)			
(6)			

Schedule R (Form 990) 2010

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

[illegible]

Part VII **Supplemental Information**

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

Ident if ier	Ret urn Reference	Explanat ion
IDENTIFICATION OF RELATED ORGANIZATIONS TAXABLE AS A PARTNERSHIP	SCHEDULE R, PART III	ST JOSEPH HEALTH SYSTEM HOME HEALTH AGENCY EIN 33-0282945 ADDRESS 1845 W ORANGEWOOD AVENUE, STE 200 ORANGE, CA 92868-2012 ST JOSEPH HEALTH SYSTEM HOME CARE SERVICES EIN 33-0307672 ADDRESS 1845 W ORANGEWOOD AVENUE, STE 100 ORANGE, CA 92868-2012 METHODIST DIAGNOSTIC IMAGING EIN 75-2343261 ADDRESS 4005 24TH STREET LUBBOCK, TX 79410 SHA, LLC 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

Software ID:

Software Version:

EIN: 95-1643360

Name: MISSION HOSPITAL REGIONAL MEDICAL CENTER

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled organization	
						Yes	No
CAMINO HEALTH CENTER 30300 CAMINO CAPISTRANO SAN JUAN CAPISTRANO, CA92675 33-0574214	HEALTHCARE	CA	501(C)(3)	7	MHRMC		
COVENANT HEALTH PARTNERS 3615 19TH STREET LUBBOCK, TX79410 61-1573313	HEALTHCARE	TX	501(C)(3)	11, I	CHS		
COVENANT HEALTH SYSTEM 3615 19TH STREET LUBBOCK, TX79410 75-2765566	HEALTHCARE	TX	501(C)(3)	3	SJHS		
COVENANT HEALTH SYSTEM FOUNDATION 4000 24TH STREET LUBBOCK, TX79410 75-2897026	HEALTHCARE	TX	501(C)(3)	7	CHS		
COVENANT MEDICAL GROUP 3420 22ND PLACE LUBBOCK, TX79410 75-2743883	HEALTHCARE	TX	501(C)(3)	3	CHS		
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	TX	501(C)(3)	9	CHS		
LUBBOCK METHODIST HOSPITAL FOUNDATION 3615 19TH STREET LUBBOCK, TX79410 75-2220963	HEALTHCARE	TX	501(C)(3)	7	CHS		
METHODIST CHILDREN'S HOSPITAL 3610 21ST STREET LUBBOCK, TX79410 75-2428911	HEALTHCARE	TX	501(C)(3)	3	CHS		
METHODIST HOSPITAL LEVELLAND 1900 COLLEGE AVENUE LEVELLAND, TX79336 75-2246348	HEALTHCARE	TX	501(C)(3)	3	CHS		
METHODIST HOSPITAL PLAINVIEW 2601 DIMMITT ROAD PLAINVIEW, TX79072 75-2426010	HEALTHCARE	TX	501(C)(3)	3	CHS		
MISSION HOSPITAL REG MED CTR FDN 27700 MEDICAL CENTER ROAD MISSION VIEJO, CA92691 33-0406118	HEALTHCARE	CA	501(C)(3)	7	MHRMC		

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled organization	
						Yes	No
QUEEN OF THE VALLEY MEDICAL CENTER 1000 TRANCAS STREET NAPA, CA94558 94-1243669	HEALTHCARE	CA	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	CA	501(C)(3)	1	NA		
SRM ALLIANCE HOSPITAL SERVICES 400 NORTH MCDOWELL BLVD PETALUMA, CA94954 68-0395200	HEALTHCARE	CA	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	CA	501(C)(3)	11, I	SJHM		
ST JOSEPH HEALTH SYSTEM FOUNDATION 500 S MAIN STREET SUITE 1000 ORANGE, CA92868 33-0143024	HEALTHCARE	CA	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		
ST JOSEPH HOSPITAL OF EUREKA 2700 DOLBEER STREET EUREKA, CA95501 94-1156596	HEALTHCARE	CA	501(C)(3)	3	SJHS		

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled organization	
						Yes	No
ST JOSEPH HOSPITAL OF ORANGE 1100 WEST STEWART DRIVE ORANGE, CA92868 95-1643359	HEALTHCARE	CA	501(C)(3)	3	SJHS		
ST JUDE HOSPITAL YORBA LINDA 279 E IMPERIAL HWY 750 FULLERTON, CA92835 33-0185031	HEALTHCARE	CA	501(C)(3)	3	SJHS		
ST JUDE HOSPITAL INC 101 EAST VALENCIA MESA DRIVE FULLERTON, CA92835 95-1643325	HEALTHCARE	CA	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	CA	501(C)(3)	3	SJHS		
ST MARY OF THE PLAINS HOSPITAL FDN 4000 24TH STREET LUBBOCK, TX79410 75-1653181	HEALTHCARE	TX	501(C)(3)	7	CHS		
TALLER SAN JOSE 801 NORTH BROADWAY SANTA ANA, CA92701 59-3816355	WORKFORCE DEV	CA	501(C)(3)	2	SSJO		
AUXILIARY OF MISSION HOSP LAGUNA BEACH 31872 COAST HWY LAGUNA BEACH, CA92651 95-6050019	SUPPORT	CA	501(C)(3)	11, III-O	NA		

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income (\$)	(g) Share of end-of-year assets (\$)	(h) Disproprtionate allocations?		(i) Code V-UBI amount on Box 20 of K-1 (\$)	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
ST JOSEPH HLTH SYS HOME HLTH SEE PART VII MISSION VIEJO , CA92691 33-0355575	HOME HEALTH	CA	NA	N/A	0	0		No	0		No	0 %
ST JOSEPH HLTH SYS HOME CARE	HOME HEALTH	CA	NA	N/A	0	0		No	0		No	0 %
METHODIST DIAGNOSTIC IMAGING	HEALTHCARE SVCS	TX	NA	N/A	0	0		No	0		No	0 %
SHA LLC	HEALTHCARE SVCS	TX	NA	N/A	0	0		No	0		No	0 %
LUBBOCK SURGERY CENTER LTD	HEALTHCARE SVCS	TX	NA	N/A	0	0		No	0		No	0 %
COVENANT LONG- TERM CARE LP	HEALTHCARE SVCS	TX	NA	N/A	0	0		No	0		No	0 %
HERITAGE INVESTMENT GROUP	INVESTMENT	CA	NA	N/A	0	0		No	0		No	0 %
MISSION AMBULATORY SURGICENTER	HEALTHCARE SVCS	CA	MVMV	RELATED	1,452,295	3,258,915		No	0		No	40 600 %

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income (\$)	(g) Share of end-of- year assets (\$)	(h) Disproportionate allocations?		(i) Code V-UBI amount on Box 20 of K-1 (\$)	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
COMPREHENSIVE IMAGING PARTNERS	HEALTHCARE SVCS	CA	NA	N/A	0	0		No	0		No	0 %

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income (\$)	(g) Share of end-of-year assets (\$)	(h) Percentage ownership
ST JOSEPH PROF SVCS 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-VILLE ROAD HAMILTON, HX BD	CAPTIVE INSURANCE	BD	NA	C-CORP	0	0	0 %
MISSION VIEJO MEDICAL VENTURES INC 27800 MEDICAL CENTER RD 354 MISSION VIEJO, CA92691 33-0212905	HEALTHCARE SVCS	CA	NA	C-CORP	36,634	320,857	100 000 %
MISSION MEDICAL CENTER ASSOCIATION 27800 MEDICAL CENTER RD 354 MISSION VIEJO, CA92691 33-0201044	HEALTHCARE SVCS	CA	NA	C-CORP	0	0	100 000 %
2 CHARITABLE REMAINDER UNITRUSTS	HOSPITAL SUPPORT	CA	NA	TRUST	0	0	0 %
ALLIANCE PHYSICIAN SERVICES	INACTIVE	CA	NA	C-CORP	0	0	0 %
ST JOSEPH YORBA PARK	INACTIVE	CA	NA	C-CORP	0	0	0 %
LUBBOCK METHODIST HOSPITAL SERVICES PO BOX 1201 LUBBOCK, TX79410 75-2118585	HEALTHCARE SVCS	TX	NA	C-CORP	0	0	0 %
LUBBOCK METHODIST HOSPITAL PRACTICE MGMT 2107 OXFORD STREET SUITE 300 LUBBOCK, TX79410 75-2578995	INACTIVE	TX	NA	C-CORP	0	0	0 %

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

(a) Name of other organization		(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(1)	ST JUDE HOSPITAL YORBA LINDA	B	5,248,360	
(2)	ST JOSEPH HEALTH SYSTEM FOUNDATION	B	4,065,800	
(3)	ST JOSEPH HEALTH SYSTEM FOUNDATION	C	2,052,456	
(4)	AMERICAN UNITY GROUP	Q	2,397,940	
(5)	CAMINO HEALTH CENTER	B	698,045	
(6)	COVENANT HEALTH PARTNERS		0	
(7)	COVENANT HEALTH SYSTEM		0	
(8)	COVENANT HEALTH SYSTEM FOUNDATION		0	
(9)	COVENANT MEDICAL GROUP		0	
(10)	HOME CARE PARTNERS		0	
(11)	HOSPICE OF LUBBOCK		0	
(12)	LUBBOCK METHODIST HOSPITAL FOUNDATION		0	
(13)	METHODIST CHILDREN'S HOSPITAL		0	
(14)	METHODIST HOSPITAL LEVELLAND		0	
(15)	METHODIST HOSPITAL PLAINVIEW		0	
(16)	MISSION HOSPITAL REG MED CTR FDN		0	
(17)	QUEEN OF THE VALLEY MEDICAL CENTER		0	
(18)	REDWOOD MEMORIAL FOUNDATION		0	
(19)	REDWOOD MEMORIAL HOSPITAL		0	
(20)	SANTA ROSA MEMORIAL HOSPITAL		0	
(21)	SRM ALLIANCE HOSPITAL SERVICES		0	
(22)	ST JOSEPH HEALTH FDN OF N CALIFORNIA		0	
(23)	ST JOSEPH HOME CARE NETWORK		0	
(24)	ST JOSEPH HOSPITAL OF EUREKA		0	
(25)	ST JOSEPH HOSPITAL OF ORANGE		0	
(26)	ST JUDE HOSPITAL INC		0	
(27)	ST JUDE MEMORIAL FOUNDATION		0	
(28)	ST MARY MEDICAL CENTER		0	
(29)	ST MARY OF THE PLAINS HOSPITAL FOUNDATION		0	
(30)	ST JOSEPH HEALTH SYSTEM HOME HEALTH AGENCY		0	

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

(a) Name of other organization		(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(31)	ST JOSEPH HEALTH SYSTEM HOME CARE SERVICES		0	
(32)	METHODIST DIAGNOSTIC IMAGING		0	
(33)	SHA LLC		0	
(34)	LUBBOCK SURGERY CENTER LTD		0	
(35)	COVENANT LONG-TERM CARE LP		0	
(36)	HERITAGE INVESTMENT GROUP I LLC		0	
(37)	MISSION AMBULATORY SURGICENTER LTD		0	
(38)	COMPREHENSIVE IMAGING PARTNERS LLC		0	
(39)	ST JOSEPH PROF SVCS ENTERPRISES INC		0	
(40)	ALLIANCE PHYSICIAN SERVICES		0	
(41)	MISSION VIEJO MEDICAL VENTURES		0	
(42)	MISSION MEDICAL CENTER ASSOCIATION		0	
(43)	ST JOSEPH YORBA PARK		0	
(44)	LUBBOCK METHODIST HOSPITAL SERVICES		0	
(45)	LUBBOCK METHODIST HOSPITAL PRACTICE MGMT		0	
(46)	2 CHARITABLE REMAINDER UNITRUSTS		0	

AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

St. Joseph Health System and Affiliates,
A St. Joseph Health Ministry Corporation
Years Ended June 30, 2011 and 2010
With Report of Independent Auditors

Ernst & Young LLP



St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

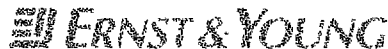
Audited Consolidated Financial Statements
and Other Financial Information

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.

Ernst & Young LLP

September 30, 2011

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Consolidated Balance Sheets
(In thousands)

	June 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
Payable to third-party payors	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	2,377,107
Total liabilities and net assets	\$ 5,027,453	\$ 4,658,030

See accompanying notes

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

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

	Year Ended June 30	
	2011	2010
Revenues		
Patient service, net of contractual allowances and discounts	\$ 3,659,620	\$ 3,499,609
Less Provision for doubtful accounts	196,250	246,051
Net patient service, less provision for doubtful accounts	3,463,370	3,253,558
Premium	654,376	675,538
Other	105,309	93,441
Total revenues, net	4,223,055	4,022,537
Expenses		
Compensation and benefits	1,901,420	1,793,309
Supplies and other	917,107	805,345
Professional fees and purchased services	966,327	972,347
Depreciation and amortization	186,761	192,252
Interest	59,988	92,231
Total expenses	4,031,603	3,855,484
Operating income	191,452	167,053
Nonoperating gains, net	171,794	104,352
Excess of revenues over expenses	363,246	271,405
Less excess of revenues over expenses attributable to noncontrolling interests	6,444	4,637
Excess of revenues over expenses attributable to controlling interests	\$ 356,802	\$ 266,768
Unrestricted net assets		
Excess of revenues over expenses attributable to controlling interests	\$ 356,802	\$ 266,768
Excess of revenues over expenses attributable to noncontrolling interests	6,444	4,637
Cumulative effect of loss on goodwill impairment upon adoption of new accounting principle	(17,901)	—
Net assets released from restrictions and other attributable to controlling interests	(566)	(9,429)
Net assets released from restrictions and other attributable to noncontrolling interests	(5,432)	1,802
Increase in unrestricted net assets	339,347	263,778
Temporarily and permanently restricted net assets		
Restricted net assets released from restrictions, restricted contributions and other, net, attributable to controlling interests	9,307	15,511
Increase in net assets	348,654	279,289
Net assets at beginning of year	2,377,107	2,097,818
Net assets at end of year	\$ 2,725,761	\$ 2,377,107

See accompanying notes

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Consolidated Statements of Cash Flows
(In thousands)

	Year Ended June 30	
	2011	2010
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 credit	(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

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

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 Health 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
Queen 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

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

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).

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

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.

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

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%

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

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.

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

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

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

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).

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

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.

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

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
	<i>(In thousands)</i>	
Government	\$ 1,396,129	\$ 1,258,431
Contracted	1,678,019	1,644,217
Self-pay and others	585,472	596,961
	<u>\$ 3,659,620</u>	<u>\$ 3,499,609</u>

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

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

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

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

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.

St. Joseph Health System and Affiliates
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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

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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.

St. Joseph Health System and Affiliates
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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).

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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.

	June 30, 2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Method Investments	Equity Method Investments	Total	Valuation Technique (a,b,c)
<i>(In thousands)</i>								
Current assets								
Cash and equivalents	\$ 250,712	\$ 250,712	\$ —	\$ —	\$ 250,712	\$ —	\$ 250,712	a
Short-term marketable securities								
Money market funds	\$ 33,562	\$ 16,819	\$ 16,743	\$ —	\$ 33,562	\$ —	\$ 33,562	a
U S Treasury securities	260,355	32,794	227,561	—	260,355	—	260,355	a
Corporate debt 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	a
	<u>\$ 715,530</u>	<u>\$ 285,526</u>	<u>\$ 429,753</u>	<u>\$ 251</u>	<u>\$ 715,530</u>	<u>\$ —</u>	<u>\$ 715,530</u>	
Long-term marketable securities								
Money market funds	\$ 30,454	\$ 11,326	\$ 19,128	\$ —	\$ 30,454	\$ —	\$ 30,454	a
U S Treasury securities	146,386	87,341	59,045	—	146,386	—	146,386	a
Corporate debt securities	119,700	253	117,600	1,847	119,700	—	119,700	a
Corporate equity securities	365,425	365,425	—	—	365,425	—	365,425	a
Other	178,434	—	—	—	—	178,434	178,434	
	<u>\$ 840,399</u>	<u>\$ 464,345</u>	<u>\$ 195,773</u>	<u>\$ 1,847</u>	<u>\$ 661,965</u>	<u>\$ 178,434</u>	<u>\$ 840,399</u>	

St. Joseph Health System and Affiliates
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Notes to Consolidated Financial Statements (continued)

2. Fair Value Measurements (continued)

	June 30, 2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Method Investments	Equity Method Investments	Total	Valuation Technique (a,b,c)
	<i>(In thousands)</i>							
Assets limited as to use								
Board designated								
Money market funds	\$ 85,512	\$ 85,512	\$ –	\$ –	\$ 85,512	\$ –	\$ 85,512	a
U S Treasury securities	8,157	–	8,157	–	8,157	–	8,157	a
Corporate debt securities	49,732	16,090	33,642	–	49,732	–	49,732	a
Corporate equity securities	29,530	29,530	–	–	29,530	–	29,530	a
Other	1,398	–	–	–	–	1,398	1,398	
	<u>\$ 174,329</u>	<u>\$ 131,132</u>	<u>\$ 41,799</u>	<u>\$ –</u>	<u>\$ 172,931</u>	<u>\$ 1,398</u>	<u>\$ 174,329</u>	
Held in trust								
Money market funds	\$ 65,118	\$ 65,118	\$ –	\$ –	\$ 65,118	\$ –	\$ 65,118	a
Cash collateral held by swap counterparty	\$ 10,339	\$ –	\$ 10,339	\$ –	\$ 10,339	\$ –	\$ 10,339	a
Liabilities								
Interest rate swaps	\$ 44,964	\$ –	\$ 44,964	\$ –	\$ 44,964	\$ –	\$ 44,964	c

	June 30, 2010	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Method Investments	Equity Method Investments	Total	Valuation Technique (a,b,c)
	<i>(In thousands)</i>							
Current assets								
Cash and equivalents	\$ 270,409	\$ 270,409	\$ –	\$ –	\$ 270,409	\$ –	\$ 270,409	a
Short-term marketable securities								
Money market funds	\$ 28,610	\$ 3,862	\$ 24,748	\$ –	\$ 28,610	\$ –	\$ 28,610	a
U S Treasury securities	173,556	81	173,475	–	173,556	–	173,556	a
Corporate debt securities	191,223	8,474	182,197	552	191,223	–	191,223	a,c
Corporate equity securities	170,195	150,080	20,115	–	170,195	–	170,195	a
	<u>\$ 563,584</u>	<u>\$ 162,497</u>	<u>\$ 400,535</u>	<u>\$ 552</u>	<u>\$ 563,584</u>	<u>\$ –</u>	<u>\$ 563,584</u>	
Long-term marketable securities								
Money market funds	\$ 55,436	\$ 41,202	\$ 14,203	\$ 31	\$ 55,436	\$ –	\$ 55,436	a
U S 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	a
Other	114,711	–	–	–	–	114,711	114,711	
	<u>\$ 633,519</u>	<u>\$ 388,776</u>	<u>\$ 129,981</u>	<u>\$ 51</u>	<u>\$ 518,808</u>	<u>\$ 114,711</u>	<u>\$ 633,519</u>	

St. Joseph Health System and Affiliates
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Notes to Consolidated Financial Statements (continued)

2. Fair Value Measurements (continued)

	June 30, 2010	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value Method Investments	Equity Method Investments	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	a
Corporate debt securities	32,511	26,472	6,039	–	32,511	–	32,511	a
Corporate equity securities	24,027	24,027	–	–	24,027	–	24,027	a
Other	1,619	–	–	–	–	1,619	1,619	
	<u>\$ 154,220</u>	<u>\$ 139,941</u>	<u>\$ 12,660</u>	<u>\$ –</u>	<u>\$ 152,601</u>	<u>\$ 1,619</u>	<u>\$ 154,220</u>	
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
	<u>\$ 147,798</u>	<u>\$ 65,211</u>	<u>\$ 82,587</u>	<u>\$ –</u>	<u>\$ 147,798</u>	<u>\$ –</u>	<u>\$ 147,798</u>	
Cash collateral held by swap counterparty								
Cash and cash equivalents	\$ 2,400	\$ 2,400	\$ –	\$ –	\$ 2,400	\$ –	\$ 2,400	a
U S Treasury securities	26,610	7,979	18,631	–	26,610	–	26,610	a
	<u>\$ 29,010</u>	<u>\$ 10,379</u>	<u>\$ 18,631</u>	<u>\$ –</u>	<u>\$ 29,010</u>	<u>\$ –</u>	<u>\$ 29,010</u>	
Liabilities								
Interest rate swap	\$ 65,194	\$ –	\$ 65,194	\$ –	\$ 65,194	\$ –	\$ 65,194	c

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 <i>(In thousands)</i>
Balance at July 1, 2010	\$ 603
Net transfers in	1
Purchases, net	1,686
Net unrealized losses	(192)
Balance at June 30, 2011	<u>\$ 2,098</u>

St. Joseph Health System and Affiliates
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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.

St. Joseph Health System and Affiliates
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Notes to Consolidated Financial Statements (continued)

3. Property and Equipment

Property and equipment consists of the following at June 30:

	2011	2010
	<i>(In thousands)</i>	
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)
	<u>\$ 2,241,317</u>	<u>\$ 2,136,646</u>

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.

St. Joseph Health System and Affiliates
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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	<u>\$ 66,173</u>

St. Joseph Health System and Affiliates
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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
	<i>(In thousands)</i>	
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	—

St. Joseph Health System and Affiliates
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Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt (continued)

	2011	2010
	<i>(In thousands)</i>	
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).

St. Joseph Health System and Affiliates
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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 multi-annual 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.

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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.

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

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
	<i>(In thousands)</i>	
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	<u>\$ 59,988</u>	<u>\$ 92,231</u>

St. Joseph Health System and Affiliates
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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
	<i>(In thousands)</i>	
Reported excess of revenues over expenses	\$ 363,246	\$ 271,405
Add back goodwill amortization	—	4,326
Adjusted excess of revenues over expenses	<u>\$ 363,246</u>	<u>\$ 275,731</u>

St. Joseph Health System and Affiliates
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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.

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

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

St. Joseph Health System and Affiliates
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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.

St. Joseph Health System and Affiliates
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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
	<i>(In thousands)</i>	
Change in benefit obligations:		
Accumulated postretirement benefit obligation at beginning of year	\$ 18,070	\$ 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>\$ 35,688</u>	<u>\$ 18,070</u>
Amounts recognized in the consolidated balance sheet:		
Funded status at end of year	\$ (35,688)	\$ (18,070)
Unrecognized prior service cost	—	—
Unrecognized net (gain) or loss	—	—
Amounts recognized in the consolidated balance sheet	<u>\$ (35,688)</u>	<u>\$ (18,070)</u>
Amounts recognized in changes to unrestricted net assets:		
Prior service cost	\$ (21,846)	\$ (9,264)
Net actuarial gain	14,079	14,260
Total	<u>\$ (7,767)</u>	<u>\$ 4,996</u>
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	1,813
Net periodic benefit cost	<u>\$ 5,259</u>	<u>\$ 2,426</u>

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

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:

	<u>2011</u>	<u>2010</u>
Weighted-average discount rate for benefit obligation	4.85%	5.00%
Weighted-average discount rate for net periodic benefit 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 Ended June 30	
	2011	2010
	<i>(In thousands)</i>	
Health care services	\$ 3,201,953	\$ 2,946,614
General and administrative	829,650	908,870
	<u>\$ 4,031,603</u>	<u>\$ 3,855,484</u>

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

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:

	Total Community Benefit Expense, at Cost		Direct Offsetting Revenue	Un-sponsored Community Benefit Expense, at Cost	
	Amount	% of Total Expenses		Amount	% of Total Expenses
2011					
<i>(In thousands)</i>					
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%

St. Joseph Health System and Affiliates
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Notes to Consolidated Financial Statements (continued)

11. Charity Care and Community Benefits (continued)

2010	Total Community Benefit Expense, at Cost		Direct Offsetting Revenue	Un-sponsored Community Benefit Expense, at Cost	
	Amount	% of Total		Amount	% of Total
		Expenses			Expenses
<i>(In thousands)</i>					
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.

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Notes to Consolidated Financial Statements (continued)

12. Temporarily and Permanently Restricted Net Assets

A summary of net assets at June 30 follows:

	2011	2010
	<i>(In thousands)</i>	
Unrestricted	\$ 2,615,539	\$ 2,276,192
Temporarily restricted	102,739	94,423
Permanently restricted	7,483	6,492
Total net assets	<u>\$ 2,725,761</u>	<u>\$ 2,377,107</u>

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

St. Joseph Health System and Affiliates
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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):

	Temporarily Permanently			
	Unrestricted	Restricted	Restricted	Total
2011				
Board-designated endowment funds	\$ 19,595	\$ 3,672	\$ —	\$ 23,267
Donor-restricted endowment funds	—	531	6,419	6,950
Total funds	<u>\$ 19,595</u>	<u>\$ 4,203</u>	<u>\$ 6,419</u>	<u>\$ 30,217</u>
	Temporarily Permanently			
	Unrestricted	Restricted	Restricted	Total
2010				
Board-designated endowment funds	\$ 14,821	\$ 3,043	\$ —	\$ 17,864
Donor-restricted endowment funds	—	474	6,182	6,656
Total funds	<u>\$ 14,821</u>	<u>\$ 3,517</u>	<u>\$ 6,182</u>	<u>\$ 24,520</u>

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

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):

2011	Unrestricted	Temporarily Restricted	Permanently Restricted	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	<u>\$ 19,595</u>	<u>\$ 4,203</u>	<u>\$ 6,419</u>	<u>\$ 30,217</u>
2010	Unrestricted	Temporarily Restricted	Permanently Restricted	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	<u>\$ 14,821</u>	<u>\$ 3,517</u>	<u>\$ 6,182</u>	<u>\$ 24,520</u>

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

St. Joseph Health System and Affiliates
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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.

St. Joseph Health System and Affiliates
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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
	<u>327,773</u>
Less sublease revenue	(48,855)
	<u><u>\$ 278,918</u></u>

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.

St. Joseph Health System and Affiliates
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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.

St. Joseph Health System and Affiliates
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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.

Other Financial Information

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Consolidating Balance Sheet
(In thousands)

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
Assets										
Current assets										
Cash and equivalents	\$ 250 712	\$ (4 453)	\$ 240 767	\$ 4 043	\$ 2 077	\$ 2 035	\$ 2 384	\$ 3 859	\$ 175 860	\$ 74 852
Short-term marketable securities	715 530	—	660 196	—	—	—	—	55 334	621 972	93 558
Patient accounts receivable less allowance for doubtful accounts	455 273	—	455 273	—	—	—	—	—	407 831	47 442
Inventories and other	138 699	—	137 494	1 114	4	60	26	1	121 666	17 033
Total current assets	1 560 214	(4 453)	1 493 730	5 157	2 081	2 095	2 410	59 194	1 327 329	232 885
Long-term marketable securities	840 399	—	778 756	61 643	—	—	—	—	729 293	111 106
Assets limited as to use										
Board designated	174 329	—	146 843	—	—	—	—	27 486	136 128	38 201
Held in trust	65 118	—	65 118	—	—	—	—	—	63 282	1 836
Total assets limited as to use	239 447	—	211 961	—	—	—	—	27 486	199 410	40 037
Property and equipment net	2 241 317	(23 494)	2 238 868	—	12 905	12 946	92	—	2 173 962	67 355
Investments and other	67 169	(16 834)	66 696	439	9 936	6 892	—	40	76 261	(9 092)
Collateral held for swap counterparty	10 339	—	10 339	—	—	—	—	—	10 339	—
Notes receivable	5 393	—	5 393	—	—	—	—	—	5 393	—
Deferred financing costs net	20 357	—	20 357	—	—	—	—	—	20 357	—
Goodwill and other intangibles less accumulated amortization	42 818	(5 525)	48 343	—	—	—	—	—	16 066	26 752
Total assets	\$ 5 027 453	\$ (50 306)	\$ 4 874 443	\$ 67 239	\$ 24 922	\$ 21 933	\$ 2 502	\$ 86 720	\$ 4 558 410	\$ 469 043
Liabilities and net assets (deficit)										
Current liabilities										
Accounts payable	\$ 127 508	\$ (195)	\$ 126 663	\$ 707	\$ 45	\$ 1	\$ —	\$ 287	\$ 111 975	\$ 15 533
Accrued compensation and related liabilities	313 236	—	312 875	—	—	—	361	—	292 351	20 885
Accrued liabilities	229 027	(1 441)	208 421	19 787	95	2 165	—	—	148 152	80 875
Payable to third-party payors	76 119	—	76 119	—	—	—	—	—	73 920	2 199
Current maturities of long-term debt	52 017	—	50 684	—	1 333	—	—	—	50 544	1 473
Total current liabilities	797 907	(1 636)	774 762	20 494	1 473	2 166	361	287	676 942	120 965
Interest rate swaps	44 964	—	44 964	—	—	—	—	—	44 964	—
Other liabilities	123 978	—	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	1 334 843	(37 356)	1 339 688	—	32 511	—	—	—	1 317 540	17 303
Total liabilities	2 301 692	(43 248)	2 264 994	33 769	33 964	15 852	854	(4 493)	2 026 150	275 542
Net assets (deficit)										
Controlling interest	2 696 006	(10 085)	2 582 721	33 470	(9 042)	6 081	1 648	91 213	2 532 260	163 746
Noncontrolling interests in subsidiaries	29 755	3 027	26 728	—	—	—	—	—	—	29 755
Total liabilities and net assets (deficit)	\$ 5 027 453	\$ (50 306)	\$ 4 874 443	\$ 67 239	\$ 24 922	\$ 21 933	\$ 2 502	\$ 86 720	\$ 4 558 410	\$ 469 043

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Consolidating Balance Sheet of Regional Entities
(In thousands)

June 30, 2011

	Total Regional Entities	Eliminations	Southern California Region	Northern California Region	Texas Region	System Office
Assets						
Current assets						
Cash and equivalents	\$ 240 767	\$ (9 960)	\$ 79 834	\$ 30 405	\$ 103 853	\$ 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	<u>\$ 4,874,443</u>	<u>\$ (7,595)</u>	<u>\$ 2,697,676</u>	<u>\$ 969,397</u>	<u>\$ 781,823</u>	<u>\$ 433,142</u>
Liabilities and net assets						
Current liabilities						
Accounts payable	\$ 126 663	\$ (5)	\$ 77 733	\$ 23 217	\$ 17 067	\$ 8 651
Accrued compensation and related liabilities	312 875	—	113 718	56 677	33 574	108 906
Accrued 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 liabilities	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	—
	2 609 449	2 365	1 511 479	590 166	469 168	36 271
Total liabilities and net assets (deficit)	<u>\$ 4,874,443</u>	<u>\$ (7,595)</u>	<u>\$ 2,697,676</u>	<u>\$ 969,397</u>	<u>\$ 781,823</u>	<u>\$ 433,142</u>

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Consolidating Balance Sheet of Southern California Region
(In thousands)

June 30, 2011

	Southern California Region	Eliminations	St Joseph Orange	St Jude Medical Center	Mission Hospital	St. Mary Medical Center	Heritage Foundation Southern California	St. Joseph Imaging	Mission Ambulatory Services	Mission Viejo Medical Ventures	Mission Education Conference Center	St Joseph Home Health South
Assets												
Current assets												
Cash and equivalents	\$ 79 834	\$ -	\$ 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	(18 071)	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	\$ 7 728
Liabilities and net assets (deficit)												
Current liabilities												
Accounts payable	\$ 77 733	\$ -	\$ 31 033	\$ 11 842	\$ 12 219	\$ 10 529	\$ 9 712	\$ 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
Payable to third-party payors	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)	3 747	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

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Consolidating Balance Sheet of Northern Region
(In thousands)

June 30, 2011

	Northern California Region	Eliminations	Queen of the Valley	Santa Rosa Memorial	Petaluma Valley	St. Joseph Eureka	Redwood Memorial	Heritage Foundation Northern California	St. Joseph Home Health North	Redwood Memorial Foundation
Assets										
Current assets										
Cash and equivalents	\$ 30 405	\$ –	\$ 2 606	\$ 21 429	\$ 1 661	\$ –	\$ 1 931	\$ 2 726	\$ –	\$ 52
Short-term marketable securities	181 104	–	83 157	80 266	–	2 358	13 304	–	–	2 019
Patient accounts receivable less allowance for doubtful accounts	126 798	–	37 522	46 976	10 534	22 378	5 248	2 914	1 226	–
Inventories and other	24 008	–	8 855	5 041	1 041	7 101	1 278	610	82	–
Total current assets	362 315	–	132 140	153 712	13 236	31 837	21 761	6 250	1 308	2 071
Long-term marketable securities	81 221	–	52 794	10 227	–	479	17 721	–	–	–
Assets limited as to use										
Board designated	5 985	–	–	2 605	2 248	1 132	–	–	–	–
Held in trust	–	–	–	–	–	–	–	–	–	–
Total assets limited as to use	5 985	–	–	2 605	2 248	1 132	–	–	–	–
Property and equipment net	510 082	–	146 454	171 947	15 243	164 303	9 868	1 825	215	227
Investments and other	2 296	–	571	149	–	1 576	–	–	–	–
Notes receivable	801	–	–	496	305	–	–	–	–	–
Deferred financing costs net	5 350	–	829	2 184	1 660	651	26	–	–	–
Goodwill and other intangibles less accumulated amortization	1 347	–	–	–	–	1 347	–	–	–	–
Total assets	\$ 969 397	\$ –	\$ 332 788	\$ 341 320	\$ 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	\$ 9 781	\$ 1 584	\$ 4 017	\$ 688	\$ 652	\$ 81	\$ –
Accrued compensation and related liabilities	56 677	–	17 296	21 497	5 354	9 490	2 147	270	623	–
Accrued liabilities	16 157	–	981	11 162	1 984	1 535	438	(5)	62	–
Payable to third-party payors	35 468	–	5 689	12 930	1 585	11 795	3 275	183	11	–
Current maturities of long-term debt	3 162	–	751	1 473	901	–	37	–	–	–
Total current liabilities	134 681	(1)	31 132	56 843	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)	(20 040)	8 008	5 475	(807)	14 901	1 195	2
Long-term debt less current maturities	240 358	–	54 437	122 641	546	60 756	1 978	–	–	–
Total liabilities	379 231	–	80 669	159 444	19 962	93 421	7 756	16 005	1 972	2
Net assets (deficit)										
Controlling interest	590 166	–	252 119	181 876	12 730	107 904	41 620	(7 930)	(449)	2 296
Noncontrolling interests in subsidiaries	–	–	–	–	–	–	–	–	–	–
Total liabilities and net assets	\$ 969 397	\$ –	\$ 332 788	\$ 341 320	\$ 32 692	\$ 201 325	\$ 49 376	\$ 8 075	\$ 1 523	\$ 2 298

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Consolidating Balance Sheet of Texas Region
(In thousands)

June 30, 2011

	Texas Region	Eliminations	Covenant Lubbock	Covenant Levelland	Covenant Plainview	Covenant LTAC	Covenant Medical Group	Methodist Medical Group	Covenant Surgicenter	Covenant Diagnostic Imaging	Hospice of Lubbock	Covenant Health Partners	First Care	Methodist Service Provider Organization	Covenant Foundation
Assets															
Current assets															
Cash and equivalents	\$ 103,853	\$ —	\$ 41,572	\$ 7,104	\$ 10,754	\$ 4,836	\$ 2,409	\$ —	\$ 2,229	\$ 627	\$ 3,175	\$ 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	—	79,356	1,660	4,095	3,113	10,781	—	1,650	488	611	—	6,446	—	—
Inventories and other	24,427	—	17,658	354	430	177	2,531	—	708	175	162	388	1,227	58	559
Total current assets	309,315	—	188,976	9,118	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	4,714	1,323	1,240	—	2,600	298	13	—	6,714	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	1,973	—	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	\$ 20,841	\$ 9,449	\$ 32,901	\$ 432	\$ 7,230	\$ 1,588	\$ 4,079	\$ 3,657	\$ 92,871	\$ 44,609	\$ 25,893
Liabilities and net assets (deficit)															
Current liabilities															
Accounts payable	\$ 17,067	\$ —	\$ 13,753	\$ 310	\$ 1,076	\$ 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 affiliates	(13,287)	—	(96,358)	529	11,169	344	34,164	—	180	—	78	(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	734	259	406	(379)	44,514	37,638	1,576
Net assets (deficit)															
Controlling interest	447,277	(65,199)	417,109	9,655	7,867	8,297	(25,631)	—	6,496	1,329	3,673	4,036	48,357	6,971	24,317
Noncontrolling interests in subsidiaries	21,891	21,891	—	—	—	—	—	—	—	—	—	—	—	—	—
	469,168	(43,308)	417,109	9,655	7,867	8,297	(25,631)	—	6,496	1,329	3,673	4,036	48,357	6,971	24,317
Total liabilities and net assets (deficit)	\$ 781,823	\$ (43,308)	\$ 570,425	\$ 11,156	\$ 20,841	\$ 9,449	\$ 32,901	\$ 432	\$ 7,230	\$ 1,588	\$ 4,079	\$ 3,657	\$ 92,871	\$ 44,609	\$ 25,893

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

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										
Patient service net of contractual allowances and discounts	\$ 3 659 620	\$ –	\$ 3 659 620	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 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)

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Consolidating Statements of Operations of Regional Entities
(In thousands)

For the Year Ended June 30, 2011

	Total Regional Entities	Eliminations	Southern California Region	Northern California Region	Texas 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

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

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

For the Year Ended June 30, 2011

	Southern California Region	Eliminations	St Joseph Orange	St Jude Medical Center	Mission Hospital	St. Mary Medical Center	Heritage Foundation Southern California	St. Joseph Imaging	Mission Ambulatory Services	Mission Viejo Medical Ventures	Camino Health Center	Mission Education Conference Center	St Joseph Home Health South
Revenues													
Patient service, net of contractual allowances and discounts	\$ 1,951,607	\$ –	\$ 594,080	\$ 441,652	\$ 474,468	\$ 277,243	\$ 113,211	\$ –	\$ 12,713	\$ –	\$ 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	–	1,555	–	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)	619,760	438,908	436,049	249,603	371,004	4,148	8,529	33	2,248	574	36,018
Operating income (loss)	110,299	1,821	22,260	33,213	31,120	37,203	(16,448)	(458)	3,846	(33)	(944)	1,029	(2,310)
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 interests	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)

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

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

For the Year Ended June 30, 2011

	Northern California Region	Eliminations	Queen of the Valley	Santa Rosa Memorial	Petaluma Valley	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	\$ 942 752	\$ (446)	\$ 239 025	\$ 351 876	\$ 84 544	\$ 198 156	\$ 43 311	\$ 14 686	\$ 11 600	\$ –
Less Provision for doubtful accounts	28 822	–	(535)	11 867	6 140	7 254	2 487	1 335	274	–
Net patient service less provision for doubtful accounts	913 930	(446)	239 560	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	–	54 814	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)	247 184	326 743	82 163	181 324	35 266	25 762	12 143	–
Operating income (loss)	22 106	–	3 594	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	\$ 26,460	\$ (2,772)	\$ 10,843	\$ 9,939	\$ (10,736)	\$ (817)	\$ 231

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Consolidating Statements of Operations of Texas Region
(In thousands)

For the Year Ended June 30, 2011

	Texas Region	Eliminations	Covenant Lubbock	Covenant Levelland	Covenant Plainview	Covenant LTAC	Covenant Medical Group	Methodist Medical Group	Covenant Surgicenter	Covenant Diagnostic Imaging	Hospice of Lubbock	Covenant Health Partners	First Care	Methodist Service Provider Organization	Covenant Foundation
Revenues															
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	\$ 6,897	\$ 6,335	\$ -	\$ -	\$ -	\$ -
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	300,716	-	-
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	196,706	(4,230)	158,358	3,361	7,482	5,893	12,451	-	3,710	990	1,316	32	8,207	(864)	-
Professional fees and purchased services	337,072	(87,264)	125,649	4,108	6,687	4,402	9,133	-	1,672	596	1,907	1,211	268,971	-	-
Depreciation and amortization	46,720	-	42,135	548	645	297	604	-	470	136	2	-	1,807	76	-
Interest	11,710	-	11,570	3	-	-	-	-	-	-	-	-	137	-	-
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)	788	-
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	(7,806)	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)	\$ 61,607	\$ (63)	\$ 3,021	\$ 1,495	\$ (20,622)	\$ 1	\$ 4,380	\$ 2,550	\$ 597	\$ 1,363	\$ 4,020	\$ 5,591	\$ (105)

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Consolidating Balance Sheet
(In thousands)

June 30, 2010

	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
Assets										
Current assets										
Cash and equivalents	\$ 270 409	\$ (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	(8 201)	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	(7 674)	2 136 359	—	4 007	3 837	117	—	2 090 123	46 523
Investments and other	63 200	(4 865)	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	(11 989)	73 331	—	—	—	—	—	22 057	39 285
	183 239	(16 854)	195 486	468	3 866	—	—	273	154 470	28 769
Total assets	\$ 4 658 030	\$ (32 729)	\$ 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 debt	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	(2 825)	83 732	13 776	3 837	—	—	—	59 817	38 703
Notes payable and interest due (from) to affiliates	—	(8 007)	(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	2 280 923	(14 863)	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	3 814	24 929	—	—	—	—	—	—	28 743
	2 377 107	(17 866)	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	\$ (32 729)	\$ 4 540 871	\$ 57 761	\$ 9 414	\$ 8 381	\$ 1 963	\$ 72 369	\$ 4 257 944	\$ 400 086

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Consolidating Balance Sheet of Regional Entities
(In thousands)

June 30, 2010

	Total Regional Entities	Eliminations	Southern California Region	Northern California Region	Texas Region	System Office
Assets						
Current assets						
Cash and equivalents	\$ 264 047	\$ (305)	\$ 55 040	\$ 30 041	\$ 72 845	\$ 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	—
Deferred 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	\$ (2)	\$ 85 187	\$ 26 216	\$ 22 278	\$ 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 liabilities	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	—
	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

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Consolidating Balance Sheet of Southern California Region
(In thousands)

June 30, 2010

	Southern California Region	Eliminations	St Joseph Orange	St Jude Medical Center	Mission Hospital	St. Mary Medical Center	Heritage Foundation Southern California	St. Joseph Imaging	Mission Ambulatory Services	Mission Viejo Medical Ventures	Camino Health Center	Mission Education Conference Center	St Joseph Home Health South
Assets													
Current assets													
Cash and equivalents	\$ 55,040	\$ -	\$ 10,323	\$ 2,320	\$ 10,573	\$ 20,665	\$ 7,454	\$ 2	\$ 2,678	\$ 283	\$ 323	\$ 419	\$ -
Short-term marketable securities	275,838	-	101,808	85,443	55,264	21,027	12,296	-	-	-	-	-	-
Patient accounts receivable less allowance for doubtful accounts	222,152	-	57,902	44,008	64,144	34,075	11,579	-	1,697	-	75	-	8,672
Inventories and other	48,975	-	17,459	5,237	10,663	6,751	7,278	22	509	-	781	31	244
Total current assets	602,005	-	187,492	137,008	140,644	82,518	38,607	24	4,884	283	1,179	450	8,916
Long-term marketable securities	320,849	-	113,293	173,849	-	33,707	-	-	-	-	-	-	-
Assets limited as to use													
Board designated	114,153	-	49,349	15,586	48,644	574	-	-	-	-	-	-	-
Held in trust	2,570	-	2,570	-	-	-	-	-	-	-	-	-	-
Total assets limited as to use	116,723	-	51,919	15,586	48,644	574	-	-	-	-	-	-	-
Property and equipment net	1,316,931	(28,072)	476,992	392,037	325,553	92,988	46,904	1,934	569	-	977	6,327	722
Investments and other	22,629	(21,061)	2,504	8,343	30,784	1,691	317	-	-	51	-	-	-
Notes receivable	6,706	-	5,949	-	-	-	-	757	-	-	-	-	-
Deferred financing costs net	13,125	-	5,465	4,057	3,108	495	-	-	-	-	-	-	-
Goodwill and other intangibles less accumulated amortization	65,993	51,274	-	1,002	13,717	-	-	-	-	-	-	-	-
	108,453	30,213	13,918	13,402	47,609	2,186	317	757	-	51	-	-	-
Total assets	\$ 2,464,961	\$ 2,141	\$ 843,614	\$ 731,882	\$ 562,450	\$ 211,973	\$ 85,828	\$ 2,715	\$ 5,453	\$ 334	\$ 2,156	\$ 6,777	\$ 9,638
Liabilities and net assets (deficit)													
Current liabilities													
Accounts payable	\$ 85,187	\$ (2)	\$ 33,782	\$ 11,066	\$ 19,432	\$ 12,817	\$ 7,187	\$ 287	\$ 428	\$ -	\$ 41	\$ -	\$ 149
Accrued compensation and related liabilities	107,463	-	34,089	24,659	24,106	13,801	8,586	-	311	-	348	-	1,563
Accrued liabilities	42,451	-	9,285	3,183	10,527	4,522	14,380	-	43	-	-	110	401
Payable to third-party payors	30,359	-	5,076	8,178	3,684	12,084	1,337	-	-	-	-	-	-
Current maturities of long-term debt	13,401	(183)	5,555	4,750	2,673	423	183	-	-	-	-	-	-
Total current liabilities	278,861	(185)	87,787	51,836	60,422	43,647	31,673	287	782	-	389	110	2,113
Other liabilities	25,991	5,698	7,730	6,235	4,400	380	229	1,244	-	-	-	-	75
Notes payable and interest due (from) to affiliates	9,192	2	(28,589)	(16,960)	30,927	19,234	(630)	900	131	20	(15)	(100)	4,272
Long-term debt less current maturities	844,163	(27,801)	375,860	236,137	189,984	36,774	31,726	1,483	-	-	-	-	-
Total liabilities	1,158,207	(22,286)	442,788	277,248	285,733	100,035	62,998	3,914	913	20	374	10	6,460
Net assets (deficit)													
Controlling interest	1,301,130	18,803	400,826	454,634	276,717	111,938	22,830	(1,199)	4,540	314	1,782	6,767	3,178
Noncontrolling interests in subsidiaries	5,624	5,624	-	-	-	-	-	-	-	-	-	-	-
	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
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	\$ 6,777	\$ 9,638

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Consolidating Balance Sheet of Northern Region
(In thousands)

June 30, 2010

	Northern California Region	Eliminations	Queen of the Valley	Santa Rosa Memorial	Petaluma Valley	St. Joseph Eureka	Redwood Memorial	Heritage Foundation Northern California	St. Joseph Home Health North	Redwood Memorial Foundation
Assets										
Current assets										
Cash and equivalents	\$ 30 041	\$ –	\$ 14 500	\$ 12 730	\$ 639	\$ –	\$ 1 141	\$ 1 007	\$ –	\$ 24
Short-term marketable securities	163 979	–	81 122	54 702	–	13 597	12 572	–	–	1 986
Patient accounts receivable less allowance for doubtful accounts	129 957	–	36 688	50 697	10 612	23 302	4 946	2 692	1 020	–
Inventories and other	24 708	–	8 761	5 275	1 510	7 216	1 395	463	88	–
Total current assets	348 685	–	141 071	123 404	12 761	44 115	20 054	4 162	1 108	2 010
Long-term marketable securities	55 396	–	39 595	558	–	401	14 842	–	–	–
Assets limited as to use										
Board designated	10 238	–	–	6 672	2 761	805	–	–	–	–
Held in trust	–	–	–	–	–	–	–	–	–	–
Total assets limited as to use	10 238	–	–	6 672	2 761	805	–	–	–	–
Property and equipment net	464 754	–	132 644	179 748	12 383	129 076	9 569	818	289	227
Investments and other	2 892	–	487	344	–	2 061	–	–	–	–
Notes receivable	1 253	–	–	613	640	–	–	–	–	–
Deferred financing costs net	5 798	–	869	2 266	1 959	675	29	–	–	–
Goodwill and other intangibles less accumulated amortization	7 254	–	–	–	–	7 254	–	–	–	–
	17 197	–	1 356	3 223	2 599	9 990	29	–	–	–
Total assets	\$ 896 270	\$ –	\$ 314 666	\$ 313 605	\$ 30 504	\$ 184 387	\$ 44 494	\$ 4 980	\$ 1 397	\$ 2 237
Liabilities and net assets (deficit)										
Current liabilities										
Accounts payable	\$ 26 216	\$ 2	\$ 10 409	\$ 8 804	\$ 1 305	\$ 4 643	\$ 612	\$ 410	\$ 31	\$ –
Accrued compensation and related liabilities	50 427	–	14 671	20 075	5 188	7 814	1 863	160	656	–
Accrued liabilities	6 736	–	1 739	2 627	488	1 579	243	(8)	68	–
Payable to third-party payors	22 395	–	4 008	8 076	1 741	5 401	3 002	93	74	–
Current maturities of long-term debt	3 084	–	743	1 448	856	–	37	–	–	–
Total current liabilities	108 858	2	31 570	41 030	9 578	19 437	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)	(12 589)	4 210	(3 664)	(717)	7 359	209	178
Long-term debt less current maturities	243 637	–	55 230	124 179	1 488	60 722	2 018	–	–	–
Total liabilities	347 729	–	84 377	153 189	15 276	78 376	7 281	8 014	1 038	178
Net assets (deficit)										
Controlling interest	548 541	–	230 289	160 416	15 228	106 011	37 213	(3 034)	359	2 059
Noncontrolling interests in subsidiaries	–	–	–	–	–	–	–	–	–	–
	548 541	–	230 289	160 416	15 228	106 011	37 213	(3 034)	359	2 059
Total liabilities and net assets	\$ 896 270	\$ –	\$ 314 666	\$ 313 605	\$ 30 504	\$ 184 387	\$ 44 494	\$ 4 980	\$ 1 397	\$ 2 237

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Consolidating Balance Sheet of Texas Region
(In thousands)

June 30, 2010

	Texas Region	Eliminations	Covenant Lubbock	Covenant Levelland	Covenant Plainview	Covenant LTAC	Covenant Medical Group	Methodist Medical Group	Covenant Surgicenter	Covenant Diagnostic Imaging	Hospice of Lubbock	Covenant Health Partners	First Care	Methodist Service Provider Organization	Covenant Foundation
Assets															
Current assets															
Cash and equivalents	\$ 72,845	\$ -	\$ 25,111	\$ 6,423	\$ 7,652	\$ 4,150	\$ 7,586	\$ 129	\$ 2,349	\$ 277	\$ 2,667	\$ 2,768	\$ 4,230	\$ 3,169	\$ 6,334
Short-term marketable securities	47,606	-	27,087	-	15	-	73	-	-	-	-	-	20,431	-	-
Patient accounts receivable less allowance for doubtful accounts	110,147	-	78,263	2,183	3,942	3,914	9,834	-	1,594	476	594	-	6,439	2,908	-
Inventories and other	26,593	-	19,412	407	988	220	2,422	-	578	171	51	-	1,802	-	542
Total current assets	257,191	-	149,873	9,013	12,597	8,284	19,915	129	4,521	924	3,312	2,768	32,902	6,077	6,876
Long-term marketable securities	122,415	-	83,314	-	-	-	-	-	-	-	-	-	33,748	-	5,353
Assets limited as to use															
Board designated	9,031	-	380	37	-	-	-	-	-	-	-	-	-	-	8,614
Held in trust	6,893	-	5,155	-	-	-	-	-	-	-	-	-	-	-	1,738
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	-	1,637	30,443	536
Notes receivable	34	-	-	34	-	-	-	-	-	-	-	-	-	-	-
Deferred financing costs net	2,121	-	2,121	-	-	-	-	-	-	-	-	-	-	-	-
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	\$ 16,397	\$ 9,845	\$ 38,165	\$ 757	\$ 7,614	\$ 1,340	\$ 3,420	\$ 2,768	\$ 75,080	\$ 38,796	\$ 23,130
Liabilities and net assets (deficit)															
Current liabilities															
Accounts payable	\$ 22,278	\$ -	\$ 19,455	\$ 327	\$ 760	\$ 558	\$ 714	\$ 106	\$ 249	\$ 40	\$ 169	\$ 12	\$ (112)	\$ -	\$ -
Accrued compensation and related liabilities	31,101	-	19,127	453	860	606	8,528	-	243	156	139	-	989	-	-
Accrued liabilities	43,813	-	10,017	372	-	128	919	-	-	64	1	982	30,399	77	854
Payable to third-party payors	7,769	-	7,499	172	98	-	-	-	-	-	-	-	-	-	-
Current maturities of long-term debt	11,891	-	11,751	-	-	-	-	-	-	-	-	-	140	-	-
Total current liabilities	116,852	-	67,849	1,324	1,718	1,292	10,161	106	492	260	309	994	31,416	77	854
Other liabilities	25,466	(972)	8,798	-	-	-	16,012	628	-	-	-	1,000	-	-	-
Notes payable and interest due (from) to affiliates	(21,859)	-	(88,868)	226	9,837	177	23,341	(2,904)	138	-	60	(1,899)	-	37,434	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	(2,170)	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	21,677
Noncontrolling interests in subsidiaries	19,305	19,305	-	-	-	-	-	-	-	-	-	-	-	-	-
	412,423	(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	21,677
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	\$ 75,080	\$ 38,796	\$ 23,130

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Consolidating Statements of Operations
(In thousands)

For the Year Ended June 30, 2010

	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										
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	-	455	-	61 097	32 344
Total revenues net	4 022 537	(15 670)	4 018 308	18 025	1 419	-	455	-	3 236 090	786 447
Expenses										
Compensation and benefits	1 793 309	-	1 792 975	-	-	-	334	-	1 559 308	234 001
Supplies and other	805 345	(14 211)	810 756	8 240	504	1	55	-	713 594	91 751
Professional fees and purchased services	972 347	(246)	971 015	145	1	12	1 420	-	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)	3 858 962	8 385	2 087	13	1 816	-	3 040 096	815 388
Operating income (loss)	167 053	109	159 346	9 640	(668)	(13)	(1 361)	-	195 994	(28 941)
Nonoperating gains net	104 352	(24 069)	111 030	-	53	22	3	17 313	97 186	7 166
Excess (deficiency) of revenues over expenses	271 405	(23 960)	270 376	9 640	(615)	9	(1 358)	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	\$ (1 358)	\$ 17 313	\$ 293 180	\$ (26 412)

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Consolidating Statements of Operations of Regional Entities
(In thousands)

For the Year Ended June 30, 2010

	Total Regional Entities	Eliminations	Southern California Region	Northern California Region	Texas Region	System 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)

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

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

For the Year Ended June 30, 2010

	Southern California Region	Eliminations	St. Joseph Orange	St. Jude Medical Center	Mission Hospital	St. Mary Medical Center	Heritage Foundation Southern California	St. Joseph Imaging	Mission Ambulatory Services	Mission Viejo Medical Ventures	Camino Health Center	Mission Education Conference Center	St. Joseph Home Health 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	19 796	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	–	–
Other	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	\$ 57 639	\$ 25 378	\$ (8 724)	\$ (1 303)	\$ 3 256	\$ (14)	\$ (104)	\$ 997	\$ 3 344

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

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

For the Year Ended June 30, 2010

	Northern California Region	Eliminations	Queen of the Valley	Santa Rosa Memorial	Petaluma Valley	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	\$ 350 513	\$ 84 602	\$ 177 359	\$ 39 941	\$ 7 792	\$ 12 135	\$ -
Less Provision for doubtful accounts	55 691	-	8 644	25 733	5 935	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	79 613	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	7 814	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	\$ 12 026	\$ 5 137	\$ (3 976)	\$ 367	\$ 241

St. Joseph Health System and Affiliates
A St. Joseph Health Ministry Corporation

Consolidating Statements of Operations of Texas Region
(In thousands)

For the Year Ended June 30, 2010

	Texas Region	Eliminations	Covenant Lubbock	Covenant Levelland	Covenant Plainview	Covenant LTAC	Covenant Medical Group	Methodist Medical Group	Covenant Surgicenter	Covenant Diagnostic Imaging	Hospice of Lubbock	Covenant Health Partners	First Care	Methodist Service Provider Organization	Covenant Foundation
Revenues															
Patient service net of contractual allowances and discounts	\$ 736 950	\$ (60 661)	\$ 620 956	\$ 21 690	\$ 33 660	\$ 22 837	\$ 73 777	\$ –	\$ 12 175	\$ 6 595	\$ 5 921	\$ –	\$ –	\$ –	\$ –
Less: Provision for doubtful accounts	83 041	–	62 877	2 919	4 208	326	12 051	–	183	449	28	–	–	–	–
Net patient service net of provision for doubtful accounts	653 909	(60 661)	558 079	18 771	29 452	22 511	61 726	–	11 992	6 146	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	6 178	6 027	2 926	332 121	–	–
Expenses															
Compensation and benefits	379 015	(1 587)	223 139	10 500	14 154	9 783	91 376	–	3 179	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	9 447	(2 854)	–
Professional fees and purchased services	362 760	(86 814)	122 462	3 151	6 112	4 545	7 400	–	1 445	557	1 415	1 981	300 506	–	–
Depreciation and amortization	50 750	–	46 166	523	694	280	692	–	524	189	–	–	1 607	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	4 127	5 158	2 425	335 350	(2 779)	–
Operating income (loss)	17 960	4 930	26 737	319	1 462	1 460	(23 031)	–	3 112	2 051	869	501	(3 229)	2 779	–
Nonoperating gains net	18 053	(9 107)	19 258	96	26	28	60	–	827	2	20	67	2 670	3 993	113
Excess (deficiency) of revenues over expenses	36 013	(4 177)	45 995	415	1 488	1 488	(22 971)	–	3 939	2 053	889	568	(559)	6 772	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)	\$ 45 995	\$ 415	\$ 1 488	\$ 1 488	\$ (22 971)	\$ –	\$ 3 939	\$ 2 053	\$ 889	\$ 568	\$ (559)	\$ 6 772	\$ 113

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