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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 10-01-2010 and ending 09-30-2011				
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 SAINT MARY'S HOSPITAL INC		D Employer identification number 06-0646844	
	Doing Business As		E Telephone number (203) 709-6111	
	Number and street (or P O box if mail is not delivered to street address) 56 FRANKLIN STREET			
	Room/suite			
	City or town, state or country, and ZIP + 4 WATERBURY, CT 067061281		G Gross receipts \$ 228,330,765	
	F Name and address of principal officer CHAD WABLE 56 FRANKLIN STREET WATERBURY,CT 067061281		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.STMH.ORG				
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 1907	M State of legal domicile CT

Part I		Summary	
Activities & Governance	1 Briefly describe the organization's mission or most significant activities SAINT MARY'S HEALTH SYSTEM PROVIDES EXCELLENT HEALTHCARE IN A SPIRITUALLY ENRICHED ENVIRONMENT TO IMPROVE THE HEALTH OF OUR COMMUNITY		
	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)	3	17
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	14
	5 Total number of individuals employed in calendar year 2010 (Part V, line 2a)	5	1,760
6 Total number of volunteers (estimate if necessary)	6	150	
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	1,614,393	
b Net unrelated business taxable income from Form 990-T, line 34	7b	0	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	1,250,218	1,149,584
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	201,444,899	207,355,344
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	5,089,667	4,049,031
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	5,083,108	5,125,840
		212,867,892	217,679,799
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	97,039,392	100,421,183
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶ ⁰		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	102,068,221	111,119,679
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	199,107,613	211,540,862
	19 Revenue less expenses Subtract line 18 from line 12	13,760,279	6,138,937
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	159,811,827	163,115,671
	21 Total liabilities (Part X, line 26)	136,097,688	149,489,500
	22 Net assets or fund balances Subtract line 21 from line 20	23,714,139	13,626,171

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		2012-08-14 Date		
	CHAD WABLE CEO Type or print name and title				
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	PTIN
	Firm's name ▶ KPMG LLP				Firm's EIN ▶
	Firm's address ▶ One Financial Plaza Hartford, CT 061032608				Phone no ▶ (860) 522-3200

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 ☒

SAINT MARY'S HEALTH SYSTEM PROVIDES EXCELLENT HEALTHCARE IN A SPIRITUALLY ENRICHED ENVIRONMENT TO IMPROVE THE HEALTH OF OUR COMMUNITY

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

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses \$ 97,641,283 including grants of \$) (Revenue \$ 136,804,663)

INPATIENT SAINT MARY'S REMAINS COMMITTED TO PROVIDING THE HIGHEST QUALITY CARE FOR OUR PATIENTS. THE HOSPITAL PROVIDED INPATIENT TREATMENT FOR 12,515 INPATIENTS IN 2011. PLEASE SEE SCHEDULE O FOR ADDITIONAL INFORMATION ABOUT SAINT MARY'S INPATIENT SERVICES PROGRAM.

4b (Code) (Expenses \$ 59,883,202 including grants of \$) (Revenue \$ 72,332,378)



















OUTPATIENT SAINT MARY'S HEALTH SYSTEM EXTENDS FROM WATERBURY TO WOLCOTT, NAUGATUCK, SOUTHBURY AND PROSPECT IN 2011, 224,446 PATIENTS CHOSE SAINT MARY'S FOR OUTPATIENT CARE PLEASE SEE SCHEDULE O FOR ADDITIONAL INFORMATION ABOUT THE OUTPATIENT SERVICES PROGRAM

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

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

4e	Total program service expenses	\$ 157,524,485
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Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)? 	2 Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I 	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4 Yes	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5	
6 Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10 Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10 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? If "Yes," complete Schedule D, Part VI. 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII. 	11b Yes	
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII. 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX. 	11d	No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X. 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X. 	11f Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII 	12a	No
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional 	12b Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? If "Yes," complete Schedule F, Parts I and IV	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S ? If "Yes," complete Schedule F, Parts II and IV	15	No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S ? If "Yes," complete Schedule F, Parts III and IV	16	No
17 Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more hospitals? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25</i>	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33	Yes	
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		
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 type="checkbox"/>			
		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	1a	147
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	0
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return.	2a	1,760
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	Yes
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a	No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c	
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c	No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8	
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the organization make any taxable distributions under section 4966?	9a	
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b	
10	Section 501(c)(7) organizations. Enter		
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b	
11	Section 501(c)(12) organizations. Enter		
a	Gross income from members or shareholders.	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	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		
1b	Enter the number of voting members included in line 1a, above, who are independent		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		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?		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		No
6	Does the organization have members or stockholders?		No
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	Yes	
7b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	Yes	
8b	Each committee with authority to act on behalf of the governing body?	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		No

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

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

Section C. Disclosure

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

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you make these available. Check all that apply.
Own website Another's website ☒ Upon request

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

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization.
KYLE JURCZYK
56 FRANKLIN STREET
WATERBURY, CT 067061281
(203) 709-6111

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) S MARK ALBINI MD DIRECTOR	1 0	X						53,167	0	0
(2) GARRETT CASEY DIRECTOR	4 0	X						0	0	0
(3) SISTER DOLORES LAHR DIRECTOR	2 0	X						0	0	0
(4) JOSEPH MENGACCI ESQ DIRECTOR	4 0	X						0	0	0
(5) WILLIAM MORRIS DIRECTOR	1 0	X						0	0	0
(6) MICHAEL O'BRIEN DIRECTOR	1 0	X						0	0	0
(7) DAVID ROBINSON DIRECTOR	2 0	X						0	0	0
(8) ROBERT ROSCOE DIRECTOR	1 0	X						0	0	0
(9) JAMES C SMITH DIRECTOR	4 0	X						0	0	0
(10) JEROME SUGAR MD DIRECTOR	4 0	X						0	0	0
(11) CHRISTINE SULLIVAN ESQ DIRECTOR	1 0	X						0	0	0
(12) THE HONORABLE LINDA WIHBEY DIRECTOR	1 0	X						0	0	0
(13) MOST REV HENRY J MANSELL CHAIRMAN	2 0	X		X				0	0	0
(14) REV MONSIGNOR JAMES COLEMAN VICE CHAIRMAN	1 0	X		X				0	0	0
(15) CHAD WABLE PRESIDENT	40 0	X		X				484,746	0	147,315
(16) STEPHEN R GRIFFIN ESQ SECRETARY	4 0	X		X				0	0	0

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) JOSEPH CARLSON II TREASURER	4 0	X		X				0	0	0
(18) ROBERT MAZAIKA TREASURER	4 0	X		X				0	0	0
(19) ROBERT HALKO VP & CFO	40 0			X				318,222	0	34,353
(20) SANDRA ROOSA VP PATIENT SERVICE	40 0				X			265,646	0	31,906
(21) MICHAEL NOVAK VP OPERATIONS	40 0				X			267,622	0	34,694
(22) CAROLYN ORRELL CHIEF INFORMATION OFFICER	40 0				X			169,861	0	28,739
(23) STEPHEN HOLLAND MD VP & CMO	40 0					X		405,084	0	36,973
(24) ELIZABETH BOZZUTO VP SURGICAL SERVICES	40 0					X		274,209	0	45,853
(25) M CLARK KEARNEY VP HUMAN RESOURCES	40 0					X		217,627	0	30,548
(26) JOSEPH CONNOLLY CMO	40 0					X		150,083	0	32,280
(27) KATHLEEN SMITH DIRECTOR SURGICAL SERVICES	40 0					X		147,934	0	23,051
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								2,754,201	0	445,712

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 58

		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
COLLABORATIVE LAB SERVICES 114 WOODLAND STREET HARTFORD, CT 06105	MEDICAL LAB SVCS	7,240,000
SODEXHO INC AND AFFILIATES PO BOX 905374 CHARLOTTE, NC 28290	HOSPITAL MGMT SVCS	1,410,887
Brown Rudnick Berlack Israels LLP ONE FINANCIAL CENTER BOSTON, MA 02111	Legal	849,914
S Carpenter Construction Company 67 Race Street Bristol, CT 06010	Construction	626,489
Rinaldi Linen Service 47 Commons Court Waterbury, CT 06704	Commercial Laundry	612,100

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 50

Part VIII

Statement of Revenue

			(A)	(B)	(C)	(D)	
			Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d	477,650			
	e	Government grants (contributions)	1e	671,934			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f		1,149,584			
	Program Service Revenue	2a	NET PATIENT REVENUE	900099	207,355,344	207,355,344	
b							
c							
d							
e							
f		All other program service revenue					
g		Total. Add lines 2a-2f		207,355,344			
Other Revenue		3	Investment income (including dividends, interest and other similar amounts)		4,390,004	723	4,389,281
		4	Income from investment of tax-exempt bond proceeds . . .		0		
	5	Royalties		0			
	6a	Gross Rents	(i) Real	(ii) Personal			
	b	Less rental expenses	1,730,473	0			
	c	Rental income or (loss)	1,730,473	0			
	d	Net rental income or (loss)		1,730,473		1,730,473	
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
	b	Less cost or other basis and sales expenses	10,309,993	0			
	c	Gain or (loss)	10,164,943	486,023			
	d	Net gain or (loss)	145,050	-486,023			
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18					
	b	Less direct expenses	a	0			
	c	Net income or (loss) from fundraising events . . .		0			
	9a	Gross income from gaming activities See Part IV, line 19 . . .	a	0			
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities . . .		0			
	10a	Gross sales of inventory, less returns and allowances . . .					
	b	Less cost of goods sold					
	c	Net income or (loss) from sales of inventory . . .		0			
Miscellaneous Revenue			Business Code				
11a	CAFETERIA & DIETARY	722210	1,147,165	1,147,165			
b	PARKING	812930	508,824	508,824			
c	PHYSICIAN MALPRACTICE PREMIUMS	524298	1,265,210		1,265,210		
d	All other revenue		474,168	125,708	348,460		
e	Total. Add lines 11a-11d		3,395,367				
12	Total revenue. See Instructions		217,679,799	209,137,041	1,614,393	5,778,781	

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	0			
2	Grants and other assistance to individuals in the U S See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	3,177,082	1,588,541	1,588,541	0
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	74,458,621	63,438,745	11,019,876	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	8,256,672	6,915,748	1,340,924	
9	Other employee benefits	8,952,719	7,498,754	1,453,965	
10	Payroll taxes	5,576,089	4,670,505	905,584	
a	Fees for services (non-employees)				
	Management	0			
b	Legal	2,504,876	626,219	1,878,657	
c	Accounting	241,302	60,325	180,977	
d	Lobbying	145,576	64,182	81,394	
e	Professional fundraising services See Part IV, line 17	0			
f	Investment management fees	0			
g	Other	0			
12	Advertising and promotion	719,732	539,799	179,933	
13	Office expenses	8,012,993	5,529,305	2,483,688	
14	Information technology	0			
15	Royalties	0			
16	Occupancy	10,818,474	6,392,488	4,425,986	
17	Travel	187,903	112,742	75,161	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	246,478	147,887	98,591	
20	Interest	1,272,259	318,065	954,194	
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	7,401,449	1,850,362	5,551,087	
23	Insurance	10,118,995	6,071,397	4,047,598	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	BAD DEBT	7,589,833	5,312,883	2,276,950	
b	CONTRACT & PROFESSIONAL FEES	29,022,107	17,968,770	11,053,337	
c	MEDICAL SUPPLIES	28,498,290	25,648,461	2,849,829	
d	DUES AND SUBSCRIPTIONS	551,344	413,508	137,836	
e	CONSULTING	2,240,370	1,344,222	896,148	
f	All other expenses	1,547,698	1,011,577	536,121	
25	Total functional expenses. Add lines 1 through 24f	211,540,862	157,524,485	54,016,377	0
26	Joint costs. Check here <input checked="" type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			22,941,812	1	23,202,053
	2	Savings and temporary cash investments			35,207	2	497,349
	3	Pledges and grants receivable, net			145,816	3	27,303
	4	Accounts receivable, net			21,905,974	4	25,440,911
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L				5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Schedule L				6	
	7	Notes and loans receivable, net			5,211,991	7	4,523,772
	8	Inventories for sale or use			2,240,216	8	2,559,525
	9	Prepaid expenses and deferred charges			2,151,084	9	1,624,895
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D.	10a	167,007,953			
	b	Less: accumulated depreciation	10b	113,942,043	44,670,042	10c	53,065,910
	11	Investments—publicly traded securities			11,776,888	11	13,217,405
	12	Investments—other securities. See Part IV, line 11			48,519,082	12	38,775,923
	13	Investments—program-related. See Part IV, line 11				13	
	14	Intangible assets				14	
	15	Other assets. See Part IV, line 11			213,715	15	180,625
16	Total assets. Add lines 1 through 15 (must equal line 34)			159,811,827	16	163,115,671	
Liabilities	17	Accounts payable and accrued expenses			21,788,493	17	29,285,796
	18	Grants payable				18	
	19	Deferred revenue				19	
	20	Tax-exempt bond liabilities			26,193,555	20	24,822,960
	21	Escrow or custodial account liability. Complete Part IV of Schedule D				21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L				22	
	23	Secured mortgages and notes payable to unrelated third parties			1,808,369	23	613,860
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities. Complete Part X of Schedule D			86,307,271	25	94,766,884
	26	Total liabilities. Add lines 17 through 25			136,097,688	26	149,489,500
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			6,754,167	27	-2,602,946
	28	Temporarily restricted net assets			2,582,333	28	2,554,350
	29	Permanently restricted net assets			14,377,639	29	13,674,767
	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			23,714,139	33	13,626,171
34	Total liabilities and net assets/fund balances			159,811,827	34	163,115,671	

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	217,679,799
2	Total expenses (must equal Part IX, column (A), line 25)	2	211,540,862
3	Revenue less expenses Subtract line 2 from line 1	3	6,138,937
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	23,714,139
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-16,226,905
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	13,626,171

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 SAINT MARY'S HOSPITAL INC	Employer identification number 06-0646844
---	--

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 | | | | | | | | | |
- For Paperwork Reduction Act Notice, see the Instructions for Form 990

Cat No 11285F

Schedule A (Form 990 or 990-EZ) 2010

Part II

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

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


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



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

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




Part III

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

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

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

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

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

Part IV

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

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 SAINT MARY'S HOSPITAL INC	Employer identification number 06-0646844
---	--

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

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

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

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

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

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

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

Part II-A

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

A

Check

☐

if the filing organization belongs to an affiliated group

B

Check

☐

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

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

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

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

Part II-B

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

		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
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		160,576
j	Total lines 1c through 1i			160,576
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?		No	

Part III-A

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

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

Part III-B

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

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) non-deductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).	2a	
a	Current year		
b	Carryover from last year		
c	Total		
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	SCHEDULE C - PART II-B - LINE 1I	\$37,073 - THE CATHOLIC HEALTH ASSOCIATION - ANNUAL MEMBERSHIP DUES \$90,000 - LEGAL FEES RELATED TO LOBBYING \$18,503 - CONNECTICUT HOSPITAL ASSOCIATION - PORTION OF MEMBERSHIP DUES EXPENDED ON LOBBYING \$15,000 - COMPENSATION OF CHIEF MARKETING OFFICER ATTRIBUTABLE TO LOBBYING (APPROXIMATELY 10% OF OFFICER TIME SPENT ON LOBBYING ACTIVITIES) TOTAL OTHER LOBBYING ACTIVITIES \$160,576

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
SAINT MARY'S HOSPITAL INC

Employer identification number

06-0646844

Part I

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

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

Part II

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

1

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

☐ 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
2a	
2b	
2c	
2d	

3

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

4

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

5

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

☐ Yes

☐ No

6

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

7

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

8

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

☐ Yes

☐ No

9

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

Part III

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

1a

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

1b

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

	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	14,500,000	13,893,000	14,132,000	
b	Contributions				
c	Investment earnings or losses	-64,000	1,286,000	259,000	
d	Grants or scholarships				
e	Other expenditures for facilities and programs	653,000	679,000	498,000	
f	Administrative expenses				
g	End of year balance	13,783,000	14,500,000	13,893,000	

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶ 0 %

b

Permanent endowment ▶ 0 780 %

c

Term endowment ▶ 99 220 %

3a

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

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

b

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

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		1,629,756		1,629,756
b Buildings		58,419,152	39,676,447	18,742,705
c Leasehold improvements		0	0	0
d Equipment		106,959,045	74,265,596	32,693,449
e Other				
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c.). ▶				53,065,910

Schedule D (Form 990) 2010

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
ENDOWMENT FUNDS	PART V	THE HOSPITAL ADOPTED INVESTMENT AND SPENDING POLICIES FOR ENDOWMENT ASSETS THAT ATTEMPT TO PROVIDE A PREDICTABLE STREAM OF FUNDING TO PROGRAMS SUPPORTED BY ITS ENDOWMENT WHILE SEEKING TO MAINTAIN THE PURCHASING POWER OF THE ENDOWMENT ASSETS. THE HOSPITAL FOLLOWS A POLICY OF SPENDING AN AMOUNT THAT APPROXIMATES THE INVESTMENT INCOME EARNED, IN ADDITION TO SPECIFIC PURCHASES OF CAPITAL EQUIPMENT. ACCORDINGLY, THE HOSPITAL EXPECTS ITS SPENDING POLICY WILL ALLOW ITS ENDOWMENT FUNDS TO BE MAINTAINED IN PERPETUITY BY GROWING AT A RATE AT LEAST EQUAL TO THE PLANNED PAYOUTS. ADDITIONAL REAL ENDOWMENT GROWTH WILL BE PROVIDED THROUGH NEW GIFTS AND ANY EXCESS INVESTMENT RETURN.
FIN 48 (ASC 740) FOOTNOTE	PART X, LINE 2	THE HOSPITAL IS A TAX-EXEMPT ORGANIZATION AS DESCRIBED IN SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE AND IS GENERALLY EXEMPT FROM INCOME TAXES. THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS HAVE BEEN PREPARED ON THE BASIS THAT ITS TAX-EXEMPT STATUS WILL BE MAINTAINED.

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
SAINT MARY'S HOSPITAL INC

Employer identification number
06-0646844

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 <div><input type="checkbox"/> Applied uniformly to all hospitals</div> <div><input type="checkbox"/> Applied uniformly to most hospitals</div> <div><input type="checkbox"/> Generally tailored to individual hospitals</div>		
3	Answer the following based on the the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year a Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care <div><input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>250. %</u></div> b Does the organization use FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care <div><input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input checked="" type="checkbox"/> 400% <input type="checkbox"/> Other <u> % </u></div> c If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care 4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	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?	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H		

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			1,176,300	18,531	1,157,769	0 570 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			46,607,012	36,807,166	9,799,846	4 800 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			47,783,312	36,825,697	10,957,615	5 370 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			199,511		199,511	0 100 %
f Health professions education (from Worksheet 5)			17,594,080	14,586,147	3,007,933	1 470 %
g Subsidized health services (from Worksheet 6)			6,114,598	4,842,193	1,272,405	0 620 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)			883,520		883,520	0 430 %
j Total Other Benefits			24,791,709	19,428,340	5,363,369	2 620 %
k Total. Add lines 7d and 7j			72,575,021	56,254,037	16,320,984	7 990 %

Part IICommunity 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
1Physical improvements and housing			47		47	0 %
2Economic development						
3Community support			3,051		3,051	0 %
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy						
8Workforce development			188,962		188,962	0 090 %
9Other						
10Total			192,060		192,060	0 090 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1Yes	
2	Enter the amount of the organization's bad debt expense (at cost)	22,846,187	
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	31,333,017	
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)	582,626,955		
6	Enter Medicare allowable costs of care relating to payments on line 5	676,277,242		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	76,349,713		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used			
	<input type="checkbox"/> Cost accounting system	<input checked="" type="checkbox"/> Cost to charge ratio	<input type="checkbox"/> Other	

Section C. Collection Practices

9a	Does the organization have a written debt collection policy?	9aYes	
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	9bYes	

Part IVManagement 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 %
1HL CANCER CTR	OUTPATIENT CANCER TREATMENT	50 000 %	0 %	0 %
2HEART CTR OF GW	CARDIAC SERVICES MSO	50 000 %	0 %	0 %
3SM INDEMNITY GROUP	INSURANCE COMPANY	100 000 %	0 %	0 %
4FRANKLIN MEDICAL	PRIMARY CARE PHYSICIAN PRACT	0 %	0 %	100 000 %
5SCOVILL MEDICAL	PRIMARY CARE PHYSICIAN PRACT	0 %	0 %	100 000 %
6PRIMARY CARE PARTNER	PRIMARY CARE PHYSICIAN PRACT	0 %	100 000 %	0 %
7NAUGATUCK SURG CTR	OUTPATIENT SURGERY CENTER	100 000 %	0 %	0 %
8DIAGNOSTIC IMAGING	OUTPATIENT IMAGING CENTER	60 000 %	0 %	20 000 %
9NAUGATUCK VALLEY MRI	MAGNETIC IMAGING	48 000 %	0 %	52 000 %
10				
11				
12				
13				

Schedule H (Form 990) 2010

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? 8

Name and address		Type of Facility (Describe)
1	NAUGATUCK VALLEY SURGICAL CENTER LP 160 ROBBINS STREET SUITE 1 WATERBURY, CT 06708	SURGICAL CENTER
2	NAUGATUCK VALLEY SURGICAL CENTER LP 160 ROBBINS STREET SUITE 1 WATERBURY, CT 06708	SURGICAL CENTER
3	NAUGATUCK VALLEY SURGICAL CENTER LP 160 ROBBINS STREET SUITE 1 WATERBURY, CT 06708	SURGICAL CENTER
4	NAUGATUCK VALLEY SURGICAL CENTER LP 160 ROBBINS STREET SUITE 1 WATERBURY, CT 06708	SURGICAL CENTER
5	NAUGATUCK VALLEY SURGICAL CENTER LP 160 ROBBINS STREET SUITE 1 WATERBURY, CT 06708	SURGICAL CENTER
6	NAUGATUCK VALLEY SURGICAL CENTER LP 160 ROBBINS STREET SUITE 1 WATERBURY, CT 06708	SURGICAL CENTER
7	NAUGATUCK VALLEY SURGICAL CENTER LP 160 ROBBINS STREET SUITE 1 WATERBURY, CT 06708	SURGICAL CENTER
8	NAUGATUCK VALLEY SURGICAL CENTER LP 160 ROBBINS STREET SUITE 1 WATERBURY, CT 06708	SURGICAL CENTER
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
COMMUNITY BENEFIT REPORT	PART I, LINE 6A	SAINT MARY'S HOSPITAL FILES A COMMUNITY BENEFIT REPORT WITH THE OFFICE OF HEALTHCARE ADVOCATE IN THE STATE OF CONNECTICUT THE COMMUNITY BENEFIT REPORT IS ACCESSIBLE BY CLICKING THE "DISCOVER BUTTON" ON THE SAINT MARY'S WEBSITE AT WWW.STMH.ORG

Identifier	ReturnReference	Explanation
PERCENT OF TOTAL EXPENSE	PART I, LINE 7, COLUMN F	THE PERCENT OF TOTAL EXPENSE IN PART 1, LINE 7, COLUMN (F) IS CALCULATED BY DIVIDING COLUMN (E), NET COMMUNITY BENEFIT EXPENSE, BY TOTAL EXPENSE THE BAD DEBT EXPENSE OF \$7,589,833 WAS SUBTRACTED FROM THE TOTAL EXPENSE VALUE USED TO CALCULATE THE PERCENTAGES IN PART 1, LINE 7, COLUMN (F)

Identifier	ReturnReference	Explanation
PART I, LINE 7		FOR PART 1, LINE 7 SECTIONS (A) CHARITY CARE AT COST, (B) UNREIMBURSED MEDICAID, (C) UNREIMBURSED COSTS-OTHER MEANS-TESTED GOVERNMENT PROGRAMS THE COSTING METHODOLOGY USED WAS THE COST-TO-CHARGE RATIO USING THE INCOME STATEMENT METHOD THE COST-TO-CHARGE RATIO WAS DERIVED FROM THE YEAR-END GENERAL LEDGER, CALCULATED BY DIVIDING GROSS EXPENSE (LESS BAD DEBT) MINUS OTHER OPERATING REVENUE BY GROSS PATIENT CHARGES AND APPLIED BY CHARGE LINE APPROPRIATELY SECTIONS (E) COMMUNITY HEALTH IMPROVEMENT, PORTIONS OF (F) HEALTH PROFESSIONS EDUCATION, (G) SUBSIDIZED HEALTH SERVICES, (H) RESEARCH, AND (I) CASH AND IN-KIND CONTRIBUTIONS TO COMMUNITY GROUPS ARE COMPRISED (EXCEPT FOR CASH DONATIONS AND IN-KIND MATERIAL DONATIONS) OF 1) SUPPLY EXPENSES, 2) PURCHASED SERVICES, 3) TUITION WAIVERS, AND 4) THE DIRECT SALARY COSTS FOR STAFF COMPENSATED BY THE HOSPITAL AND SPENT TIME PARTICIPATING IN ACTIVITIES THAT QUALIFY AS COMMUNITY BENEFITS THE INTERN, RESIDENT AND FELLOW PORTION OF SECTION (F) HEALTH PROFESSIONS EDUCATION ALSO INCLUDES THE SALARIES, FRINGE BENEFITS AND OTHER EXPENSES OF THE RESIDENCY PROGRAM DERIVED FROM THE GENERAL LEDGER INDIRECT COSTS WERE ALSO APPLIED THE COST ACCOUNTING METHODOLOGY WAS USED TO DETERMINE NET COMMUNITY BENEFIT EXPENSE FOR (G) SUBSIDIZED HEALTH SERVICES, WHICH INCLUDE GYNECOLOGY, NEONATOLOGY, IP AND OP PSYCHIATRY SERVICE LINES

Identifier	ReturnReference	Explanation
BAD DEBT EXPENSE	PART III, LINE 4	THE FINANCIAL STATEMENTS DO NOT HAVE A FOOTNOTE FOR BAD DEBT EXPENSE BUT BELOW IS THE FOOTNOTE FOR THE ALLOWANCE FOR BAD DEBTS THE HOSPITAL PROVIDES CARE TO PATIENTS WHO MEET CERTAIN CRITERIA UNDER THEIR FINANCIAL ASSISTANCE POLICY WITHOUT CHARGE OR AT AMOUNTS LESS THAN THEIR ESTABLISHED RATES BECAUSE THE HOSPITAL DOES NOT ANTICIPATE COLLECTION OF AMOUNTS DETERMINED TO QUALIFY AS CHARITY CARE, THEY ARE NOT REPORTED AS REVENUE THE HOSPITAL GRANTS CREDIT WITHOUT COLLATERAL TO PATIENTS, MOST OF WHOM ARE LOCAL RESIDENTS AND ARE INSURED UNDER THIRD-PARTY ARRANGEMENTS ADDITIONS TO THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS ARE MADE BY MEANS OF THE FOR BAD DEBTS ACCOUNTS WRITTEN OFF AS UNCOLLECTIBLE ARE DEDUCTED FROM THE ALLOWANCE AND SUBSEQUENT RECOVERIES ARE ADDED THE AMOUNT OF THE PROVISION FOR BAD DEBTS IS BASED UPON MANAGEMENT'S ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS, BUSINESS AND ECONOMIC CONDITIONS, TRENDS IN FEDERAL AND STATE GOVERNMENTAL HEALTH CARE COVERAGE AND OTHER COLLECTION INDICATORS THE HOSPITAL USED A COST TO CHARGE RATIO TO CALCULATE THE AMOUNTS RECORDED IN LINES 2 AND 3 WE REASONABLY ESTIMATED THE AMOUNT OF BAD DEBTS THAT WOULD QUALIFY FOR FINANCIAL ASSISTANCE UNDER THE HOSPITAL'S CHARITY CARE POLICY, IF THE PATIENTS WOULD HAVE APPLIED OR PROVIDED SUFFICIENT INFORMATION WE DID NOT INCLUDE THIS AMOUNT IN THE COMMUNITY BENEFIT

Identifier	ReturnReference	Explanation
EXPLANATION OF SHORTFALL AS COMMUNITY BENEFIT	PART III, LINE 8	THERE IS NO SHORTFALL REPORTED IN LINE 7, THEREFORE, WE DID NOT INCLUDE IN COMMUNITY BENEFIT WE UTILIZED THE COST TO CHARGE RATIO TO ESTIMATE THE MEDICARE ALLOWABLE COSTS OF CARE

Identifier	ReturnReference	Explanation
COLLECTION PRACTICES FOR QUALIFIED PATIENTS	PART III, LINE 9B	A PATIENT MAY REQUEST CHARITY CARE AT ANY TIME IN THE BILLING AND COLLECTION PROCESS IF THE HOSPITAL, ITS COLLECTION AGENT, OR ITS ATTORNEY BECOMES AWARE THAT THE PATIENT OR GUARANTOR REQUESTS CHARITY CARE, THE COLLECTION PROCESS WILL BE PROMPTLY DISCONTINUED WHILE THE ELIGIBILITY STATUS OF THE PATIENT OR GUARANTOR REQUESTING ASSISTANCE IS DETERMINED WHENEVER IT IS DETERMINED THAT THE PATIENT QUALIFIES FOR CHARITY CARE, THE FINANCIAL COUNSELOR WILL ADJUST THE BALANCE BY THE APPROPRIATE AMOUNT, AND ANY RESULTING BALANCE WILL BECOME THE PATIENT'S RESPONSIBILITY

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT	PART VI, LINE 2	SAINT MARY'S HOSPITAL'S (SMH) INDIVIDUAL COMMUNITY BENEFIT PROGRAMS HAVE BEEN DESIGNED TO MEET THE LONG-STANDING NEEDS OF INDIVIDUALS LIVING IN OUR SERVICE AREA TO IDENTIFY NEED, SMH HAS RELIED UPON EXISTING LOCAL AND REGIONAL COMMUNITY NEEDS ASSESSMENTS INCLUDING UNITED WAY 2007 NEEDS ASSESSMENT FOR THE GREATER WATERBURY AREA, 2007 COMMUNITY HEALTH DATA SCAN FOR CONNECTICUT, AND CENTER FOR DISEASE CONTROL AND PREVENTION'S (CDC) 2007 BEHAVIORAL RISK FACTOR SURVEILLANCE SYSTEM (BRFSS) DATA FOR NEW HAVEN COUNTY THE HOSPITAL IS CURRENTLY IN THE PROCESS OF PREPARING A COMMUNITY HEALTH NEEDS ASSESSMENT IN FY12

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	PART VI, LINE 3	THERE ARE BROCHURES AND SIGNAGE IN FOUR LANGUAGES INDICATING THAT FINANCIAL ASSISTANCE IS AVAILABLE TO QUALIFIED PATIENTS AND THEIR FAMILIES SIGNAGE IS LOCATED IN REGISTRATION, EMERGENCY DEPARTMENT, ALL SOCIAL SERVICES DEPARTMENTS, CASHIER'S OFFICE, PATIENT FINANCIAL SERVICES AND THE LOBBY THE SIGNAGE EXPLAINS THE POLICY AND HOW TO APPLY IN ADDITION, FINANCIAL COUNSELORS ARE AVAILABLE TO MEET WITH INDIVIDUAL PATIENTS TO ASSIST DURING THE PROCESS

Identifier	ReturnReference	Explanation
COMMUNITY INFORMATION	PART VI, LINE 4	SMH'S SERVICE AREA IS COMPRISED OF 35 ZIP CODES, WHICH INCLUDE THE CITY OF WATERBURY AND 17 SURROUNDING TOWNS THE PRIMARY SERVICE AREA (WHICH INCLUDES NAUGATUCK, PROSPECT AND WOLCOTT, CT) HAS A POPULATION OF APPROXIMATELY 170,000 THE SECONDARY SERVICE AREA HAS A POPULATION OF APPROXIMATELY 150,000 THE CITY OF WATERBURY HAS BEEN DESIGNATED AS A MEDICALLY UNDERSERVED AREA (MUA) AND APPROXIMATELY 27% OF SMH'S PATIENT POPULATION IS EITHER UNINSURED OR IS A MEDICAID RECIPIENT THE 2007 MEDIAN HOUSEHOLD INCOME WAS ESTIMATED AT \$39,115 COMPARED TO \$50,007 NATIONWIDE AND THE UNEMPLOYMENT RATE IS THE HIGHEST IN THE STATE 26.7% OF INDIVIDUALS LIVING IN WATERBURY SPEAK A LANGUAGE OTHER THAN ENGLISH IN THE HOME (COMPARED TO 19% NATIONWIDE) AND 29% ARE MINORITIES

Identifier	ReturnReference	Explanation
PROMOTION OF COMMUNITY HEALTH	PART II AND PART VI, LINE 5	SMH'S COMMUNITY BUILDING ACTIVITIES INCLUDE THE FOLLOWING DISASTER PREPAREDNESS, CONTRIBUTIONS TO THE WATERBURY ELIMINATES LEAD HAZARDS PROGRAM, HEALTH CARE ADVOCACY, A VARIETY OF WORKFORCE DEVELOPMENT INITIATIVES INCLUDING LECTURES TO ADDRESS HEALTHCARE WORKFORCE SHORTAGES, RECRUITING MINORITIES AND DIVERSE LANGUAGES, AND SPEAKING TO YOUTH ABOUT CAREERS IN HEALTHCARE, UNITED WAY DAY OF CARING, AND PUBLIC LANDSCAPE ENHANCEMENT AMONG OTHERS THESE ACTIVITIES PROMOTE HEALTH IN MANY WAYS THE EFFORTS OF OUR DISASTER PREPAREDNESS COMMITTEE ABOVE AND BEYOND WHAT IS REQUIRED OF THEM HELPS TO PREPARE OUR STAFF AND COORDINATE PLANS WITH OTHER LOCAL AGENCIES (FIRE, POLICE, ETC) IN THE EVENT THAT A LOCAL DISASTER WOULD OCCUR THE WATERBURY ELIMINATES LEAD HAZARDS PROGRAM COLLABORATES WITH OTHER LOCAL AGENCIES TO IDENTIFY LEAD HAZARDS IN THE COMMUNITY AND EDUCATE AND TREAT INDIVIDUALS IN AN EFFORT TO PREVENT LEAD HAZARDS THROUGHOUT THE COMMUNITY A VARIETY OF SMH STAFF ADVOCATE FOR HEALTHCARE REFORM BOTH LOCALLY AND AT THE STATE LEVEL IN AN EFFORT TO IMPROVE ACCESS TO HEALTHCARE AND PUBLIC HEALTH THE VARIOUS WORKFORCE DEVELOPMENT INITIATIVES ASSURE ACCESS TO HEALTHCARE SERVICES IN OUR COMMUNITY WHILE MAINTAINING HUMAN RESOURCES BOTH THE UNITED WAY DAY OF CARING AND PUBLIC LANDSCAPE ENHANCEMENT CLEAN UP OUR COMMUNITIES TO PROVIDE A SAFE AND HEALTHY ENVIRONMENT FOR EVERYONE TO WORK, PLAY AND LIVE

Identifier	ReturnReference	Explanation
OTHER INFORMATION	PART VI	<p>IN ADDITION TO THE COMMUNITY BUILDING ACTIVITIES IDENTIFIED IN RESPONSE TO QUESTION 5 AND THE QUANTIFIED FREE OR DISCOUNTED HEALTH SERVICES IDENTIFIED IN THE REPORTED CHARITY CARE FIGURES, SMH PROVIDES THE FOLLOWING COMMUNITY BENEFITS COMMUNITY HEALTH IMPROVEMENT SERVICES SMH PROVIDES MANY FREE OR DISCOUNTED SERVICES AIMED TOWARD IMPROVING THE HEALTH OF THE COMMUNITY EXAMPLES INCLUDE SCREENINGS, LECTURES, HEALTH FAIRS, SUPPORT GROUPS, CONSULTATIONS, REFERRALS TO OUTSIDE AGENCIES AND OTHERS HEALTH PROFESSIONS EDUCATION SMH IS A TEACHING HOSPITAL AND IS COMMITTED TO PREPARING FUTURE HEALTHCARE PROFESSIONALS THIS CATEGORY REPRESENTS THE MAJORITY OF SMH'S COMMUNITY BENEFIT ACTIVITIES AND INCLUDES EFFORTS TO GENERATE INTEREST IN HEALTH PROFESSIONS AS WELL AS PROVIDING A CLINICAL SITE FOR MEDICAL STUDENTS, HIGH SCHOOL STUDENTS AND COLLEGES FOR STUDENTS WHO ARE PURSUING DEGREES AS NURSES, PAS, OCCUPATIONAL, SPEECH AND PHYSICAL THERAPISTS, DENTAL HYGIENISTS, RADIOLOGY TECHNOLOGISTS AND MORE SUBSIDIZED SERVICES SMH PROVIDES HEALTH SERVICES TO PATIENTS WITH NO INSURANCE OR STATE INSURANCE INCLUDING GYNECOLOGY, NEONATOLOGY, AND BEHAVIORAL HEALTH CLINICS FINANCIAL AND IN-KIND CONTRIBUTIONS SMH FINANCIALLY SUPPORTS OTHER COMMUNITY ORGANIZATIONS THROUGH SPONSORSHIPS AND IN-KIND DONATIONS VIA TIME SPENT BY STAFF IN THE COMMUNITY ON LOCAL BOARDS AND VOLUNTEERING TIME FOR LOCAL ORGANIZATIONS COMMUNITY BENEFIT OPERATIONS THE COSTS ASSOCIATED WITH PLANNING AND OPERATING COMMUNITY BENEFIT PROGRAMS ARE IN ITSELF A BENEFIT TO THE COMMUNITY</p>

Identifier	ReturnReference	Explanation
AFFILIATED HEALTH CARE SYSTEM ROLES	PART VI, LINE 6	SMH AFFILIATED ORGANIZATIONS SHARE THE GOAL OF PROMOTING HEALTHY LIVING AND DISEASE DETECTION AND PREVENTION THROUGHOUT THE WATERBURY COMMUNITY THE HEART CENTER OF GREATER WATERBURY IS A PARTNERSHIP ORGANIZATION WITH SOLE MEMBERS SAINT MARY'S HOSPITAL AND WATERBURY HOSPITAL THE HEART CENTER PROMOTES HEALTHY LIVING AND CARDIOVASCULAR DISEASE DETECTION THROUGH SUPPORT GROUPS, SCREENINGS, COMMUNITY HEALTH BOARD INVOLVEMENT, AND COMMUNITY EDUCATION THE HAROLD LEEVER CANCER CENTER IS A PARTNERSHIP ORGANIZATION WITH SOLE MEMBERS SAINT MARY'S HOSPITAL AND WATERBURY HOSPITAL THE HAROLD LEEVER CANCER CENTER PROMOTES CANCER AWARENESS AND SUPPORT FOR PATIENTS THROUGH SUPPORT GROUPS, SCREENINGS AND COMMUNITY EDUCATION SAINT MARY'S HOSPITAL FOUNDATION IS A 501(C)(3) WHOLLY OWNED SUBSIDIARY COMPANY OF SAINT MARY'S HEALTH SYSTEM THE FOUNDATION SUPPORTS THE HOSPITAL'S MISSION BY RAISING MONEY TO BENEFIT A VARIETY OF COMMUNITY NEEDS FRANKLIN MEDICAL GROUP IS A CAPTIVE PROFESSIONAL CORPORATION OF MULTI-SPECIALTY PHYSICIANS AFFILIATED WITH SAINT MARY'S HOSPITAL THE MEDICAL GROUP OPERATES SAINT MARY'S EMERGENCY DEPARTMENT, CHILDREN'S AND FAMILY HEALTH CENTER, AND A VARIETY OF CLINICS OFTEN BENEFITING THE UNINSURED POPULATION IN ADDITION TO PATIENT CARE, PATIENTS BENEFIT FROM A VARIETY OF FREE OR DISCOUNTED SERVICES

Identifier	ReturnReference	Explanation
ALL STATES WHICH ORGANIZATION FILES A COMMUNITY BENEFIT REPORT	PART VI, LINE 7	CT

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
SAINT MARY'S HOSPITAL INC

Employer identification number

06-0646844

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"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div></div> <div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain		
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?		
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply		
	<div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div></div> <div><div><input type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div>		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
a	Receive a severance payment or change-of-control payment from the organization or a related organization?		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	Yes	
c	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		
a	The organization?		No
b	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		
a	The organization?		No
b	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		No
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) CHAD WABLE	(i)	346,909	124,475	13,362	122,675	24,640	632,061	0
	(ii)	0	0	0	0	0	0	0
(2) ROBERT HALKO	(i)	252,852	56,982	8,388	14,700	19,653	352,575	0
	(ii)	0	0	0	0	0	0	0
(3) SANDRA ROOSA	(i)	215,875	46,765	3,006	14,700	17,206	297,552	0
	(ii)	0	0	0	0	0	0	0
(4) MICHAEL NOVAK	(i)	216,137	51,215	270	12,902	21,792	302,316	0
	(ii)	0	0	0	0	0	0	0
(5) CAROLYN ORRELL	(i)	162,156	7,500	205	10,214	18,525	198,600	0
	(ii)	0	0	0	0	0	0	0
(6) STEPHEN HOLLAND MD	(i)	328,510	75,800	774	14,700	22,273	442,057	0
	(ii)	0	0	0	0	0	0	0
(7) ELIZABETH BOZZUTO	(i)	222,623	50,398	1,188	28,617	17,236	320,062	0
	(ii)	0	0	0	0	0	0	0
(8) M CLARK KEARNEY	(i)	176,950	39,676	1,001	13,058	17,490	248,175	0
	(ii)	0	0	0	0	0	0	0
(9) JOSEPH CONNOLLY	(i)	142,400	7,500	183	9,004	23,276	182,363	0
	(ii)	0	0	0	0	0	0	0
(10) KATHLEEN SMITH	(i)	147,160	0	774	8,876	14,175	170,985	0
	(ii)	0	0	0	0	0	0	0
(11)								
(12)								
(13)								
(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
PARTICIPATION IN OR PAYMENT FROM NONQUALIFIED RETIREMENT PLANS	SCHEDULE J - PART I - LINE 4B	PARTICIPATION IN OR PAYMENT FROM NONQUALIFIED RETIREMENT PLANS. PARTICIPATED IN SUPPLEMENTAL NONQUALIFIED RETIREMENT PLANS. NO PAYMENTS WERE RECEIVED BY THESE INDIVIDUALS DURING FISCAL YEAR ENDING 2011 FROM THESE PLANS. CHAD WABLE PARTICIPATES IN A 457(F) DEFERRED COMPENSATION PLAN. SANDRA ROOSA'S EMPLOYMENT CONTRACT INCLUDES A PROVISION FOR SUPPLEMENTAL RETIREMENT PAYMENTS. THERE WERE NO PAYMENTS MADE UNDER THIS PROVISION IN THE CURRENT FISCAL YEAR.

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
SAINT MARY'S HOSPITAL INC

Employer identification number

06-0646844

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) NAUGATUCK VALLEY OBGYN ASSOCIATES	DIRECTOR - M ALBINI	328,562	SEE PART V FOR DESCRIPTION		No
(2) WEBSTER FINANCIAL SERVICES	DIRECTOR - J SMITH	395,061	SEE PART V FOR DESCRIPTION		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 TRANSACTION WITH INTERESTED PERSON	PART IV	DR MARK ALBINI IS A MEMBER OF THE BOARD OF DIRECTORS OF SAINT MARY'S HOSPITAL,INC DURING THE YEAR ENDING SEPTEMBER 30, 2011, THE HOSPITAL PAID DR ALBINI'S PRACTICE, NAUGATUCK VALLEY OBGYN ASSOCIATES, PC, \$328,562 IN FEES FOR SERVICE MR JAMES C SMITH IS A MEMBER OF THE BOARD OF DIRECTORS OF SAINT MARY'S HEALTH SYSTEM, WHICH IS THE PARENT HOLDING COMPANY OF SAINT MARY'S HOSPITAL, INC MR SMITH IS ALSO THE CHAIRMAN AND CEO OF WEBSTER FINANCIAL CORP , PARENT COMPANY OF WEBSTER BANK THE HOSPITAL HAS A LINE OF CREDIT THROUGH WEBSTER BANK, THE BALANCE OF THE LINE OF CREDIT AT THE END OF THE REPORTING PERIOD WAS \$0 DURING THE YEAR ENDED SEPTEMBER 30, 2011, THE HOSPITAL PAID \$90,234 IN BANKING FEES AND INCURRED \$3,025 IN FEES ON THE LINE OF CREDIT THE HOSPITAL ALSO PAYS WEBSTER FINANCIAL SERVICES, A COMPANY RELATED TO THE WEBSTER BANK, TO ADMINISTER ITS PENSION PLAN AND OTHER INVESTMENT MANAGEMENT SERVICES DURING THE YEAR ENDED SEPTEMBER 30, 2011, SAINT MARY'S HOSPITAL, INC AND ITS AFFILIATES PAID \$118,431 FOR INVESTMENT MANAGEMENT SERVICES FOR ASSETS IN RESTRICTED FUNDS AND \$183,371 FOR AMINISTRATION OF THE HOSPITAL'S RETIREMENT PLAN ASSETS THE HOSPITAL CHOSE WEBSTER BANK IN OCTOBER 2000 AFTER A CAREFUL SEARCH WAS UNDERTAKEN TO FIND A BANK THAT COULD OFFER THE SERVICES NEEDED THE CFO MADE THE FINAL DECISION AND IT WAS APPROVED BY THE FULL BOARD OF DIRECTORS SAINT MARY'S HOSPITAL, INC BELIEVES THAT THE AMOUNTS CHARGED FOR SERVICES PROVIDED BY WEBSTER ARE AT LEAST AS BENEFICIAL TO THE HOSPITAL AS TO OTHER COMMERCIAL CUSTOMERS OF THE WEBSTER BANK

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 SAINT MARY'S HOSPITAL INC	Employer identification number 06-0646844
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Identifier	Return Reference	Explanation
PROGRAM SERVICE ACCOMPLISHMENTS	990 PART III - LINE 4A	<p>INPATIENT SERVICES SAINT MARY'S REMAINS COMMITTED TO PROVIDING THE HIGHEST QUALITY CARE FOR OUR PATIENTS THE HOSPITAL PROVIDED INPATIENT TREATMENT FOR 12,515 INPATIENTS IN 2011, WITH AN AVERAGE LENGTH OF STAY OF 4 6 DAYS SAINT MARY'S THREE LARGEST PROGRAMS ARE SURGERY , CARDIOLOGY AND MEDICINE IN 2011, 1,303 PATIENTS CHOSE TO HAVE SURGERY AT SAINT MARY'S, STAYING AT THE HOSPITAL FOR A TOTAL OF 8,401 DAYS AND GENERATED \$23 MILLION IN REVENUE, 1,389 PATIENTS CHOSE SAINT MARY'S FOR CARDIAC CARE, STAYING IN THE HOSPITAL FOR A TOTAL OF 5,573 DAYS AND GENERATING \$17 7 MILLION IN REVENUE, AND 1,973 PATIENTS RECEIVED INPATIENT MEDICAL CARE, STAYING IN THE HOSPITAL FOR A TOTAL OF 9,521 DAYS, AND GENERATING \$18 MILLION IN REVENUE AS THE HOSPITAL CONTINUES TO DISTINGUISH ITSELF AS A LEADING PROVIDER OF HEALTHCARE SERVICES IN THE REGION, IT HAS GARNERED RECOGNITION FROM STATE AND NATIONAL ORGANIZATIONS FOR PROVIDING OUTSTANDING PATIENT CARE SAINT MARY'S HOSPITAL IS RANKED AS THE TOP-PERFORMING HOSPITAL IN CONNECTICUT FOR DELIVERING PERCUTANEOUS CORONARY INTERVENTION (PCI), A LIFE- SAVING PROCEDURE THAT OPENS THE BLOCKED ARTERIES OF HEART ATTACK PATIENTS THE NATIONAL STANDARD STATES THAT PATIENTS SHOULD RECEIVE THIS PROCEDURE WITHIN 90 MINUTES OF ARRIVAL AT THE HOSPITAL ACCORDING TO THE FEDERAL CENTERS FOR MEDICARE AND MEDICAID (CMS), 100 PERCENT OF PATIENTS WHO REQUIRE ANGIOPLASTY RECEIVE IT AT SAINT MARY'S WITHIN 90 MINUTES OF ARRIVAL THIS RANKS SAINT MARY'S AS THE NUMBER ONE PERFORMING HOSPITAL IN CONNECTICUT, AND SIGNIFICANTLY AHEAD OF THE NATIONAL AVERAGE, WHICH IS 79 PERCENT OF PATIENTS BEING TREATED WITHIN 90 MINUTES IN ADDITION, SAINT MARY'S IS THE FIRST HOSPITAL IN CONNECTICUT TO RECEIVE A GOLD AWARD UNDER THE AMERICAN HEART ASSOCIATION'S GET WITH THE GUIDELINES PROGRAM FOR ITS TREATMENT OF PATIENTS WITH CORONARY ARTERY DISEASE IT IS ALSO THE FIRST HOSPITAL IN THE STATE TO RECEIVE A GOLD AWARD FOR ITS TREATMENT OF PATIENTS WITH HEART FAILURE AS OF FISCAL YEAR 2011, SAINT MARY'S HAS RECEIVED THREE GOLD AWARDS FOR CARDIAC CARE FOR THIS PROGRAM THESE ACCOMPLISHMENTS ARE INDICATIVE OF THE EXTRAORDINARY CROSS-DISCIPLINE COLLABORATION AND OVERALL COMMITMENT TO CLINICAL EXCELLENCE SHARED BY THE SAINT MARY'S TEAM IN ADDITION, SAINT MARY'S IS A LEADER IN SURGICAL SERVICES OUR PHY SICIANS PROVIDE BOTH IN-PATIENT AND OUT-PATIENT SURGERY IN THE AREAS OF GI, ONCOLOGY , THORACIC, VASCULAR, LAPAROSCOPY , TRAUMA, GYNECOLOGY , UROLOGY, NEUROSURGERY, ORTHOPEDICS, CARDIOTHORACIC, PLASTIC, AND ENDOCRINE SURGERY AT SAINT MARY'S HOSPITAL SAINT MARY'S HEALTH SY STEM IS PLEASED TO INTRODUCE A NEW ERA OF SURGERY TO THE GREATER WATERBURY COMMUNITY OUR EXPERIENCED SURGEONS ARE NOW PERFORMING ADVANCED ROBOTIC-ASSISTED PROCEDURES UTILIZING THE DAVINCI ROBOTIC SURGICAL SYSTEM THIS INNOVATIVE TECHNOLOGY IS QUICKLY BECOMING THE STANDARD OF CARE FOR MANY COMPLEX SURGICAL PROCEDURES WITH APPLICATIONS FOR GYNECOLOGIC, UROLOGIC, THORACIC, CARDIAC AND GENERAL SURGERY AS THE LEADING PROVIDER OF SURGICAL SERVICES IN THE REGION, SAINT MARY'S IS COMMITTED TO PROVIDING THE HIGHEST QUALITY AND SUPERIOR SERVICE FOR OUR PATIENTS DURING FISCAL YEAR 2011, SAINT MARY'S PERFORMED 191 SURGERIES USING THE DAVINCI ROBOTIC SURGICAL SYSTEM IN ADDITION, THE HOSPITAL OFFERS A COMPREHENSIVE SIX- YEAR TRAINING PROGRAM IN GENERAL SURGERY SAINT MARY'S HOSPITAL IS COMMUNITY BASED AND BOASTS A CLOSE AFFILIATION TO YALE UNIVERSITY IN NEARBY NEW HAVEN, CONNECTICUT, AND THE UNIVERSITY OF CONNECTICUT IN FARMINGTON, CONNECTICUT HISTORICALLY, NEARLY ONE HALF OF THE RESIDENTS COMPLETING THIS PROGRAM HAVE PURSUED FURTHER TRAINING IN CARDIOTHORACIC, COLON AND RECTAL, PLASTIC AND RECONSTRUCTIVE, SURGICAL ONCOLOGY, OR VASCULAR SURGERY</p>

Identifier	Return Reference	Explanation
OUTPATIENT SERVICES	990 PART III - LINE 4B	<p>SAINT MARY'S HEALTH SYSTEM EXTENDS FROM WATERBURY TO WOLCOTT, NAUGATUCK, SOUTHBURY AND PROSPECT. IN 2011, 224,446 PATIENTS CHOSE SAINT MARY'S FOR OUTPATIENT CARE. THE HEALTH SYSTEM'S TWO LARGEST PROGRAMS ARE ITS EMERGENCY DEPARTMENT, WHICH PROVIDED TREATMENT FOR 61,019 PATIENTS IN 2011, GENERATING \$20 MILLION IN REVENUE, AND AMBULATORY SURGERY. IN 2011, 6,435 PATIENTS CHOSE TO HAVE OUTPATIENT SURGERY AT SAINT MARY'S, GENERATING \$16.6 MILLION IN REVENUE. OUTPATIENT SERVICES INCLUDE BUT ARE NOT LIMITED TO: MEDICAL IMAGING, BLOOD DRAW AND LAB SERVICES, CARDIAC AND PULMONARY REHABILITATION CLASSES AND EXPECTANT PARENT CLASSES. SAINT MARY'S SATELLITE FACILITIES INCLUDE HEALTH AND WELLNESS CENTERS PROVIDING WALK-IN HEALTH CARE, BLOOD DRAW STATIONS AND X-RAY SERVICES IN NAUGATUCK AND WOLCOTT, OUTPATIENT REHABILITATION THERAPY OFFICES IN WATERBURY, WOLCOTT AND NAUGATUCK, OUTPATIENT SLEEP DISORDERS CENTERS IN WATERBURY AND WOLCOTT, THE BREAST & ONCOLOGY CENTERS IN SOUTHBURY AND PROSPECT, AND OCCUPATIONAL THERAPY IN WATERBURY. SAINT MARY'S HAS BEEN RECOGNIZED AT THE STATE AND NATIONAL LEVELS AS A DISTINGUISHED PROVIDER OF OUTPATIENT SERVICES. SAINT MARY'S IS AMONG THE LARGEST AND BUSIEST EMERGENCY DEPARTMENTS IN THE STATE OF CONNECTICUT. IN FACT, WITH APPROXIMATELY 70,000 EMERGENCY VISITS PER YEAR, WE RANK AS THE 6TH BUSIEST IN THE STATE. THE SAINT MARY'S EMERGENCY DEPARTMENT IS A CERTIFIED LEVEL 2 TRAUMA CENTER, AND ALL PHYSICIANS ARE BOARD CERTIFIED IN EMERGENCY MEDICINE. THE EMERGENCY DEPARTMENT PLAYS A CRITICAL ROLE IN HELPING SAINT MARY'S ACHIEVE ITS EXTRAORDINARY PERFORMANCE WITH DOOR-TO-BALLOON TIME, A MEASURE OF THE TIME IT TAKES A HEART ATTACK VICTIM TO HAVE HIS OR HER BLOCKED ARTERIES OPENED. ONE HUNDRED PERCENT OF PATIENTS NEEDING THIS SERVICE RECEIVE IT WITHIN 90 MINUTES OF ARRIVAL, WHICH RANKS SAINT MARY'S FIRST IN CONNECTICUT AND WELL AHEAD OF THE NATIONAL AVERAGE FOR THIS MEASURE. THE DEPARTMENT ALSO PROVIDES AMBULATORY CARE SERVICES, WHICH ARE DESIGNED TO ACCOMMODATE NON-EMERGENT, LOWER ACUITY NEEDS. THIS UNIT CONTAINS A PEDIATRIC CENTER, WHICH IS STAFFED BY PEDIATRICIANS EACH AFTERNOON. FINALLY, THE EMERGENCY DEPARTMENT CONTAINS A DEDICATED BEHAVIORAL HEALTH AREA, SUPPORTED BY A PSYCHIATRIST. THIS UNIT PROVIDES A MUCH NEEDED RESOURCE FOR SERVING OUR PATIENT POPULATION, AND HAS SEEN CONTINUED GROWTH AND INCREASE IN DEMAND. SAINT MARY'S CANCER PROGRAM WAS AWARDED A THREE-YEAR ACCREDITATION FROM THE AMERICAN COLLEGE OF SURGEONS' COMMISSION ON CANCER WITH COMMENDATIONS IN SEVEN CATEGORIES. ONLY 40 PERCENT OF ALL U.S. HOSPITALS SURVEYED BY THE COMMISSION ACHIEVE THIS LEVEL OF RECOGNITION. ACS ACCREDITATION ENSURES THAT PATIENTS WHO CHOOSE SAINT MARY'S FOR CANCER CARE HAVE ACCESS TO A COMPLETE RANGE OF STATE-OF-THE-ART SERVICES AND EQUIPMENT, A TEAM THAT COORDINATES THE BEST AVAILABLE TREATMENT OPTIONS, AND ACCESS TO CLINICAL TRIALS AND NEW TREATMENT OPTIONS, AS WELL AS EARLY DETECTION PROGRAMS, EDUCATION AND SUPPORT SERVICES. SAINT MARY'S WOUND HEALING CENTER IS STAFFED BY A SPECIALIZED TEAM OF PHYSICIANS, SURGEONS, NURSES AND TECHNICIANS, WHO COLLABORATE TO PRODUCE THE BEST POSSIBLE OUTCOMES. ON AVERAGE, 93.3 PERCENT OF PATIENTS WHO COME TO THE CENTER WITH CHRONIC WOUNDS THAT HAVE RESISTED TRADITIONAL TREATMENT ACHIEVE SUCCESSFUL RESULTS WITHIN 18 WEEKS. SPECIALIZED WOUND CARE ALSO HELPS PATIENTS WITH DIABETIC ULCERS, PRESSURE ULCERS, INFECTIONS AND COMPROMISED SKIN GRAFTS. IN ADDITION, THE CENTER OFFERS HYPERBARIC OXYGEN THERAPY, WHICH IS PARTICULARLY EFFECTIVE FOR PATIENTS WHO SUFFER FROM RADIATION DAMAGE OR FACE THE POSSIBILITY OF AMPUTATION.</p>

Identifier	Return Reference	Explanation
COMMUNITY BENEFIT		<p>SAINT MARY'S HOSPITAL PLAYS AN INDISPENSABLE ROLE IN THE HEALTHCARE DELIVERY SYSTEM FOR THE GREATER WATERBURY COMMUNITY AND THE TOWNS OF THE CENTRAL NAUGATUCK VALLEY. FOUNDED IN 1907 BY THE SISTERS OF SAINT JOSEPH OF CHAMBERY, SAINT MARY'S HAS BEEN THE CATHOLIC BEACON OF HEALING AND HOPE IN THE COMMUNITY FOR 100 YEARS. BUILT IN THE HEART OF THE CITY AND WITHIN CLOSE DISTANCE OF ITS ONCE-THRIVING BRASS MILLS SO THAT IT COULD RESPOND READILY TO INJURED WORKERS, THE HOSPITAL HAS EVOLVED INTO A DIVERSE HEALTH SYSTEM THAT TODAY PROVIDES A VARIETY OF HEALTHCARE, EDUCATIONAL, FINANCIAL AND OTHER BENEFITS TO THE PEOPLE IT SERVES. SAINT MARY'S EXISTS TO SERVE THE PEOPLE OF WATERBURY AND ITS SURROUNDING COMMUNITIES. PROVIDING HIGH QUALITY HEALTHCARE TO ALL WHO NEED IT, REGARDLESS OF ABILITY TO PAY, HAS BEEN CENTRAL TO ITS MISSION THROUGHOUT ITS EXISTENCE. ADAPTING TO MEET THE CHANGING NEEDS OF THE COMMUNITY, THE HOSPITAL IS MORE FOCUSED THAN EVER ON PRESERVING ACCESS TO APPROPRIATE HEALTHCARE AND PROVIDING EXCEPTIONAL QUALITY AND SERVICE TO PATIENTS AND THEIR FAMILIES. SAINT MARY'S HOSPITAL IS LICENSED FOR 347 BEDS (32 BASSINETS) AND STAFFS APPROXIMATELY 175 BEDS WITH AN AVERAGE DAILY CENSUS OF NEARLY 150 DURING 2011, SAINT MARY'S HAD 12,534 DISCHARGES. ITS EMERGENCY DEPARTMENT, WHICH IS AMONG THE BUSIEST IN CONNECTICUT, SAW APPROXIMATELY 70,000 VISITS, WHILE SAINT MARY'S CLINICS (INCLUDING PSYCHIATRY, PEDIATRICS, ADULT AND DENTISTRY) HAD MORE THAN 50,000 VISITS DURING THE SAME PERIOD. SAINT MARY'S AND ITS AFFILIATES SERVICED MORE THAN 200,000 OUTPATIENT VISITS IN 2011. SAINT MARY'S HOSPITAL EMPLOYS APPROXIMATELY 1,200 FULL-TIME EQUIVALENT EMPLOYEES. SAINT MARY'S HOSPITAL - OPERATES ONE OF CONNECTICUT'S BUSIEST EMERGENCY DEPARTMENTS, WHICH IS AVAILABLE TO ALL PERSONS REGARDLESS OF ABILITY TO PAY AND PROVIDES SERVICES OFTEN TO THOSE WHO HAVE THE GREATEST NEED - PROVIDES PRIMARY AND SPECIALTY CARE THROUGH ITS CHILDREN'S AND FAMILY HEALTH CENTER - PARTICIPATES IN MEDICAID, MEDICARE, SAGA, HUSKY A & B, CHARTER OAK AND/OR OTHER GOVERNMENT-SPONSORED HEALTHCARE PROGRAMS - SERVES ONE OF CONNECTICUT'S MOST CHALLENGING URBAN POPULATIONS, IN A DESIGNATED MEDICALLY UNDERSERVED AREA (MUA) - SPONSORS MEDICAL, SURGICAL, AND DENTAL RESIDENCY PROGRAMS TO PROVIDE PROFESSIONAL EDUCATION FOR PHYSICIANS IN TRAINING AND ENCOURAGE THE RETENTION OF PROVIDERS WHO WILL CHOOSE TO REMAIN IN ITS PRIMARY SERVICE AREA. THE CHALLENGES FACED BY SAINT MARY'S HOSPITAL ARE SIGNIFICANT, YET IT REMAINS FULLY DEDICATED TO FULFILLING ITS CORE MISSION. AS HAS BEEN THE CASE THROUGHOUT THE HOSPITAL'S HISTORY, ITS MISSION IS BROUGHT TO LIFE BY ITS TALENTED AND HARD-WORKING EMPLOYEES, WHOSE INGENUITY AND PERSEVERANCE ENSURES THAT THE INDIVIDUAL AND COLLECTIVE NEEDS OF THE COMMUNITY ARE BEING MET. BUILDING UPON A LEGACY OF CARING, THE MISSION OF SAINT MARY'S HOSPITAL IS TO PROVIDE EXCELLENT HEALTHCARE SERVICES IN A SPIRITUALLY ENRICHED ENVIRONMENT TO IMPROVE THE HEALTH OF OUR COMMUNITY. IT IS THE HOSPITAL'S VISION TO BE THE LEADING REGIONAL HEALTHCARE PROVIDER. THE HOSPITAL'S STAFF, MEDICAL STAFF, BOARD, FOUNDATION, AUXILIARY AND VOLUNTEERS ARE ALSO UNITED BY THESE VALUES - INTEGRITY - COMMITMENT TO DOING WHAT IS RIGHT - CARING - COMPASSIONATE APPROACH TO ADDRESSING THE HEALTHCARE NEEDS OF ALL PEOPLE - ACCOUNTABILITY - PERSONAL RESPONSIBILITY FOR THE PERFORMANCE OF SAINT MARY'S HEALTH SYSTEM - RESPECT - RESPECT FOR THE DIGNITY, WORTH, AND RIGHTS OF OTHERS - EXCELLENCE - WORKING TOGETHER IN PURSUIT OF SUPERIOR CLINICAL QUALITY AND SERVICE TO OTHERS. TAKING QUALITY TO HEART, SAINT MARY'S IS COMMITTED TO PROVIDING THE HIGHEST QUALITY PATIENT CARE. RECOGNIZING THAT CLINICAL QUALITY CORRELATES SIGNIFICANTLY TO PATIENT SAFETY AND PATIENT SATISFACTION, ITS STAFF IS DEDICATED TO MEETING THE 2011 NATIONAL PATIENT SAFETY GOALS AS WELL AS THE QUALITY MEASURES ESTABLISHED BY THE JOINT COMMISSION. THE RESULTS OF THESE EFFORTS CAN BE CLEARLY MEASURED BY RECENT ACHIEVEMENTS, INCLUDING TWO GOLD AWARDS FROM THE AMERICAN HEART ASSOCIATION'S GET WITH THE GUIDELINES QUALITY IMPROVEMENT PROGRAM FOR THE TREATMENT OF PATIENTS WITH CORONARY ARTERY DISEASE. SAINT MARY'S IS ALSO AMONG SEVERAL HOSPITALS IN CONNECTICUT, AND A GROWING NUMBER IN THE NATION, TO ESTABLISH THE GOAL OF BECOMING A "MINIMAL LIFT" HOSPITAL TO PROMOTE THE SAFE MOVEMENT OF PATIENTS IN THE HEALTHCARE SETTING. A QUALITY COMMITTEE OF THE BOARD OF DIRECTORS CONTINUALLY EVALUATES CLINICAL PERFORMANCE AND A MULTIDISCIPLINARY CLINICAL QUALITY ROUNDS TEAM MEETS WEEKLY WITH THE GOAL OF IMPROVING THE QUALITY OF PATIENT CARE IN REAL TIME. THIS TEAM, WHICH IS COMPRISED OF PHYSICIANS, CLINICAL NURSE MANAGERS, AND REPRESENTATIVES FROM DISCHARGE PLANNING, NUTRITION, PHARMACY AND QUALITY MANAGEMENT, IS COMBINING PATIENT SAFETY WITH CORE MEASURES AND USING EVIDENCE FROM BOTH TO ENSURE THAT PATIENTS ARE RECEIVING THE HIGHEST QUALITY CARE BASED ON THOSE GUIDELINES. IDENTIFYING THE NEEDS OF THE COMMUNITY, SAINT MARY'S INDIVIDUAL COMMUNITY.</p>

Identifier	Return Reference	Explanation
COMMUNITY BENEFIT		<p>BENEFIT PROGRAMS HAVE BEEN DESIGNED TO MEET THE NEEDS OF INDIVIDUALS LIVING IN THE HOSPITAL'S SERVICE AREA, WHICH INCLUDES WATERBURY AND 17 SURROUNDING TOWNS. THE PRIMARY SERVICE AREA HAS A POPULATION OF APPROXIMATELY 170,000 RESIDENTS AND THE SECONDARY SERVICE AREA HAS A POPULATION OF APPROXIMATELY 150,000. APPROXIMATELY 27 PERCENT OF SAINT MARY'S HOSPITAL PATIENTS HAVE AN AVERAGE HOUSEHOLD INCOME OF \$39,115, COMPARED TO \$50,007 NATIONALLY. THE UNEMPLOYMENT RATE IN THE CITY OF WATERBURY IS THE SECOND HIGHEST IN THE STATE. MORE THAN 26 PERCENT OF WATERBURY RESIDENTS SPEAK A LANGUAGE OTHER THAN ENGLISH AT HOME, COMPARED TO AN AVERAGE OF 19 PERCENT NATIONWIDE, AND 29 PERCENT ARE MINORITIES. SAINT MARY'S HAS AN ANNUAL STRATEGIC PLANNING PROCESS THAT IDENTIFIES UNMET COMMUNITY NEEDS WHILE DEPLOYING STRATEGIES TO ADDRESS THESE UNMET COMMUNITY NEEDS AND IMPROVE OUR OVERALL COMMUNITY BENEFIT. SAINT MARY'S ALSO WORKS CLOSELY WITH MANY LOCAL CHARITABLE COMMUNITY SERVICE ORGANIZATIONS TO BOTH IDENTIFY AND ADDRESS COMMUNITY NEEDS. COMMUNITY BENEFIT PROGRAMS AND SERVICES SAINT MARY'S HOSPITAL OFFERS A VARIETY OF FREE PROGRAMS AND SERVICES THAT ARE SUBSIDIZED BY THE HOSPITAL. FROM MEDICAL AND SURGICAL SERVICES FOR THE UNINSURED AND UNDERINSURED TO HEALTH EDUCATION, SUPPORT GROUPS AND COMMUNITY OUTREACH PROGRAMS, SAINT MARY'S PLAYS AN INTEGRAL ROLE IN THE COMMUNITY WHILE RESPONDING TO THE UNIQUE HEALTHCARE NEEDS OF THE RESIDENTS OF GREATER WATERBURY.</p>

Identifier	Return Reference	Explanation
EXAMPLES OF SAINT MARY'S MANY COMMUNITY BENEFIT PROGRAMS AND SERVICES	INCLUDE THE CONNECTICUT BREAST AND CERVICAL CANCER EARLY DETECTION	<p>PROGRAM, WHICH PROVIDES FREE MAMMOGRAMS FOR WOMEN WHO ARE AGE 40 OR OLDER AND HAVE LITTLE OR NO HEALTH INSURANCE SAINT MARY'S IS THE ONLY HOSPITAL IN WATERBURY OFFERING THIS PROGRAM, WHICH HAS ASSISTED MORE THAN 2,500 WOMEN SINCE 1995 THE PROGRAM IS OFFERED THROUGH SAINT MARY'S CHILDREN'S AND FAMILY HEALTH CENTER AND SUPPORTED IN PART BY GRANTS FROM THE SUSAN G KOMEN FOUNDATION OTHER EXAMPLES OF SAINT MARY'S COMMUNITY BENEFIT PROGRAMS AND SERVICES INCLUDE SUPPORT GROUPS THAT ARE HOSTED AND SUPPORTED BY THE HOSPITAL FOR PATIENTS SUFFERING FROM CHRONIC LUNG DISORDERS AND OUR "BEYOND GRIEF" GROUP PROVIDES BEREAVEMENT SUPPORT FOR ADULTS ONE OF THE PROGRAMS THAT HAS HAD A SIGNIFICANT IMPACT IS CALLED "TEEN GRIEF," WHICH PROVIDES CONFIDENTIAL BEREAVEMENT SUPPORT TO STUDENTS OF LOCAL MIDDLE AND HIGH SCHOOLS ESTABLISHED BY A PEDIATRIC SOCIAL WORKER FROM SAINT MARY'S CHILDREN'S AND FAMILY HEALTH CENTER IN THE WAKE OF THE TERRORIST ATTACKS OF SEPTEMBER 2001, THIS PROGRAM IS SUPPORTED IN PART BY A GRANT FROM THE J WALTON BISSELL FOUNDATION CONDUCTED IN SIX-WEEK SESSIONS THAT ARE HELD IN THE SCHOOLS, THE PROGRAM ALLOWS TEENS TO COPE WITH THEIR GRIEF IN A POSITIVE WAY AND PROVIDES THEM WITH A SAFE PLACE TO EXPRESS THEIR FEELINGS AND LEARN FROM THE EXPERIENCES OF THEIR PEERS IN ADDITION TO THESE PROGRAMS SAINT MARY'S ALSO HAS SUCCESSFUL PARTNERSHIPS WITH OTHER COMMUNITY ORGANIZATIONS SUCH AS THE GREATER WATERBURY UNITED WAY, WELLPATH BEHAVIORAL HEALTH FOR CHILDREN AND FAMILIES, AND THE MORRIS FOUNDATION, WHICH OFFERS TREATMENT, PREVENTION, EDUCATION, AND RECOVERY SUPPORT FOR INDIVIDUALS WITH SUBSTANCE ABUSE AND BEHAVIORAL HEALTH ISSUES THE HOSPITAL HAS ALSO FORGED COLLABORATIONS TO BRING WORLD-CLASS HEALTHCARE SERVICES TO THE COMMUNITY THROUGH - THE HAROLD LEEVER REGIONAL CANCER CENTER, A FREESTANDING 40,000-SQUARE-FOOT FACILITY DEDICATED TO OUTPATIENT CANCER CARE, WHICH IS A JOINT VENTURE PARTNERSHIP BETWEEN SAINT MARY'S HOSPITAL AND WATERBURY HOSPITAL, - THE HEART CENTER OF GREATER WATERBURY, WHICH PROVIDES ADVANCED CARDIAC SERVICES, INCLUDING ANGIOPLASTY AND OPEN HEART SURGERY, THROUGH A PARTNERSHIP BETWEEN SAINT MARY'S HOSPITAL, WATERBURY HOSPITAL AND THE UNIVERSITY OF CONNECTICUT HEALTH CENTER/JOHN DEMPSEY HOSPITAL EXTENDING ITS REACH SAINT MARY'S CHILDREN'S AND FAMILY HEALTH CENTER HAS BEEN RECOGNIZED BY THE CONNECTICUT LEGISLATURE, STATE CHILD ADVOCACY GROUPS AND THE NATIONAL INITIATIVE FOR CHILD HEALTHCARE QUALITY AS A LEADER AND MODEL PRACTICE IN THE CARE OF CHILDREN WITH SPECIAL HEALTHCARE NEEDS BASED ON ITS "MEDICAL HOME" MODEL OF CARE FORMALLY KNOWN AS THE NORTHWEST REGIONAL MEDICAL HOME SUPPORT CENTER, THIS HOSPITAL-BASED PROGRAM PROVIDES ASSISTANCE TO CAREGIVERS OF CHILDREN WITH SPECIAL HEALTHCARE NEEDS THROUGH THREE LOCATIONS SAINT MARY'S CHILDREN'S HEALTH CENTER, LITCHFIELD COUNTY PEDIATRICS IN TORRINGTON AND THE MEDICAL/PEDIATRICS RESIDENCY TRAINING PROGRAM OPERATED JOINTLY BY SAINT MARY'S HOSPITAL AND YALE-NEW HAVEN HOSPITAL THE PROGRAM PROVIDES COORDINATION OF CARE COORDINATION OF FAMILY SUPPORT OF ADVOCACY OF TITLE V FUNDS OF BENEFITS COORDINATION WORKING WITH CAREGIVERS, THE "MEDICAL HOME" PROGRAM HELPS CREATE CUSTOMIZED CARE PLANS AND BRINGS TOGETHER RESOURCES THAT FAMILIES WITH CHILDREN OF SPECIAL NEEDS DEPEND UPON THE PROGRAM PARTNERS WITH PEDIATRIC CARE PROVIDERS TO MEET THE DIVERSE NEEDS OF CAREGIVERS AND FAMILIES OF CHILDREN WITH SPECIAL HEALTHCARE NEEDS THE UNITED STATES MATERNAL AND CHILD HEALTH BUREAU DEFINES CHILDREN WITH SPECIAL HEALTHCARE NEEDS (CSHCN) AS THOSE WHO HAVE OR ARE AT INCREASED RISK FOR CHRONIC PHYSICAL, DEVELOPMENTAL, BEHAVIORAL OR EMOTION CONDITIONS (EXPECTED TO LAST AT LEAST A YEAR), AND THOSE WHO REQUIRE HEALTH AND RELATED SERVICES OF A TYPE OR AMOUNT BEYOND THAT REQUIRED BY CHILDREN GENERALLY EIGHTEEN PERCENT OF CHILDREN IN THE UNITED STATES ARE INCLUDED IN THAT DEFINITION ALL FAMILIES OF ELIGIBLE CHILDREN, REGARDLESS OF INCOME, RECEIVE CARE COORDINATION SERVICES IN PARTNERSHIP WITH THEIR CHILD'S MEDICAL HOME UNDER THE SAINT MARY'S PROGRAM FAMILY AND COMMUNITY REFERRALS, DIRECT SERVICES, ADVOCACY AND LINKS TO PARENT SUPPORT SERVICES ARE ALSO PROVIDED A LIMITED NUMBER OF FAMILIES RECEIVE RESPIRE AND CAMP FUNDS UNINSURED OR UNDERINSURED FAMILIES WHO FALL WITHIN THE TITLE V EXTENDED SERVICE FUNDS ELIGIBILITY GUIDELINES CAN ALSO BENEFIT FROM PAYMENT FOR EXTENDED SERVICES (IE DURABLE MEDICAL EQUIPMENT, PRESCRIPTIONS, SPECIALTY VISITS, THERAPIES AND SPECIAL NUTRITIONAL FORMULAS) THIS PROGRAM IS JUST ONE EXAMPLE OF HOW SAINT MARY'S HAS EXTENDED ITS REACH BEYOND THE BOUNDS OF THE WALLS OF THE HOSPITAL PATIENT FINANCIAL AID SAINT MARY'S HOSPITAL PROVIDES FINANCIAL ASSISTANCE TO PATIENTS WHO QUALIFY FOR THE HOSPITAL'S "BED FUND" OR OTHER FINANCIAL ASSISTANCE PROGRAMS IF A PATIENT IS UNINSURED OR OTHERWISE UNABLE TO PAY HIS OR HER MEDICAL BILLS, HE OR SHE MAY QUALIFY FOR THE HOSPITAL BED FUND IN ORDER TO QUALIFY, A PATIENT MUST MEET CERTAIN CRITERIA, INCLUDING HAVING A H</p>

Identifier	Return Reference	Explanation
EXAMPLES OF SAINT MARY'S MANY COMMUNITY BENEFIT PROGRAMS AND SERVICES	INCLUDE THE CONNECTICUT BREAST AND CERVICAL CANCER EARLY DETECTION	<p>HOUSEHOLD INCOME AT OR BELOW 400% OF THE FEDERAL POVERTY LIMITS. IF A PATIENT QUALIFIES FOR THE "BED FUND," OR ANY OTHER FINANCIAL ASSISTANCE PROGRAMS, THE PATIENT WILL BE NOTIFIED WITHIN THIRTY (30) DAYS OF RECEIPT OF APPLICATION. IF A PATIENT'S APPLICATION IS DENIED, AN EXPLANATION WILL BE PROVIDED. THE PATIENT MAY REAPPLY AT ANY TIME AND THE APPLICATION WILL BE REASSESSED BASED ON THE AVAILABILITY OF ADDITIONAL FUNDS OR A CHANGE IN THE PATIENT'S FINANCIAL STATUS. AS PART OF FULFILLING ITS MISSION, THE HOSPITAL PROVIDES CARE TO PATIENTS IN NEED, REGARDLESS OF THEIR ABILITY TO PAY. THE HOSPITAL HAS A FORMALIZED CHARITY CARE POLICY, WHICH IDENTIFIES PATIENTS WHO ARE ELIGIBLE FOR "CHARITY CARE." SAINT MARY'S HOSPITAL DEFINES CHARITY CARE AS THOSE HEALTHCARE SERVICES PROVIDED BY SAINT MARY'S HOSPITAL TO UNINSURED OR SELF-PAY PATIENTS AT REDUCED OR DISCOUNTED RATES. THE TERM CHARITY CARE MAY ALSO BE REFERRED TO AS FREE OR DISCOUNTED CARE. AN UNINSURED PATIENT IS ONE WHOSE INCOME IS AT OR BELOW 400% OF THE FEDERAL POVERTY INCOME LEVELS, WHO HAS APPLIED AND BEEN DENIED ELIGIBILITY FOR ANY MEDICAL OR HEALTH CARE COVERAGE PROVIDED UNDER ANY MEDICAID PROGRAM, WHO IS NOT ELIGIBLE FOR COVERAGE UNDER MEDICARE, TRICARE, OR ANY OTHER FEDERAL PROGRAMS, OR PRIVATELY SPONSORED HEALTH OR ACCIDENT INSURANCE, INCLUDING, BUT NOT LIMITED TO, WORKERS' COMPENSATION, SETTLEMENTS OR JUDGMENTS ARISING FROM SUITS, CLAIMS OR PROCEEDINGS INVOLVING MOTOR VEHICLE ACCIDENTS OR ALLEGED NEGLIGENCE, WHO IS LIABLE FOR ONE OR MORE HOSPITAL CHARGES. CHARITY CARE IS ALSO PROVIDED THROUGH MANY REDUCED PRICE SERVICES AND FREE PROGRAMS OFFERED THROUGHOUT THE YEAR BASED UPON ACTIVITIES AND SERVICES WHICH SAINT MARY'S BELIEVES WILL SERVE A BONA FIDE COMMUNITY HEALTH NEED. DURING 2011, THE HOSPITAL RECORDED \$7,590,000 OF BAD DEBT EXPENSE. THIS EXPENSE IS PRIMARILY RELATED TO UNINSURED PATIENTS WHO DID NOT QUALIFY FOR GOVERNMENT ASSISTANCE OR THE PATIENT FINANCIAL AID PROGRAMS DESCRIBED ABOVE. WHILE THE AMERICAN HOSPITAL ASSOCIATION RECOMMENDS INCLUDING THIS AMOUNT IN THE HOSPITAL'S COMMUNITY BENEFIT CALCULATION, THE INTERNAL REVENUE SERVICES DOES NOT SUPPORT THIS POSITION. ACCORDINGLY, THE \$7,590,000 OF BAD DEBT EXPENSES HAS NOT BEEN INCLUDED IN THE \$16,320,985 OF COMMUNITY BENEFIT.</p>

Identifier	Return Reference	Explanation
PROCESS TO ELECT MEMBERS OF THE GOVERNING BODY	990 PART VI SECTION A LINE 7A	SAINT MARY'S HEALTH SYSTEM, INC IS THE SOLE MEMBER OF SAINT MARY'S HOSPITAL, INC AND APPOINTS THE BOARD OF DIRECTORS ARE THE DECISIONS OF THE GOVERNING BODY SUBJECT TO APPROVAL 990 PART VI SECTION A LINE 7B PURSUANT TO THE PROVISIONS OF SECTION 33-1080(B) OF THE CONNECTICUT REVISED NON-STOCK CORPORATION ACT AND THE AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF THE CORPORATION, THERE SHALL BE RESERVED TO THE ARCHBISHOP OF THE HARTFORD ROMAN CATHOLIC ARCHDIOCESE OF HARTFORD (UNLESS SPECIFICALLY DELEGATED BY HIM) THE FOLLOWING RIGHTS AND POWERS (A)TO APPROVE THE MISSION OR PURPOSE AND THE PHILOSOPHY OF THE CORPORATION AND OF ANY SAINT MARY'S SUBSIDIARIES (B)TO APPROVE THE ACQUISITION, ALIENATION OR CONVEYANCE OF THE REAL PROPERTY OF THE CORPORATION THAT IS VALUED AT AN AMOUNT GREATER THAN THAT ESTABLISHED BY THE UNITED STATES CONFERENCE OF CATHOLIC BISHOPS PURSUANT TO CANON LAW OR TO PLACE A MORTGAGE ON SUCH PROPERTY OR TO BORROW FUNDS IN AMOUNTS GREATER THAN THOSE ESTABLISHED BY THE UNITED STATES CONFERENCE OF CATHOLIC BISHOPS PURSUANT TO CANON LAW, WHETHER IN A SINGLE TRANSACTION OR A SERIES OF RELATED TRANSACTIONS (C)TO APPROVE THE DISPOSAL OF ALL OR SUBSTANTIALLY ALL OF THE PHYSICAL ASSETS OF THE CORPORATION AND TO APPROVE THE MERGER OR CONSOLIDATION OF THE CORPORATION (D)TO APPROVE THE AMENDMENT OF THE CERTIFICATE OF INCORPORATION OR THE BYLAWS OF THE CORPORATION

Identifier	Return Reference	Explanation
FORM 990 REVIEW PROCESS	PART VI, SECTION B, LINE 11A	THE FORM 990 WAS DISTRIBUTED TO BOARD MEMBERS AND THE ORGANIZATION'S FINANCE COMMITTEE FOR THEIR REVIEW PRIOR TO FILING TO ENSURE ACCURACY AND COMPLETENESS

Identifier	Return Reference	Explanation
CONFLICT OF INTEREST POLICY	990 PART VI - SECTION B - LINE 12C	ANNUALLY , EACH DIRECTOR, OFFICER, AND BOARD COMMITTEE MEMBER OF SMHS AND ANY OF ITS AFFILIATES, AS APPROPRIATE, WILL SIGN A STATEMENT WHICH AFFIRMS THAT THE PERSON 1) HAS RECEIVED A COPY OF THE CONFLICT OF INTEREST POLICY , 2) HAS READ AND UNDERSTANDS THE POLICY , AND 3) HAS AGREED TO COMPLY WITH THE POLICY THE STATEMENTS WILL BE DISTRIBUTED ANNUALLY BY THE COMPLIANCE OFFICER AND RETURNED TO THE CEO OR DELEGATED PERSON, WHERE THEY WILL BE RECORDED, REVIEWED, SUMMARIZED AND PRESENTED TO THE CHAIRPERSON OF THE BOARD, AS WELL AS TO THE AUDIT AND GOVERNANCE COMMITTEES, WHERE THEY EXISTS CONFLICT OF INTEREST STATEMENTS WILL BE MAINTAINED FOR A MINIMUM OF SEVEN YEARS BY THE COMPLIANCE OFFICER CONFLICT OF INTEREST FORMS PROVIDED BY OFFICERS, DIRECTORS AND BOARD COMMITTEE MEMBERS WILL BE FORWARDED TO THE COMPLIANCE OFFICER, ALONG WITH A STATEMENT OF IMPACT AS TO THE EFFECT OF THE CONFLICT OF INTEREST ON THE BUSINESS AND ANY ACTION TAKEN TO MINIMIZE THE EFFECT THEY WILL BE MAINTAINED BY THE COMPLIANCE OFFICER FOR A MINIMUM OF SEVEN YEARS

Identifier	Return Reference	Explanation
COMPENSATION POLICY	990 PART VI - SECTION B - LINES 15A & 15B	THE PROCESS FOR DETERMINING THE COMPENSATION OF THE HOSPITAL'S TOP MANAGEMENT OFFICIALS, INCLUDING THE CEO, ALL OFFICERS, AND KEY EMPLOYEES, IS THE RESPONSIBILITY OF THE ORGANIZATION'S EXECUTIVE COMPENSATION COMMITTEE. THE COMMITTEE IS APPOINTED BY THE BOARD OF DIRECTORS FOR THE PURPOSE OF ASSISTING THE BOARD IN FULFILLING ITS RESPONSIBILITY TO THE HOSPITAL AND THE COMMUNITY TO ENSURE THE COMPENSATION IS IN ACCORDANCE WITH THE HOSPITAL'S POLICIES. THE COMMITTEE IS COMPRISED OF SIX DIRECTORS WHO ARE INDEPENDENT OF MANAGEMENT AND THE HOSPITAL AND FREE OF ANY CONFLICTS OF INTEREST THAT WOULD INTERFERE WITH THEIR EXERCISE OF INDEPENDENT JUDGMENT. THE COMMITTEE CONTRACTS AN INDEPENDENT COMPENSATION CONSULTANT AND UTILIZES LOCAL AND NATIONAL COMPENSATION SURVEYS TO SET COMPENSATION LEVELS.

Identifier	Return Reference	Explanation
PUBLIC DISCLOSURE	PART VI, SECTION C, QUESTION 19	COPIES OF THE GOVERNING DOCUMENTS, CONFLICTS OF INTEREST POLICY AND FINANCIAL STATEMENTS ARE AVAILABLE TO THE PUBLIC UPON REQUEST

Identifier	Return Reference	Explanation
ORGANIZATIONS FINANCIAL STATEMENTS	990 PART XI - LINES 2B 2C	THERE ARE NO SEPARATELY PREPARED AUDITED FINANCIALS STATEMENTS FOR THE OPERATING RESULTS AND FINANCIAL POSITION OF SAINT MARY'S HOSPITAL AS A STAND ALONE ENTITY SAINT MARY'S HOSPITAL IS AUDITED AS PART OF THE CONSOLIDATED FINANCIAL STATEMENTS OF SAINT MARY'S HOSPITAL, INC TO OBTAIN A COPY OF THE AUDITED FINANCIAL STATEMENTS, PLEASE CALL 203-709-6111

Identifier	Return Reference	Explanation
OTHER CHANGES IN NET ASSETS	PART XI, LINE 5	CHANGE IN NET ASSETS OF FOUNDATION (47,000) UNREALIZED LOSS ON MARKETABLE SECURITIES (696,905) NET ADDITIONS TO ASSETS HELD IN TRUST BY OTHERS (703,000) TRANSFERS TO AFFILIATES (7,141,000) CHANGE IN MINIMUM PENSION LIABILITY (7,639,000) TOTAL (16,226,905)

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME S MARK ALBINI, MD TITLE DIRECTOR HOURS 2

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME.GARRETT CASEY TITLE.DIRECTOR HOURS 2

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME SISTER DOLORES LAHR TITLE DIRECTOR HOURS 2

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME JOSEPH MENGACCI, ESQ TITLE DIRECTOR HOURS 2

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME WILLIAM MORRIS TITLE DIRECTOR HOURS 4

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME MICHAEL O'BRIEN TITLE DIRECTOR HOURS 1

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME.DAVID ROBINSON TITLE.DIRECTOR HOURS 3

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME.ROBERT ROSCOE TITLE.DIRECTOR HOURS 1

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME.JAMES C SMITH TITLE.DIRECTOR HOURS 1

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME JEROME SUGAR, MD TITLE DIRECTOR HOURS 3

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME CHRISTINE SULLIVAN, ESQ TITLE DIRECTOR HOURS 4

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME THE HONORABLE LINDA WHBEY TITLE.DIRECTOR HOURS 4

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME.MOST REV HENRY J MANSELL TITLE.CHAIRMAN HOURS 2

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME REV MONSIGNOR JAMES COLEMAN TITLE VICE CHAIRMAN HOURS 4

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME CHAD WABLE TITLE PRESIDENT HOURS 1

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME STEPHEN R. GRIFFIN, ESQ. TITLE SECRETARY HOURS 4

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME JOSEPH CARLSON, II TITLE TREASURER HOURS 4

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

SAINT MARY'S HOSPITAL INC

Employer identification number

06-0646844

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
(1) SAINT MARY'S INDEMNITY COMPANY LLC 126 COLLEGE STREET BURLINGTON, VT 05401 06-0646844	INSURANCE	VT	0	9,192,207	ST MARY HOSP

Part II

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) SAINT MARY'S HEALTH SYSTEM INC 56 FRANKLIN STREET WATERBURY, CT 06703 22-2528399	HOLDING CO	CT	501(C)(3)	11B	NA		
(2) SAINT MARY'S FOUNDATION 56 FRANKLIN STREET WATERBURY, CT 06703 22-2528400	FUNDRAISING	CT	501(C)(3)	7	ST MARY HOSP		
(3) HAROLD LEEVER REGIONAL CANCER CENTER 1075 CHASE PARKWAY WATERBURY, CT 06708 06-1548409	TREATMENT CTR	CT	501(C)(3)	3	ST MARY HOSP		
(4) HEART CENTER OF GREATER WATERBURY INC PO BOX 2153 WATERBURY, CT 06722 83-0416893	MANAGEMENT	CT	501(C)(3)	11A	ST MARY HOSP		

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	
(1) NAUGATUCK VALLEY SURGICAL CENTER 160 ROBBINS STREET WATERBURY, CT06706 06-1152998	SURGERY	CT	NA	RELATED	1,171,158	8,836,639		No	0	Yes		100 000 %
(2) DIAGNOSTIC IMAGING OF SOUTHBURY LLC 385 MAIN STREET SOUTH WATERBURY, CT06706 06-1487582	IMAGING CENTER	CT	NA	RELATED	1,111,049	2,169,595		No	0	Yes		60 000 %

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) SAINT MARY'S PHO 56 FRANKLIN STREET WATERBURY, CT06703 06-1461285	MANAGEMENT	CT	NA	C CORP	0	0	50 000 %
(2) SCOVILL MEDICAL GROUP PC 56 FRANKLIN STREET WATERBURY, CT06703 06-1470495	PHYSICIAN OFFICE	CT	NA	C Corp	-61,000	1,070,000	100 000 %
(3) PRIMARY CARE PARTNERS PC 56 FRANKLIN STREET WATERBURY, CT06703 26-3677154	PHYSICIAN OFFICE	CT	NA	C Corp	-1,032,000	436,000	100 000 %
(4) FRANKLIN MEDICAL GROUP PC 56 FRANKLIN STREET WATERBURY, CT06706 06-1470493	PHYSICIAN OFFICE	CT	NA	C Corp	-6,907,000	3,780,000	100 000 %

Part V

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

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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by other organization(s)

f

Sale of assets to other organization(s)

g

Purchase of assets from other organization(s)

h

Exchange of assets

i

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

j

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

k

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

l

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

m

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

n

Sharing of paid employees

o

Reimbursement paid to other organization for expenses

p

Reimbursement paid by other organization for expenses

q

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

r

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

Yes

No

1a

Yes

1b

Yes

1c

Yes

1d

Yes

1e

No

1f

No

1g

No

1h

No

1i

No

1j

No

1k

No

1l

Yes

1m

Yes

1n

Yes

1o

No

1p

Yes

1q

No

1r

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) FRANKLIN MEDICAL GROUP PC	b	7,534,000	
(2) FRANKLIN MEDICAL GROUP PC	l	7,539,132	
(3) NAUGATUCK VALLEY SURGICAL CENTER LP	c	25,592	
(4) DIAGNOSTIC IMAGING OF SOUTHBURY LLC	c	1,149,000	
(5) PRIMARY CARE PARTNERS PC	d	734,861	
(6) SAINT MARY'S HOSPITAL FOUNDATION INC	c	477,650	

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

[illegible]

Part VII

Supplemental Information

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

Identifier	Return Reference	Explanation
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Software ID:

Software Version:

EIN: 06-0646844

Name: SAINT MARY'S HOSPITAL INC

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) FRANKLIN MEDICAL GROUP PC	b	7,534,000	
(2) FRANKLIN MEDICAL GROUP PC	l	7,539,132	
(3) NAUGATUCK VALLEY SURGICAL CENTER LP	c	25,592	
(4) DIAGNOSTIC IMAGING OF SOUTHBURY LLC	c	1,149,000	
(5) PRIMARY CARE PARTNERS PC	d	734,861	
(6) SAINT MARY'S HOSPITAL FOUNDATION INC	c	477,650	



SAINT MARY'S HOSPITAL, INC.

Consolidated Financial Statements and
Consolidating Information

September 30, 2011 and 2010

(With Independent Auditors' Report Thereon)

SAINT MARY'S HOSPITAL, INC.
Consolidated Financial Statements and
Consolidating Information
September 30, 2011 and 2010

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KPMG LLP
One Financial Plaza
755 Main Street
Hartford, CT 06103

Independent Auditors' Report

The Board of Directors
Saint Mary's Hospital, Inc.:

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Saint Mary's Hospital, Inc. as of September 30, 2011 and 2010, and the results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information as of and for the year ended September 30, 2011 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies. The consolidating information has been subjected to the auditing procedures applied in the audit of the 2011 consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2011 consolidated financial statements taken as a whole.

KPMG LLP

January 27, 2012

SAINT MARY'S HOSPITAL, INC.

Consolidated Balance Sheets

September 30, 2011 and 2010

(In thousands)

Assets	2011	2010
Current assets		
Cash and cash equivalents	\$ 24,417	25,089
Short-term investments	497	1,182
Current portion of assets whose use is limited	6,428	4,714
Accounts receivable, net of estimated uncollectibles of \$7,247 in 2011 and \$7,340 in 2010	28,676	26,412
Other current assets	5,682	4,148
Total current assets	<u>65,700</u>	<u>61,545</u>
Marketable securities	<u>13,217</u>	<u>12,791</u>
Assets whose use is limited		
By donor and held in trust by others	12,673	13,375
For estimated self-insurance liability	27,114	27,548
By bond indenture	5,143	5,078
Net interest in Foundation	4,209	4,509
Other	5	6
Total assets whose use is limited	<u>49,144</u>	<u>50,516</u>
Less current portion of assets whose use is limited	<u>6,428</u>	<u>4,714</u>
Noncurrent assets whose use is limited	<u>42,716</u>	<u>45,802</u>
Property and equipment, net	<u>56,571</u>	<u>54,569</u>
Other assets		
Investments in joint venture arrangements	9,867	9,372
Deferred financing costs, net	181	214
Other noncurrent assets	132	260
Total other assets	<u>10,180</u>	<u>9,846</u>
Total assets	\$ <u><u>188,384</u></u>	\$ <u><u>184,553</u></u>
Liabilities and Net Assets		
Current liabilities		
Current portion of long-term obligations	\$ 2,655	3,124
Accounts payable	17,920	12,497
Salaries, wages, and payroll withholdings	5,260	6,499
Due to third-party payors, net	7,100	5,935
Accrued expenses and other current liabilities	14,177	10,108
Total current liabilities	<u>47,112</u>	<u>38,163</u>
Long-term liabilities		
Long-term obligations, net of current portion	24,165	26,789
Estimated self-insurance liability	20,064	19,334
Pension and deferred compensation	75,051	67,434
Other long-term liabilities	9,260	8,363
Total long-term liabilities	<u>128,540</u>	<u>121,920</u>
Noncontrolling interest in subsidiaries	<u>—</u>	<u>1,663</u>
Net assets (deficit)		
Unrestricted - Hospital	(3,975)	5,847
Noncontrolling interest in subsidiaries	478	—
Total unrestricted	<u>(3,497)</u>	<u>5,847</u>
Temporarily restricted	2,554	2,582
Permanently restricted	13,675	14,378
Total net assets	<u>12,732</u>	<u>22,807</u>
Total liabilities and net assets	\$ <u><u>188,384</u></u>	\$ <u><u>184,553</u></u>

See accompanying notes to consolidated financial statements

SAINT MARY'S HOSPITAL, INC.
Consolidated Statements of Operations
Years ended September 30, 2011 and 2010
(In thousands)

	<u>2011</u>	<u>2010</u>
Revenues:		
Net revenue from patient services	\$ 251,279	243,847
Other operating revenues	6,700	6,984
Total revenues	<u>257,979</u>	<u>250,831</u>
Expenses:		
Salaries and wages	111,233	105,060
Employee benefits	28,993	28,297
Supplies and other expenses	99,842	89,353
Provision for uncollectible accounts, net of recoveries	9,599	13,250
Depreciation and amortization	8,977	8,691
Interest	1,345	1,810
Total expenses	<u>259,989</u>	<u>246,461</u>
Operating (loss) income	<u>(2,010)</u>	<u>4,370</u>
Nonoperating gains (losses):		
Investment gains, net	979	1,723
Equity in earnings of joint ventures	1,573	1,311
Minority interest in subsidiaries (note 10)	—	(863)
Change in net assets of Foundation	(164)	(252)
Net loss on disposal of assets	(502)	(89)
Other	(1,497)	353
Total nonoperating gains, net	<u>389</u>	<u>2,183</u>
(Deficiency) excess of revenues over expenses	<u>(1,621)</u>	<u>6,553</u>
Reclassification of beginning of year minority interest (note 10)	1,663	—
Net assets released from restriction for capital expenditures	293	328
Capital transactions with affiliates	(660)	74
Change in unrealized gains (losses) on marketable securities and other assets whose use is limited	(660)	890
Purchase of NVSC from noncontrolling partners	(720)	—
Change in accumulated pension charges to unrestricted net assets	(7,639)	3,007
(Decrease) increase in unrestricted net assets	<u>\$ (9,344)</u>	<u>10,852</u>

See accompanying notes to consolidated financial statements.

SAINT MARY'S HOSPITAL, INC.
Consolidated Statements of Changes in Net Assets
Years ended September 30, 2011 and 2010
(In thousands)

	<u>2011</u>	<u>2010</u>
Unrestricted net assets:		
Reclassification of beginning of year minority interest (note 10)	\$ 1,663	—
(Deficiency) excess of revenues over expenses	(1,621)	6,553
Net assets released from restriction for capital expenditures	293	328
Capital transactions with affiliates	(660)	74
Change in unrealized gains (losses) on marketable securities and other assets whose use is limited	(660)	890
Purchase of NVSC from noncontrolling partners	(720)	—
Change in accumulated pension charges to unrestricted net assets	(7,639)	3,007
(Decrease) increase in unrestricted net assets	<u>(9,344)</u>	<u>10,852</u>
Temporarily restricted net assets:		
Change in net assets of Foundation	117	313
Change in net assets of Cancer Center, including releases for capital expenditures	(145)	(118)
(Decrease) increase in temporarily restricted net assets	<u>(28)</u>	<u>195</u>
Permanently restricted net assets:		
(Decrease) increase to assets held in trust by others	(703)	597
(Decrease) increase in permanently restricted net assets	<u>(703)</u>	<u>597</u>
(Decrease) increase in net assets	(10,075)	11,644
Net assets – beginning of year	<u>22,807</u>	<u>11,163</u>
Net assets – end of year	<u>\$ 12,732</u>	<u>22,807</u>

See accompanying notes to consolidated financial statements.

SAINT MARY'S HOSPITAL, INC.

Consolidated Statements of Cash Flows

Years ended September 30, 2011 and 2010

(In thousands)

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
(Decrease) increase in net assets	\$ (10,075)	11,644
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities		
Purchase of NVSC from noncontrolling partners	720	
Depreciation and amortization	8,977	8,691
Net loss on disposal of assets	502	89
Change in unrealized losses (gains) on investments	660	(890)
Change in net interest in Foundation	300	(239)
Change in net assets of Cancer Center	145	118
Change in accumulated pension charges to unrestricted net assets	7,639	(3,007)
Investment gains, net	(979)	(1,723)
Equity in earnings of joint ventures and partnerships	(1,573)	(1,311)
(Increase) decrease in operating assets		
Accounts receivable, net	(2,264)	(890)
Other current assets	(1,534)	(547)
Other non current assets	161	217
Increase (decrease) in operating liabilities		
Due to third-party payors, net	1,165	(912)
Accounts payable and other current liabilities	7,116	2,212
Estimated self-insurance liability	730	2,486
Minority interest in subsidiaries	(1,663)	(192)
Pension, accrued compensation, and other long term liabilities	875	(2,196)
Net cash provided by operating activities	<u>10,902</u>	<u>13,550</u>
Cash flows from investing activities		
Purchases of property and equipment	(10,343)	(7,021)
Distributions from joint ventures and partnerships	798	485
Investments in joint venture arrangements	135	(50)
Change in other assets whose use is limited	2,115	(622)
Purchase of NVSC from noncontrolling partners	(720)	
Net (decrease) in investments	<u>(401)</u>	<u>(740)</u>
Net cash used in investing activities	<u>(8,416)</u>	<u>(7,948)</u>
Cash flows from financing activities		
Change in assets whose use is limited by bond indenture	(65)	795
Payments on long-term obligations	<u>(3,093)</u>	<u>(3,036)</u>
Net cash used in financing activities	<u>(3,158)</u>	<u>(2,241)</u>
Net (decrease) increase in cash and cash equivalents	(672)	3,361
Cash and cash equivalents – beginning of year	<u>25,089</u>	<u>21,728</u>
Cash and cash equivalents – end of year	\$ <u>24,417</u>	<u>25,089</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 1,681	1,754
Supplemental disclosure of noncash item		
Assets acquired under capital lease	\$ —	1,950

See accompanying notes to consolidated financial statements

SAINT MARY'S HOSPITAL, INC.

Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(1) Organization

Saint Mary's Hospital, Inc. (the Hospital) is an acute care hospital located in Waterbury, Connecticut. The Hospital was founded in 1907 and is licensed for 347 beds and 32 newborn bassinets. The Hospital currently staffs 168 beds and 20 newborn bassinets. The Hospital provides a broad range of inpatient and outpatient services including a number of medical and surgical specialties, obstetrics, pediatrics, mental health, alcohol and substance abuse rehabilitation (outpatient) and off-site ambulatory services.

The Hospital's parent holding company is Saint Mary's Health System, Inc. (SMHS), formerly named Slocum Corporation. Saint Mary's Hospital Foundation, Inc. (the Foundation) was organized to raise funds to support the Hospital. SMHS is the sole member of the Hospital and the Foundation.

The Hospital has five consolidated subsidiaries: Franklin Medical Group, P.C. (Franklin), a for-profit Connecticut corporation; Scovill Medical Group, P.C. (Scovill), a for-profit Connecticut corporation; Primary Care Partners, P.C. (Partners), a for-profit Connecticut corporation; Saint Mary's Indemnity Company, LLC (the Indemnity Company) a Vermont limited liability company and Diagnostic Imaging of Southbury, LLC (the Diagnostic Center), a for-profit Connecticut corporation.

Franklin, consisting of certain Hospital based physicians, provides mainly outpatient services. Scovill owns and operates physician practices in the greater Waterbury area. Partners was formed during December 2008 to own and operate additional physician practices.

The Indemnity Company was formed during June 2009 to provide professional and general liability insurance to the Hospital, Franklin, Scovill, Partners, and community physicians.

The Hospital has a 60% equity interest in the Diagnostic Center, which provides diagnostic imaging services. The remaining interest is accounted for as minority interest in the accompanying consolidated financial statements.

The Hospital purchased the remaining interest in the Naugatuck Valley Surgical Center, LP as of July 31, 2011 for \$720,000, and incorporated the Surgical Center as an outpatient department of the Hospital on August 1, 2011.

The assets, liabilities and operations of the Hospital's Auxiliary have not been reflected in the accompanying consolidated financial statements. Such amounts are not considered significant to the Hospital's consolidated financial position or results of its operations.

The Hospital announced in March 2011 plans to form a joint venture with LHP Hospital Group, Inc. (LHP), a leading national provider of capital and healthcare expertise to hospitals. Saint Mary's and LHP have negotiated a definitive agreement, which is subject to review and approval from appropriate regulatory bodies. The agreement calls for an equally-shared governance structure where local control and leadership of the Hospital are protected, while LHP will own a majority equity position in the newly formed joint venture that will own the Hospital.

SAINT MARY'S HOSPITAL, INC.

Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(2) Community Benefit (Unaudited)

The Hospital is a community teaching hospital that serves the healthcare needs of the Central Naugatuck Valley area. Like other healthcare providers across the nation, the Hospital is faced with the challenge of serving those in need with fewer resources. Although the Hospital cannot meet community needs alone, it is committed to seek out unmet community needs and to be a catalyst in efforts to ensure an adequate community-wide response from government and public organizations in fulfilling community needs.

(a) Charity and Uncompensated Care

As part of fulfilling its mission, the Hospital provides care to all patients in need, regardless of their ability to pay. The Hospital has a formalized charity care policy that identifies which patients are deemed "charity care". During 2011 and 2010, charges foregone related to charity care were approximately \$629,000 and \$1,044,000, respectively.

In addition, the Hospital provides care to patients covered by governmental healthcare programs. During 2011 and 2010, the Hospital estimates that the cost of providing this care exceeded compensation by \$9,849,000 and \$9,488,000, respectively.

(b) Education, Research and Training

As a community teaching hospital affiliated with Yale School of Medicine, the Hospital has residency programs for general surgery, internal medicine and dental. These programs educate in excess of 50 residents and medical students per year. In addition to its residency programs, the Hospital furthers its educational mission by offering allied health programs affiliated with area educational facilities.

(c) Wellness and Health Promotional Activities

The Hospital provides many activities to promote the concept of healthy lifestyles, including the publishing and free distribution of *Discover*, which reaches more than 70,000 community households, health risk screenings, health fairs, support groups, speakers bureau and free telephone physician referral services through the Physician Referral program.

(d) Leadership, Advocacy and Voluntarism

The Hospital's employees are responsive to the community in the areas of planning, governance and service by annually providing thousands of hours of volunteer services, participating on boards of directors and advisory councils, testifying before public policy bodies and working with other healthcare organizations to develop healthcare policies for all persons. The Hospital also provides volunteer opportunities for community residents. The Hospital recognizes donated goods and services at their appraised or estimated value if they create or enhance nonfinancial assets or require specialized skills and would typically be purchased if not provided by donation. The volunteer services the Hospital received do not meet this criteria for recognition in the accompanying consolidated financial statements, but the volunteers donate a significant amount of time to the Hospital. In fiscal years 2011 and 2010, approximately 150 and 160 volunteers spent more than 18,800 hours and 20,000 hours, respectively, of service in Hospital departments.

SAINT MARY'S HOSPITAL, INC.

Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(e) *Dollar, Time and In-kind Donations*

The Hospital also provides services to neighborhood schools and organizations at no cost. Contributions are made to programs, organizations and foundations for efforts on behalf of the poor, the disadvantaged and the general population. The Hospital also provides a variety of in-kind services including education on parenting and child abuse prevention and use of Hospital space for community meetings.

(f) *Other Support Services*

The Hospital provides outreach and social support services to patients. Programs such as the Sleep Disorders Support Group and the Chronic Lung Disorders/Pulmonary Support Group are integral to the healing of patients, and represent the Hospital's overall commitment to the continuum of care.

(3) Summary of Significant Accounting Policies

(a) *Basis of Presentation*

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. All intercompany transactions have been eliminated in consolidation.

(b) *Net Patient Service Revenue*

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

(c) *Charity Care and Provision for Uncollectible Accounts*

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

The Hospital grants credit without collateral to patients, most of whom are local residents and are insured under third-party arrangements. Additions to the allowance for uncollectible accounts are made by means of the provision for uncollectible accounts. Accounts written off as uncollectible are deducted from the allowance and subsequent recoveries are added. The amount of the provision for uncollectible accounts is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in federal and state governmental health care coverage and other collection indicators.

SAINT MARY'S HOSPITAL, INC.

Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(d) Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less.

The Hospital invests its surplus operating funds in overnight repurchase agreement investments. These investments are collateralized with securities issued by the United States Government or its agencies and are not covered by FDIC insurance.

(e) Assets Limited as to Use

Assets limited as to use primarily include assets held by others pursuant to donor restrictions, by trustees under indenture agreements, and by a captive insurance company for professional and general liability insurance.

(f) Marketable Securities

Investments in equity securities, mutual funds and all investments in debt securities are reported at fair value based on readily determinable fair market values or estimated fair value in the accompanying consolidated balance sheets. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess (deficiency) of revenues over expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from the excess (deficiency) of revenues over expenses unless the investments are trading securities or are considered to be other than temporarily impaired.

In light of the market conditions over the past several years, the Hospital has reviewed its investments in order to determine if any decrease from cost to fair value is other than temporary. The Hospital has followed a policy of reviewing all investments that have been below cost by at least 25% for three quarters. Unless specific evidence exists to the contrary, these investments have been reduced to fair value, which becomes the new cost basis. The Hospital recorded \$1,020,000 of other than temporary impairments on investments in 2011, which is included in investment income, net in the accompanying consolidated statements of operations.

Investment securities, in general, are exposed to various risks. Recent market conditions have resulted in an unusually high degree of volatility and increased the risks and short term liquidity of certain investments held by the Hospital which could impact the value of investments after the date of these consolidated financial statements.

(g) Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the consolidated financial statements. Costs for repairs and maintenance are expensed as incurred.

SAINT MARY'S HOSPITAL, INC.

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Gifts of long-lived assets are reported as unrestricted support, and are excluded from the excess (deficiency) of revenues over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restriction that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

The Hospital reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its fair value and may not be recoverable.

(h) *Investments In Joint Venture Arrangements*

Investments in joint venture arrangements, generally in the form of partnership interests, are accounted for using the equity method of accounting.

(i) *Fair Value of Financial Instruments*

FASB ASC 820 establishes a framework for measuring fair value which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

- *Level 1* – Inputs into the valuation methodology are the unadjusted quoted prices for identical assets or liabilities in active markets that the Hospital has the ability to access.
- *Level 2* – Inputs into the valuation methodology include quoted prices for similar assets or liabilities in active and inactive markets, other than quoted prices that are observable for specific assets or liabilities, and values that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified contractual term, the value must be observable for substantially the full term of the asset or liability.
- *Level 3* – Inputs into the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Assets held in trust by others represents a donor established perpetual trust held and administered by an outside trustee. The Hospital owns an interest in the trust rather than in the securities underlying the trust, and therefore it is generally required to consider such investments as Level 3 for the purposes of applying ASC 820. Such classification is based on the inability to redeem the investment, even though the underlying securities may not be difficult to value or may be readily marketable. Accordingly, the inputs or methodology used for valuing or classifying investments for

SAINT MARY'S HOSPITAL, INC.

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financial reporting purposes are not necessarily an indication of the risk associated with investing in those investments.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Hospital believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The carrying amount of patient accounts receivable, accounts payable, and accrued expenses approximate fair value because of the short maturity of these accounts.

(j) *Net Interest in Foundation*

The Hospital recognizes an asset for its interest in the net assets of the Foundation, which is a financially interrelated recipient organization, as defined. The change in the Foundation's net assets during 2011 and 2010 is shown separately in the accompanying consolidated statements of operations and changes in net assets. The Hospital's interest is classified as net interest in Foundation on the accompanying consolidated balance sheets.

(k) *Net Asset Categories*

To ensure observance of limitations and restrictions placed on the use of resources available to the Hospital, the accounts of the Hospital are maintained in the following net asset categories:

Unrestricted – Unrestricted net assets represent available resources other than donor restricted contributions. Included in unrestricted net assets are assets set aside by the board of directors for future capital improvements or for other purposes, as deemed appropriate.

Temporarily Restricted – Temporarily restricted net assets represent contributions that are restricted by the donor either as to purpose or as to time of expenditure.

Permanently Restricted – Permanently restricted net assets represent contributions received with the donor restriction that the principal be invested in perpetuity and that only the income earned that the trustee does not reinvest be available for operations. The net appreciation of the value of investments held in trust by others remains in permanently restricted net assets until cash is transferred to the Hospital.

(l) *Excess (Deficiency) of Revenues over Expenses*

Excess (deficiency) of revenues over expenses included in the consolidated statements of operations reflects the Hospital's performance measure. Changes in unrestricted net assets which are excluded from excess (deficiency) of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments, except for losses that are deemed to be other than temporary, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets). Nonoperating gains and losses, equity in earnings of joint ventures and adjustments related to minority interest are considered in the performance measure.

SAINT MARY'S HOSPITAL, INC.

Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(m) *Income Taxes*

The Hospital is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes. The accompanying consolidated financial statements have been prepared on the basis that this tax-exempt status will be maintained.

Scovill, Franklin, and Partners are for-profit organizations subject to income taxes. Each organization has experienced operating losses and have accumulated net operating loss carryforwards at September 30, 2011. A valuation allowance has been recorded as management believes realization of such carryforwards is doubtful.

The Diagnostic Center and the Indemnity Company are pass-through entities with the tax consequences of their operating results being assessed at the member level.

(n) *Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Financial statement areas where management applies the use of assumptions and estimates consist primarily of the allowance for uncollectible accounts, contractual allowances and related third-party accounts, the pension liability, and the estimated self-insurance liability.

(o) *Professional and General Liability*

The liability for unpaid losses and loss adjustment expenses includes estimates for reported losses, plus supplemental amounts calculated based upon loss projections utilizing the Indemnity Company's and insureds' historical data. In establishing this reserve, the Indemnity Company utilizes the findings of an independent consulting actuary. Management believes that its aggregate liability for unpaid losses and loss adjustment expenses at year-end represents its best estimate, based upon available data, of the amount necessary to cover the ultimate cost of losses.

The ultimate liability and receivable could be significantly in excess of or less than the amount indicated in the financial statements. As adjustments to these estimates become necessary, such adjustments will be reflected in current operations.

(p) *Prior Year Reclassifications*

Certain prior year balances have been reclassified in order to be consistent with the current year presentation.

(4) *Net Revenue from Patient Services*

A substantial portion of net revenue from patient services is derived from funds provided on behalf of patients under federal and state medical assistance programs. Revenue from some of these sources is determined by the application of reimbursement principles and is subject to audit by the applicable agencies. In the opinion of management, such principles have been properly applied in the determination of

SAINT MARY'S HOSPITAL, INC.

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net patient service revenue. Settlement notices have been received from the Medicare program and the Medicaid program through 2006 and 2000, respectively. Retrospective adjustments for items under appeal by the Hospital or under review by the intermediary, if any, are not expected to have a material adverse effect on the Hospital's consolidated financial position or results of operations.

Net patient service revenues consist of inpatient revenues, principally from routine patient care and ancillary services and outpatient revenues from ancillary services, after considering allowances under agreements with various third-party payors. A reconciliation of gross revenues to net revenues from patient services after allowance for the years ended September 30, 2011 and 2010, is as follows (in thousands):

	<u>2011</u>	<u>2010</u>
Gross revenue from patient services	\$ 618,751	562,404
Contractual and other allowances	(366,843)	(317,513)
Charity care	(629)	(1,044)
Net revenue from patient services	<u>\$ 251,279</u>	<u>243,847</u>

The Hospital grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The mix of gross receivables from private pay patients and third-party payors at September 30, 2011 and 2010 was as follows:

	<u>2011</u>	<u>2010</u>
Medicare (including Medicare managed care)	30.0%	28.7%
Medicaid	13.0	12.6
Other third-party payors	28.8	31.0
Private pay patients	28.2	27.7
	<u>100.0%</u>	<u>100.0%</u>

The Hospital's exposure to risk of nonpayment from private pay patients is more significant than other payors. However, the Hospital has recorded an estimate for uncollectible accounts, which, in management's opinion, is sufficient to provide for such risk. This estimate is based on a variety of factors including historical experience, the current economic environment and recent payment patterns.

(5) Regulatory and Legislative Matters

(a) State of Connecticut Regulatory Environment

Connecticut's acute care hospital regulatory system is currently administered by the State of Connecticut Office of Health Care Access (OHCA). The Hospital is subject to a regulatory system that includes the administration of a pool resulting in distribution of monies by the State to the Hospital. The Hospital receives interim payments from the State based upon the Hospital's payment shortfalls for certain payors relative to similar experience of all other hospitals in the State. During 2011 and 2010, the Hospital received \$4,786,000 and \$2,990,000, respectively.

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(b) State of Connecticut Hospital Provider Tax

The Hospital is subject to legislation enacted in 2011 imposing a new tax on certain net patient service revenues of hospitals and changes to the disproportionate share hospital payments (DSH) pursuant to 2011 Conn. Pub. Acts 6 (145-149), as amended by 2011 Conn. Pub. Acts 44 (102-103) and Conn. Pub. Acts 61 (79). The tax is effective beginning July 1, 2011 and filed on a quarterly basis. During 2011, the Hospital recorded a tax of \$2,197,268 which has been offset with \$2,774,236 of additional DSH payments and is recorded in net revenue from patients.

(c) Federal Regulatory Environment

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse and security and privacy of health information. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Hospital is in compliance with fraud and abuse regulations as well as other applicable government laws and regulations. While no material regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

(6) Marketable Securities and Assets Whose Use is Limited

A comparison of cost and fair values of short-term investments, marketable securities, and assets whose use is limited, including the fair value of investments with unrealized losses that are not deemed other-than-temporarily impaired and the length of time the individual securities have been in a continuous unrealized loss position, at September 30, 2011 and 2010, is as follows (in thousands):

		2011					
		Total		Less than 12 months		12 months or more	
		Fair value	Cost	Fair value	Unrealized losses	Fair value	Unrealized losses
Cash and cash equivalents	\$	4,569	4,569	—	—	—	—
Corporate bonds		12,109	11,768	2,064	(76)	—	—
U S government and agency obligations		16,482	16,124	1,178	(7)	—	—
Mutual funds		11,483	10,928	4,093	(496)	192	(20)
Equity funds		1,887	1,774	—	—	—	—
Equities		8,140	8,069	—	—	—	—
	\$	54,670	53,232	7,335	(579)	192	(20)

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		2010					
		Total		Less than 12 months		12 months or more	
		Fair value	Cost	Fair value	Unrealized losses	Fair value	Unrealized losses
Cash and cash equivalents	\$	2,539	2,539	—	—	—	—
Corporate bonds		10,790	10,299	—	—	765	(16)
U S government and agency obligations		20,295	19,975	—	—	400	(1)
Mutual funds		10,138	9,090	—	—	210	(22)
Equity funds		853	823	—	—	—	—
Equities		8,564	7,434	—	—	—	—
	\$	53,179	50,160	—	—	1,375	(39)

The above tables include permanently restricted assets held by others whose fair value exceeded cost by \$292,000 at September 30, 2011 and \$1,369,000 at September 30, 2010. Excluded from the tables are unrestricted assets, held at the Foundation, whose fair value exceeded cost at September 30, 2011 by \$176,000 and \$332,000 at September 30, 2010.

Assets whose use is limited for estimated self insurance includes approximately \$3,974,000 and \$6,795,000 of other assets, substantially receivables, as of September 30, 2011 and 2010, respectively.

The following table sets forth by level, within the fair value hierarchy, the Hospital's financial instruments at fair value as of September 30, 2011 (in thousands):

	(Level 1)	(Level 2)	(Level 3)	Total
Cash and cash equivalents	\$ 4,320	—	—	4,320
Domestic corporate bonds	—	8,181	—	8,181
Foreign corporate bonds	—	1,275	—	1,275
U.S. government and agency obligations	—	15,349	—	15,349
Mutual funds	10,680	—	—	10,680
Equity funds	—	1,887	—	1,887
Preferred equity securities	—	305	—	305
Total	15,000	26,997	—	41,997
Assets held in trust by others:				
Perpetual trust	—	—	12,673	12,673
Total	\$ 15,000	26,997	12,673	54,670

SAINT MARY'S HOSPITAL, INC.

Notes to Consolidated Financial Statements

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The following table sets forth by level, within the fair value hierarchy, the Hospital's financial instruments at fair value as of September 30, 2010 (in thousands):

	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Cash and cash equivalents	\$ 2,183	—	—	2,183
Domestic corporate bonds	—	5,885	—	5,885
Foreign corporate bonds	—	1,908	—	1,908
U.S. government and agency obligations	—	19,431	—	19,431
Mutual funds	9,317	—	—	9,317
Equity funds	—	853	—	853
Preferred equity securities	—	227	—	227
Total	11,500	28,304	—	39,804
Assets held in trust by others:				
Perpetual trust	—	—	13,375	13,375
Total	\$ 11,500	28,304	13,375	53,179

Mutual funds and equities are traded actively on exchanges and price quotes for these shares are readily available.

For domestic and foreign bonds and U.S. government obligations multiple prices and price types are obtained from pricing vendors whenever possible, which enables cross-provider validations. A primary price source is identified based on asset type, class or issue for each security. The fair values of fixed-income securities are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences.

The redemption period for the Hospital's financial instruments ranges from daily to monthly and require notification of one to five days, except for assets held in perpetual trust by others.

The following table presents additional information about investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended September 30 (in thousands):

<u>Perpetual trust</u>	<u>2011</u>	<u>2010</u>
Fair value at beginning of the year	\$ 13,375	12,785
Net realized and change in unrealized gains	(50)	1,192
Appropriation of endowment assets for expenditure	(652)	(602)
Fair value at end of the year	\$ 12,673	13,375

Assets held in trust by others represents a donor established perpetual trust held and administered by an outside trustee. The Hospital receives a specific portion of the return on the underlying assets of the perpetual trust. The investment income is recorded as unrestricted investment income in nonoperating gains (losses).

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(7) Property and Equipment

A summary of property and equipment at September 30, 2011 and 2010 is as follows (in thousands):

	<u>2011</u>	<u>2010</u>
Land and land improvements	\$ 1,630	1,469
Buildings and building improvements	67,221	66,167
Equipment	105,662	104,071
Projects in process	1,177	862
	<u>175,690</u>	<u>172,569</u>
Less accumulated depreciation and amortization	119,119	118,000
Property and equipment, net	<u>\$ 56,571</u>	<u>54,569</u>

Property under capital leases had a net book value of \$1,429,000 at September 30, 2011.

(8) Long-Term Obligations

In May 1997 the Hospital issued \$36,150,000 of CHEFA Bonds, Series E, dated May 1, 1997, 5.00% – 6.00% Serial and Term Bonds payable annually in amounts ranging from \$985,000 to \$3,000,000 through July 1, 2022.

The Hospital is required to maintain a Debt Service Reserve fund for the Bonds issued through CHEFA, of the lesser of 10% of the principal amount of the Bonds, the amount required to fund the current portion of the principal and interest payable in any year, or 125% of the average annual debt service on the Bonds. The Hospital is also required to comply with certain financial covenants for the Bonds issued through CHEFA, including a Debt Service Coverage Ratio requirement of at least 1.25, a Debt Ratio requirement of no greater than .75 and a Current Ratio requirement of at least 1.40. The Bond agreements indicate that if the Current Ratio is below 1.40 but above 1.0 and the Debt Service Coverage Ratio is below 1.25 but above 1.0, a consultant is required.

Other long-term obligations consist of capital equipment financing notes and capital leases: HP Financial Services, with interest of 3.7%, beginning December 2004 and maturing November 2011 and Wells Fargo Equipment Finance, with interest of 5.75%, beginning August 2010 and maturing July 2015.

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Long-term obligations at September 30, 2011 and 2010 are as follows (in thousands):

	<u>2011</u>	<u>2010</u>
CHEFA Series E Bonds, principal payable annually and interest payable in semi-annual installments	\$ 24,875	26,430
Capital equipment financing notes	614	1,808
Capital leases	1,532	1,911
	<u>27,021</u>	<u>30,149</u>
Less unamortized portion of bond discount	(201)	(236)
Less current portion	<u>(2,655)</u>	<u>(3,124)</u>
	<u>\$ 24,165</u>	<u>26,789</u>

Principal payments on the Hospital's long-term obligations and capital lease payments are as follows (in thousands):

	<u>Long-term obligations</u>	<u>Capital leases</u>
Year ending September 30:		
2012	\$ 2,264	454
2013	1,750	454
2014	1,850	435
2015	1,960	332
2016	2,090	—
Thereafter	<u>15,575</u>	<u>—</u>
	<u>\$ 25,489</u>	1,675
Interest payments		<u>(143)</u>
		<u>\$ 1,532</u>

The CHEFA Series E bonds and capital equipment financing notes are collateralized by substantially all of the Hospital's land, buildings and equipment.

Long-term debt is carried at cost. Fair values are estimated based on quoted market prices for the same or similar issues. The estimated fair value of the CHEFA Series E bonds and capital equipment financing notes approximates \$24,201,000 as of September 30, 2011.

(9) Line of Credit

At September 30, 2011, the Hospital maintained a financing agreement with Webster Bank for a \$5,000,000 line of credit which has an August 13, 2012 maturity date. Interest on the line of credit was at the Hospital's choice of either the lending institution's prime rate or at the LIBOR rate plus 110 basis points. At September 30, 2011, there was no outstanding balance under this line of credit agreement. Additionally, \$450,000 of the unused line of credit secures a stand-by letter of credit.

SAINT MARY'S HOSPITAL, INC.

Notes to Consolidated Financial Statements

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(10) Unrestricted, Temporarily, and Permanently Restricted Net Assets

The changes in consolidated unrestricted net assets attributable to the Hospital and noncontrolling interest for the year ended September 30, 2011 were as follows (in thousands):

	<u>Total</u>	<u>Controlling interest</u>	<u>Noncontrolling interest</u>
Unrestricted net assets, beginning of year	\$ 5,847	5,847	—
Reclassification of minority interest in accordance with adoption of FAS 164	<u>1,663</u>	<u>—</u>	<u>1,663</u>
	7,510	5,847	1,663
Excess (deficiency) of revenues over (under) expenses	(1,621)	(2,241)	620
Net assets released from restriction for capital expenditures	293	293	—
Capital transactions with affiliates	(660)	110	(770)
Change in unrealized gains on marketable securities and other assets whose use is limited	(660)	(652)	(8)
Purchase of NVSC from noncontrolling	(720)	307	(1,027)
Change in accumulated pension charges to unrestricted net assets	<u>(7,639)</u>	<u>(7,639)</u>	<u>—</u>
Unrestricted net assets, end of year	<u>\$ (3,497)</u>	<u>(3,975)</u>	<u>478</u>

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

	<u>2011</u>	<u>2010</u>
Cancer	\$ 519	673
Building and equipment	667	463
Community services	386	326
Education	216	247
Other	<u>766</u>	<u>873</u>
	<u>\$ 2,554</u>	<u>2,582</u>

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Permanently restricted net assets at September 30, 2011 and 2010 are restricted to (in thousands):

	<u>2011</u>	<u>2010</u>
Investments held by trustee in perpetuity, the income from which is expendable to support Hospital operations	\$ 12,707	13,410
Investments held by Hospital Foundation in perpetuity, the income from which is expendable to support:		
Hospital operations	818	818
Medical education	<u>150</u>	<u>150</u>
	<u>\$ 13,675</u>	<u>14,378</u>

(11) Endowment

Effective October 1, 2008, the Hospital adopted FASB Staff Position No. 117-1, Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds (FSP 117-1), now part of FASB ASC 958-205, *Not-for-Profit Entities -- Presentation of Financial Statements*. On October 1, 2007 the Uniform Prudent Management of Institutional Funds Act (UPMIFA) was adopted by the State of Connecticut (Act). The new law updated existing fundamental investment principles providing standards to guide investing in a prudent manner and eliminating the restriction that endowment funds could not be spent below its historical dollar value. The Hospital considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds; the duration and preservation of the fund, the purposes of the Hospital and the donor-restricted endowment funds, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, other resources of the Hospital, and the investment policies of the Hospital.

The Hospital's endowment consists of funds established for a variety of purposes including donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. At September 30, 2011 and 2010, the Hospital has no funds designated by the Board of Directors as endowment.

The Hospital has interpreted 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 stipulations to the contrary. The Hospital 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 the 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 in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Hospital in a manner consistent with the standard of prudence prescribed by the Act.

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Endowment funds consist of the following at September 30, 2011 and 2010 (in thousands):

	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds at September 30, 2011	\$ 108	13,675	13,783
Donor-restricted endowment funds at September 30, 2010	\$ 122	14,378	14,500

Changes in endowment funds for the year ended September 30, 2011 are as follows (in thousands):

	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, October 1, 2010	\$ 122	14,378	14,500
Investment return:			
Investment income	74	1,016	1,090
Net appreciation	(88)	(1,066)	(1,154)
Total investment return	(14)	(50)	(64)
Appropriation of endowment assets for expenditure	—	(653)	(653)
Endowment net assets, September 30, 2011	\$ <u>108</u>	<u>13,675</u>	<u>13,783</u>

Changes in endowment funds for the year ended September 30, 2010 are as follows (in thousands):

	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, October 1, 2009	\$ 112	13,781	13,893
Investment return:			
Investment income	26	541	567
Net appreciation	61	658	719
Total investment return	87	1,199	1,286
Appropriation of endowment assets for expenditure	(77)	(602)	(679)
Endowment net assets, September 30, 2010	\$ <u>122</u>	<u>14,378</u>	<u>14,500</u>

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The Hospital has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Hospital must hold in perpetuity or for a donor-specified period. Funds held in trust by others represents a donor established perpetual trust held and administered by an outside trustee and are not within the Hospital's control as to spending and investment policies.

To satisfy its long term rate-of-return objectives, the Hospital relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Hospital targets a diversified asset allocation that places emphasis on investments in equities and fixed income investments to achieve its long-term return objectives with prudent risk constraints.

The Hospital follows a policy of spending an amount that approximates the investment income earned, in addition to specific purchases of capital equipment. Accordingly, the Hospital expects its spending policy will allow its endowment funds to be maintained in perpetuity by growing at a rate at least equal to the planned payouts. Additional real endowment growth will be provided through new gifts and any excess investment return.

(12) Professional and General Liability

Prior to July 1, 2009, the Hospital purchased limits of professional and general liability from Partners Interinsurance Exchange ("PIE") to cover risks up to specified limits. Within PIE the Hospital maintained retentions net to its own account by type of coverage. A claims made reinsurance contract was purchased each fiscal year that provided coverage above these retentions. Beginning January 1, 2002, the professional liability coverage provided for total limits, with respect to professional liability, of \$18 million per claim and \$27 million in the aggregate, with a retention inside that limit of \$3,000,000 per incident applying as net to the Hospital's account within PIE. The general liability coverage provided limits of \$16 million per claim and \$19 million in the aggregate with a retention of \$1,000,000 per incident and \$4,000,000 in the annual aggregate retained as net to the Hospital's account within PIE. The Hospital paid an actuarially determined premium to PIE for the purpose of setting aside assets to cover the reasonable value of ultimate expected loss retained as net within PIE.

During June 2009, the Hospital established the Indemnity Company as a successor to the Hospital's financial interest in PIE. On July 1, 2009 the Hospital's account in PIE was transferred to the Indemnity Company. The Hospital and certain affiliates continue to purchase limits of professional and general liability from the Indemnity Company at levels previously purchased from PIE. Actuarially determined premiums are paid in order to set aside assets to cover the reasonable value of ultimate expected losses. Hospital management, along with its consulting actuaries, accrued its best estimate of professional and general liabilities.

Malpractice claims that fall within the Hospital's adopted policy of self-insurance have been asserted against the Hospital by various claimants. The claims are in various stages of assessment and resolution. There are also known and unknown incidents that have occurred through September 30, 2011 that may result in the assertion of additional claims. Hospital management believes that the ultimate settlement of these claims will not have a material impact on the Hospital's consolidated financial position or results of

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their operations, as adequate self-insurance reserves, Indemnity Company assets and reinsurance are in place.

The Indemnity Company entered into a loss portfolio transfer (LPT) on July 1, 2009 with PIE. The losses associated with this transaction did not transfer insurance risk to the Indemnity Company. As such, this LPT is accounted for using deposit accounting, which requires offsetting assets and liabilities.

Activity in the reserves for premiums held on deposit included in self-insurance liability is summarized as follows (in thousands):

	<u>2011</u>	<u>2010</u>
Reserves for premiums held on deposit at beginning of year	\$ 12,833	15,585
Add current period reserves for premiums held on deposit	(930)	(1,453)
Add additional reserve for premiums held on deposit for loss portfolio transfer	816	—
Deduct current period payments from reserves for premiums held on deposit	<u>2,678</u>	<u>1,299</u>
Reserves for premium held on deposit at end of year	<u>\$ 10,041</u>	<u>12,833</u>

Activity in the self-insurance liability for unpaid losses and loss adjustment expenses for prospective losses is summarized as follows (in thousands):

	<u>2011</u>	<u>2010</u>
Balance at beginning of period	\$ 6,486	787
Less reinsurance recoverable	<u>(900)</u>	<u>(202)</u>
Net balance at beginning of period	<u>5,586</u>	<u>585</u>
Incurred related to:		
Current year	3,739	4,364
Prior years	<u>3,000</u>	<u>747</u>
Total incurred	<u>6,739</u>	<u>5,111</u>
Paid related to:		
Current year	32	16
Prior years	<u>2,616</u>	<u>94</u>
Total paid	<u>2,648</u>	<u>110</u>
Net balance at end of period	<u>9,677</u>	<u>5,586</u>
Add reinsurance recoverable	<u>1,545</u>	<u>900</u>
Balance at end of period	<u>\$ 11,222</u>	<u>6,486</u>

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The provision for incurred losses related to prior years totaled \$3,000 and \$747 for 2011 and 2010, respectively, the result of negative development on outstanding claims.

(13) Retirement Plans

Defined Benefit Plan

The Hospital has a noncontributory, defined benefit pension plan (the Plan) for most employees, which is funded with available cash flow. The Plan is qualified as a "Church Plan" and is therefore exempt from a majority of ERISA regulations. Plan benefits are not guaranteed by the Pension Benefit Guaranty Corporation. The Plan was frozen to new entrants in 1997. In 2004, the Plan's benefits were curtailed to eliminate participants' earnings of additional benefits for future services.

The following table sets forth the Plan's funded status at September 30, 2011 and 2010, the Plan measurement date, (in thousands):

	<u>2011</u>	<u>2010</u>
Change in benefit obligation:		
Benefit obligation, beginning of year	\$ 119,779	119,194
Interest cost	6,129	6,393
Actuarial loss (gain)	4,737	(197)
Benefits paid	<u>(5,865)</u>	<u>(5,611)</u>
Benefit obligation, end of year	<u>124,780</u>	<u>119,779</u>
Change in plan assets:		
Fair value of plan assets, beginning of year	53,218	48,514
Actual return on plan assets	(1,194)	4,484
Contributions	4,443	5,831
Benefits paid	<u>(5,865)</u>	<u>(5,611)</u>
Fair value of plan assets, end of year	<u>50,602</u>	<u>53,218</u>
Funded status at year end	<u>\$ (74,178)</u>	<u>(66,561)</u>
Amounts recognized in consolidated balance sheets consist of:		
Noncurrent liabilities	\$ (74,178)	(66,561)
Accumulated charges to unrestricted net assets	<u>59,032</u>	<u>51,393</u>
Net amount recognized	<u>\$ (15,146)</u>	<u>(15,168)</u>

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Amounts recognized as accumulated charges to unrestricted net assets consists of (in thousands):

	Pension benefits	
	2011	2010
Net actuarial loss	\$ (59,032)	(51,393)
	<u>\$ (59,032)</u>	<u>(51,393)</u>

The accumulated benefit obligation for the pension plan was \$124,780,000 and \$119,779,000 at September 30, 2011 and 2010, respectively. Net periodic benefit cost recognized in 2011 and 2010 was (in thousands):

	2011	2010
Components of net periodic benefit cost:		
Interest cost	\$ 6,129	6,393
Expected return on plan assets	(4,748)	(4,664)
Net amortization and deferral	3,039	2,990
Net periodic benefit cost	<u>\$ 4,420</u>	<u>4,719</u>

Other changes in plan assets and benefit obligation recognized as charges to unrestricted net assets in 2011 and 2010 are as follows (in thousands):

	2011	2010
Net (loss) gain	(4,600)	5,997
Net amortization and deferral	(3,039)	(2,990)
(Reduction) increase recognized in changes to unrestricted net assets	<u>\$ (7,639)</u>	<u>3,007</u>
Decrease to unrestricted net assets associated with recognized net periodic benefit cost	<u>\$ 12,059</u>	<u>1,712</u>

Weighted average assumptions used to determine benefit obligations and net periodic benefit cost as of and for the years end September 30, 2011 and 2010 were as follows:

	2011	2010
Weighted-average assumptions at September 30:		
Discount rate for benefit obligations	5.00%	5.25%
Discount rate for net periodic benefit cost	5.25%	5.50%
Expected return on plan assets	8.00%	8.00%

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The Hospital revised its approach to selecting the discount rate assumption in 2011. The discount rate is based on high-grade bond yield curve under which benefits were projected and discounted at spot rates along the curve. The discount rate was then determined as a single rate yielding the same present values.

The following table sets forth by level, within the fair value hierarchy, the pension plan's financial instruments at fair value as of September 30, 2011 (in thousands):

		<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Money market funds	\$	1,466	—	—	1,466
Domestic corporate bonds		—	10,251	—	10,251
Foreign corporate bonds		—	935	—	935
U S government and agency obligations		—	2,753	—	2,753
Mutual funds		33,839	—	—	33,839
Preferred equity securities		—	1,358	—	1,358
Total	\$	<u>35,305</u>	<u>15,297</u>	<u>—</u>	<u>50,602</u>

The following table sets forth by level, within the fair value hierarchy, the pension plan's financial instruments at fair value as of September 30, 2010 (in thousands):

		<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Money market funds	\$	2,697	—	—	2,697
Domestic corporate bonds		—	8,572	—	8,572
Foreign corporate bonds		—	741	—	741
U S government and agency obligations		—	3,873	—	3,873
Mutual funds		37,222	—	—	37,222
Preferred equity securities		—	113	—	113
Total	\$	<u>39,919</u>	<u>13,299</u>	<u>—</u>	<u>53,218</u>

The redemption period for the Plan's financial instruments ranges from daily to monthly and require notification of one to five days.

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The pension plan weighted average asset allocations at September 30, 2011 and 2010 by asset category are as follows:

	<u>2011</u>	<u>2010</u>
Mutual funds	67%	70%
Money market funds	3	5
Debt securities:		
U.S. obligations	5	7
Corporate	22	17
Equity securities	3	1
	<u>100%</u>	<u>100%</u>

The expected long-term rate of return for the plan's total assets and fixed income mutual funds is based on the expected return of each of the above categories, weighted based on the target allocation of each class. Equity securities are expected to return 9% to 10% over the long-term, while debt securities are expected to return between 4% and 7%. Money market funds are held to pursue market opportunities.

The investment policy, as established by the Investment Committee, is to earn a total return in any five-year period that will have exceeded the interest assumption in the actuarial plan valuation for that five-year period. For performance evaluation purposes, all rates of return will be examined on a net-of-fee basis. The pension assets are to be broadly diversified so as to limit the impact of large losses in individual investments on the total portfolio. The asset allocation is reviewed on a quarterly basis.

In the aggregate, contributions to the pension plan are expected to be \$5,970,000 in 2012.

The following benefit payments are expected to be paid (in thousands):

2012	\$	6,250
2013		6,400
2014		6,750
2015		6,900
2016		7,100
2017 through 2020		<u>40,200</u>
	\$	<u>73,600</u>

Defined Contribution Plan

The Hospital established a defined contribution plan when it reduced the benefits of the Plan via amendment in 1997. The defined contribution plan provides for a Hospital match up to a certain percentage of employee contributions. Expenses related to the defined contribution plan amounted to \$3,677,000 and \$3,552,000 in 2011 and 2010, respectively, and are included in employee benefits in the accompanying consolidated statements of operations.

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Supplemental Pension Plan

In addition, the Hospital has an unfunded supplemental pension plan for the benefit of three retired long term employees. The Hospital recorded a liability of \$873,000 and \$953,000 at September 30, 2011 and 2010, respectively. Expenses related to the plan amounted to \$80,000 and \$80,000 in 2011 and 2010, respectively, and are included in employee benefits in the accompanying consolidated statements of operations.

(14) Leases and Rental Expenses

Rental expense aggregated approximately \$6,204,000 and \$5,137,000 for the years ended September 30, 2011 and 2010, respectively. Minimum future rental commitments on all noncancelable operating leases with initial or remaining terms of more than one year are as follows (in thousands):

Fiscal year:	
2012	\$ 3,559
2013	3,170
2014	2,399
2015	2,205
2016	1,600
2017 and thereafter	8,782
	<hr/>
	\$ 21,715
	<hr/>

The Hospital rents space from SMHS in a medical office building for approximately \$11,500 per month.

(15) Cancer Center

During 1997, the Hospital entered into an agreement with Waterbury Hospital to develop a joint Cancer Care Center, known as the Harold Leever Regional Cancer Center (HLRCC) that provides treatment services to cancer patients in the greater Waterbury area. The Hospital's initial investment in HLRCC was converted into a \$1,386,298 promissory note. The note accrued interest at 4% per year with principal and interest payable in quarterly installments. The note was paid off during 2010. The Hospital is entitled to distributions at the discretion of HLRCC's Board of Directors, which is selected by Waterbury Hospital and the Hospital on a 50/50 basis. The Hospital's investment in HLRCC is carried on the equity basis, and the carrying value is approximately \$9,192,000 and \$8,513,000 at September 30, 2011 and 2010, respectively. Equity in earnings was approximately \$830,000 and \$644,000 in 2011 and 2010, respectively.

(16) Heart Center of Greater Waterbury

In December 2003, the Hospital and Waterbury Hospital were granted permission to establish a three-year demonstration project for an advanced cardiac care program known as the Heart Center of Greater Waterbury, Inc. (HCGW). During 2009, the program was granted permanent program status. Through the program, patients at the Hospital and Waterbury Hospital are provided access to services such as angioplasty and open heart surgery. Procedures are performed at both hospitals, each recording related revenues and expenses. The HCGW, a MSO that provides administrative support and management functions to the program, has a Board of Directors selected by Waterbury Hospital and the Hospital on a

SAINT MARY'S HOSPITAL, INC.

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50/50 basis. HCGW incurs costs, which are funded by the hospitals, to market the program and derives no net assets from its activities. The Hospital expensed \$257,000 and \$393,000 of funding, in 2011 and 2010, respectively.

(17) Investments in Joint Venture Arrangements

Naugatuck Valley MRI Limited Partnership

The Hospital is a 1% general partner and a 47% limited partner in the Naugatuck Valley MRI Limited Partnership, which provides diagnostic imaging services in Waterbury. The investment is carried on the equity basis, and the carrying value is approximately \$330,000 and \$628,000 at September 30, 2011 and 2010, respectively. Equity in earnings was approximately \$731,000 and \$676,000 in 2011 and 2010, respectively.

(18) Other Operating Revenues

Components of other operating revenues for the years ended September 30, 2011 and 2010 are as follows (in thousands):

	<u>2011</u>	<u>2010</u>
Investment income related to short-term investments and investments for self-insurance	\$ 626	510
Cafeteria	1,147	1,032
Outside services	796	975
State grants	450	446
Parking fees	509	651
Day care	681	651
Rentals	1,707	1,625
Other	784	1,094
Total	<u>\$ 6,700</u>	<u>6,984</u>

(19) Functional Expenses

The Hospital provides general health care services to residents within its geographic location. Expenses related to providing these services for the years ended September 30, 2011 and 2010 are as follows (in thousands):

	<u>2011</u>	<u>2010</u>
Health care services	\$ 224,489	212,412
General and administrative	35,500	34,049
	<u>\$ 259,989</u>	<u>246,461</u>

SAINT MARY'S HOSPITAL, INC.
Notes to Consolidated Financial Statements

September 30, 2011 and 2010

(20) Activities Between Affiliates

During 2011 and 2010, the Foundation distributed \$478,000 and \$524,000, respectively, to the Hospital to support programs and services.

In addition to the lease activity with affiliates described in note 14, all employees of SMHS and the Foundation are paid through the Hospital's payroll system, and the amounts paid are charged directly to the related affiliate. In addition, time spent by certain Hospital employees on affiliate activities is charged to the related affiliate.

(21) Subsequent Events

The Hospital has evaluated events through January 27, 2012, which represents the date the financial statements were available to be issued and noted no subsequent events that would have impacted the Hospital's financial statements.

SAINT MARY'S HOSPITAL, INC.

Consolidating Balance Sheet

September 30, 2011

(In thousands)

	Samt Mary's Hospital	Franklin Medical Group, P.C.	Scovill Medical Group, P.C.	Primary Care Partners, P.C.	Samt Mary's Indemnity Company, LLC	Naugatuck Valley Surgical Center, Inc.	Diagnostic Imaging of Southbury, LLC	Eliminations	2011 Consolidated
Current assets									
Cash and cash equivalents	\$ 23,202	61	635	31	—	—	488	—	24,417
Short-term investments	497	—	—	—	—	—	—	—	497
Current portion of assets whose use is limited	1,967	—	—	—	4,461	—	—	—	6,428
Accounts receivable, net	25,441	2,047	293	194	422	—	446	(167)	28,676
Other current assets	8,736	447	5	12	25	—	24	(3,567)	5,682
Total current assets	59,843	2,555	933	237	4,908	—	958	(3,734)	65,700
Marketable securities	13,217	—	—	—	—	—	—	—	13,217
Assets whose use is limited									
By donor and held in trust by others	12,673	—	—	—	—	—	—	—	12,673
For estimated self-insurance liability	—	—	—	—	27,114	—	—	—	27,114
By bond indenture	5,143	—	—	—	—	—	—	—	5,143
Net interest in Foundation	4,209	—	—	—	—	—	—	—	4,209
Other	5	—	—	—	—	—	—	—	5
Total assets whose use is limited	22,030	—	—	—	27,114	—	—	—	49,144
Less current portion of assets whose use is limited	1,967	—	—	—	4,461	—	—	—	6,428
Noncurrent assets whose use is limited	20,063	—	—	—	22,653	—	—	—	42,716
Property and equipment, net	53,066	1,183	47	199	—	—	2,076	—	56,571
Other assets									
Investments in joint venture arrangements	16,746	—	—	—	—	—	—	(6,879)	9,867
Deferred financing costs, net	181	—	—	—	—	—	—	—	181
Other noncurrent assets	—	42	90	—	—	—	—	—	132
Total other assets	16,927	42	90	—	—	—	—	(6,879)	10,180
Total assets	\$ 163,116	3,780	1,070	436	27,561	—	3,034	(10,613)	188,384

SAINT MARY'S HOSPITAL, INC.

Consolidating Balance Sheet

September 30, 2011

(In thousands)

	<u>Saint Mary's Hospital</u>	<u>Franklin Medical Group, P.C.</u>	<u>Scovill Medical Group, P.C.</u>	<u>Primary Care Partners, P.C.</u>	<u>Saint Mary's Indemnity Company, LLC</u>	<u>Naugatuck Valley Surgical Center, Inc.</u>	<u>Diagnostic Imaging of Southbury, LLC</u>	<u>Eliminations</u>	<u>2011 Consolidated</u>
Current liabilities									
Current portion of long-term obligations	\$ 2 320	—	—	—	—	—	335	—	2 655
Accounts payable	17 379	481	—	38	—	—	22	—	17 920
Salaries, wages, and payroll withholdings	3 350	1 390	215	104	—	—	201	—	5 260
Due to third-party payors, net	7 100	—	—	—	—	—	—	—	7 100
Accrued expenses and other current liabilities	8 719	481	560	2 321	5 598	—	232	(3 734)	14 177
Total current liabilities	<u>38 868</u>	<u>2 352</u>	<u>775</u>	<u>2 463</u>	<u>5 598</u>	<u>—</u>	<u>790</u>	<u>(3 734)</u>	<u>47 112</u>
Long-term liabilities									
Long-term obligations, net of current portion	23 117	—	1 000	—	—	—	1 048	(1 000)	24 165
Estimated self-insurance liability	3 262	—	—	—	16 802	—	—	—	20 064
Pension and deferred compensation	75 051	—	—	—	—	—	—	—	75 051
Other long-term liabilities	9 191	69	—	—	—	—	—	—	9 260
Total long-term liabilities	<u>110 621</u>	<u>69</u>	<u>1 000</u>	<u>—</u>	<u>16 802</u>	<u>—</u>	<u>1 048</u>	<u>(1 000)</u>	<u>128 540</u>
Net assets (deficit)									
Unrestricted	(2 602)	1 359	(705)	(2 027)	5 161	—	1 196	(6 357)	(3 975)
Noncontrolling interest in subsidiaries	—	—	—	—	—	—	—	478	478
Total unrestricted	<u>(2 602)</u>	<u>1 359</u>	<u>(705)</u>	<u>(2 027)</u>	<u>5 161</u>	<u>—</u>	<u>1 196</u>	<u>(5 879)</u>	<u>(3 497)</u>
Temporarily restricted	2 554	—	—	—	—	—	—	—	2 554
Permanently restricted	13 675	—	—	—	—	—	—	—	13 675
Total net assets (deficit)	<u>13 627</u>	<u>1 359</u>	<u>(705)</u>	<u>(2 027)</u>	<u>5 161</u>	<u>—</u>	<u>1 196</u>	<u>(5 879)</u>	<u>12 732</u>
Total liabilities and net assets	<u>\$ 163 116</u>	<u>3 780</u>	<u>1 070</u>	<u>436</u>	<u>27 561</u>	<u>—</u>	<u>3 034</u>	<u>(10 613)</u>	<u>188 384</u>

See accompanying independent auditors' report

SAINT MARY'S HOSPITAL, INC.

Consolidating Statement of Operations

Year ended September 30, 2011

(In thousands)

	Saint Mary's Hospital	Franklin Medical Group, P.C.	Scovill Medical Group, P.C.	Primary Care Partners, P.C.	Saint Mary's Indemnity Company, LLC	Naugatuck Valley Surgical Center, Inc.	Diagnostic Imaging of Southbury, LLC	Eliminations	2011 Consolidated
Revenues									
Net revenue from patient services	\$ 207,355	21,212	3,143	2,353	—	10,309	6,907	—	251,279
Other operating revenues	5,226	11,446	8	98	4,878	190	(18)	(15,128)	6,700
Total revenues	212,581	32,658	3,151	2,451	4,878	10,499	6,889	(15,128)	257,979
Expenses									
Salaries and wages	77,458	24,727	2,238	2,047	—	3,691	1,155	(83)	111,233
Employee benefits	23,348	3,884	293	283	—	897	288	—	28,993
Supplies and other expenses	88,622	9,010	530	1,047	7,296	4,764	3,378	(14,805)	99,842
Provision for uncollectible accounts	7,590	1,702	14	—	—	293	—	—	9,599
Depreciation and amortization	7,401	221	137	106	—	566	546	—	8,977
Interest	1,267	—	—	—	—	—	78	—	1,345
Total expenses	205,686	39,544	3,212	3,483	7,296	10,211	5,445	(14,888)	259,989
Operating (loss) income	6,895	(6,886)	(61)	(1,032)	(2,418)	288	1,444	(240)	(2,010)
Nonoperating gains (losses)									
Investment gains, net	766	—	—	—	213	—	—	—	979
Equity in earnings of joint ventures	480	—	—	—	—	—	—	1,093	1,573
Change in net assets of Foundation	(164)	—	—	—	—	—	—	—	(164)
Net loss on disposal of assets	(481)	(21)	—	—	—	—	—	—	(502)
Other	(1,737)	—	—	—	—	—	—	240	(1,497)
Total nonoperating (losses) gains, net	(1,136)	(21)	—	—	213	—	—	1,333	389
Excess (Deficiency) of revenues over expenses	5,759	(6,907)	(61)	(1,032)	(2,205)	288	1,444	1,093	(1,621)
Reclassification of beginning of year minority interest	—	—	—	—	—	—	—	1,663	1,663
Net assets released from restriction	293	—	—	—	—	—	—	—	293
Capital transactions, net	(7,109)	7,534	—	—	—	(7,013)	(1,915)	7,843	(660)
Change in unrealized losses on marketable securities and other assets whose use is limited	(660)	—	—	—	(18)	(52)	—	70	(660)
Purchase of NVSC from noncontrolling partners	—	—	—	—	—	—	—	(720)	(720)
Change in accumulated pension charges to unrestricted net assets	(7,639)	—	—	—	—	—	—	—	(7,639)
(Decrease) increase in unrestricted net assets	\$ (9,356)	627	(61)	(1,032)	(2,223)	(6,777)	(471)	9,949	(9,344)

See accompanying independent auditors' report