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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
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

**C** Name of organization
STORMONT-VAIL HEALTHCARE INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
1500 SW 10TH STREET

City or town, state or country, and ZIP + 4
TOPEKA, KS 666041353

**D Employer identification number**
48-0543789

**E Telephone number**
(785) 354-6000

**G** Gross receipts $ 516,840,918

**F** Name and address of principal officer
KEVIN J HAN
1500 SW 10TH STREET
TOPEKA, KS 666041353

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

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

**H(c)** Group exemption number ▶

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

**J Website:** ▶ WWW STORMONTVAIL ORG

**K** Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1894 | **M** State of legal domicile KS

## Part I Summary

**1** Briefly describe the organization's mission or most significant activities
STORMONT-VAIL'S MISSION IS "WORKING TOGETHER TO IMPROVE THE HEALTH OF OUR COMMUNITY" BY PROVIDING QUALITY MEDICAL HEALTH CARE REGARDLESS OF RACE, CREED, SEX, NATIONAL ORIGIN, HANDICAP, AGE OR ABILITY TO PAY

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

**Activities & Governance**

| | | | |
|---|---|---|---|
| **3** | Number of voting members of the governing body (Part VI, line 1a) | **3** | 16 |
| **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** | 4,442 |
| **6** | Total number of volunteers (estimate if necessary) | **6** | 540 |
| **7a** | Total unrelated business revenue from Part VIII, column (C), line 12 | **7a** | 0 |
| **b** | Net unrelated business taxable income from Form 990-T, line 34 | **7b** | 31,921 |

**Revenue**

| | | Prior Year | Current Year |
|---|---|---|---|
| **8** | Contributions and grants (Part VIII, line 1h) | 619,223 | 518,666 |
| **9** | Program service revenue (Part VIII, line 2g) | 479,320,375 | 509,975,162 |
| **10** | Investment income (Part VIII, column (A), lines 3, 4, and 7d ) | 4,350,279 | 4,865,737 |
| **11** | Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 787,469 | 845,140 |
| **12** | Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 485,077,346 | 516,204,705 |

**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) | 277,911,626 | 294,024,917 |
| **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) | 189,846,855 | 189,861,294 |
| **18** | Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25) | 467,758,481 | 483,886,211 |
| **19** | Revenue less expenses Subtract line 18 from line 12 | 17,318,865 | 32,318,494 |

**Net Assets or Fund Balances**

| | | Beginning of Current Year | End of Year |
|---|---|---|---|
| **20** | Total assets (Part X, line 16) | 450,834,298 | 486,242,743 |
| **21** | Total liabilities (Part X, line 26) | 267,374,369 | 314,771,451 |
| **22** | Net assets or fund balances Subtract line 21 from line 20 | 183,459,929 | 171,471,292 |

## 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**

****** | 2012-08-14
Signature of officer | Date

KEVIN J HAN VICE PRESIDENT
Type or print name and title

**Paid Preparer Use Only**

| Print/Type preparer's name | Preparer's signature | Date | Check if self-employed ▶ ☐ | PTIN |
|---|---|---|---|---|
| CHERYL G HAYWARD | CHERYL G HAYWARD | | | |

Firm's name ▶ BERBERICH TRAHAN & CO PA — Firm's EIN ▶

Firm's address ▶ 3630 SW BURLINGAME ROAD
TOPEKA, KS 666112050 — Phone no ▶ (785) 234-3427

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

**Part III Statement of Program Service Accomplishments**

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

**1** Briefly describe the organization's mission

WORKING TOGETHER TO IMPROVE THE HEALTH OF OUR COMMUNITY

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

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

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

If "Yes," describe these changes on Schedule O

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

**4a** (Code ) (Expenses $ 471,154,415 including grants of $ ) (Revenue $ 511,372,574 )

STORMONT-VAIL HEALTHCARE, INC (MEDICAL CENTER) PROVIDES QUALITY MEDICAL HEALTH CARE REGARDLESS OF RACE, CREED, SEX, NATIONAL ORIGIN, HANDICAP, AGE, OR ABILITY TO PAY FOR THE YEAR ENDED SEPTEMBER 30, 2011, 20,136 INPATIENTS, 60,942 EMERGENCY ROOM PATIENTS, 2,069 NEWBORNS, AND OVER 493 NEONATAL INTENSIVE CARE BABIES WERE SERVED ALTHOUGH REIMBURSEMENT FOR SERVICES RENDERED IS CRITICAL TO THE OPERATION AND STABILITY OF THE MEDICAL CENTER, IT IS RECOGNIZED THAT NOT ALL INDIVIDUALS POSSESS THE ABILITY TO PURCHASE ESSENTIAL MEDICAL SERVICES THE MEDICAL CENTER'S MISSION IS TO SERVE THE COMMUNITY WITH RESPECT TO PROVIDING HEALTH CARE SERVICES AND HEALTH CARE EDUCATION REGARDLESS OF ABILITY TO PAY AS PART OF THIS MISSION, THE MEDICAL CENTER PROVIDES CARE TO PERSONS COVERED BY MEDICARE AND MEDICAID PATIENTS FOLLOWING ARE SOME OF THE BENEFITS PROVIDED AT REDUCED RATES FOR THE FISCAL YEAR IN ADDITION TO THE CHARITY CARE PROVIDED, THE MEDICAL CENTER ALSO PROVIDED SERVICE TO PATIENTS THAT RESULTED IN UNCOLLECTIBLE AMOUNTS AS FOLLOWS BAD DEBT EXPENSE AT COST $ 9,819,269SHORTFALL OF MEDICARE PAYMENTS AT COST $ 49,586,161 THE MEDICAL CENTER ALSO PROVIDES OTHER HEALTH CARE SERVICES AND PROGRAMS FOR THE BENEFIT OF THE COMMUNITY, FREE OR AT REDUCED RATES EXAMPLES OF THESE INCLUDE SUBSIDY OF NURSING EDUCATION, MEDICAL EDUCATION, AND ALLIED HEALTH EDUCATION OPERATING THE REGION'S ONLY LEVEL III NEONATAL INTENSIVE CARE UNIT (NICU) SERVING A HIGH PERCENTAGE OF MEDICALLY INDIGENT PATIENTS OPERATING A LEVEL II TRAUMA CENTER SERVING NORTHEAST KANSAS PROVIDE SUPPORT TO LIFESTAR, THE AIR AMBULANCE SERVICE IN NORTHEAST KANSAS OVER 20 SUPPORT GROUPS HAVE BEEN ORGANIZED FOR A VARIETY OF TOPICS APPROXIMATELY 56,400 HOURS OF VOLUNTEER TIME WERE DONATED TO THE MEDICAL CENTER HELPING TO REDUCE THE COST OF PROVIDING HEALTH CARE MAINTAINING THE HEALTH SCIENCES LIBRARY THAT IS MADE AVAILABLE TO THE PUBLIC FREE OF CHARGE AS A MEDICAL RESOURCE STORMONT VAIL EMPLOYEES SUPPORT THE CARE LINE, WHICH IS AN EMERGENCY FUND FOR PATIENTS IN FINANCIAL DISTRESS, PROVIDING SERVICES AND SUPPLIES ON A SHORT-TERM BASIS USE OF POZEZ EDUCATION CENTER FACILITIES FOR A VARIETY OF COMMUNITY GROUPS AND PROGRAMS DONATED CASH OR IN-KIND GIFTS TO VARIOUS COMMUNITY ORGANIZATIONS PARTICIPATED IN NUMEROUS CLINICAL RESEARCH TRIALS THROUGH THE CLINICAL RESEARCH DEPARTMENT STORMONT-VAIL WEST BEHAVIORAL HEALTH SERVICES OPERATES A SUBSTANCE ABUSE PROGRAM OPERATED A PALLIATIVE CARE PROGRAM TO PROVIDE COMFORT CARE TO PATIENTS WITH CHRONIC CONDITIONS PROVIDE SUPPORT AND EDUCATION FOR PATIENTS WITH DIABETES THROUGH THE DIABETES LEARNING CENTER STORMONT-VAIL IS A REGIONAL NETWORK OF 28 LOCATIONS IN NORTHEAST KANSAS IMPROVING ACCESS TO MEDICAL CARE IN SEVERAL CITIES THAT OTHERWISE WOULD NOT HAVE ACCESS, PARTICULARLY ON WEEKENDS MATERNAL FETAL MEDICINE PROGRAM PROVIDED CARE AND ACCESS TO SCREENINGS AND GENETIC COUNSELING FOR WOMEN WITH AT-RISK PREGNANCIES OPERATED THE HEALTHWISE 55 PROGRAM WHICH PROVIDED OUTREACH PROGRAMS TO INDEPENDENT LIVING FACILITIES IN TOPEKA OFFERED BLOOD PRESSURE CLINICS AT WEST RIDGE MALL AS WELL AS OUTREACH BLOOD PRESSURE CLINICS AT SIX OTHER LOCATIONS STORMONT-VAIL PROVIDED THE REGIONS ONLY PERINATOLOGIST PROVIDING CARE FOR HIGH-RISK PREGNANCIES STORMONT-VAIL MAINTAINED THE LIFELINE PROGRAM, THE PERSONAL RESPONSE SYSTEM OFFERED ONLINE CHILDBIRTH CLASSES THROUGH STORMONT-VAILS WEB SITE PARTNERED WITH THE MARCH OF DIMES FOR THE NICU FAMILY SUPPORT PROGRAM STORMONT-VAIL WAS A MEDAL OF HONOR WINNER FOR THE SEVENTH CONSECUTIVE YEAR FOR ORGAN RETRIEVAL AND TISSUE CONVERSION THE HEALTH CONNECTION PROGRAM, WHICH PROVIDES PHYSICIAN REFERRAL AND AFTER-HOUR ACCESS TO A NURSE, RECEIVED 352,912 CALLS PROVIDED HEALTH INFORMATION THROUGH THE TOPEKA & SHAWNEE COUNTY PUBLIC LIBRARY'S HEALTH INFORMATION NEIGHBORHOOD PARTNERED WITH BUILDING BLOCKS TO PROVIDE CHILDCARE SERVICES TO STAFF AND THE COMMUNITY STORMONT-VAIL CLINICAL EDUCATORS PARTICIPATED IN THE AMERICAN HEALTH ASSOCIATION'S CPR FOR FAMILY AND FRIENDS CLASS TO TEACH OTHERS CPR THE TRAUMA SERVICES DEPARTMENT PROVIDED COMMUNITY EDUCATION PROGRAMS ON FALL PREVENTION STORMONT-VAIL WEST BEHAVIORAL HEALTH SERVICES PARTICIPATED IN A DEPRESSION SCREENING FOR THE COMMUNITY PARTNERED IN THE KANSAS RED RIBBON CAMPAIGN TO PROMOTE A HEALTHY, DRUG-FREE LIFESTYLE FOR YOUTH A SKIN SCREENING CLINIC FOR THE COMMUNITY WAS HELD AT THE COTTON-O'NEIL CANCER CENTER SPONSORED TOUR DE DIALYSIS, A 100-MILE BIKE RIDE TO RAISE AWARENESS AND FUNDS FOR PATIENT NEEDS AT THE KANSAS DIALYSIS SERVICES FREE PROSTATE CANCER SCREENING CLINIC WAS PROVIDED AT THE COTTON-O'NEIL CANCER CENTER CONNECT WITH THE COMMUNITY THROUGH THE ORGANIZATION WEBSITE, STORMONT ORG PARTICIPATED IN THE BI-STATE STROKE EDUCATION CONSORTIUM PARTNERED WITH HEALTH INNOVATION NETWORK OF KANSAS, A COALITION THAT GREW TO 17 HOSPITALS SHARING INFORMATION, EDUCATION AND OTHER NEEDED SERVICES THE BOY TO MAN AND GIRL TO WOMAN COMMUNICATION EDUCATION PROGRAMS FACILITATE CONVERSATION BETWEEN ADULTS AND PRE-TEENS ABOUT FUTURE PHYSICAL AND EMOTIONAL CHANGES STORMONT VAIL AND ITS EMPLOYEES DONATED FUNDS AND STAFF TIME TO THE MEALS ON WHEELS PROGRAM

**4b** (Code ) (Expenses $ including grants of $ ) (Revenue $ )

**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** ▶ $ 471,154,415

## Part IV Checklist of Required Schedules

| | | | Yes | No |
|---|---|---|---|---|
| 1 | Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A* | 1 | Yes | |
| 2 | Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)? | 2 | Yes | |
| 3 | Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I* | 3 | | No |
| 4 | **Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II* | 4 | Yes | |
| 5 | Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III* | 5 | | |
| 6 | Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I* | 6 | | No |
| 7 | Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II* | 7 | | No |
| 8 | Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III* | 8 | | No |
| 9 | Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV* | 9 | | No |
| 10 | Did the organization, directly or through a related organization, hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V* | 10 | Yes | |
| 11 | If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable | | | |
| a | Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.* | 11a | Yes | |
| b | Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.* | 11b | 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? *If "Yes," complete Schedule I, Parts I and II* | **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? *If "Yes," complete Schedule I, Parts I and III* | **22** | | No |
| **23** | Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J* | **23** | Yes | |
| **24a** | Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25* | **24a** | Yes | |
| **b** | Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? | **24b** | | No |
| **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** | | No |
| **d** | Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? | **24d** | | No |
| **25a** | **Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I* | **25a** | | No |
| **b** | Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I* | **25b** | | No |
| **26** | Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II* | **26** | | No |
| **27** | Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III* | **27** | | No |
| **28** | Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions) | | | |
| **a** | A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV* | **28a** | | No |
| **b** | A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV* | **28b** | | No |
| **c** | An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV* | **28c** | | No |
| **29** | Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M* | **29** | Yes | |
| **30** | Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M* | **30** | | No |
| **31** | Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I* | **31** | | No |
| **32** | Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II* | **32** | | No |
| **33** | Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I* | **33** | | No |
| **34** | Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1* | **34** | Yes | |
| **35** | Is any related organization a controlled entity within the meaning of section 512(b)(13)? | **35** | Yes | |
| **a** | Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2* ☑ Yes ☐ No | | | |
| **36** | **Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2* | **36** | | No |
| **37** | Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI* | **37** | | No |
| **38** | Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O | **38** | Yes | |

## Part V Statements Regarding Other IRS Filings and Tax Compliance

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

| | | | | Yes | No |
|---|---|---|---|---|---|
| 1a | Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . . | 1a | 255 | | |
| b | Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable | 1b | 0 | | |
| c | Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . . | | | 1c | Yes | |
| 2a | Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return . . . . . | 2a | 4,442 | | |
| b | If at least one is reported on line 2a, did the organization file all required federal employment tax returns? | | | 2b | Yes | |
| | **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions) | | | | | |
| 3a | Did the organization have unrelated business gross income of $1,000 or more during the year? . . . . . | | | 3a | Yes | |
| b | If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O* . . . . . | | | 3b | Yes | |
| 4a | At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? . . . . | | | 4a | | No |
| b | If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts | | | | | |
| 5a | Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . | | | 5a | | No |
| b | Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? | | | 5b | | No |
| c | If "Yes" to line 5a or 5b, did the organization file Form 8886-T? . . . . . | | | 5c | | |
| 6a | Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible? . . . . . | | | 6a | | No |
| b | If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . . | | | 6b | | |
| 7 | **Organizations that may receive deductible contributions under section 170(c).** | | | | | |
| a | Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor? . . . . . | | | 7a | | 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 | | No |
| h | If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? . . . . . | | | 7h | | |
| 8 | **Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? . . . . . | | | 8 | | |
| 9 | **Sponsoring organizations maintaining donor advised funds.** | | | | | |
| a | Did the organization make any taxable distributions under section 4966? . . . . . | | | 9a | | |
| b | Did the organization make a distribution to a donor, donor advisor, or related person? . . . . . | | | 9b | | |
| 10 | **Section 501(c)(7) organizations.** Enter | | | | | |
| a | Initiation fees and capital contributions included on Part VIII, line 12 . . . | 10a | | | | |
| b | Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities | 10b | | | | |
| 11 | **Section 501(c)(12) organizations.** Enter | | | | | |
| a | Gross income from members or shareholders . . . . . | 11a | | | | |
| b | Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them ) . . . . . | 11b | | | | |
| 12a | **Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041? | | | 12a | | |
| b | If "Yes," enter the amount of tax-exempt interest received or accrued during the year | 12b | | | | |
| 13 | **Section 501(c)(29) qualified nonprofit health insurance issuers.** | | | | | |
| a | Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O | | | 13a | | |
| b | Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans | 13b | | | | |
| c | Enter the amount of reserves on hand | 13c | | | | |
| 14a | Did the organization receive any payments for indoor tanning services during the tax year? . . . . . | | | 14a | | No |
| b | If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . . | | | 14b | | |

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

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

## Section A. Governing Body and Management

| | | | | Yes | No |
|---|---|---|---|---|---|
| 1a | Enter the number of voting members of the governing body at the end of the tax year | 1a | 16 | | |
| b | Enter the number of voting members included in line 1a, above, who are independent | 1b | 14 | | |
| 2 | Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? | | 2 | | No |
| 3 | Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? | | 3 | | No |
| 4 | Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? | | 4 | | No |
| 5 | Did the organization become aware during the year of a significant diversion of the organization's assets? | | 5 | | No |
| 6 | Does the organization have members or stockholders? | | 6 | | No |
| 7a | Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body? | | 7a | | No |
| b | Are any decisions of the governing body subject to approval by members, stockholders, or other persons? | | 7b | | No |
| 8 | Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following | | | | |
| a | The governing body? | | 8a | Yes | |
| b | Each committee with authority to act on behalf of the governing body? | | 8b | Yes | |
| 9 | Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O | | 9 | | No |

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

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

## Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request

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

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

KEVIN HAN
1500 SW 10TH STREET
TOPEKA, KS 66604
(785) 354-6000

## 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 | | | |
| See Additional Data Table | | | | | | | | | | |
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**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 | | | |
| See Additional Data Table | | | | | | | | | | |
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| | | | | | | | | | | |
| **1b** **Sub-Total** | | | | | | | | | | |
| **c** **Total from continuation sheets to Part VII, Section A** | | | | | | | | | | |
| **d** **Total (add lines 1b and 1c)** | | | | | | | | 12,519,385 | 0 | 1,581,505 |

**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 ▶ 318

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

## Section B. Independent Contractors

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

| (A) Name and business address | (B) Description of services | (C) Compensation |
|---|---|---|
| RADIOLOGY & NUCLEAR MEDICINE LLC<br>823 MULVANE SUITE 1<br>TOPEKA, KS 66606 | RADIOLOGY PHYSICIAN SERVICES | 1,975,247 |
| ANESTHESIA ASSOCIATES<br>823 MULVANE SUITE 2A<br>TOPEKA, KS 66606 | ANESTHESIA PHYSICIAN SERVICES | 1,840,228 |
| ETHEL LOUISE BJORGAARD<br>615 S TOPEKA BLVD<br>TOPEKA, KS 66603 | LEGAL SERVICES | 1,541,514 |
| LABORATORY CORP OF AMERICA<br>PO BOX 12140<br>BURLINGTON, NC 27216 | LABORATORY TESTING PROVIDER | 1,060,846 |
| PERINATAL CONSULTANTS<br>900 SW ROBINSON<br>TOPEKA, KS 66614 | PHYSICIAN SERVICES | 746,000 |

**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 ▶ 22

**Part VIII Statement of Revenue**

| | | | (A) Total revenue | (B) Related or exempt function revenue | (C) Unrelated business revenue | (D) Revenue excluded from tax under sections 512, 513, or 514 |
|---|---|---|---|---|---|---|
| Contributions, gifts, grants and other similar amounts | 1a Federated campaigns . . 1a | | | | | |
| | b Membership dues . . . . 1b | | | | | |
| | c Fundraising events . . . . 1c | | | | | |
| | d Related organizations . . . 1d | 80,448 | | | | |
| | e Government grants (contributions) 1e | | | | | |
| | f All other contributions, gifts, grants, and similar amounts not included above 1f | 438,218 | | | | |
| | g Noncash contributions included in lines 1a-1f $ | 308,613 | | | | |
| | h **Total.** Add lines 1a-1f . . . . . ▶ | | 518,666 | | | |
| Program Service Revenue | | Business Code | | | | |
| | 2a NET PATIENT SERVICE RE | 621300 | 505,100,014 | 505,100,014 | | |
| | b NUTRITIONAL SERVICES | 621300 | 2,124,607 | 2,124,607 | | |
| | c EDUCATION SERVICES/SCH | 611600 | 1,770,500 | 1,770,500 | | |
| | d LIFELINE | 621300 | 445,689 | 445,689 | | |
| | e MEDICAL RECORDS | 519100 | 173,535 | 173,535 | | |
| | f All other program service revenue | | 360,817 | 360,817 | | |
| | g **Total.** Add lines 2a–2f . . . . . ▶ | | 509,975,162 | | | |
| | 3 Investment income (including dividends, interest and other similar amounts) . . . . . ▶ | | 3,099,802 | | | 3,099,802 |
| | 4 Income from investment of tax-exempt bond proceeds . . ▶ | | | | | |
| | 5 Royalties . . . . . ▶ | | | | | |
| | | (i) Real | (ii) Personal | | | |
| | 6a Gross Rents | 845,140 | | | | |
| | b Less rental expenses | | | | | |
| | c Rental income or (loss) | 845,140 | | | | |
| | d Net rental income or (loss) . . . . . ▶ | | 845,140 | | | 845,140 |
| | | (i) Securities | (ii) Other | | | |
| | 7a Gross amount from sales of assets other than inventory | 560,527 | 1,841,621 | | | |
| | b Less cost or other basis and sales expenses | 192,004 | 444,209 | | | |
| | c Gain or (loss) | 368,523 | 1,397,412 | | | |
| | d Net gain or (loss) . . . . . ▶ | | 1,765,935 | 1,397,412 | | 368,523 |
| Other Revenue | 8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . . a | | | | | |
| | b Less direct expenses . . . b | | | | | |
| | c Net income or (loss) from fundraising events . . ▶ | | | | | |
| | 9a Gross income from gaming activities See Part IV, line 19 . a | | | | | |
| | b Less direct expenses . . . . . b | | | | | |
| | c Net income or (loss) from gaming activities . . ▶ | | | | | |
| | 10a Gross sales of inventory, less returns and allowances . a | | | | | |
| | b Less cost of goods sold . . b | | | | | |
| | c Net income or (loss) from sales of inventory . . ▶ | | | | | |
| | Miscellaneous Revenue | Business Code | | | | |
| | 11a _____ | | | | | |
| | b _____ | | | | | |
| | c _____ | | | | | |
| | d All other revenue . . . . | | | | | |
| | e **Total.** Add lines 11a–11d . . . . . ▶ | | | | | |
| | 12 **Total revenue.** See Instructions . . . ▶ | | 516,204,705 | 511,372,574 | 0 | 4,313,465 |

## 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 | | | | |
| 2 Grants and other assistance to individuals in the U S See Part IV, line 22 | | | | |
| 3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16 | | | | |
| 4 Benefits paid to or for members | | | | |
| 5 Compensation of current officers, directors, trustees, and key employees | 7,838,924 | 3,765,347 | 4,073,577 | |
| 6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) | | | | |
| 7 Other salaries and wages | 229,823,830 | 229,136,464 | 687,366 | |
| 8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions) | 12,616,211 | 12,494,545 | 121,666 | |
| 9 Other employee benefits | 29,042,386 | 29,030,930 | 11,456 | |
| 10 Payroll taxes | 14,703,566 | 14,391,002 | 312,564 | |
| a Fees for services (non-employees) Management | | | | |
| b Legal | 2,801,867 | 2,508,578 | 293,289 | |
| c Accounting | 169,700 | 169,700 | | |
| d Lobbying | | | | |
| e Professional fundraising services *See Part IV, line 17* | | | | |
| f Investment management fees | 129,067 | 129,067 | | |
| g Other | 15,661,675 | 15,274,430 | 387,245 | |
| 12 Advertising and promotion | 1,213,310 | 1,213,310 | | |
| 13 Office expenses | 2,422,156 | 2,096,677 | 325,479 | |
| 14 Information technology | 6,908,050 | 6,841,750 | 66,300 | |
| 15 Royalties | | | | |
| 16 Occupancy | 7,232,290 | 7,225,290 | 7,000 | |
| 17 Travel | 121,008 | 121,008 | | |
| 18 Payments of travel or entertainment expenses for any federal, state, or local public officials | | | | |
| 19 Conferences, conventions, and meetings | | | | |
| 20 Interest | 8,089,400 | 8,078,108 | 11,292 | |
| 21 Payments to affiliates | | | | |
| 22 Depreciation, depletion, and amortization | 19,492,969 | 19,476,788 | 16,181 | |
| 23 Insurance | 3,782,435 | 1,066,208 | 2,716,227 | |
| 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 SUPPLIES | 82,872,503 | 82,870,185 | 2,318 | |
| b PROVISION FOR UNCOLLECT | 19,588,588 | 19,588,588 | | |
| c OTHER EXPENSES | 12,331,546 | 8,633,768 | 3,697,778 | |
| d REPAIR & MAINTENANCE | 6,817,169 | 6,815,111 | 2,058 | |
| e CONTRIBUTION TO S-V FOU | 180,000 | 180,000 | | |
| f All other expenses | 47,561 | 47,561 | | |
| 25 **Total functional expenses.** Add lines 1 through 24f | 483,886,211 | 471,154,415 | 12,731,796 | 0 |
| 26 **Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation | | | | |

## Part X Balance Sheet

| | | | | (A) Beginning of year | | (B) End of year |
|---|---|---|---|---|---|---|
| Assets | 1 | Cash—non-interest-bearing | | 4,872,802 | 1 | 6,097,475 |
| | 2 | Savings and temporary cash investments | | 55,902,142 | 2 | 72,328,936 |
| | 3 | Pledges and grants receivable, net | | | 3 | |
| | 4 | Accounts receivable, net | | 67,353,289 | 4 | 74,917,091 |
| | 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 | | | 7 | |
| | 8 | Inventories for sale or use | | 4,472,770 | 8 | 5,088,446 |
| | 9 | Prepaid expenses and deferred charges | | 3,496,464 | 9 | 3,686,374 |
| | 10a | Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D* | 10a 386,392,910 | | | |
| | b | Less accumulated depreciation | 10b 201,253,993 | 190,764,266 | 10c | 185,138,917 |
| | 11 | Investments—publicly traded securities | | 64,483,475 | 11 | 82,918,308 |
| | 12 | Investments—other securities See Part IV, line 11 | | 56,332,801 | 12 | 53,651,647 |
| | 13 | Investments—program-related See Part IV, line 11 | | | 13 | |
| | 14 | Intangible assets | | | 14 | |
| | 15 | Other assets See Part IV, line 11 | | 3,156,289 | 15 | 2,415,549 |
| | 16 | **Total assets.** Add lines 1 through 15 (must equal line 34) | | 450,834,298 | 16 | 486,242,743 |
| Liabilities | 17 | Accounts payable and accrued expenses | | 50,470,055 | 17 | 58,576,399 |
| | 18 | Grants payable | | | 18 | |
| | 19 | Deferred revenue | | | 19 | |
| | 20 | Tax-exempt bond liabilities | | 137,940,000 | 20 | 135,870,000 |
| | 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 | | 4,194,964 | 23 | 5,944,140 |
| | 24 | Unsecured notes and loans payable to unrelated third parties | | | 24 | |
| | 25 | Other liabilities Complete Part X of Schedule D | | 74,769,350 | 25 | 114,380,912 |
| | 26 | **Total liabilities.** Add lines 17 through 25 | | 267,374,369 | 26 | 314,771,451 |
| Net Assets or Fund Balances | | **Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.** | | | | |
| | 27 | Unrestricted net assets | | 182,697,109 | 27 | 170,670,374 |
| | 28 | Temporarily restricted net assets | | 629,961 | 28 | 668,059 |
| | 29 | Permanently restricted net assets | | 132,859 | 29 | 132,859 |
| | | **Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.** | | | | |
| | 30 | Capital stock or trust principal, or current funds | | | 30 | |
| | 31 | Paid-in or capital surplus, or land, building or equipment fund | | | 31 | |
| | 32 | Retained earnings, endowment, accumulated income, or other funds | | | 32 | |
| | 33 | Total net assets or fund balances | | 183,459,929 | 33 | 171,471,292 |
| | 34 | Total liabilities and net assets/fund balances | | 450,834,298 | 34 | 486,242,743 |

## Part XI Reconcilliation of Net Assets

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

| | | | |
|---|---|---|---|
| 1 | Total revenue (must equal Part VIII, column (A), line 12) | 1 | 516,204,705 |
| 2 | Total expenses (must equal Part IX, column (A), line 25) | 2 | 483,886,211 |
| 3 | Revenue less expenses Subtract line 2 from line 1 | 3 | 32,318,494 |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) | 4 | 183,459,929 |
| 5 | Other changes in net assets or fund balances (explain in Schedule O) | 5 | -44,307,131 |
| 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 | 171,471,292 |

## Part XII Financial Statements and Reporting

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

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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493228017412

# 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
STORMONT-VAIL HEALTHCARE INC

**Employer identification number**
48-0543789

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

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

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

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

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

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

_____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Section A. Public Support

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

## Section B. Total Support

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

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

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

## Section C. Computation of Public Support Percentage

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

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

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

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

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

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

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

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

## Section A. Public Support

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

## Section B. Total Support

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

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

## Section C. Computation of Public Support Percentage

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

## Section D. Computation of Investment Income Percentage

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

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

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

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

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

## Additional Data

**Software ID:**
**Software Version:**
**EIN:** 48-0543789
**Name:** STORMONT-VAIL HEALTHCARE INC

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

| (A) Name and Title | (B) Average hours per week | (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 | | | |
| MAYNARD OLIVERIUS<br>CHIEF EXECUTIVE OFFICER | 60 00 | X | | X | | | | 990,200 | 0 | 171,069 |
| STEVEN WATKINS MD<br>DIRECTOR, OP COMM | 60 00 | X | | X | | | | 752,338 | 0 | 93,162 |
| S KENNETH ALEXANDERIII<br>DIRECTOR | | X | | | | | | 0 | 0 | 0 |
| PAMELA JOHNSON BETTS<br>DIRECTOR | | X | | | | | | 0 | 0 | 0 |
| C RICHARD BONEBRAKEMD<br>DIRECTOR | | X | | | | | | 0 | 0 | 0 |
| GARY B FLEENOR<br>CHAIRPERSON | | X | | X | | | | 0 | 0 | 0 |
| JOHN B DICUS<br>DIRECTOR | | X | | | | | | 0 | 0 | 0 |
| ROBERT WHEELER<br>VICE-CHAIRMAN | | X | | X | | | | 0 | 0 | 0 |
| JAMES HAINES<br>DIRECTOR | | X | | | | | | 0 | 0 | 0 |
| PATRICIA PRESSMAN PHD<br>DIRECTOR | | X | | | | | | 0 | 0 | 0 |
| SUEANN V SCHULTZ<br>DIRECTOR | | X | | | | | | 0 | 0 | 0 |
| NANCY J PERRY<br>SECRETARY | | X | | X | | | | 0 | 0 | 0 |
| JAMES SCHMANK<br>DIRECTOR | | X | | | | | | 0 | 0 | 0 |
| ANDREW J JETTER<br>DIRECTOR | | X | | | | | | 0 | 0 | 0 |
| JAMES PARRISH<br>DIRECTOR | | X | | | | | | 0 | 0 | 0 |
| RICHARD WIENCKOWSKI<br>DIRECTOR | | X | | | | | | 0 | 0 | 0 |
| DAVID CUNNINGHAM<br>VICE-PRESIDENT | 50 00 | | | X | | | | 251,905 | 0 | 47,131 |
| CAROL WHEELER<br>VICE-PRESIDENT | 50 00 | | | X | | | | 384,052 | 0 | 130,910 |
| BERNIE BECKER<br>VICE-PRESIDENT | 50 00 | | | X | | | | 324,831 | 0 | 127,474 |
| KENT PALMBERG MD<br>EXECUTIVE VICE-PRESIDENT | 60 00 | | | X | | | | 715,896 | 0 | 345,867 |
| DEBRA YOCUM<br>VICE-PRESIDENT | 50 00 | | | X | | | | 303,958 | 0 | 50,322 |
| JANET STANEK<br>VICE-PRESIDENT | 55 00 | | | X | | | | 461,253 | 0 | 91,858 |
| CAROL PERRY<br>VICE-PRESIDENT | 50 00 | | | X | | | | 344,825 | 0 | 82,303 |
| KEVIN HAN<br>CHIEF FINANCIAL OFFICER | 60 00 | | | X | | | | 240,573 | 0 | 71,384 |
| ROBERT O'NEIL MD<br>OPERATING COMMITTEE | 10 00 | | | X | | | | 125,627 | 0 | 1,479 |

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

| (A) Name and Title | (B) Average hours per week | (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 | | | |
| ERIC VOTH MD<br>OPERATING COMMITTEE | 60 00 | | | X | | | | 400,099 | 0 | 52,016 |
| DOUGLAS ROSE MD<br>OPERATING COMMITTEE | 60 00 | | | X | | | | 345,739 | 0 | 137,568 |
| KEVIN DISHMAN MD<br>OPERATING COMMITTEE | 60 00 | | | X | | | | 750,870 | 0 | 34,621 |
| MATTHEW WILLS MD<br>PHYSICIAN | 60 00 | | | | | X | | 1,497,795 | 0 | 20,189 |
| SHAWN MOORE MD<br>PHYSICIAN | 60 00 | | | | | X | | 1,497,711 | 0 | 18,450 |
| MICHAEL MCCOY MD<br>PHYSICIAN | 60 00 | | | | | X | | 772,163 | 0 | 36,861 |
| CHU CHI CHENMD<br>PHYSICIAN | 60 00 | | | | | X | | 978,651 | 0 | 4,462 |
| SANJAY MISRA MD<br>PHYSICIAN | 60 00 | | | | | X | | 1,091,667 | 0 | 0 |
| VERNON LONG<br>FORMER VICE-PRESIDENT | 0 00 | | | | | | X | 289,232 | 0 | 64,379 |

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# SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

## Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

**2010**

**Open to Public Inspection**

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

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

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

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

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

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

| Name of the organization | Employer identification number |
|---|---|
| STORMONT-VAIL HEALTHCARE INC | 48-0543789 |

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

| Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.) | (a) Filing Organization's Totals | (b) Affiliated Group Totals |
|---|---|---|
| 1a Total lobbying expenditures to influence public opinion (grass roots lobbying) | | |
| b Total lobbying expenditures to influence a legislative body (direct lobbying) | | |
| c Total lobbying expenditures (add lines 1a and 1b) | | |
| d Other exempt purpose expenditures | | |
| e Total exempt purpose expenditures (add lines 1c and 1d) | | |
| f Lobbying nontaxable amount Enter the amount from the following table in both columns | | |
| g Grassroots nontaxable amount (enter 25% of line 1f) | | |
| h Subtract line 1g from line 1a If zero or less, enter -0- | | |
| i Subtract line 1f from line 1c If zero or less, enter -0- | | |

| If the amount on line 1e, column (a) or (b) is: | The lobbying nontaxable amount is: |
|---|---|
| Not over $500,000 | 20% of the amount on line 1e |
| Over $500,000 but not over $1,000,000 | $100,000 plus 15% of the excess over $500,000 |
| Over $1,000,000 but not over $1,500,000 | $175,000 plus 10% of the excess over $1,000,000 |
| Over $1,500,000 but not over $17,000,000 | $225,000 plus 5% of the excess over $1,500,000 |
| Over $17,000,000 | $1,000,000 |

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

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

### Lobbying Expenditures During 4-Year Averaging Period

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

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

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

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

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

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

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

## Part IV Supplemental Information

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

| Identifier | Return Reference | Explanation |
|---|---|---|
| EXPLANATION OF OTHER LOBBYING ACTIVITIES | PART II-B, LINE 1I | THE HOSPITAL IS A MEMBER OF THE AMERICAN HOSPITAL ASSOCIATION AND THE KANSAS HOSPITAL ASSOCIATION THESE ORGANIZATIONS HAVE INFORMED THE TAXPAYER THAT A PORTION OF THEIR DUES ARE ATTRIBUTED TO LOBBYING AND ADVOCACY ACTIVITIES THAT PERCENTAGE FOR 2010 IS 24 42% AND 15 2% RESPECTIVELY AND THE AMOUNT IS $ 20,229 OCCASIONALLY, THE CEO WILL SPEAK TO LEGISLATORS REGARDING BILLS THAT WOULD AFFECT THE ORGANIZATION OR HEALTHCARE INDUSTRY |

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**SCHEDULE D** (Form 990)

Department of the Treasury
Internal Revenue Service

# Supplemental Financial Statements

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

OMB No 1545-0047

**2010**

**Open to Public Inspection**

**Name of the organization**
STORMONT-VAIL HEALTHCARE INC

**Employer identification number**
48-0543789

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

| | (a) Current Year | (b) Prior Year | (c) Two Years Back | (d) Three Years Back | (e) Four Years Back |
|---|---|---|---|---|---|
| 1a Beginning of year balance | 239,410 | 239,400 | 235,668 | | |
| b Contributions | | | | | |
| c Investment earnings or losses | 5,014 | 10 | 3,732 | | |
| d Grants or scholarships | | | | | |
| e Other expenditures for facilities and programs | | | | | |
| f Administrative expenses | | | | | |
| g End of year balance | 244,424 | 239,410 | 239,400 | | |

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶ 54 360 %
- c Term endowment ▶ 45 640 %

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

| | | Yes | No |
|---|---|---|---|
| (i) unrelated organizations | 3a(i) | | No |
| (ii) related organizations | 3a(ii) | | No |
| b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? | 3b | | |

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

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

| Description of investment | (a) Cost or other basis (investment) | (b) Cost or other basis (other) | (c) Accumulated depreciation | (d) Book value |
|---|---|---|---|---|
| 1a Land | | 10,895,182 | | 10,895,182 |
| b Buildings | | 232,890,950 | 99,936,206 | 132,954,744 |
| c Leasehold improvements | | | | |
| d Equipment | | 140,740,785 | 101,317,787 | 39,422,998 |
| e Other | | 1,865,993 | | 1,865,993 |
| **Total.** Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶ | | | | 185,138,917 |

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

| (a) Description of security or category (including name of security) | (b) Book value | (c) Method of valuation Cost or end-of-year market value |
|---|---|---|
| (1) Financial derivatives | 53,571 | F |
| (2) Closely-held equity interests | 53,598,076 | F |
| Other | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| **Total.** *(Column (b) should equal Form 990, Part X, col (B) line 12 )* ▶ | 53,651,647 | |

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

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

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

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

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

| 1 (a) Description of Liability | (b) Amount |
|---|---|
| Federal Income Taxes | |
| RESERVE FOR THIRD-PARTY PAYORS | 4,088,606 |
| ACCRUED PENSION PAYABLE | 110,163,807 |
| CONDITIONAL ASSET RETIREMENT OBLIGATION | 74,459 |
| DUE TO RELATED PARTIES | 54,040 |
| | |
| | |
| | |
| | |
| | |
| **Total.** *(Column (b) should equal Form 990, Part X, col (B) line 25 )* ▶ | 114,380,912 |

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

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

| | | | |
|---|---|---|---|
| 1 | Total revenue (Form 990, Part VIII, column (A), line 12) | 1 | 516,204,705 |
| 2 | Total expenses (Form 990, Part IX, column (A), line 25) | 2 | 483,886,211 |
| 3 | Excess or (deficit) for the year Subtract line 2 from line 1 | 3 | 32,318,494 |
| 4 | Net unrealized gains (losses) on investments | 4 | -5,962,075 |
| 5 | Donated services and use of facilities | 5 | |
| 6 | Investment expenses | 6 | |
| 7 | Prior period adjustments | 7 | |
| 8 | Other (Describe in Part XIV) | 8 | -38,345,056 |
| 9 | Total adjustments (net) Add lines 4 - 8 | 9 | -44,307,131 |
| 10 | Excess or (deficit) for the year per financial statements Combine lines 3 and 9 | 10 | -11,988,637 |

## 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 | 512,357,507 |
| 2 | Amounts included on line 1 but not on Form 990, Part VIII, line 12 | | | | |
| a | Net unrealized gains on investments | 2a | -5,962,075 | | |
| b | Donated services and use of facilities | 2b | | | |
| c | Recoveries of prior year grants | 2c | | | |
| d | Other (Describe in Part XIV) | 2d | 2,243,944 | | |
| e | Add lines **2a** through **2d** | | | 2e | -3,718,131 |
| 3 | Subtract line **2e** from line **1** | | | 3 | 516,075,638 |
| 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 | 129,067 | | |
| b | Other (Describe in Part XIV) | 4b | | | |
| c | Add lines **4a** and **4b** | | | 4c | 129,067 |
| 5 | Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12 ) | | | 5 | 516,204,705 |

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

| | | | | | |
|---|---|---|---|---|---|
| 1 | Total expenses and losses per audited financial statements | | | 1 | 524,346,144 |
| 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 | 40,926,511 | | |
| e | Add lines **2a** through **2d** | | | 2e | 40,926,511 |
| 3 | Subtract line **2e** from line **1** | | | 3 | 483,419,633 |
| 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 | 129,067 | | |
| b | Other (Describe in Part XIV) | 4b | 337,511 | | |
| c | Add lines **4a** and **4b** | | | 4c | 466,578 |
| 5 | Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18 ) | | | 5 | 483,886,211 |

## 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 |
|---|---|---|
| DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS | PART V, LINE 4 | ENDOWMENT FUNDS ARE USED IN ACCORDANCE WITH THE DIRECTION OF THE APPLICABLE DONOR GIFT INSTRUMENT AT THE TIME THE GIFT IS ADDED TO THE FUND |
| DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48 | PART X | AS OF SEPTEMBER 30, 2011 AND 2010 THERE WERE NO UNCERTAIN TAX BENEFITS INDENTIFIED AND RECORDED AS A LIABILITY |
| PART XI, LINE 8 - OTHER ADJUSTMENTS | | EQUITY IN NET INCOME OF CONSOLIDATED AFFILIATES 1,725,640 CHANGE IN ADDITIONAL MINIMUM LIABILITY FOR RETIREMENT BENEFITS -40,015,373 NET GAINS/ (LOSS) OF UNCONSOLIDATED AFFILIATES -188,114 TAX AMORTIZATION GREATER THAN BOOK 337,511 INTEREST RATE SWAP 706,418 LOSS ON EXTINGUISHMENT OF DEBT -911,138 |
| PART XII, LINE 2D - OTHER ADJUSTMENTS | | CONSOLIDATED AFFILIATE NET INCOME 1,725,640 NET GAINS/(LOSS) OF UNCONSOLIDATED AFFILIATES - 188,114 INTEREST RATE SWAP 706,418 |
| PART XIII, LINE 2D - OTHER ADJUSTMENTS | | CHANGE IN ADDITIONAL MINIMUM LIABILITY FOR RETIREMENT BENEFITS 40,015,373 LOSS ON EXTINGUISHMENT OF DEBT 911,138 |
| PART XIII, LINE 4B - OTHER ADJUSTMENTS | | TAX AMORTIZATION GREATER THAN BOOK 337,511 |

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

# Hospitals

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

OMB No 1545-0047

2010

Open to Public Inspection

**Name of the organization**
STORMONT-VAIL HEALTHCARE INC

**Employer identification number**
48-0543789

## Part I Financial Assistance and Certain Other Community Benefits at Cost

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

**7** Financial Assistance and Certain Other Community Benefits at Cost

| Financial Assistance and Means-Tested Government Programs | (a) Number of activities or programs (optional) | (b) Persons served (optional) | (c) Total community benefit expense | (d) Direct offsetting revenue | (e) Net community benefit expense | (f) Percent of total expense |
|---|---|---|---|---|---|---|
| a Financial Assistance at cost (from Worksheets 1 and 2) | | | 8,088,302 | | 8,088,302 | 1 740 % |
| b Unreimbursed Medicaid (from Worksheet 3, column a) | | | 59,007,922 | 37,669,378 | 21,338,544 | 4 600 % |
| c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b) | | | | | | |
| d **Total** Financial Assistance and Means-Tested Government Programs | | | 67,096,224 | 37,669,378 | 29,426,846 | 6 340 % |
| **Other Benefits** | | | | | | |
| e Community health improvement services and community benefit operations (from (Worksheet 4) | | | 839,619 | 9,265 | 830,354 | 0 180 % |
| f Health professions education (from Worksheet 5) | | | 3,839,107 | 1,680,425 | 2,158,682 | 0 460 % |
| g Subsidized health services (from Worksheet 6) | | | 914,632 | 604,425 | 310,207 | 0 070 % |
| h Research (from Worksheet 7) | | | | | | |
| i Cash and in-kind contributions to community groups (from Worksheet 8) | | | 182,036 | | 182,036 | 0 040 % |
| j **Total** Other Benefits | | | 5,775,394 | 2,294,115 | 3,481,279 | 0 750 % |
| k **Total.** Add lines 7d and 7j | | | 72,871,618 | 39,963,493 | 32,908,125 | 7 090 % |

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

| | | (a) Number of activities or programs (optional) | (b) Persons served (optional) | (c) Total community building expense | (d) Direct offsetting revenue | (e) Net community building expense | (f) Percent of total expense |
|---|---|---|---|---|---|---|---|
| 1 | Physical improvements and housing | | | | | | |
| 2 | Economic development | | | | | | |
| 3 | Community support | | | | | | |
| 4 | Environmental improvements | | | | | | |
| 5 | Leadership development and training for community members | | | | | | |
| 6 | Coalition building | | | | | | |
| 7 | Community health improvement advocacy | | | | | | |
| 8 | Workforce development | | | | | | |
| 9 | Other | | | | | | |
| 10 | **Total** | | | | | | |

**Part III** **Bad Debt, Medicare, & Collection Practices**

**Section A. Bad Debt Expense**

| | | | | Yes | No |
|---|---|---|---|---|---|
| 1 | Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15? | 1 | | | No |
| 2 | Enter the amount of the organization's bad debt expense (at cost) | 2 | 9,819,269 | | |
| 3 | Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy | 3 | 0 | | |
| 4 | Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit | | | | |

**Section B. Medicare**

| | | | | | |
|---|---|---|---|---|---|
| 5 | Enter total revenue received from Medicare (including DSH and IME) | 5 | 153,658,779 | | |
| 6 | Enter Medicare allowable costs of care relating to payments on line 5 | 6 | 203,244,940 | | |
| 7 | Subtract line 6 from line 5 This is the surplus or (shortfall) | 7 | -49,586,161 | | |
| 8 | Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used | | | | |

☑ Cost accounting system ☐ Cost to charge ratio ☐ Other

**Section C. Collection Practices**

| | | | | | |
|---|---|---|---|---|---|
| 9a | Does the organization have a written debt collection policy? | 9a | Yes | | |
| b | If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI | 9b | | | No |

**Part IV** **Management Companies and Joint Ventures**

| | (a) Name of entity | (b) Description of primary activity of entity | (c) Organization's profit % or stock ownership % | (d) Officers, directors, trustees, or key employees' profit % or stock ownership% | (e) Physicians' profit % or stock ownership % |
|---|---|---|---|---|---|
| 1 | | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
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| 6 | | | | | |
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| 9 | | | | | |
| 10 | | | | | |
| 11 | | | | | |
| 12 | | | | | |
| 13 | | | | | |

## Part V Facility Information

### Section A. Hospital Facilities

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

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

| | Name and address | Licensed hospital | General medical & surgical | Children's hospital | Teaching hospital | Critical access hospital | Research facility | ER-24 hours | ER-other | Other (Describe) |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | STORMONT-VAIL HEALTHCARE<br>1500 SW 10TH STREET<br>TOPEKA, KS 66604 | X | X | | | | | X | | |
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**Part V** **Facility Information** *(continued)*

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

How many non-hospital facilities did the organization operate during the tax year? **28**

| | Name and address | Type of Facility (Describe) |
|---|---|---|
| 1 | See Additional Data Table | |
| 1 | | |
| 2 | | |
| 3 | | |
| 4 | | |
| 5 | | |
| 6 | | |
| 7 | | |
| 8 | | |
| 9 | | |
| 10 | | |

## Part VI Supplemental Information

Complete this part to provide the following information

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

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

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

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

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

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

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

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | PART I, LINE 7, COLUMN (F) THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS $ 19588586 |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | PART III, LINE 4 THE FILING ORGANIZATION REPORTS BAD DEBT IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION STATEMENT 15 IS FOLLOWED TO THE EXTENT THAT IT ALIGNS WITH THE GUIDELINES SET FORTH BY GAAP PATIENT RECEIVABLES DUE DIRECTLY FROM THE PATIENTS ARE CARRIED AT THE ORIGINAL CHARGE FOR THE SERVICE PROVIDED LESS AMOUNTS COVERED BY THIRD-PARTY PAYORS AND LESS AN ESTIMATED ALLOWANCE FOR DOUBTFUL RECEIVABLES BASED ON A REVIEW OF ALL OUTSTANDING AMOUNTS ON A MONTHLY BASIS MANAGEMENT DETERMINES THE ALLOWANCE FOR DOUBTFUL ACCOUNTS BY IDENTIFYING TROUBLE ACCOUNTS, BY HISTORICAL EXPERIENCE APPLIED ON AN AGING OF ACCOUNTS AND BY CONSIDERING THE PATIENT'S FINANCIAL HISTORY, CREDIT HISTORY AND CURRENT ECONOMIC CONDITIONS STORMONT-VAIL ONLY CHARGES INTEREST ON MEDICAL SERVICE DIVISON PATIENT RECEIVABLES PATIENT RECEIVABLES ARE WRITTEN OFF TO BAD DEBT WHEN DEEMED UNCOLLECTIBLE RECOVERIES OF RECEIVABLES PREVIOUSLY WRITTEN OFF ARE RECORDED AS A REDUCTION OF BAD DEBT EXPENSE WHEN RECEIVED COSTING METHODOLOGY THE BAD DEBT EXPENSE WAS CALCULATED BY USING THE ACTUAL BAD DEBT WRITE-OFFS FROM THE HOSPITAL AND THE COST TO CHARGE RATIO FROM THE COST ACCOUNTING SYSTEM FOR OTHER PAYORS MULTIPLIED BY THE BAD DEBT WRITE-OFFS THE CLINIC BAD DEBTS WERE ESTIMATED AND A COST TO CHARGE RATIO WAS APPLIED TO DETERMINE COST |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | PART III, LINE 8 BOTH THE COST ACCOUNTING AND COST TO CHARGE RATIO METHOD ARE USED |

## Additional Data

**Software ID:**
**Software Version:**
**EIN:** 48-0543789
**Name:** STORMONT-VAIL HEALTHCARE INC

**Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**

| **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)<br><br>How many non-hospital facilities did the organization operate during the tax year? **28**<br><br>Name and address | Type of Facility (Describe) |
|---|---|
| CANCER CENTER<br>1414 SW 8TH AVENUE<br>TOPEKA,KS 66606 | CANCER CENTER |
| HEART CENTER<br>929 MULVANE<br>TOPEKA,KS 66606 | CARDIOLOGY OFFICE |
| FAMILY PRACTICE<br>901 GARFIELD<br>TOPEKA,KS 66606 | FAMILY PRACTICE PHYSICIAN OFFICES |
| COTTON O'NEIL PHYSICIAN CLINICS<br>823 MULVANE<br>TOPEKA,KS 66606 | VARIOUS PHYSICIAN OFFICES |
| STORMONT VAIL WEST<br>3707 SW 6TH STREET<br>TOPEKA,KS 66606 | PSYCHIATRIC |
| COTTON O'NEIL GI CENTER<br>720 LANE<br>TOPEKA,KS 66606 | GI CLINIC |
| ORTHOPEDICS KOSM<br>909 SW MULVANE<br>TOPEKA,KS 66604 | ORTHOPEDIC PHYSICIAN OFFICE |
| EMPORIA CLINIC<br>1301 SW 12TH STREET<br>EMPORIA,KS 66801 | PHYSICIAN OFFICES |
| 6TH & FRAZIER<br>3520 SW 6TH STREET<br>TOPEKA,KS 66606 | PHYSICIAN OFFICES |
| REHABILTATION SERVICES<br>4019 SW 10TH AVE<br>TOPEKA,KS 66606 | REHABILITATION THERAPY |
| CROCO CLINIC<br>2909 SE WALNUT DR<br>TOPEKA,KS 66605 | PHYSICIAN OFFICES |
| PEDIATRICARE<br>4100 SW 15TH STREET<br>TOPEKA,KS 66604 | PEDIATRICS PHYSICIAN OFFICE |
| STORMONT VAIL SLEEP CENTER<br>920 SW WASHBURN<br>TOPEKA,KS 66606 | SLEEP CENTER |
| URISH CLINIC<br>6725 SW 29TH STREET<br>TOPEKA,KS 66614 | PHYSICIAN OFFICES |
| MISSION WOODS CLINIC<br>6650 MISSION VALLEY DRIVE<br>TOPEKA,KS 66614 | PHYSICIAN OFFICES |
| WAMEGO CLINIC<br>1704 COMMERCIAL CIRCLE<br>WAMEGO,KS 66547 | PHYSICIAN OFFICES |
| CARBONDALE CLINIC<br>211 EAST MAIN<br>CARBONDALE,KS 66614 | PHYSICIAN OFFICES |
| OSAGE CITY CLINIC<br>131 WEST MARKET<br>OSAGE CITY,KS 66523 | PHYSICIAN OFFICES |
| OSKALOOSA CLINIC<br>209 W JEFFERSON<br>OSKALOOSA,KS 66066 | PHYSICIAN OFFICES |
| NORTH TOPEKA CLINIC<br>1130 N KANSAS AVENUE<br>TOPEKA,KS 66608 | PHYSICIAN OFFICES |
| LAWRENCE CLINIC<br>330 ARKANSAS<br>LAWRENCE,KS 66044 | PHYSICIAN OFFICES |
| ROSSVILLE CLINIC<br>423 MAIN<br>ROSSVILLE,KS 66533 | PHYSICIAN OFFICES |
| MERIDEN CLINIC<br>407 E WYANDOTTE<br>MERIDEN,KS 66512 | PHYSICIAN OFFICES |
| OCCUPATIONAL MEDICINE<br>1504 SW 8TH STREET<br>TOPEKA,KS 66606 | WORKERS COMP PHYSICIAN OFFICE |
| LEBO CLINIC<br>118 W 4TH<br>LEBO,KS 66856 | PHYSICIAN OFFICES |
| ALMA CLINIC<br>701 MISSOURI<br>ALMA,KS 66401 | PHYSICIAN OFFICES |
| RETAIL CLINIC GENERAL<br>2600 NW ROCHESTER ROAD<br>TOPEKA,KS 66617 | PHYSICIAN OFFICES |
| CARDIAC THORACIC SURGEONS<br>830 MULVANE<br>TOPEKA,KS 66606 | PHYSICIAN OFFICES |

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**Schedule J** (Form 990)

Department of the Treasury
Internal Revenue Service

# Compensation Information

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

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

**▶ Attach to Form 990. ▶ See separate instructions.**

OMB No 1545-0047

**2010**

**Open to Public Inspection**

**Name of the organization**
STORMONT-VAIL HEALTHCARE INC

**Employer identification number**
48-0543789

## Part I Questions Regarding Compensation

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

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

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

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

| (A) Name | (B) Breakdown of W-2 and/or 1099-MISC compensation | | | (C) Retirement and other deferred compensation | (D) Nontaxable benefits | (E) Total of columns (B)(i)-(D) | (F) Compensation reported in prior Form 990 or Form 990-EZ |
|---|---|---|---|---|---|---|---|
| | (i) Base compensation | (ii) Bonus & incentive compensation | (iii) Other reportable compensation | | | | |
| See Additional Data Table | | | | | | | |
| (2) | | | | | | | |
| (3) | | | | | | | |
| (4) | | | | | | | |
| (5) | | | | | | | |
| (6) | | | | | | | |
| (7) | | | | | | | |
| (8) | | | | | | | |
| (9) | | | | | | | |
| (10) | | | | | | | |
| (11) | | | | | | | |
| (12) | | | | | | | |
| (13) | | | | | | | |
| (14) | | | | | | | |
| (15) | | | | | | | |
| (16) | | | | | | | |

## Part III Supplemental Information

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

| Identifier | Return Reference | Explanation |
|---|---|---|
| | PART I, LINE 4B | MAYNARD OLIVERIUS $ 161,405 DAVID CUNNINGHAM $ 19,382 BERNARD BECKER $ 81,212 KENT PALMBERG, M D $ 278,901 DEBRA YOCUM $ 16,368 JANET STANEK $ 52,104 CAROL PERRY $ 23,143 STEVEN WATKINS, M D $ 30,000 ERIC VOTH, M D $ 9,000 DOUGLAS ROSE, M D $ 116,025 KEVIN DISHMAN, M D $ 1,650 |
| | PART I, LINE 6 | CERTAIN EMPLOYEES OF THE ORGANIZATION ARE ELIGIBLE FOR BONUSES UPON ACHIEVEMENT OF VARIOUS PERFORMANCE MEASURES AS OUTLINED IN THE ANNUAL INCENTIVE PLAN |

**Additional Data**

Return to Form

**Software ID:**
**Software Version:**
**EIN:** 48-0543789
**Name:** STORMONT-VAIL HEALTHCARE INC

**Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

| (A) Name | | (B) Breakdown of W-2 and/or 1099-MISC compensation | | | (C) 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 compensation | | | | |
| MAYNARD OLIVERIUS | (I) | 670,120 | 303,090 | 16,990 | 162,405 | 8,664 | 1,161,269 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| STEVEN WATKINS MD | (I) | 663,757 | 84,898 | 3,683 | 84,831 | 8,331 | 845,500 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DAVID CUNNINGHAM | (I) | 199,087 | 50,920 | 1,898 | 35,516 | 11,615 | 299,036 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CAROL WHEELER | (I) | 286,483 | 93,160 | 4,409 | 122,816 | 8,094 | 514,962 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BERNIE BECKER | (I) | 257,225 | 64,403 | 3,203 | 119,703 | 7,771 | 452,305 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| KENT PALMBERG MD | (I) | 537,611 | 169,799 | 8,486 | 337,501 | 8,366 | 1,061,763 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DEBRA YOCUM | (I) | 240,723 | 61,247 | 1,988 | 45,816 | 4,506 | 354,280 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| JANET STANEK | (I) | 355,224 | 99,290 | 6,739 | 80,030 | 11,828 | 553,111 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CAROL PERRY | (I) | 274,099 | 68,284 | 2,442 | 76,208 | 6,095 | 427,128 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| KEVIN HAN | (I) | 228,305 | 9,927 | 2,341 | 63,482 | 7,902 | 311,957 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ERIC VOTH MD | (I) | 339,932 | 58,141 | 2,026 | 39,937 | 12,079 | 452,115 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DOUGLAS ROSE MD | (I) | 319,712 | 23,878 | 2,149 | 132,658 | 4,910 | 483,307 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| KEVIN DISHMAN MD | (I) | 700,709 | 49,603 | 558 | 22,365 | 12,256 | 785,491 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| MATTHEW WILLS MD | (I) | 1,496,955 | 0 | 840 | 7,600 | 12,589 | 1,517,984 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SHAWN MOORE MD | (I) | 1,496,955 | 0 | 756 | 5,861 | 12,589 | 1,516,161 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| MICHAEL MCCOY MD | (I) | 723,553 | 44,927 | 3,683 | 28,530 | 8,331 | 809,024 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CHU CHI CHENMD | (I) | 974,341 | 0 | 4,310 | 0 | 4,462 | 983,113 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SANJAY MISRA MD | (I) | 1,091,667 | 0 | 0 | 0 | 0 | 1,091,667 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| VERNON LONG | (I) | 211,915 | 75,655 | 1,662 | 61,946 | 2,433 | 353,611 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

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**Schedule K (Form 990)**

Department of the Treasury
Internal Revenue Service

# Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990).
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

**2010**

**Open to Public Inspection**

Name of the organization
STORMONT-VAIL HEALTHCARE INC

**Employer identification number**
48-0543789

## Part I Bond Issues

| | (a) Issuer Name | (b) Issuer EIN | (c) CUSIP # | (d) Date Issued | (e) Issue Price | (f) Description of Purpose | (g) Defeased | | (h) On Behalf of Issuer | | (i) Pool financing | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Yes | No | Yes | No | Yes | No |
| A | KANSAS DEVELOPMENT FINANCE AUTHORITY | | 48543BJT6 | 08-27-2007 | 50,064,927 | HEALTH FACILITIES | | X | | X | | X |
| B | KANSAS DEVELOPMENT FINANCE AUTHORITY | | 48543BLG1 | 03-31-2008 | 27,950,075 | HEALTH FACILITIES | | X | | X | | X |
| C | KANSAS DEVELOPMENT FINANCE AUTHORITY | | 484538MC9 | 08-31-2011 | 61,193,487 | HEALTH FACILITIES | | X | | X | | X |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |

## Part II Proceeds

| | | A | B | C | D |
|---|---|---|---|---|---|
| 1 | Amount of bonds retired | | | | |
| 2 | Amount of bonds legally defeased | | | | |
| 3 | Total proceeds of issue | 53,519,801 | 27,950,075 | 61,193,490 | |
| 4 | Gross proceeds in reserve funds | | | | |
| 5 | Capitalized interest from proceeds | | | | |
| 6 | Proceeds in refunding escrow | 18,107,157 | 27,677,500 | 50,325,531 | |
| 7 | Issuance costs from proceeds | 689,770 | 272,575 | 863,086 | |
| 8 | Credit enhancement from proceeds | 1,048,000 | | | |
| 9 | Working capital expenditures from proceeds | | | | |
| 10 | Capital expenditures from proceeds | 30,220,000 | | | |
| 11 | Other spent proceeds | | | | |
| 12 | Other unspent proceeds | 10,004,873 | | 10,004,873 | |
| 13 | Year of substantial completion | 2009 | 2008 | | |

| | | A | | B | | C | | D | |
|---|---|---|---|---|---|---|---|---|---|
| | | Yes | No | Yes | No | Yes | No | Yes | No |
| 14 | Were the bonds issued as part of a current refunding issue? | X | | X | | X | | | |
| 15 | Were the bonds issued as part of an advance refunding issue? | X | | | X | | X | | |
| 16 | Has the final allocation of proceeds been made? | X | | X | | | X | | |
| 17 | Does the organization maintain adequate books and records to support the final allocation of proceeds? | X | | X | | X | | | |

## Part III Private Business Use

| | | A | | B | | C | | D | |
|---|---|---|---|---|---|---|---|---|---|
| | | Yes | No | Yes | No | Yes | No | Yes | No |
| 1 | Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds? | | X | | X | | X | | |
| 2 | Are there any lease arrangements that may result in private business use of bond-financed property? | | X | | X | | X | | |

## Part III Private Business Use *(Continued)*

| | | A | | B | | C | | D | |
|---|---|---|---|---|---|---|---|---|---|
| | | Yes | No | Yes | No | Yes | No | Yes | No |
| 3a | Are there any management or service contracts that may result in private business use? | | X | | X | | X | | |
| b | Are there any research agreements that may result in private business use of bond-financed property? | | X | | X | | X | | |
| c | Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property? | X | | X | | X | | | |
| 4 | Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶ | 0 % | | 0 % | | 0 % | | | |
| 5 | Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶ | 0 % | | 0 % | | 0 % | | | |
| 6 | Total of lines 4 and 5 | 0 % | | 0 % | | 0 % | | | |
| 7 | Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities? | X | | X | | X | | | |

## Part IV Arbitrage

| | | A | | B | | C | | D | |
|---|---|---|---|---|---|---|---|---|---|
| | | Yes | No | Yes | No | Yes | No | Yes | No |
| 1 | Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue? | | X | | X | | X | | |
| 2 | Is the bond issue a variable rate issue? | | X | | X | | X | | |
| 3a | Has the organization or the governmental issuer entered into a hedge with respect to the bond issue? | | X | | X | | X | | |
| b | Name of provider | | | | | | | | |
| c | Term of hedge | | | | | | | | |
| d | Was the hedge superintegrated? | | | | | | | | |
| e | Was a hedge terminated? | | | | | | | | |
| 4a | Were gross proceeds invested in a GIC? | | X | | X | | X | | |
| b | Name of provider | | | | | | | | |
| c | Term of GIC | | | | | | | | |
| d | Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied? | | | | | | | | |
| 5 | Were any gross proceeds invested beyond an available temporary period? | | X | | X | | X | | |
| 6 | Did the bond issue qualify for an exception to rebate? | | X | | X | | X | | |

## Part V Supplemental Information

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

| Identifier | Return Reference | Explanation |
|---|---|---|
| | | |
| | | |
| | | |

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SCHEDULE M (Form 990)

Department of the Treasury
Internal Revenue Service

# NonCash Contributions

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
STORMONT-VAIL HEALTHCARE INC

Employer identification number
48-0543789

## Part I Types of Property

| | (a) Check if applicable | (b) Number of Contributions or items contributed | (c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g | (d) Method of determining oncash contribution amounts |
|---|---|---|---|---|
| 1 Art—Works of art | | | | |
| 2 Art—Historical treasures | | | | |
| 3 Art—Fractional interests | | | | |
| 4 Books and publications | | | | |
| 5 Clothing and household goods | | | | |
| 6 Cars and other vehicles | | | | |
| 7 Boats and planes | | | | |
| 8 Intellectual property | | | | |
| 9 Securities—Publicly traded | | | | |
| 10 Securities—Closely held stock | | | | |
| 11 Securities—Partnership, LLC, or trust interests | | | | |
| 12 Securities—Miscellaneous | | | | |
| 13 Qualified conservation contribution—Historic structures | | | | |
| 14 Qualified conservation contribution—Other | | | | |
| 15 Real estate—Residential | | | | |
| 16 Real estate—Commercial | | | | |
| 17 Real estate—Other | | | | |
| 18 Collectibles | | | | |
| 19 Food inventory | | | | |
| 20 Drugs and medical supplies | | | | |
| 21 Taxidermy | | | | |
| 22 Historical artifacts | | | | |
| 23 Scientific specimens | | | | |
| 24 Archeological artifacts | | | | |
| 25 Other ▸ (MEDICAL EQUIPMENT) | X | 5 | 191,128 | FMV |
| 26 Other ▸ (COMPUTER EQUIPMENT) | X | 2 | 57,291 | FMV |
| 27 Other ▸ (OTHER EQUIPMENT) | X | 2 | 60,194 | FMV |
| 28 Other ▸ (_____) | | | | |

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

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

## Part II

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

| Identifier | Return Reference | Explanation |
|---|---|---|

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

Department of the Treasury
Internal Revenue Service

# Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

**2010**

**Open to Public Inspection**

**Name of the organization**
STORMONT-VAIL HEALTHCARE INC

**Employer identification number**
48-0543789

| Identifier | Return Reference | Explanation |
|---|---|---|
| FORM 990, PART VI, SECTION B, LINE 11 | | A DRAFT OF THE RETURN IS PROVIDED TO THE FINANCE COMMITTEE FOR REVIEW ANY CHANGES ARE COMMUNICATED TO THE PAID PREPARER A COPY OF THE RETURN IS PROVIDED TO THE ENTIRE BOARD OF DIRECTORS FOR DISCUSSION AND APPROVAL WITH THE BOARD'S APPROVAL, THE PAID PREPARER THEN FILES THE RETURN ELECTRONICALLY |

| Identifier | Return Reference | Explanation |
|---|---|---|
| | FORM 990, PART VI, SECTION B, LINE 12C | THE OFFICERS, DIRECTORS AND KEY EMPLOYEES SUBMIT CONFLICT OF INTEREST STATEMENTS TO THE CHAIRMAN OF THE AUDIT COMMITTEE OF STORMONT-VAIL HEALTHCARE EACH YEAR THE CHAIRMAN REVIEWS THE RESPONSES AND REPORTS TO THE AUDIT COMMITTEE FOR THEIR REVIEW, ANY APPROPRIATE ACTION IF REQUIRED AND APPROVAL THE CHAIRMAN ALSO THEN REPORTS THE RESULTS TO THE FULL BOARD OF DIRECTORS |

| Identifier | Return Reference | Explanation |
|---|---|---|
| | FORM 990, PART VI, SECTION B, LINE 15 | THE PERFORMANCE COMMITTEE OF THE STORMONT-VAIL HEALTHCARE BOARD OF DIRECTORS ENGAGED INTEGRATED HEALTHCARE STRATEGIES, AN EXECUTIVE COMPENSATION CONSULTING FIRM, TO PROVIDE RECOMMENDATIONS REGARDING ALL ASPECTS OF COMPENSATION OF THE ORGANIZATION'S SENIOR LEADERSHIP GROUP, INCLUDING THE PRESIDENT & CEO THAT ENGAGEMENT INCLUDED THE FOLLOWING COMPONENTS -REVIEW OF BACKGROUND DATA, INCLUDING INFORMATION ON CURRENT PROGRAM, -COMPILATION OF DATA ON COMPENSATION AND BENEFIT PRACTICES OF COMPARABLE ORGANIZATIONS, -COMPARISON OF BASE SALARIES AT SVHC TO BASE SALARY LEVELS IN THE MARKET, -COMPARISON OF ANNUAL AND LONG-TERM INCENTIVES AT SVHC TO INCENTIVE LEVELS IN THE MARKET, -ANALYSIS OF BENEFITS ON BOTH A QUANTITATIVE AND QUALITATIVE BASIS, -COMPARISON OF SVHC TOTAL COMPENSATION (BASE, INCENTIVE, BENEFITS) TO PEER GROUP TOTAL COMPENSATION, -PREPARATION OF REPORT TO FACILITATE SVHC BOARD DISCUSSION OF THE TOTAL COMPENSATION, AND -RECOMMENDATIONS REGARDING ESTABLISHMENT OF SALARY RANGES FOR SENIOR LEADERSHIP POSITIONS THE DELIBERATIONS AND DECISIONS OF THE PERFORMANCE COMMITTEE AND THE BOARD OF DIRECTORS ARE DOCUMENTED IN MEETING MINUTES MAINTAINED BY SVHC |

| Identifier | Return Reference | Explanation |
|---|---|---|
| | FORM 990, PART VI, SECTION C, LINE 19 | STORMONT-VAIL HEALTHCARE, INC MAKES THEIR FINANCIAL STATEMENTS AVAILABLE FOR PUBLIC INSPECTION AS PART OF THE 990 INFORMATION RETURN ANY CHANGES TO THE GOVERNING DOCUMENTS ARE INCLUDED WITH THE 990 RETURN AT THIS TIME, THE HEALTH CENTER DOES NOT MAKE THEIR CONFLICT OF INTEREST POLICY AVAILABLE TO THE PUBLIC |

| Identifier | Return Reference | Explanation |
|---|---|---|
| CHANGES IN NET ASSETS OR FUND BALANCES | FORM 990, PART XI, LINE 5 | NET UNREALIZED LOSSES ON INVESTMENTS -5,962,075 EQUITY IN NET INCOME OF CONSOLIDATED AFFILIATES 1,725,640 CHANGE IN ADDITIONAL MINIMUM LIABILITY FOR RETIREMENT BENEFITS -40,015,373 NET GAINS/(LOSS) OF UNCONSOLIDATED AFFILIATES -188,114 TAX AMORTIZATION GREATER THAN BOOK 337,511 INTEREST RATE SWAP 706,418 LOSS ON EXTINGUISHMENT OF DEBT -911,138 TOTAL TO FORM 990, PART XI, LINE 5 -44,307,131 |

| Identifier | Return Reference | Explanation |
|---|---|---|
| | PART XII, LINE 2C | NO CHANGE FROM PRIOR YEAR |

| Identifier | Return Reference | Explanation |
|---|---|---|
| | FORM 990, PART III, LINE 4B, PROGRAM SERVICE ACCOMPLISHMENTS | IN ADDITION TO THESE COMMUNITY CONTRIBUTIONS, STORMONT-VAIL PROVIDED SUPERVISED CLINICAL EXPERIENCE FOR OVER 998 STUDENTS AND 144,910 HOURS TO THE FOLLOWING ENTITIES NAME/LOCATION TYPE OF STUDENTS DEPT/DIVISION UNIVERSITY OF ARKANSAS GENETICS COTTON O'NEIL CANCER CENTER BAKER UNIVERSITY NURSING MULTIPLE BARTON CO COMMUNITY COLLEGE PARAMEDIC MULTIPLE CLARKSON COLLEGE PA PEDIATRICCARE COFFEY COUNTY HOSPITAL NURSING MULTIPLE COLBY COMMUNITY COLLEGE PT REHAB SERVICES COMMUNITY HEALTH SYSTEM-ONAGA NURSING MULTIPLE COMMUNITY HEALTH SYSTEMS-ST MARYS NURSING MULTIPLE CREIGHTON UNIVERSITY PHARMACY PHARMACY EMPORIA STATE UNIVERSITY NURSING MEDICAL ARTS CLINIC-EMPORIA FORT HAYS NURSING NURSING MULTIPLE HOLTON COMMUNITY HOSPITAL NURSING PATIENT CARE SERVICES INSTITUTE OF MIDWIFERY MIDWIFERY STUDENTS BIRTHPLACE KANSAS CITY KS COMM COLLEGE PT/OT REHAB SERVICES KANSAS STATE UNIVERSITY KINESIOLOGY HEART CENTER KANSAS STATE UNIVERSITY SPEECH THERAPY REHAB SERVICES UNIVERSITY OF KANSAS EXERCISE SCIENCE HEART CENTER UNIVERSITY OF KANSAS NURSING PATIENT CARE SERVICES UNIVERSITY OF KANSAS OT PATIENT CARE SERVICES UNIVERSITY OF KANSAS PHARMACY PHARMACY UNIVERSITY OF KANSAS PT ASSISTANTS REHAB SERVICES UNIVERSITY OF KANSAS SOCIAL WORK BEHAVIORAL HEALTH MIDLAND LUTHERAN COLLEGE NURSING PATIENT CARE SERVICES UNIVERSITY OF MISSOURI-KC NURSING COTTON-O'NEIL CLINICS MORRIS COUNTY EMS EMTS EMERGENCY DEPT MORRIS COUNTY EMS NURSING PATIENT CARE SERVICES MORRIS COUNTY EMS PHARMACY PHARMACY NEBRASKA MEDICAL CENTER MEDICAL TECHNOLOGY LABORATORY NEWMAN UNIVERSITY OTA REHAB SERVICES PRONERVE SURGERY ROCKHURST UNIVERSITY PT/OT REHABILITATION SERVICES ST LOUIS UNIVERSITY PA COTTON-O'NEIL CLINICS ST LOUIS UNIVERSITY NURSING PATIENT CARE SERVICES UNIVERSITY OF SOUTHERN INDIANA NURSING PATIENT CARE SERVICES TEXAS WESLEYAN UNIVERSITY CRNA SURGERY USD #501 HIGH SCHOOL MULTIPLE WASHBURN UNIVERSITY COMMUNICATIONS MARKETING/FOUNDATION WASHBURN UNIVERSITY KINESIOLOGY HEART CENTER WASHBURN UNIVERSITY HEALTH INFORMATION HEALTH INFORMATION MGMT WASHBURN UNIVERSITY NURSING MULTIPLE WASHBURN UNIVERSITY OT REHABILITATION SERVICES WASHBURN UNIVERSITY PT ASSISTANTS REHABILITATION SERVICES WASHBURN UNIVERSITY IMAGING SCIENCES MEDICAL IMAGING WASHBURN UNIVERSITY RADIATION THERAPY CANCER CENTER WASHBURN UNIVERSITY RESP THERAPY PULMONARY CARE WASHBURN UNIVERSITY SOCIAL WORK SV BEHAVIORAL HEALTH WASHBURN UNIVERSITY ULTRASOUND-CARDIO RADIOLOGY/ULTRASOUND WASHBURN UNIVERSITY ULTRASOUND-GEN RADIOLOGY ULTRASOUND WASHBURN INSTITUTE OF TECHNOLOGY LPNS MULTIPLE WASHBURN INSTITUTE OF TECHNOLOGY SURG TECHS SURGICAL SERVICES/TSDS WASHBURN INSTITUTE OF TECHNOLOGY EMT PATIENT CARE SERVICES WICHITA STATE UNIVERSITY NURSING MULTIPLE WICHITA STATE UNIVERSITY PA MULTIPLE WICHITA STATE UNIVERSITY PT ASSISTANTS REHABILITATION SERVICE |

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# SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

## Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

**2010**

**Open to Public Inspection**

**Name of the organization**
STORMONT-VAIL HEALTHCARE INC

**Employer identification number**
48-0543789

**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 |
|---|---|---|---|---|---|
| | | | | | |
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**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)** STORMONT-VAIL FOUNDATION<br>1500 SW 10TH AVE<br>TOPEKA, KS 66604<br>48-0980926 | GENERATE VOLUNTARY GIFTS TO SUPPORT STORMONT-VAIL HEALTHCARE | KS | 501(C)(3) | LINE 7 | STORMONT-VAIL HEALTHCARE | | No |
| **(2)** STORMONT-VAIL HEALTHCARE AUXILARY<br>1500 SW 10TH AVE<br>TOPEKA, KS 66604<br>48-6140517 | PROVIDE GIFT SHOP, RESTAURANT AND PROJECTS FOR THE CONVENIENCE OF PATIENTS | KS | 501(C)(3) | LINE 11A, I | N/A | | No |
| **(3)** STORMONT-VAIL SERVICES INC<br>1500 SW 10TH AVE<br>TOPEKA, KS 66604<br>48-1021165 | MEDICAL SERVICES | KS | 501(C)(3) | LINE 7 | N/A | | No |
| | | | | | | | |
| | | | | | | | |
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| | | | | | | | |

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

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Predominant income (related, unrelated, excluded from tax under sections 512-514) | (f) Share of total income | (g) Share of end-of-year assets | (h) Disproprtionate allocations? Yes | (h) No | (i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065) | (j) General or managing partner? Yes | (j) No | (k) Percentage ownership |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **(1)** EXCELLENT SURGERY CENTER LLC<br>1500 SW 10TH<br>TOPEKA, KS66604<br>26-0849999 | OUTPATIENT SPECIALTY EAR, NOSE, AND THROAT SURGERY CENTER | KS | N/A | RELATED | 376,338 | 1,531,022 | | No | | | No | 51 000 % |
| **(2)** URISH MEDICAL PLAZA LLC<br>1500 SW 10TH<br>TOPEKA, KS66604<br>48-0782848 | REAL ESTATE | KS | STORMONT-VAIL INC | RELATED | 44,172 | 922,272 | | No | | | No | |
| | | | | | | | | | | | | |
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**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)** STORMONT-VAIL INC<br>901 GARFIELD<br>TOPEKA, KS66606<br>48-0782848 | RETAIL PHARMACY | KS | STORMONT-VAIL HEALTHCARE INC | C | 1,523,554 | 14,119,332 | 100 000 % |
| **(2)** DECHAIRO HOSPITAL INC<br>1500 SW 10TH ST<br>TOPEKA, KS66604<br>48-0788844 | REAL ESTATE | KS | STORMONT-VAIL INC | C | | 326,312 | 100 000 % |
| **(3)** CENTURY HEALTH SOLUTIONS INC<br>2951 SW WOODSIDE DR<br>TOPEKA, KS66614<br>48-1206397 | INSURANCE MANAGEMENT OPERATIONS | KS | STORMONT-VAIL INC | C | -400,762 | 225,672 | 100 000 % |
| **(4)** UAT INC<br>1500 SW 10TH ST<br>TOPEKA, KS66604<br>48-0907989 | MEDICAL BILLINGS PRACTICE | KS | STORMONT-VAIL HEALTHCARE INC | C | -44,591 | 59,440 | 100 000 % |
| **(5)** KOSM INC<br>1500 SW 10TH ST<br>TOPEKA, KS66604<br>48-0807000 | MEDICAL BILLINGS PRACTICE | KS | STORMONT-VAIL HEALTHCARE INC | C | 67,410 | 107,262 | 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.)

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

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

| (a) Name of other organization | (b) Transaction type(a-r) | (c) Amount involved | (d) Method of determining amount involved |
|---|---|---|---|
| **(1)** STORMONT-VAIL FOUNDATION | B | 180,000 | |
| **(2)** STORMONT-VAIL FOUNDATION | R | 278,800 | |
| **(3)** STORMONT-VAIL HEALTHCARE AUXILIARY | C | 155,297 | |
| **(4)** STORMONT-VAIL HEALTHCARE AUXILIARY | P | 233,115 | |
| **(5)** STORMONT-VAIL INC | N | 1,095,661 | |
| **(6)** STORMONT-VAIL FOUNDATION | N | 334,222 | |

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

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

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

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

| Identifier | Return Reference | Explanation |
|---|---|---|

## Additional Data

Return to Form

**Software ID:**
**Software Version:**
**EIN:** 48-0543789
**Name:** STORMONT-VAIL HEALTHCARE 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) | STORMONT-VAIL FOUNDATION | B | 180,000 | |
| (2) | STORMONT-VAIL FOUNDATION | R | 278,800 | |
| (3) | STORMONT-VAIL HEALTHCARE AUXILIARY | C | 155,297 | |
| (4) | STORMONT-VAIL HEALTHCARE AUXILIARY | P | 233,115 | |
| (5) | STORMONT-VAIL INC | N | 1,095,661 | |
| (6) | STORMONT-VAIL FOUNDATION | N | 334,222 | |

# Stormont-Vail HealthCare, Inc. and Affiliates

Consolidated Financial Statements
September 30, 2011

## Contents

## Independent Auditor's Report

The Board of Directors
Stormont-Vail Health*Care*, Inc.
Topeka, Kansas

We have audited the accompanying consolidated balance sheets of Stormont-Vail Health*Care*, Inc. and Affiliates (Stormont-Vail) 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 Stormont-Vail'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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 financial statements referred to above present fairly, in all material respects, the financial position of Stormont-Vail Health*Care*, Inc. and Affiliates as of September 30, 2011 and 2010 and the results of their operations, changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 13, effective October 1, 2010, Stormont-Vail adopted the new accounting provisions relating to consolidation of noncontrolling interests in the consolidated financial statements. The adoption of this guidance resulted in a retroactive restatement on the consolidated financial statements.

Davenport, Iowa
December 20, 2011

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**Stormont-Vail HealthCare, Inc.**
**and Affiliates**

**Consolidated Balance Sheets**
**September 30, 2011 and 2010**

| **Assets** | **2011** | 2010 |
|---|---|---|
| Current assets: | | |
| Cash and cash equivalents | **$ 66,718,971** | $ 48,192,964 |
| Short-term investments | **35,805,231** | 28,826,739 |
| Accounts receivable, patients - net of allowances 2011 $143,269,859; 2010 $120,543,360 | **73,503,687** | 66,465,179 |
| Limited use or restricted assets | **5,953,314** | 9,125,200 |
| Other accounts receivable | **3,435,632** | 2,224,451 |
| Inventories | **5,768,070** | 5,127,346 |
| Other current assets | **4,310,814** | 4,168,986 |
| **Total current assets** | **195,495,719** | 164,130,865 |
| Limited use or restricted assets: | | |
| Under bond trust indentures - held by Trustee | **11,074,978** | 7,774,816 |
| Board-designated for capital improvements | **81,609,361** | 79,546,895 |
| Restricted by professional liability insurance security agreements | **4,718,388** | 2,407,875 |
| Restricted by donors or grantors | **12,448,812** | 12,457,718 |
| **Total limited use or restricted assets** | **109,851,539** | 102,187,304 |
| Less current portion | **5,953,314** | 9,125,200 |
| **Limited use or restricted assets, net** | **103,898,225** | 93,062,104 |
| Property, plant and equipment | **395,017,565** | 386,702,591 |
| Less accumulated depreciation | **203,892,651** | 190,136,455 |
| **Property, plant and equipment, net** | **191,124,914** | 196,566,136 |
| Other assets: | | |
| Debt issue costs, net | **1,875,010** | 2,479,386 |
| Investments in unconsolidated affiliates | **7,306,211** | 7,414,704 |
| Intangible assets, net | **1,447,412** | 1,977,456 |
| Miscellaneous, primarily employee advances | **71,661** | 74,609 |
| **Total other assets** | **10,700,294** | 11,946,155 |
| | **$ 501,219,152** | $ 465,705,260 |

See Notes to Consolidated Financial Statements.

| **Liabilities and Net Assets** | **2011** | 2010 |
|---|---|---|
| Current liabilities: | | |
| Current portion of long-term debt | **$ 1,480,436** | $ 3,496,804 |
| Current portion of payable under employee agreements | **648,486** | 461,835 |
| Accounts payable | **13,933,402** | 12,017,543 |
| Accrued expenses: | | |
| Interest | **1,608,213** | 2,733,129 |
| Compensation | **31,469,459** | 25,783,236 |
| Health insurance | **4,677,645** | 3,504,192 |
| Other | **5,786,496** | 4,950,018 |
| Reserve for third-party payors | **4,088,606** | 1,596,286 |
| **Total current liabilities** | **63,692,743** | 54,543,043 |
| Long-term debt, less current portion | **140,669,242** | 138,385,635 |
| Long-term payable under employee agreements, less current portion | **1,685,389** | 2,264,955 |
| Interest rate swap | **118,520** | 824,938 |
| Accrued pension | **110,163,807** | 72,926,135 |
| Conditional asset retirement obligation | **74,459** | 246,929 |
| **Total liabilities** | **316,404,160** | 269,191,635 |
| Commitments and contingencies (Notes 9 and 12) | | |
| Net assets: | | |
| Unrestricted | **170,748,543** | 182,829,187 |
| Noncontrolling interest - unrestricted | **1,617,637** | 1,226,720 |
| Temporarily restricted | **2,354,315** | 2,536,376 |
| Permanently restricted | **10,094,497** | 9,921,342 |
| **Total net assets** | **184,814,992** | 196,513,625 |
| | **$ 501,219,152** | $ 465,705,260 |

**Stormont-Vail HealthCare, Inc.**
**and Affiliates**

## Consolidated Statements of Operations
## Years Ended September 30, 2011 and 2010

| | 2011 | 2010 |
|---|---|---|
| Operating revenues: | | |
| Net patient service revenue | **$ 505,920,516** | $ 474,521,274 |
| Other operating revenue | **12,937,914** | 12,936,163 |
| Net assets released from restriction for operating activities | **660,177** | 468,534 |
| **Total operating revenues** | **519,518,607** | 487,925,971 |
| Operating expenses: | | |
| Salaries, wages and employee benefits | **297,551,015** | 281,239,660 |
| Supplies and other expenses | **138,761,947** | 128,932,118 |
| Professional services | **5,967,145** | 5,396,216 |
| Interest | **8,110,435** | 8,074,757 |
| Depreciation and amortization of intangibles | **19,985,153** | 20,395,331 |
| Program expense | **772,307** | 661,010 |
| Provision for uncollectible accounts | **19,896,143** | 29,516,728 |
| **Total operating expenses** | **491,044,145** | 474,215,820 |
| **Income from operations** | **28,474,462** | 13,710,151 |
| Nonoperating gains (losses): | | |
| Investment income (loss) | | |
| Interest and dividend income and realized gains on sales of investments | **426,939** | 3,508,206 |
| Current year change in unrealized gains (losses) on trading securities | **(3,630,279)** | 3,653,101 |
| **Investment income (loss)** | **(3,203,340)** | 7,161,307 |
| Equity in net gains of unconsolidated affiliates | **2,078,594** | 1,163,002 |
| Income tax expense and other income (expense), net | **935,288** | (886,620) |
| Loss on extinguishment of debt | **(911,138)** | - |
| Change in fair value of interest rate swaps | **706,418** | 473,173 |
| **Total nonoperating gains (losses), net** | **(394,178)** | 7,910,862 |
| **Excess of revenues over expenses** | **28,080,284** | 21,621,013 |
| Less excess of revenue over expenses attributable to noncontrolling interest | **(534,616)** | (329,255) |
| **Excess of revenues over expenses attributable to Stormont-Vail** | **27,545,668** | 21,291,758 |
| Change in unrecognized funded status of pension plan | **(40,015,373)** | (24,291,853) |
| Net assets released from restriction for capital expenditures | **80,448** | 340,000 |
| Donation of property and equipment received | **308,613** | 155,989 |
| **(Decrease) in unrestricted net assets** | **$ (12,080,644)** | $ (2,504,106) |

See Notes to Consolidated Financial Statements.

**Stormont-Vail HealthCare, Inc.**
**and Affiliates**

## Consolidated Statements of Changes in Net Assets
## Years Ended September 30, 2011 and 2010

| | Unrestricted Net Assets | Temporarily Restricted Net Assets | Permanently Restricted Net Assets | Unrestricted Net Assets - Noncontrolling Interest | Total Net Assets |
|---|---|---|---|---|---|
| Net assets, September 30, 2009 | $ 185,333,293 | $ 2,520,098 | $ 8,584,309 | $ 886,844 | $ 197,324,544 |
| Excess of revenue over expenses | 21,291,758 | - | - | 329,255 | 21,621,013 |
| Change in unrecognized funded status of pension plan | (24,291,853) | - | - | - | (24,291,853) |
| Net change in unrealized gains on investments | - | 377,540 | - | - | 377,540 |
| Investment income (loss) | - | (60,643) | 5,000 | - | (55,643) |
| Donations of property and equipment received | 155,989 | - | - | - | 155,989 |
| Contributions, net | - | 507,915 | 1,332,033 | - | 1,839,948 |
| Net assets released from restriction for capital expenditures | 340,000 | (340,000) | - | - | - |
| Net assets released from restriction for operating activities | - | (468,534) | - | - | (468,534) |
| Contributions from (distributions to) noncontrolling interest | - | - | - | 10,621 | 10,621 |
| **Change in net assets** | (2,504,106) | 16,278 | 1,337,033 | 339,876 | (810,919) |
| Net assets, September 30, 2010 | 182,829,187 | 2,536,376 | 9,921,342 | 1,226,720 | 196,513,625 |
| Excess of revenue over expenses | 27,545,668 | - | - | 534,616 | 28,080,284 |
| Change in unrecognized funded status of pension plan | (40,015,373) | - | - | - | (40,015,373) |
| Net change in unrealized losses on investments | - | (119,719) | - | - | (119,719) |
| Investment income | - | 100,610 | - | - | 100,610 |
| Donations of property and equipment received | 308,613 | - | - | - | 308,613 |
| Contributions, net | - | 552,673 | 198,155 | - | 750,828 |
| Net assets released from restriction for capital expenditures | 80,448 | (80,448) | - | - | - |
| Net assets released from restriction for operating activities | - | (660,177) | - | - | (660,177) |
| Change of restriction by donor | - | 25,000 | (25,000) | - | - |
| Contributions from (distributions to) noncontrolling interest | - | - | - | (143,699) | (143,699) |
| **Change in net assets** | (12,080,644) | (182,061) | 173,155 | 390,917 | (11,698,633) |
| Net assets, September 30, 2011 | $ 170,748,543 | $ 2,354,315 | $ 10,094,497 | $ 1,617,637 | $ 184,814,992 |

See Notes to Consolidated Financial Statements.

**Stormont-Vail HealthCare, Inc.**
**and Affiliates**

**Consolidated Statements of Cash Flows**
**Years Ended September 30, 2011 and 2010**

| | 2011 | 2010 |
|---|---|---|
| Cash Flows from Operating Activities: | | |
| Decrease in net assets | **$ (11,698,633)** | $ (810,919) |
| Adjustments to reconcile decrease in net assets to net cash provided by operating activities: | | |
| Loss on extinguishment of debt | **911,138** | - |
| Depreciation and amortization | **20,124,425** | 20,558,385 |
| Equity in net gains of unconsolidated affiliates | **(2,078,594)** | (1,163,002) |
| Realized (gain) loss on investments | **1,066,952** | (1,435,676) |
| Accretion of asset retirement obligation | **4,048** | 13,427 |
| Change in net unrealized gain on investments | **3,749,998** | (4,030,641) |
| Change in fair value of interest rate swap | **(706,418)** | (473,173) |
| Donation of property and equipment received | **(308,613)** | (155,989) |
| (Gain) loss on disposal of property and equipment | **(1,375,722)** | 100,751 |
| Contributions and investment income restricted for long-term purposes | **(198,155)** | (1,337,033) |
| Changes in assets and liabilities: | | |
| Accounts receivable | **(8,249,689)** | (2,560,880) |
| Inventories and prepayments | **(782,552)** | (1,105,674) |
| Accounts payable, accrued expenses and reserve for third-party payors | **6,364,811** | 1,242,193 |
| Long-term payable under employee agreement | **(392,915)** | (962,134) |
| Accrued pension | **37,237,672** | 17,566,135 |
| **Net cash provided by operating activities** | **43,667,753** | 25,445,770 |
| Cash Flows from Investing Activities: | | |
| Proceeds from investments and limited use or restricted assets | **106,427,157** | 70,685,301 |
| Purchases of investments and limited use or restricted assets | **(125,920,223)** | (71,753,163) |
| Purchases of property, plant and equipment | **(10,100,088)** | (16,018,255) |
| Investment in unconsolidated affiliates | **(183,240)** | (160,847) |
| Distributions from unconsolidated affiliates | **2,370,327** | 2,105,583 |
| Proceeds from disposal of property and equipment | **1,841,971** | 10,886 |
| Other | **2,948** | 88,834 |
| **Net cash used in investing activities** | **$ (25,561,148)** | $ (15,041,661) |

**(Continued)**

**Stormont-Vail HealthCare, Inc.**
**and Affiliates**

**Consolidated Statements of Cash Flows (Continued)**
**Years Ended September 30, 2011 and 2010**

| | 2011 | 2010 |
|---|---|---|
| Cash Flows from Financing Activities: | | |
| Collections of contributions restricted for long-term purposes | **$ 231,544** | $ 119,032 |
| Proceeds from issuance of long-term debt | **61,993,487** | - |
| Payments for bond issuance costs | **(893,083)** | - |
| Principal payments on long-term debt, including capital lease obligation | **(60,912,546)** | (3,547,537) |
| **Net cash used in financing activities** | **419,402** | (3,428,505) |
| **Increase in cash and cash equivalents** | **18,526,007** | 6,975,604 |
| Cash and cash equivalents, beginning of year | **48,192,964** | 41,217,360 |
| Cash and cash equivalents, end of year | **$ 66,718,971** | $ 48,192,964 |
| Supplemental Disclosure of Cash Flow Information, cash paid for interest, net of capitalized interest 2011 $29,338; 2010 $116,780 | **$ 9,419,690** | $ 8,020,946 |
| Supplemental Disclosures of Noncash Investing and Financing Activities: | | |
| Long-term payable under employee agreements incurred for acquisition of UAT, Inc. receivables and non-compete agreement | **-** | 533,000 |
| Long-term payable under employee agreement incurred for acquisition of intangible asset and inventory | **-** | 297,474 |
| Capital lease for acquisition of property and equipment | **-** | 1,553,423 |
| Increase in accounts payable related to acquisition of property and equipment | **4,071,435** | 1,779,017 |

See Notes to Consolidated Financial Statements.

## Note 1. Nature of Business and Significant Accounting Policies

### Nature of business:

Stormont-Vail HealthCare, Inc. (HealthCare) is a Kansas not-for-profit corporation. The consolidated financial statements include the accounts of HealthCare, its for-profit subsidiaries where there is controlling interest and all not-for-profit membership organizations where HealthCare is the sole member, all of which are collectively referred to as Stormont-Vail. Operations of companies acquired are included beginning from the date of purchase. All significant intercompany accounts and transactions have been eliminated in the consolidation.

Stormont-Vail HealthCare, Inc. or its subsidiaries have a controlling ownership interest or membership in the following corporations:

*Stormont-Vail Foundation (the Foundation)* was incorporated in 1984 as a Kansas not-for-profit corporation and is exempt from federal income tax under Section 501(c) (3) of the Code. The Foundation exists to generate voluntary gifts support for HealthCare patient care services and community health education programs. HealthCare is the sole voting member of the Foundation.

*ExcellENT Surgery Center, L.L.C. (ESC)* was established in 2007 as a Kansas limited liability company to operate an outpatient specialty Ear, Nose and Throat Surgery Center. HealthCare is a 51% owner, with the remaining ownership held by ear, nose and throat physicians.

*Stormont-Vail, Inc.* was incorporated in 1984 as a for-profit corporation. Stormont-Vail, Inc. operates a retail pharmacy in Topeka and owns interests in unconsolidated affiliates, including Kansas Dialysis Services, L.C. and Kansas Rehabilitation Hospital, Inc. HealthCare owns all the stock of Stormont-Vail, Inc.

*Century Health Solutions, Inc. (Century Health)* was incorporated as a Kansas for-profit corporation in November 1998 to perform insurance management operations, to act as a utilization review administrator and to act as a third party administrator of insurance claims. Stormont-Vail, Inc. owns all of the outstanding stock of Century Health.

*Dechairo Hospital, Inc. (Dechairo Hospital)* is a Kansas for-profit corporation, which once owned and operated a 20-bed primary care hospital located in Westmoreland, Kansas. Dechairo Hospital operating activity was discontinued by management of Stormont-Vail, Inc. on May 1, 1999. Beginning in 2008, Dechairo owns and leases real estate to Stormont-Vail, Inc.

*KOSM, Inc.* is a Kansas for-profit corporation acquired by HealthCare in August 2009. HealthCare owns all of the outstanding stock of KOSM, Inc. Prior to HealthCare's purchase of the stock of the corporation, the company operated an orthopedics medical practice. The physicians and staff became employees of HealthCare upon acquisition. The company leases certain assets to HealthCare for its ongoing orthopedic practices.

*Urish Medical Plaza, L.L.C. (UMP)* is a Kansas limited liability company. Stormont-Vail, Inc. acquired approximately 72% of the membership units of UMP during 2009. UMP owns and leases real estate to HealthCare, the noncontrolling interest owners and others.

**Note 1. Nature of Business and Significant Accounting Policies (Continued)**

*UAT, Inc.* is a Kansas for-profit corporation acquired by Health*Care* in December 2009. Health*Care* owns all of the outstanding stock of UAT, Inc. Prior to Health*Care*'s purchase of the stock of the corporation, the company operated a urology medical practice. The physicians and staff became employees of Health*Care* upon acquisition. The company leases certain assets to Health*Care* for its ongoing urology practices.

**Significant Accounting Policies:**

Accounting estimates: The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in the estimates and assumptions in the near term would be material to the financial statements.

Cash and cash equivalents: For purposes of reporting cash flows, cash equivalents include certificates of deposit and all highly liquid debt instruments with original maturities of three months or less. Certain temporary cash investments internally designated as long-term investments are excluded from cash and cash equivalents.

Accounts receivables, patients: Patient receivables where a third-party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the service provided, less an estimate for contractual adjustments or discounts provided to third-party payors.

Patient receivables due directly from the patients are carried at the original charge for the service provided less amounts covered by third-party payors and less an estimated allowance for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts, by historical experience applied to an aging of accounts and by considering the patient's financial history, credit history and current economic conditions. Stormont-Vail only charges interest on patient accounts that have been turned over to collections. Patient receivables are written off to bad debt when deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of bad debt expense when received.

Receivables or payables related to estimated settlements on various risk contracts that Stormont-Vail participates in are reported as third-party payor receivables or payables.

Inventories: Inventories consist primarily of medical supplies, stated at the lower of cost, determined by the first-in, first-out basis, or market.

Limited use or restricted assets: Limited use or restricted assets include assets held by trustees under bond trust indentures; assets set aside by the Board of Directors for capital improvements over which it retains control and may at its discretion subsequently use for other purposes; assets in accounts that are restricted pursuant to insurance agreements regarding medical liability programs; and assets restricted by donors or grantors for specific purposes, time periods or beneficial interests controlled by third party trustees.

**Note 1. Nature of Business and Significant Accounting Policies (Continued)**

Assets restricted by donors or grantors includes pledges receivable. Pledges of approximately $183,000 and $254,000 at September 30, 2011 and 2010, respectively, are due in less than one year. Pledges of approximately $97,000 and $180,000 at September 30, 2011 and 2010, respectively, are due in one to five years. The pledges are recorded net of allowances for uncollectible receivables and discounts for the time value of money totaling approximately $15,000 and $24,000 as of September 30, 2011 and 2010, respectively.

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

Investments: Investments in debt and marketable equity securities are stated at fair value based on quoted market prices. Alternative investments, which include investments in hedge funds, are not readily marketable. Investments in this category are valued utilizing the most current information provided by the general partner or manager of the fund. Management has reviewed and evaluated the values provided by the investment managers and agrees with the valuation method and assumptions used to determine their values. Because these alternative investments are not readily marketable, their estimated value is subject to uncertainty, and therefore, may differ from the value that would have been used had a ready market for such investments existed. Such difference could be material. Stormont-Vail has the ability to liquidate its alternative investments periodically in accordance with the provisions of the investment fund agreement. Donated investments are reported at fair value at the date of receipt, which is then treated as cost.

Investment income, including realized gains and losses on investments, interest and dividends and changes in unrealized gains and losses on trading securities, is included in excess of revenues over expenses, unless the income or loss is restricted by donor or law.

Property, plant and equipment: Property, plant and equipment is carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Amortization expense on assets acquired under capital leases is included with depreciation expense on owned assets. Donated assets are recorded at their appraised value on the date of donation.

Debt issue costs: Debt issue costs and original issue discount are being amortized using a method which approximates the interest method over the term of the bonds.

**Note 1. Nature of Business and Significant Accounting Policies (Continued)**

Investment in unconsolidated affiliates: Stormont-Vail has investments in various health related ventures. Investments in which Stormont-Vail's ownership is more than 20% but less than 50% are accounted for using the equity method of accounting under which their share of the net income (loss) of the affiliates is recognized as nonoperating gains (losses) in the statement of operations and added to (deducted from) the investment account, and dividends and distributions received from the affiliates are treated as a reduction of the investment account. Less than 20% owned affiliates are accounted for at historical cost unless management believes that the carrying value of the investment is not recoverable.

The following is the aggregated condensed financial information of the unconsolidated affiliates as of and for the years ended September 30, 2011 and 2010:

| | 2011 | 2010 |
|---|---|---|
| Total revenues | $ 48,413,234 | $ 44,737,163 |
| Total expenses | 43,947,051 | 40,654,324 |
| **Net income** | $ 4,466,183 | $ 4,082,839 |
| Total assets | $ 30,185,496 | $ 31,527,829 |
| Total liabilities | 10,365,046 | 12,975,080 |
| **Total net assets/stockholders' equity** | $ 19,820,450 | $ 18,552,749 |

Intangible assets: Intangible assets consist of the following at September 30:

| | 2011 | 2010 |
|---|---|---|
| Employment and non-compete agreements, net of accumulated amortization 2011 $901,811; 2010 $470,897 | $ 1,252,762 | $ 1,683,676 |
| Goodwill from acquisition of physician practices | 194,650 | 293,780 |
| **Intangible assets, net** | $ 1,447,412 | $ 1,977,456 |

Goodwill is tested for impairment annually; employment and non-compete agreements are being amortized over the period of the agreements which is five years. Amortization is computed using the straight-line method.

Interest rate swap agreement: Stormont-Vail has a derivative in the form of an interest rate swap agreement. This agreement has been classified as a non-hedging transaction. For a derivative not designated as a hedging instrument, the gain or loss on the derivative is recognized in earnings in the period of change, and is therefore a component of the performance indicator and is included in the nonoperating gains/losses section of the consolidated statements of operations. Stormont-Vail's performance indicator is the excess of revenues over expenses.

## Note 1. Nature of Business and Significant Accounting Policies (Continued)

Net patient service revenue: 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.

Charity care and community services: Stormont-Vail provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because Stormont-Vail does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The provision for charity care, based on established rates, totaled approximately $33,807,000 and $22,216,000 in 2011 and 2010, respectively. Stormont-Vail also provides other health care services and programs for the benefit of the community, at no charge or at reduced rates. This includes a subsidy of approximately $454,600 and $324,800 annually for nursing, medical and allied health education for the years ended September 30, 2011 and 2010, respectively. Other education programs include prenatal, parenting, diabetes, CPR, immunization, infection control, and various support groups. Other community services include an infant follow-up clinic and blood pressure, breast cancer, and prostate screening clinics.

Excess of revenues over expenses: The statement of operations includes excess of revenues over expenses. Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include change in unrecognized funded status of pension plan, permanent transfers of assets to and from affiliates for other than goods and services and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets).

Functional expenses: Stormont-Vail provides general health care services including acute care, outpatient and rehabilitation services to residents within its geographic locations. Expenses related to providing these services in 2011 and 2010 were approximately $484,062,000 and $467,772,000, including approximately $72,622,000 and $63,121,000, respectively, for general and administrative expenses and approximately $194,500 and $179,000, respectively, for fundraising expenses.

Income taxes: HealthCare and the Foundation are not-for-profit organizations and public charities, not private foundations, as described in Sections 501(c)(3) and 509(a) of the Internal Revenue Code, respectively, and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Net income tax expense related to for-profit affiliates was approximately $575,000 and $891,000 in 2011 and 2010, respectively.

As limited liability companies, ESC's and UMP's income is taxable to members based on their proportionate share of ESC's and UMP's income, deductions, losses and credits as well as the tax status of each member. These financial statements do not include any provision for income taxes related to ESC or UMP.

## Note 1. Nature of Business and Significant Accounting Policies (Continued)

HealthCare and the Foundation each file a Form 990 (Return of Organization Exempt from Income Tax) annually. When these returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would ultimately be sustained. Examples of tax positions common to health care organizations include such matters as the following: the tax exempt status of each entity, the nature, characterization and taxability of joint venture income and various positions relative to potential sources of unrelated business taxable income. Unrelated business taxable income is reported on Form 990T, as appropriate. The benefit of a tax position is recognized in the consolidated financial statements in the period during which, based on all available evidence, management believes that it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any.

Tax positions are not offset or aggregated with other positions. Tax positions that meet the "more likely than not" recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely to be realized on settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for uncertain tax benefits in the accompanying consolidated balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination. As of September 30, 2011 and 2010, there were no uncertain tax benefits identified and recorded as a liability.

Forms 990 and 990T filed by HealthCare and the Foundation are subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of each return. Forms 990 and 990T filed by HealthCare and the Foundation are no longer subject to examination for the fiscal years ended September 30, 2007 and prior. Stormont-Vail, Inc., Century Health, KOSM, Inc., Dechairo Hospital and UAT, Inc. are taxable organizations and currently file income tax returns in the U.S. federal jurisdiction and various state jurisdictions. These entities are no longer subject to income tax examinations for years September 30, 2007 and prior.

Temporarily and permanently restricted net assets: Stormont-Vail is required to report information regarding its financial position and operations according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The three classes are based on the presence or absence of donor-imposed restrictions. Temporarily restricted net assets include net assets restricted by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained in perpetuity. Donor restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements.

Revenue is reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purposes has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

## Note 1. Nature of Business and Significant Accounting Policies (Continued)

The *Not-for-Profit Topic* of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) requires a not-for-profit organization that is subject to an enacted version of the UPMIFA to classify a portion of a donor-restricted endowment fund of perpetual duration as permanently restricted net assets. The amount classified as permanently restricted is the amount of the fund (a) that must be retained permanently in accordance with explicit donor stipulations or (b) that in the absence of such stipulations, the organization's governing board determines must be retained permanently under the relevant law. In addition, a not-for-profit organization must classify the portion of the fund that is not classified as permanently restricted net assets as temporarily restricted net assets (time restricted) until appropriated for expenditure by Stormont-Vail.

Noncontrolling interest: Health*Care* has a 51% ownership interest in ESC, while other members own a noncontrolling interest. Stormont-Vail, Inc. has a 72% ownership interest in UMP, while other members own a noncontrolling interest. A pro rata share of the income or losses and net assets, in the form of members' equity, applicable to this interest has been recognized in Stormont-Vail's consolidated financial statements.

Fair value of financial instruments: Financial instruments are described as cash or contractual obligations or rights to pay or to receive cash. The fair value for certain financial instruments approximates the carrying value because of the short-term maturity of these instruments which include cash and cash equivalents, receivables, accounts payable, accrued liabilities, estimated net settlements to third-party payors and other current liabilities. A portion of Stormont-Vail's investments are carried at fair value on the balance sheets based on quoted market prices. The alternative investments are carried at fair value, which is based primarily on historical investment returns and financial and nonfinancial data of the underlying investees. The fair value of Stormont-Vail's long-term debt (excluding capital lease obligations) as of September 30, 2011 and 2010 was approximately $144,027,000 and $143,748,000, respectively. The fair value of the interest rate swap agreement was determined from quotations from the counterparty to the swap agreement.

Fair value measurements: The Fair Value Measurements and Disclosures Topic of the FASB ASC defines fair value, establishes a framework for measuring fair value and establishes required disclosure of fair value measurements, which applies to all assets and liabilities that are measured and reported on a fair value basis. See Note 4 for additional information.

Subsequent events: Stormont-Vail has evaluated subsequent events through December 20, 2011, the date on which the consolidated financial statements were issued.

## Note 2. Net Patient Service Revenue

Stormont-Vail provides medical and health care services in Northeast Kansas. Stormont-Vail generally does not require collateral or other security in extending credit to patients; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans or policies.

Stormont-Vail has agreements with third-party payors that provide for payments to Stormont-Vail at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

- Medicare: Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Stormont-Vail's classification of inpatients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with Stormont-Vail. Outpatient services are paid at prospectively determined outpatient procedure rates and fee schedules for lab, therapies and certain designated medical screenings covered by the Medicare program. Stormont-Vail is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by Stormont-Vail and audits thereof by the Medicare fiscal intermediary. Stormont-Vail's Medicare cost reports have been finalized by the Medicare fiscal intermediary through September 30, 2006. However, the Hospital has received tentative settlements on its Medicare cost reports for the years ended September 30, 2007 through 2010. CMS has issued instructions to Fiscal Intermediaries (FI) and Medicare Administrative Contractors (MAC) to delay finalizing Medicare cost reports for fiscal years 2007 and after for hospitals that serve a disproportionate number of low income patients due to concerns regarding the calculation of a hospital's Medicare disproportionate share (DSH) payments. As the Hospital receives Medicare DSH payments, the latest finalized Medicare cost report is for the year ended September 30, 2006.
- Medicaid: Inpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Stormont-Vail's classification of patients under the Medicaid program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with Stormont-Vail. Outpatient services are paid at prospectively determined rates per procedure or test performed.
- Blue Cross: Inpatient services rendered to Blue Cross subscribers are reimbursed at prospectively determined discounts from established charges with the exception of a few outpatient procedures which are paid on a fee-screen basis.

Stormont-Vail has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to Stormont-Vail under these agreements includes prospectively determined discounts from established charges and prospectively determined daily rates.

### Note 2. Net Patient Service Revenue (Continued)

Net patient service revenue for the years ended September 30, 2011 and 2010 consists of the following:

| | 2011 | 2010 |
|---|---|---|
| Patient service revenue, including charity care | $1,368,645,439 | $1,231,037,395 |
| Less charity care | (33,807,083) | (22,216,174) |
| **Gross patient service revenue** | 1,334,838,356 | 1,208,821,221 |
| Less: | | |
| Contractuals | (827,566,642) | (733,308,961) |
| Courtesy allowance | (1,351,198) | (990,986) |
| | $ 505,920,516 | $ 474,521,274 |

Provisions for contractual adjustments for the years ended September 30, 2011 and 2010 includes the effect of a change in the estimate of the liability due to third-party payors. The effect of this change in estimate is an increase in the provision for contractual adjustments of approximately $750,000 and a reduction in the provision for contractual adjustments of approximately $1,313,000 for the years ended September 30, 2011 and 2010, respectively.

In October 2005, the Center for Medicare and Medicaid Services (CMS) approved an amendment to the Kansas Medicaid State Plan (Plan). The amendment was retroactive to July 1, 2004 and incorporated legislation enacted by the Kansas State Legislature in 2004 that established an annual tax assessment on certain hospital providers and health maintenance organizations and created the health care access improvement fund. Under the Plan, proceeds from the tax assessment are deposited to the State's health care access improvement fund and are used to obtain Federal matching funds, all of which must be distributed to Kansas hospitals and physicians to help bring Medicaid reimbursement closer to the cost of providing care. The allocation of these funds to specific health care providers is based primarily on the amount of care provided to Medicaid recipients. The Plan increases inpatient DRG reimbursement rates and also implements several supplemental inpatient and outpatient methodologies. Stormont-Vail's tax assessment for 2011 and 2010 was approximately $1,731,000 for each year and is included in other operating expenses in the consolidated statements of operations.

### Note 3. Investments and Limited Use or Restricted Assets

Short-term investments consist of the following:

| | September 30, | |
|---|---|---|
| | 2011 | 2010 |
| Short-term investments: | | |
| U.S. Government obligations | $ 5,155,963 | $ 13,335,154 |
| Certificate of deposit | 245,000 | 1,428,541 |
| Mutual funds | 12,916,320 | - |
| Corporate bonds | 6,539,812 | 13,793,255 |
| International stocks and bonds | 10,948,136 | 269,789 |
| | $ 35,805,231 | $ 28,826,739 |

## Note 3. Investments and Limited Use or Restricted Assets (Continued)

Limited use or restricted assets which are available for payment of obligations classified as current liabilities are reported as current assets. The composition of limited use or restricted assets, stated at fair values, is as follows:

| | September 30, 2011 | September 30, 2010 |
|---|---|---|
| Under bond trust indentures - held by Trustee: | | |
| U.S. Government obligations | $ 11,074,978 | $ 3,670,982 |
| Corporate bonds | - | 4,103,834 |
| | $ 11,074,978 | $ 7,774,816 |
| Board-designated for capital improvements: | | |
| Cash and cash equivalents | $ 385,363 | $ 251,240 |
| Certificates of deposit | 1,654,774 | 1,751,166 |
| U.S. Government obligations | 150,326 | 487,927 |
| Common stocks | 14,297,985 | 12,868,114 |
| Corporate bonds | 1,381,418 | 890,854 |
| Mutual bond funds | 16,755,630 | 13,314,844 |
| International stocks and bonds | 14,497,569 | 13,127,055 |
| Hedge funds and funds of hedge funds | 32,486,296 | 36,855,695 |
| | $ 81,609,361 | $ 79,546,895 |
| Restricted by professional liability insurance security agreements: | | |
| Cash and cash equivalents | $ 40,533 | $ 72,160 |
| U.S. Government obligations | 1,294,603 | 309,923 |
| Foreign issues | 73,423 | - |
| Corporate bonds | 3,309,829 | 2,025,792 |
| | $ 4,718,388 | $ 2,407,875 |
| Restricted by donors and grantors: | | |
| Cash and cash equivalents | $ 838,329 | $ 968,326 |
| Certificates of deposit | 440,944 | 437,921 |
| U.S. Government obligations | 96,703 | - |
| Common stocks | 2,831,600 | 2,924,688 |
| Preferred stocks | 19,920 | 24,625 |
| Corporate bonds | 777,418 | 692,514 |
| Foreign issues | 76,818 | - |
| Pledges receivable | 265,185 | 410,146 |
| Beneficial interest held by third party | 5,720,883 | 5,707,519 |
| Exchanged, traded and closed end funds | 1,005,895 | 1,001,936 |
| Municipal bonds | 80,683 | - |
| Charitable remainder trust receivable | 294,434 | 290,043 |
| | $ 12,448,812 | $ 12,457,718 |

## Note 3. Investments and Limited Use or Restricted Assets (Continued)

Stormont-Vail's investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

A summary of investment income (loss) for the years ended September 30, 2011 and 2010 is as follows:

| | 2011 | 2010 |
|---|---|---|
| Investment income (loss): | | |
| Interest and dividends | $ 3,317,013 | $ 3,618,845 |
| Realized gain (loss) on sale of investments, net | (1,066,952) | 1,435,676 |
| Change in net unrealized gain (loss) on investments | (3,749,998) | 4,030,641 |
| Investment fees | (149,133) | (144,753) |
| **Total investment income (loss)** | $ (1,649,070) | $ 8,940,409 |
| Reconciliation of total investment income (loss) reporting: | | |
| Investment income (loss) reported as: | | |
| Other operating revenue | $ 1,573,379 | $ 1,457,205 |
| Nonoperating revenue | 426,939 | 3,508,206 |
| Temporarily restricted | 100,610 | (60,643) |
| Permanently restricted | - | 5,000 |
| Change in net unrealized gains (losses): | | |
| Unrestricted | (3,630,279) | 3,653,101 |
| Temporarily restricted | (119,719) | 377,540 |
| **Total investment income (loss)** | $ (1,649,070) | $ 8,940,409 |

## Note 4. Investments and Fair Value Measurements

The Fair Value Measurement and Disclosures Topic of the FASB ASC defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants and requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, this guidance establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

## Note 4. Investments and Fair Value Measurements (Continued)

The fair value hierarchy is as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

A description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below:

Investments in common and preferred stocks, corporate, income, intermediate term and taxable bonds, international stocks and bonds, foreign issues, exchange traded funds, money market investment funds and mutual funds traded on a national securities exchange are valued at the last reported sales price on the day of valuation. These financial instruments are classified as level 1 in the fair value hierarchy.

Investment in the interest rate swap and U.S. government obligations for which quotations are not readily available are valued using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. These financial instruments are classified as level 2 in the fair value hierarchy.

Alternative investments (hedge funds and funds of hedge funds) are valued using the most current information provided by the general partner or manager of the fund. These investments are not readily marketable and are therefore classified as level 3 in the fair value hierarchy.

Investments in split interest agreements (beneficial interest held by third party and charitable remainder receivable) are valued as the estimated present value of expected future cash flows. These financial instruments are classified as level 3 in the fair value hierarchy.

## Note 4. Investments and Fair Value Measurements (Continued)

The following table summarizes assets and liabilities measured at fair value on a recurring basis as of September 30, 2011 and 2010, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

| | | Fair Value Measurements as of September 30, 2011 | | |
|---|---|---|---|---|
| | Fair Value | Level 1 | Level 2 | Level 3 |
| Assets Limited as to Use and Investments | | | | |
| Common and preferred stocks: | | | | |
| Small cap | $ 2,917,162 | $ 2,917,162 | $ - | $ - |
| Mid cap | 77,744 | 77,744 | - | - |
| Large cap | 12,237,298 | 12,237,298 | - | - |
| Preferred stock | 19,920 | 19,920 | - | - |
| Corporate bonds | 12,008,477 | 12,008,477 | - | - |
| Income bond | 13,277,158 | 13,277,158 | - | - |
| Intermediate-term bond | 10,356,802 | 10,356,802 | - | - |
| International stocks and bonds | 25,445,705 | 25,445,705 | - | - |
| Taxable bonds | 1,105,065 | 1,105,065 | - | - |
| Mutual fund bonds | 4,232,206 | 4,232,206 | - | - |
| Other | 872,999 | 872,999 | - | - |
| Foreign issues | 150,241 | 150,241 | - | - |
| Exchange traded funds | 1,005,895 | 1,005,895 | - | - |
| Hedge funds and funds of hedge funds | 32,486,296 | - | - | 32,486,296 |
| U.S. Government obligations | 17,772,573 | - | 17,772,573 | - |
| Money market investment fund | 1,805,784 | 1,805,784 | - | - |
| Beneficial interest held by third party | 5,720,883 | - | - | 5,720,883 |
| Charitable remainder trust receivable | 294,434 | - | - | 294,434 |
| | 141,786,642 | $ 85,512,456 | $ 17,772,573 | $ 38,501,613 |
| Cash and cash equivalents and other | 3,870,128 | | | |
| | $ 145,656,770 | | | |
| Liabilities, interest rate swap | $ 118,520 | $ - | $ 118,520 | $ - |

## Note 4. Investments and Fair Value Measurements (Continued)

| | | Fair Value Measurements as of September 30, 2010 | | |
|---|---|---|---|---|
| | Fair Value | Level 1 | Level 2 | Level 3 |
| Assets Limited as to Use and Investments | | | | |
| Common and preferred stocks: | | | | |
| Small cap | $ 3,974,784 | $ 3,974,784 | $ - | $ - |
| Large cap | 11,485,856 | 11,485,856 | - | - |
| Preferred stock | 24,625 | 24,625 | - | - |
| Corporate bonds | 22,385,348 | 18,281,514 | 4,103,834 | - |
| International bonds | 269,789 | - | 269,789 | - |
| Income bond | 9,318,333 | 9,318,333 | - | - |
| Intermediate-term bond | 3,996,512 | 3,996,512 | - | - |
| International stocks and bonds | 13,551,574 | 13,551,574 | - | - |
| Hedge funds and funds of hedge funds | 36,855,695 | - | - | 36,855,695 |
| U S Government obligations | 17,803,988 | - | 17,803,988 | - |
| Beneficial interest held by third party | 5,707,519 | - | - | 5,707,519 |
| Charitable remainder trust receivable | 290,043 | - | - | 290,043 |
| | 125,664,066 | $ 60,633,198 | $ 22,177,611 | $ 42,853,257 |
| Cash and cash equivalents and other | 5,349,977 | | | |
| | $ 131,014,043 | | | |
| Liabilities, interest rate swap | $ 824,938 | $ - | $ 824,938 | $ - |

The changes in fair value of level 3 investments for the years ended September 30, 2011 and 2010 were as follows:

| | Managed Futures | Hedge Funds and Funds of Hedge Funds | Beneficial Interest Held by Third Party | Charitable Remainder Trust Receivable |
|---|---|---|---|---|
| | | 2011 | | |
| Beginning of year | $ - | $ 36,855,695 | $ 5,707,519 | $ 290,043 |
| Purchases | - | - | 306,939 | - |
| Sales | - | (2,408,400) | (275,250) | - |
| Realized and unrealized gains (losses) | - | (1,960,999) | (18,325) | 4,391 |
| End of year | $ - | $ 32,486,296 | $ 5,720,883 | $ 294,434 |
| | | 2010 | | |
| Beginning of year | $ 1,224,148 | $ 25,885,586 | $ 4,573,450 | $ 266,571 |
| Purchases | - | 10,000,000 | 1,266,714 | - |
| Sales | (1,246,324) | (1,323,264) | (269,256) | - |
| Realized and unrealized gains | 22,176 | 2,293,373 | 136,611 | 23,472 |
| End of year | $ - | $ 36,855,695 | $ 5,707,519 | $ 290,043 |

## Note 4. Investments and Fair Value Measurements (Continued)

The following table sets forth additional disclosure of Stormont-Vail's investments whose fair value is estimated using net asset value (NAV) per share (or its equivalent) as of September 30, 2011 and 2010:

| Investment | Fair Value 2011 | Fair Value 2010 | Unfunded Commitment | Redemption Frequency | Redemption Notice Period |
|---|---|---|---|---|---|
| Hedge funds and funds of hedge funds: | | | | | |
| The Morgan Creek Fund, Ltd. (A) | $ 32,432,722 | $ 33,097,348 | $ - | Quarterly | 95 Days |
| Berens Capital Partners, Ltd. (B) | - | 1,425,256 | - | Suspended | Suspended |
| Austin Capital All Seasons Offshore Fund, Ltd (C) | - | 222,493 | - | Suspended | Suspended |
| UBP ARV Ltd Series M (Hedge fund) (D) | 53,574 | 888,212 | - | Suspended | Suspended |
| UBP ARV Ltd Series M (Corp) (D) | - | 1,222,386 | - | Suspended | Suspended |
| | $ 32,486,296 | $ 36,855,695 | $ - | | |

(A) The Morgan Creek Fund, Ltd. is structured as a fund-of-funds whose investment objective is to generate superior long-term investment returns relative to traditional equity benchmarks with significantly lower volatility of returns, a low degree of correlation to traditional portfolios, and limited risk under a wide range of market conditions. The Morgan Creek Fund, Ltd. commenced operations on October 1, 2005 and is incorporated under the laws of the Cayman Islands. Morgan Creek Capital Management, LLC, a North Carolina limited liability company, serves as the Morgan Creek Fund, Ltd.'s investment manager. The fair value of this investment has been estimated using the net asset value per share of the investments provided by the fund manager.

(B) Berens Capital Partners, Ltd. is a private investment fund that was registered as an exempted company with limited liability under the laws of the Cayman Islands. Berens Capital Partners, Ltd. was formed for the purpose of investing in a variety of investment funds that may have differing investment strategies and techniques. During the year ended September 30, 2011, the investment fund fulfilled all redemption requests of Stormont-Vail.

(C) Austin Capital All Seasons Offshore Fund, Ltd. is an investment company which was formed under the laws of the British Virgin Islands on July 1, 2000. Effective July 19, 2005, Austin Capital All Seasons Offshore Fund, Ltd. re-domiciled its operations and is now governed under the laws of the Cayman Islands. Redemptions have been suspended by the investment fund and, as a result, management has established reserves against the entire fund balance as of September 30, 2011.

(D) UBP Selectinvest ARV Ltd. commenced operations as a Cayman Islands exempted company on August 1, 1998. UBP Selectinvest ARV Ltd. is registered as a Mutual Fund under the Mutual Funds Law of the Cayman Islands and is regulated by the Cayman Islands Monetary Authority. Redemptions have been suspended by the investment fund and, as a result, management has established reserves against the entire fund balance as of September 30, 2011, with the exception of approximately $53,000, which was subsequently redeemed by Stormont-Vail in November 2011.

## Note 5. Property, Plant and Equipment

Property, plant and equipment consist of the following:

| | September 30, 2011 | September 30, 2010 |
|---|---|---|
| Land | $ 12,751,932 | $ 12,521,832 |
| Buildings and improvements | 238,786,327 | 238,515,339 |
| Equipment | 141,104,766 | 130,666,688 |
| Equipment under capital lease | 1,506,577 | 1,553,423 |
| Construction in progress | 867,963 | 3,445,309 |
| | $ 395,017,565 | $ 386,702,591 |

Accumulated depreciation for equipment acquired under capital leases was $356,617 and $45,932 as of September 30, 2011 and 2010, respectively.

## Note 6. Long-Term Debt and Interest Rate Swap Agreement

Long-term debt as of September 30, 2011 and 2010 consists of the following:

| | 2011 | 2010 |
|---|---|---|
| Health Facilities Revenue Bonds: | | |
| Series 2001K (A) | $ - | $ 40,980,000 |
| Series 2007L (B) | 50,050,000 | 50,050,000 |
| Series 2008E (C) | - | 18,865,000 |
| Series 2008F (D) | 27,915,000 | 28,045,000 |
| Series 2011F (E) | 57,905,000 | - |
| | 135,870,000 | 137,940,000 |
| Premium on issuance of Series 2011F bonds (E) | 3,274,785 | - |
| 6th and Frazier note payable - 5.90% | 573,539 | 1,034,588 |
| Capital lease obligations at interest rates ranging from 4.50% - 4.62% | 1,252,234 | 1,506,577 |
| Other notes and contract payable - 4.00 - 6.25% | 1,179,120 | 1,401,274 |
| **Total long-term debt** | 142,149,678 | 141,882,439 |
| Less current portion | (1,480,436) | (3,496,804) |
| | $ 140,669,242 | $ 138,385,635 |

### Note 6. Long-Term Debt and Interest Rate Swap Agreement (Continued)

The Health Facilities Revenue Bonds (Kansas Development Finance Authority) were issued by the Kansas Development Finance Authority (KDFA). Stormont-Vail effectively assumed this indebtedness through a Master Trust Indenture and Supplemental Master Trust Indentures.

(A) The 2001K Bonds were defeased during 2011, with the issuance of the 2011F bonds.

(B) The 2007L Bonds consist of term bonds bearing interest at rates ranging from 4.625% to 5.125% and in amounts of $1,875,000, $1,115,000, $4,545,000, $10,000,000, $7,515,000 and $25,000,000 due November 15, 2027, November 15, 2029, November 15, 2032, November 15, 2032, November 15, 2036 and November 15, 2036, respectively.

The 2007L Bonds maturing November 15, 2027 and thereafter are subject to optional redemption and payment prior to maturity on or after November 15, 2027. The 2007L Bonds are also subject to mandatory redemption and payment prior to maturity on November 15, 2024 through November 15, 2036 in amounts ranging from $210,000 to $6,740,000.

(C) The 2008E Bonds were defeased during 2011, with the issuance of the 2011F bonds.

(D) The 2008F Bonds consist of serial bonds due in annual principal payments ranging from $130,000 to $2,405,000 and mature between November 15, 2011 and November 15, 2030. The 2008F Bonds bear interest at rates ranging from 4.00% to 5.75% payable semi-annually. In addition, term bonds bearing interest at 5.00% in the amounts of $5,480,000 and $2,280,000 are due November 15, 2021 and November 15, 2024, respectively (Series 2008F Term Bonds).

The 2008F bonds maturing in the year 2018 and thereafter are subject to optional redemption and payment prior to maturity on or after November 15, 2017. The bonds maturing November 15, 2021 and November 15, 2024 (Series 2008F Term Bonds) are subject to mandatory redemption and payment prior to maturity on November 15, 2019 through November 15, 2024 in amounts ranging from $210,000 to $1,920,000.

(E) In 2011, Stormont-Vail issued 2011F Bonds in the amount of $57,905,000, proceeds of which were placed in an escrow account and used to defease the 2001K and 2008E Bonds, as well as provide new money for capital projects. The loss on the extinguishment of debt was approximately $911,000 and is shown as a nonoperating expense on the consolidated statements of operations. The 2011F bonds were issued at a premium in the amount of $3,288,487 which will be amortized over the life of the bonds.

The 2011F Bonds consist of serial bonds due in annual principal payments ranging from $1,000,000 to $6,400,000 and mature between November 15, 2012 and November 15, 2030. The 2011F Bonds bear interest at rates ranging from 3.00% to 5.25% payable semi-annually. The 2011F Bonds maturing in the year 2022 and thereafter are subject to optional redemption and payment prior to maturity on or after November 15, 2019.

## Note 6. Long-Term Debt and Interest Rate Swap Agreement (Continued)

The Health Facilities Revenue Bonds are secured by the gross revenue of HealthCare (the sole member of the obligated group). The Master Indentures for the Bonds provide for the establishment of debt service accounts which are maintained and administered by a trustee, provide for restrictions as to financial reporting, mergers, and additional indebtedness, and require the maintenance of specified ratios.

Stormont-Vail has an outstanding interest rate swap agreement with Bank of America N.A. that has a notional principal amount of $18,265,000 and $19,145,000 as of September 30, 2011 and 2010, respectively. The notional principal amount of the swap is reduced in various amounts through its maturity on November 15, 2011. The agreement hedges Stormont-Vail's interest rate exposure on the variable rate notes. The interest rate swap agreement fixed the interest rate at 4.09%.

The fair value of the interest rate swap agreement was determined from quotations from the counterparties to the swap agreement. The fair value of the swap liability as of September 30, 2011 and 2010 was $118,520 and $824,938, respectively.

The interest settlements paid to the counterparty are included as a component of interest expense. The net settlements increased interest expense by approximately $718,100 and $753,600 for the years ended September 30, 2011 and 2010, respectively. Stormont-Vail is also exposed to a risk that the counterparty cannot meet its obligations under the interest rate swap agreement. However, Stormont-Vail does not anticipate nonperformance by the counterparty.

Stormont-Vail is the lessee of certain medical equipment under capital leases expiring through 2016. Maturities of long-term debt and minimum future lease payments under capital leases are as follows:

| | Health Facilities Revenue Bonds | 6th and Frazier Note Payable | Other Notes and Contract Payable | Capital Leases |
|---|---|---|---|---|
| Year ending September 30: | | | | |
| 2012 | $ 130,000 | $ 489,136 | $ 565,634 | $ 346,872 |
| 2013 | 2,945,000 | 84,403 | 104,126 | 346,872 |
| 2014 | 3,145,000 | - | 35,988 | 346,872 |
| 2015 | 3,250,000 | - | 38,303 | 313,366 |
| 2016 | 3,375,000 | - | 40,767 | 17,738 |
| Thereafter | 123,025,000 | - | 394,302 | - |
| **Total** | $ 135,870,000 | $ 573,539 | $ 1,179,120 | 1,371,720 |
| Less amount representing interest | | | | (119,486) |
| **Present value of net minimum lease payments** | | | | $ 1,252,234 |

## Note 7. Net Asset Restrictions

Temporarily restricted net assets of $2,354,315 and $2,536,376 as of September 30, 2011 and 2010, respectively, are available for community health care services and other health related needs of the community. During 2011 and 2010, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes of health related needs of the community.

Permanently restricted net assets of $10,094,497 and $9,921,342 as of September 30, 2011 and 2010, respectively, are restricted to investment in perpetuity. Of those amounts, $5,720,883 and $5,707,519, respectively, are beneficial interest in assets of a perpetual trust held by a third party trustee from which the income distributions are unrestricted. Income from the other $4,373,614 and $4,213,823, respectively, which is under Stormont-Vail's control is expendable primarily to support various endowments' health related purposes.

## Note 8. Endowment

Stormont-Vail's endowment consists of approximately thirty individual endowments established for a variety of purposes. Its endowments include donor-restricted permanent endowments and amounts designated by the Board of Directors to function as endowments. These board designated endowments include amounts temporarily restricted by donors as to purpose, as well as, unrestricted amounts. As required by GAAP, net assets associated with endowment funds, including board designated endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

Stormont-Vail has interpreted the Kansas Uniform Prudent Management of Institutional Funds Act (KUPMIFA) 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. As a result of this interpretation, Stormont-Vail 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 Stormont-Vail in a manner consistent with the standard of prudence prescribed by KUPMIFA. In accordance with KUPMIFA, Stormont-Vail considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of Stormont-Vail and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of Stormont-Vail
(7) The investment policies of Stormont-Vail

## Note 8. Endowment (Continued)

The endowment net assets at September 30, 2011 and 2010 were:

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| | | September 30, 2011 | | |
| Donor restricted endowment funds | $ (59,905) | $ 176,410 | $ 4,373,614 | $ 4,490,119 |
| Board-designated endowment funds: | | | | |
| Donor restricted as to purpose | - | 378,139 | - | 378,139 |
| Board-designated as to purpose | 446,588 | - | - | 446,588 |
| | $ 386,683 | $ 554,549 | 4,373,614 | $ 5,314,846 |
| Beneficial interest held by third party | | | 5,720,883 | |
| **Total permanently restricted net assets** | | | $ 10,094,497 | |
| | | September 30, 2010 | | |
| Donor restricted endowment funds | $ - | $ 307,872 | $ 4,213,823 | $ 4,521,695 |
| Board-designated endowment funds | | | | |
| Donor restricted as to purpose | - | 408,126 | - | 408,126 |
| Board-designated as to purpose | 395,708 | - | - | 395,708 |
| | $ 395,708 | $ 715,998 | 4,213,823 | $ 5,325,529 |
| Beneficial interest held by third party | | | 5,707,519 | |
| **Total permanently restricted net assets** | | | $ 9,921,342 | |

## Note 8. Endowment (Continued)

Changes in endowment net assets for the years ended September 30, 2011 and 2010 were:

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| | September 30, 2011 | | | |
| Endowment net assets, beginning of year | $ 395,708 | $ 715,998 | $ 4,213,823 | $ 5,325,529 |
| Investment return (unrealized and realized) | (71,936) | (25,153) | - | (97,089) |
| Contributions | - | - | 184,791 | 184,791 |
| Appropriation of endowment assets for expenditure | (5,901) | (136,296) | - | (142,197) |
| Additions to endowment funds | 68,812 | - | - | 68,812 |
| Release of endowment funds by donor | - | - | (25,000) | (25,000) |
| Endowment net assets, end of year | $ 386,683 | $ 554,549 | 4,373,614 | $ 5,314,846 |
| Beneficial interest held by third party | | | 5,720,883 | |
| **Total permanently restricted net assets** | | | $ 10,094,497 | |
| | September 30, 2010 | | | |
| Endowment net assets, beginning of year | $ 259,483 | $ 545,774 | $ 4,010,859 | $ 4,816,116 |
| Investment return (unrealized and realized) | 68,910 | 321,425 | 5,000 | 395,335 |
| Contributions | - | - | 197,964 | 197,964 |
| Appropriation of endowment assets for expenditure | - | (151,201) | - | (151,201) |
| Additions to endowment funds | 67,315 | - | - | 67,315 |
| Endowment net assets, end of year | $ 395,708 | $ 715,998 | 4,213,823 | $ 5,325,529 |
| Beneficial interest held by third party | | | 5,707,519 | |
| **Total permanently restricted net assets** | | | $ 9,921,342 | |

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or KUPMIFA requires Stormont-Vail to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States, deficiencies of this nature are reported in board-designated unrestricted net assets. There were no deficiencies as of September 30, 2011 and 2010.

Return Objectives, Risk Parameters and Strategies Employed for Achieving Objectives

Stormont-Vail has adopted an Investment Policy Statement that applies to endowment assets and which is intended to provide a predictable stream of funding to programs supported by its endowment while seeking long term growth in the real value of the endowment assets. Endowment assets include those assets of donor-restricted funds that Stormont-Vail must hold in perpetuity as well as board-designated funds.

## Note 8. Endowment (Continued)

Return Objectives, Risk Parameters and Strategies Employed for Achieving Objectives (Continued)

To satisfy its long-term rate-of-return objectives, Stormont-Vail 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). Stormont-Vail targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. The endowment assets are invested in a manner that is intended to produce results comparable with weighted benchmarks including the Standard and Poor's 500, the Barclay's Government/Credit, and 90 day US Treasury bill indices.

Stormont-Vail understands that some level of risk, or volatility, is necessary to meet its long-term goals of providing the long term growth in real value while also supporting programs as intended by the Endowed Funds Spending Policy that is summarized below. Accordingly, Stormont-Vail assumes a moderate level of investment risk. Stormont-Vail expects its endowment funds, over time, to provide an average annual rate of return of up to eight percent. Actual returns in any given year vary, sometimes significantly, from this expectation.

Spending Policy and How the Investment Objectives Relate to the Spending Policy

Stormont-Vail has adopted an Endowed Funds Spending Policy which permits appropriation for expenditure, each fiscal year, five percent of each endowment fund's value as of September 30 of the immediately preceding fiscal year. In establishing this policy, Stormont-Vail considered the long-term expected return on its endowment. Accordingly, over the long term, in view of both the Endowed Funds Spending Policy and the Investment Account Policy Statement, Stormont-Vail expects its endowment to grow at an average of between two to three percent annually. This is consistent with Stormont-Vail's objective of creating long term growth in the real value of endowment assets.

## Note 9. Operating Leases

Stormont-Vail has operating leases for land, buildings and medical and office equipment which expire through the year 2026. Rental expense under such leases was approximately $5,343,000 and $5,738,000 during the years ended September 30, 2011 and 2010, respectively.

The following is a schedule of future minimum lease payments for operating leases (with initial or remaining terms in excess of one year) as of September 30, 2011:

| Year ending September 30: | |
|---|---|
| 2012 | $ 3,768,000 |
| 2013 | 3,266,000 |
| 2014 | 2,922,000 |
| 2015 | 2,755,000 |
| 2016 | 2,471,000 |
| Thereafter | 2,630,000 |
| | $ 17,812,000 |

## Note 10. Pension Plan

Stormont-Vail has a noncontributory defined benefit pension plan (the Plan) covering substantially all full-time employees. Pension benefits are based on years of service and the highest average of five years' salaries. The funding policy is to contribute the normal cost plus amortization of the unfunded actuarial liabilities over 30 years.

The *Compensation – Retirement Benefits Topic* of the FASB ASC requires balance sheet recognition of the overfunded or underfunded status of pension and postretirement benefit plans. Actuarial gains and losses, prior service costs or credits and any remaining transition assets or obligations that have not been recognized under previous accounting standards, must be recognized in the changes in unrestricted net assets.

As a result, Stormont-Vail has recognized the underfunded status of the defined benefit pension plan in the accompanying balance sheets as of September 30, 2011 and 2010. The accrual for the defined benefit pension plan liability is based on a comparison of the fair value of the plan assets to the Plan's projected benefit obligation.

Information about the Plan follows:

| | 2011 | 2010 |
|---|---|---|
| Projected benefit obligation, beginning of year | $ (205,548,349) | $ (163,954,160) |
| Service cost | (9,504,219) | (8,179,722) |
| Interest cost | (11,701,627) | (10,728,203) |
| Actuarial loss: | | |
| Impact of change in assumptions | (18,748,555) | (17,355,263) |
| Other | (5,213,181) | (8,937,721) |
| Plan amendment | (2,057,438) | - |
| Benefits paid | 4,294,840 | 3,606,720 |
| Projected benefit obligation, end of year | (248,478,529) | (205,548,349) |
| Fair value of plan assets | 138,314,722 | 132,622,214 |
| **Funded status, benefit obligation in excess of plan assets** | $ (110,163,807) | $ (72,926,135) |
| Rollforward of accrued benefit: | | |
| Accrued benefit cost on balance sheet, beginning of year | $ (72,926,135) | $ (55,360,000) |
| Actual return on plan assets | (4,029,238) | 10,976,794 |
| Hospital contributions | 16,717,570 | 16,657,980 |
| Change in plan liability | (49,926,004) | (45,200,909) |
| Accrued benefit cost on balance sheet, end of year | $ (110,163,807) | $ (72,926,135) |

## Note 10. Pension Plan (Continued)

| | 2011 | 2010 |
|---|---|---|
| Components of net periodic pension cost (income), which is included as a component of excess revenues over expenses on the accompanying Consolidated statements of operations and changes in net assets, consist of: | | |
| Service cost | $ 9,504,219 | $ 8,179,722 |
| Interest cost | 11,701,627 | 10,728,203 |
| Expected return on plan assets | (12,642,145) | (12,173,968) |
| Amortization of unrecognized net loss | 4,727,691 | 2,548,828 |
| Amortization of unrecognized prior service cost | 649,477 | 649,477 |
| | $ 13,940,869 | $ 9,932,262 |
| Amounts not yet recognized as components of net periodic pension cost: | | |
| Net actuarial loss | $ 123,407,944 | $ 84,801,562 |
| Prior service cost | 3,291,274 | 1,882,283 |
| Unrecognized amounts, end of year | 126,699,218 | 86,683,845 |
| Unrecognized amounts, beginning of year | 86,683,845 | 62,391,992 |
| **Current year change** | $ 40,015,373 | $ 24,291,853 |
| Assumptions used in computations: | | |
| In computing ending obligations, discount rate | 4.85% | 5.40% |
| In computing net cost: | | |
| Discount rate | 5.40% | 6.00% |
| Expected return on plan assets | 8.00% | 8.25% |
| Rate of compensation increase - graded based on ages | 2.5 - 10.0% | 2.5 - 10.0% |

### Note 10. Pension Plan (Continued)

Stormont-Vail's objective is to maximize long-term returns while reducing losses in order to meet future benefit obligations. Stormont-Vail follows the policy of using historical evidence in computing expected return on assets.

The following summarizes minimum and maximum asset allocations and major asset categories as of September 30, 2011 and 2010:

| | Minimum | Maximum | 2011 | 2010 |
|---|---|---|---|---|
| Equity securities | 40 % | 80 % | 59 % | 59 % |
| Debt securities | 20 | 60 | 24 | 21 |
| Cash and cash equivalents | - | 10 | 3 | 7 |
| Other | - | 20 | 14 | 13 |
| | | | 100 % | 100 % |

Stormont-Vail's objective is to maintain adequate levels of diversification among plan assets. Stormont-Vail monitors the allocation on an ongoing basis and will reallocate plan assets accordingly.

Stormont-Vail expects to contribute approximately $20,000,000 to its pension plan during the year ended September 30, 2011.

The benefit payments are expected to be paid as follows:

| Year ending September 30: | |
|---|---|
| 2012 | $ 6,077,498 |
| 2013 | 6,981,505 |
| 2014 | 8,032,660 |
| 2015 | 9,002,988 |
| 2016 | 9,859,630 |
| 2017 to 2021 | 63,621,907 |
| | $ 103,576,188 |

Estimated amounts that will be amortized into net periodic pension cost for the year ended September 30, 2012, is as follows:

| | |
|---|---|
| Prior service cost | $ 836,520 |
| Actuarial losses | 13,517,107 |
| | $ 14,353,627 |

## Note 10. Pension Plan (Continued)

The fair values of Stormont-Vail's defined benefit pension plan assets as of September 30, 2011 and 2010 by asset category, segregated by the level of the valuation inputs within the fair value hierarchy as described in Note 4, are as follows:

| | | Fair Value Measurements as of September 30, 2011 | | |
|---|---|---|---|---|
| | Fair Value | Level 1 | Level 2 | Level 3 |
| Common and preferred stocks: | | | | |
| Small cap | $ 4,360,421 | $ 4,360,421 | $ - | $ - |
| Large cap | 20,185,296 | 20,185,296 | - | - |
| International | 24,384,133 | 24,384,133 | - | - |
| Money market investment fund | 28,361 | 28,361 | - | - |
| Pooled fixed income funds | 31,160,231 | 31,160,231 | - | - |
| Hedge funds and funds of hedge funds | 56,500,494 | - | - | 56,500,494 |
| | 136,618,936 | $ 80,118,442 | $ - | $ 56,500,494 |
| Other plan assets, cash and cash equivalents | 1,695,786 | | | |
| **Total plan assets** | $ 138,314,722 | | | |

| | | Fair Value Measurements as of September 30, 2010 | | |
|---|---|---|---|---|
| | Fair Value | Level 1 | Level 2 | Level 3 |
| Common and preferred stocks: | | | | |
| Small cap | $ 4,095,887 | $ 4,095,887 | $ - | $ - |
| Large cap | 16,368,594 | 16,368,594 | - | - |
| International | 20,956,589 | 20,956,589 | - | - |
| Closely held | 80,000 | - | - | 80,000 |
| International bonds | 11,344 | - | - | 11,344 |
| Pooled fixed income funds | 21,354,284 | 21,354,284 | - | - |
| Hedge funds and funds of hedge funds | 62,934,875 | - | - | 62,934,875 |
| | 125,801,573 | $ 62,775,354 | $ - | $ 63,026,219 |
| Other plan assets, cash and cash equivalents | 6,820,641 | | | |
| **Total plan assets** | $ 132,622,214 | | | |

## Note 10. Pension Plan (Continued)

The changes in fair value of level 3 investments for the years ended September 30, 2011 and 2010 were as follows:

| | Year Ended September 30, 2011 | | |
|---|---|---|---|
| | Common and Preferred Stock | International Bonds | Hedge Funds and Funds of Hedge Funds |
| Beginning of year | $ 80,000 | $ 11,344 | $ 62,934,875 |
| Purchases | - | - | - |
| Sales | (80,000) | (11,344) | (906,833) |
| Realized and unrealized gains | - | - | (5,527,548) |
| End of year | $ - | $ - | $ 56,500,494 |

| | Year Ended September 30, 2010 | | |
|---|---|---|---|
| | Common and Preferred Stock | International Bonds | Hedge Funds and Funds of Hedge Funds |
| Beginning of year | $ - | $ - | $ 6,367,736 |
| Purchases | 80,000 | 11,344 | 60,212,014 |
| Sales | - | - | (6,626,883) |
| Realized and unrealized gains | - | - | 2,982,008 |
| End of year | $ 80,000 | $ 11,344 | $ 62,934,875 |

The following table sets forth additional disclosure of Stormont-Vail's defined benefit pension plan assets whose fair value is estimated using net assets value (NAV) per share (or its equivalent) as of September 30, 2011 and 2010:

| | Fair Value | | Unfunded | Redemption | Redemption |
|---|---|---|---|---|---|
| Investment | 2011 | 2010 | Commitment | Frequency | Notice Period |
| Hedge funds and funds of hedge funds: | | | | | |
| The Morgan Creek Fund, Ltd. (A) | $ 56,500,494 | $ 57,658,329 | $ - | Quarterly | 95 Days |
| Berens Capital Partners, Ltd. (B) | - | 2,959,355 | - | Suspended | Suspended |
| Austin Capital All Seasons Offshore Fund, Ltd. (C) | - | 455,017 | - | Suspended | Suspended |
| UBP ARV Ltd Series I (D) | - | 1,862,174 | - | Suspended | Suspended |
| | $ 56,500,494 | $ 62,934,875 | $ - | | |

(A) – (D) The hedge funds and funds of hedge funds are further described in Note 4.

## Note 11. Concentrations of Credit Risk

Stormont-Vail grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payor agreements. The mix of the gross receivables from patients and third-party payors as of September 30, 2011 and 2010 was as follows:

| | 2011 | 2010 |
|---|---|---|
| Medicare | 26.5 % | 26.7 % |
| Medicaid | 8.0 | 8.1 |
| Blue Cross | 16.1 | 15.8 |
| Other third-party payors | 20.2 | 20.2 |
| Patients | 29.2 | 29.2 |
| | 100.0 % | 100.0 % |

As of September 30, 2011, Stormont-Vail had deposits exceeding the federal depository insurance limits in various major financial institutions. Management believes the credit risk related to these deposits is minimal.

Stormont-Vail routinely invests its surplus operating funds in money market funds. These funds generally invest in highly liquid U.S. government and agency obligations and various investment grade corporate obligations. Most investments in money market funds are not insured or guaranteed by the U.S. government or by the underlying corporation; however, management believes that credit risk related to these investments is minimal.

Stormont-Vail regularly invests its assets limited to use and pension plan assets in hedge funds and funds of hedge funds. As described further in Notes 4 and 10, assets limited as to use and pension plan assets within one fund were approximately $32,432,722 and $56,500,494, respectively, as of September 30, 2011. Management believes that credit risk related to these investments is minimal.

## Note 12. Commitments and Contingencies

**Self-insured professional liability and workers' compensation:**

Stormont-Vail is self-insured for professional liability claims (except for claims against employed physicians which are covered by a third-party insurer subject to a $200,000 per occurrence indemnity deductible) to a maximum of $200,000 for each occurrence and $600,000 in the aggregate per year, with excess coverage provided by the State of Kansas Healthcare Stabilization Fund and a commercial insurance company. All professional liability insurance policies are on a claims-made basis. Stormont-Vail has retained professional actuaries to determine funding requirements for the self-insured portion. Funded amounts have been placed in a self-insurance trust account that is administered by a trustee. Amounts have also been designated by Stormont-Vail for self-insurance purposes. These investments are included with limited use or restricted assets in the accompanying consolidated balance sheets.

Stormont-Vail is self-insured for workers' compensation claims to a maximum of $400,000 per accident, with excess coverage provided by a commercial insurance company. Stormont-Vail has purchased a $1,346,000 surety bond accepted by the State of Kansas as required security for the workers' compensation plan.

## Note 12. Commitments and Contingencies (Continued)

As of September 30, 2011 and 2010, Stormont-Vail has recorded liabilities of approximately $4,230,000 and $3,893,000, respectively, for estimated self-insured professional liability claims and approximately $746,000 and $418,000, respectively, for estimated self-insured workers' compensation claims. Operating expenses include costs of claims reported and an estimate of losses incurred but not reported. Expense relating to these plans was approximately $2,322,000 and $1,085,000 for the years ended September 30, 2011 and 2010, respectively.

Stormont-Vail's accrual for self-insured losses is based upon management's estimate of the potential liability for claims made and for claims incurred but not reported through September 30, 2011. Management utilizes services of an independent actuarial firm to develop an estimate of the liability for incurred but not reported professional liabilities. Additional claims may be asserted against Stormont-Vail arising from services provided or accidents incurred through September 30, 2011. Management is unable to determine the ultimate cost of the resolution of such potential claims.

**Self-insured employee health insurance:**

Stormont-Vail is self-insured for its employee health insurance. Stormont-Vail maintains insurance coverage for individual claims which exceed $250,000 per person per year. As of September 30, 2011 and 2010, Stormont-Vail has recorded a liability of approximately $4,678,000 and $3,504,000, respectively, for estimated self-insured employee health insurance claims. Expenses related to this plan were approximately $22,175,000 and $21,361,000 for the years ended September 30, 2011 and 2010, respectively.

**Laws and regulations:**

The health care industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with such laws and regulations can be subject to future governmental review and interpretation, as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not limited to, accreditation, licensure, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in exclusion from government health care program participation, together with the imposition of significant fines and penalties, as well as significant repayment for past reimbursement for patient services received. While Stormont-Vail is subject to similar regulatory reviews, management believes that the outcome of such regulatory reviews will not have a material adverse effect on Stormont-Vail's financial position.

**CMS RAC Program:**

Congress passed the Medicare Modernization Act in 2003, which among other things established a demonstration of The Medicare Recovery Audit Contractor (RAC) program. During fiscal year 2007, the RAC's identified and corrected a significant amount of improper overpayments to providers. In 2006, Congress passed the Tax Relief and Health Care Act of 2006 which authorized the expansion of the RAC program to all 50 states. Stormont-Vail has been subject to audit under the RAC program. Stormont-Vail believes that the outcome of these audits will not have a material adverse effect on Stormont-Vail's financial position.

## Note 12. Commitments and Contingencies (Continued)

### Current economic conditions:

The current economic environment presents hospitals with unprecedented circumstances and challenges, which in some cases have resulted in large declines in the fair value of investments and other assets, large declines in contributions, constraints on liquidity and difficulty obtaining financing. The financial statements have been prepared using values and information currently available to Stormont-Vail.

Current economic conditions including a high unemployment rate have made it difficult for certain of Stormont-Vail's patients to pay for services rendered. As employers make adjustments to health insurance plans or more patients become unemployed, services provided to self-pay and other payers may significantly impact net patient service revenue, which could have an adverse impact on Stormont-Vail's future operating results. Further, the effect of economic conditions on the state may have an adverse effect on cash flows related to the Medicaid program.

Given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values and allowances for accounts and contributions receivable that could negatively impact Stormont-Vail's ability to meet debt covenants or maintain sufficient liquidity.

### Health care reform:

As a result of recently enacted federal health care reform legislation, substantial changes are anticipated in the United States health care system. Such legislation includes numerous provisions affecting the delivery of health care services, the financing of health care costs, reimbursement of health care providers and the legal obligations of health insurers, providers and employers. These provisions are currently slated to take effect at specified times over approximately the next decade.

### Litigation:

Stormont-Vail is a party to litigation matters and claims, including alleged medical malpractice, arising in the normal course of its operations. In the opinion of management, disposition of these matters will not have a material adverse effect on Stormont-Vail's consolidated financial position or results of operations.

## Note 13. New and Pending Accounting Pronouncements

During the year ended September 30, 2011, Stormont-Vail adopted FASB Accounting Standards Update (ASU) 2010-09, *Not-for-Profit Entities: Mergers and Acquisitions (formerly SFAS No. 164),* which determines whether a combination is a merger or an acquisition; applies the carryover method in accounting for a merger; applies the acquisition method in accounting for an acquisition, including determining which of the combining entities is the acquirer; and determines what information to disclose to enable users of financial statements to evaluate the nature and financial effects of a merger or an acquisition. This standard also amends an accounting standard on *Goodwill and Other Intangible Assets* (formerly SFAS No. 142), to make it fully applicable to not-for-profit entities. This amendment requires that goodwill of Stormont-Vail cease to be amortized, but must be tested for impairment at the "reporting unit" level, a new concept for not-for-profit entities. This standard also establishes accounting and reporting standards for a noncontrolling interest in a subsidiary. This guidance clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity and may be reported as net assets in the consolidated financial statements, rather than as a liability or in the mezzanine section between liabilities and net assets. This guidance also requires consolidated net income be reported at amounts that include the amounts attributable to both the parent and the noncontrolling interest. The adoption of this guidance resulted in a retroactive restatement, which resulted in a decrease in liabilities and an increase in net assets as of September 30, 2010 and 2009 of $1,226,720 and $886,844, respectively.

In January 2010, FASB issued ASU 2010-06, *Fair Value Measurements and Disclosures Topic* (Topic 820): *Improving Disclosures about Fair Value Measurements,* which improves the disclosures and increases the transparency in financial reporting of fair values in the footnotes of financial statements. Certain provisions of this ASU are effective for financial statements issued for fiscal years and interim periods beginning after December 15, 2009, and other provisions of this ASU are effective for financial statements issued for fiscal years and interim periods after December 15, 2010, with early adoption encouraged. During the year ended September 30, 2011, Stormont-Vail adopted certain provisions of the ASU that were effective for Stormont-Vail, which only expanded footnote disclosures. The remaining provisions are effective for Stormont-Vail's fiscal year ending September 30, 2012.

In August 2010 ASU 2010-23, *Measuring Charity Care for Disclosure*, was issued. ASU 2010-23 is effective for fiscal years beginning after December 15, 2010. ASU addresses the diversity in the accounting for charity care disclosures, which some entities determine on the basis of a cost measurement, while others use a revenue measurement. ASU 2010-23 requires that the measurement of charity care for disclosure purposes be based on the direct and indirect costs of providing the charity care. Management is evaluating the impact this ASU may have on Stormont-Vail's consolidated financial statements.

In August 2010 ASU 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*, was issued. ASU 2010-24 is effective for fiscal years beginning after December 15, 2010. ASU 2010-24 addresses the diversity in the accounting for medical malpractice and similar liabilities and their related anticipated insurance recoveries by health care entities that mostly have netted insurance recoveries against the accrued liability, although some have presented the anticipated insurance recovery and the liability on a gross basis. The ASU clarifies that a health care entity should not net insurance recoveries against a related claim liability; the amount of the claim liability should be determined without consideration of insurance recoveries. Management is evaluating the impact this ASU may have on Stormont-Vail's consolidated financial statements.

## Note 13. New and Pending Accounting Pronouncements (Continued)

In May 2011 ASU 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* was issued. This ASU was issued to clarify FASB's intent on application of certain aspects of existing fair value measurement requirements and to change certain requirements for measuring fair value and for disclosing information about fair value measurements. These changes (mostly applicable to financial instruments in levels 2 and 3) include guidance on measuring the fair value of financial instruments that are managed within a portfolio, application of premiums and discounts, and additional disclosures about fair value measurements. FASB has concluded that this ASU will achieve the objective of developing common fair value measurement and disclosure requirements in U.S. GAAP and IFRSs. This ASU is effective for Stormont-Vail for annual reporting periods beginning after December 15, 2011. Management is in the process of evaluating the potential impact this ASU may have on its consolidated financial statements.

In July 2011 ASU 2011-07, *Health Care Entities (Topic 954) – Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities,* was issued. ASU 2011-07 requires health care entities that recognize significant amounts of patient service revenue at the time the services are rendered even though they do not assess the patient's ability to pay, to change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts). Additionally, ASU 2011-07 requires those health care entities to provide enhanced disclosure about their policies for recognizing revenue and assessing bad debts, disclosures of patient service revenue (net of contractual allowances and discounts) as well as qualitative and quantitative information about changes in the allowance for doubtful accounts.

The provisions are effective for the first annual period ending after December 15, 2012, and interim and annual periods thereafter, with early adoption permitted. The changes to the presentation of the provision for bad debts related to patient service revenue in the statement of operations should be applied retrospectively to all prior periods presented. The disclosures required by ASU 2011-07 should be provided for the period of adoption and subsequent reporting periods. Stormont-Vail is assessing the impact of the implementation of ASU 2011-07 on its consolidated financial statements.

## Independent Auditor's Report on the Supplementary Information

The Board of Directors
Stormont-Vail Health*Care*, Inc.
Topeka, Kansas

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The consolidating and other information is presented for purposes of additional analysis of the basic consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities. The consolidating and other information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic consolidated financial statements taken as a whole.

As discussed in Note 13, effective October 1, 2010, Stormont-Vail adopted the new accounting provisions relating to consolidation of noncontrolling interests in the consolidated financial statements. The adoption of this guidance resulted in a retroactive restatement on the consolidated financial statements.

[redacted]

Davenport, Iowa
December 20, 2011

**Supplementary Information**

**Stormont-Vail Health*Care,* Inc.**
**and Affiliates**

**Consolidating Balance Sheet**
**September 30, 2011**
**With Comparative Totals for September 30, 2010**

| **Assets** | Stormont-Vail HealthCare, Inc. | Stormont-Vail Foundation | ExcellENT Surgery Center, L.L.C. |
|---|---|---|---|
| Current assets: | | | |
| Cash and cash equivalents | $ 62,894,430 | $ 178,789 | $ 943,663 |
| Short-term investments | 35,805,231 | - | - |
| Accounts receivable, patients - net | 71,696,286 | - | 736,446 |
| Limited use or restricted assets | 5,953,314 | - | - |
| Other accounts receivable | 3,220,805 | 11,448 | 147,528 |
| Due from related parties | 275,228 | - | - |
| Inventories | 5,088,446 | - | 77,867 |
| Other current assets | 3,686,374 | 13,058 | 7,429 |
| **Total current assets** | 188,620,114 | 203,295 | 1,912,933 |
| Limited use or restricted assets: | | | |
| Under bond trust indentures - held by Trustee | 11,074,978 | - | - |
| Board-designated for capital improvements | 78,537,067 | - | - |
| Restricted by professional liability insurance security agreements | 4,718,388 | - | - |
| Restricted by donors or grantors | 800,918 | 11,647,894 | - |
| **Total limited use or restricted assets** | 95,131,351 | 11,647,894 | - |
| Less current portion | 5,953,314 | - | - |
| **Limited use or restricted assets, net** | 89,178,037 | 11,647,894 | - |
| Property, plant and equipment | 386,392,910 | 31,746 | 1,579,804 |
| Less accumulated depreciation | 201,253,993 | 31,033 | 490,734 |
| **Property, plant and equipment, net** | 185,138,917 | 713 | 1,089,070 |
| Other assets: | | | |
| Debt issue costs, net | 1,875,010 | - | - |
| Investments in affiliates | 21,165,354 | - | - |
| Intangible assets, net | 194,650 | - | - |
| Miscellaneous, primarily employee advances | 70,661 | - | - |
| **Total other assets** | 23,305,675 | - | - |
| | $ 486,242,743 | $ 11,851,902 | $ 3,002,003 |

* Other Affiliates includes Dechairo Hospital, Inc., KOSM, Inc., UAT, Inc., and Urish Medical Plaza, L.L.C.

Schedule 1

| Stormont-Vail, Inc. | Century Health Solutions, Inc. | Other Affiliates* | Eliminations | Total 2011 | Total 2010 |
|---|---|---|---|---|---|
| $ 2,404,005 | $ 96,553 | $ 201,531 | $ - | $ 66,718,971 | $ 48,192,964 |
| - | - | - | - | 35,805,231 | 28,826,739 |
| 1,011,520 | 57,433 | 2,002 | - | 73,503,687 | 66,465,179 |
| - | - | - | - | 5,953,314 | 9,125,200 |
| 55,851 | - | - | - | 3,435,632 | 2,224,451 |
| - | 21,626 | - | (296,854) | - | - |
| 601,757 | - | - | - | 5,768,070 | 5,127,346 |
| 553,424 | 23,334 | 27,195 | - | 4,310,814 | 4,168,986 |
| 4,626,557 | 198,946 | 230,728 | (296,854) | 195,495,719 | 164,130,865 |
| | | | | | |
| - | - | - | - | 11,074,978 | 7,774,816 |
| 3,072,294 | - | - | - | 81,609,361 | 79,546,895 |
| | | | | | |
| - | - | - | - | 4,718,388 | 2,407,875 |
| - | - | - | - | 12,448,812 | 12,457,718 |
| 3,072,294 | - | - | - | 109,851,539 | 102,187,304 |
| - | - | - | - | 5,953,314 | 9,125,200 |
| 3,072,294 | - | - | - | 103,898,225 | 93,062,104 |
| | | | | | |
| 4,714,929 | 95,924 | 2,202,252 | - | 395,017,565 | 386,702,591 |
| 1,692,042 | 75,189 | 349,660 | - | 203,892,651 | 190,136,455 |
| 3,022,887 | 20,735 | 1,852,592 | - | 191,124,914 | 196,566,136 |
| | | | | | |
| - | - | - | - | 1,875,010 | 2,479,386 |
| 4,978,883 | - | - | (18,838,026) | 7,306,211 | 7,414,704 |
| - | - | 1,252,762 | - | 1,447,412 | 1,977,456 |
| 1,000 | - | - | - | 71,661 | 74,609 |
| 4,979,883 | - | 1,252,762 | (18,838,026) | 10,700,294 | 11,946,155 |
| $ 15,701,621 | $ 219,681 | $ 3,336,082 | $ (19,134,880) | $ 501,219,152 | $ 465,705,260 |

**Stormont-Vail Health*Care,* Inc.**
**and Affiliates**

**Consolidating Balance Sheet**
**September 30, 2011**
**With Comparative Totals for September 30, 2010**

| **Liabilities, Stockholders' Equity, and Net Assets** | Stormont-Vail HealthCare, Inc. | Stormont-Vail Foundation | ExcellENT Surgery Center, L.L.C. |
|---|---|---|---|
| Current liabilities: | | | |
| Current portion of long-term debt | $ 1,026,378 | $ - | $ - |
| Current portion of payable under employee agreements | 648,486 | - | - |
| Accounts payable | 13,690,511 | 78,272 | 16,139 |
| Accrued expenses: | | | |
| Interest | 1,608,213 | - | - |
| Compensation | 31,226,792 | - | 29,855 |
| Health insurance | 4,677,645 | - | - |
| Other | 5,039,363 | 7,596 | 147,578 |
| Reserve for third-party payors | 4,088,606 | | - |
| Due to related parties | 54,040 | 39,971 | 91,503 |
| **Total current liabilities** | 62,060,034 | 125,839 | 285,075 |
| Long-term debt, less current portion | 140,669,242 | - | - |
| Long-term payable under employee agreements, less current portion | 1,685,389 | - | - |
| Interest rate swap | 118,520 | - | - |
| Accrued pension, less current portion | 110,163,807 | - | - |
| Conditional asset retirement obligation | 74,459 | - | - |
| **Total liabilities** | 314,771,451 | 125,839 | 285,075 |
| Stockholders' equity | - | - | 2,716,928 |
| Net assets: | | | |
| Unrestricted | 170,670,374 | 78,169 | - |
| Noncontrolling interest, unrestricted | - | - | - |
| Temporarily restricted | 668,059 | 1,686,256 | - |
| Permanently restricted | 132,859 | 9,961,638 | - |
| **Total net assets** | 171,471,292 | 11,726,063 | - |
| | $ 486,242,743 | $ 11,851,902 | $ 3,002,003 |

* Other Affiliates includes Dechairo Hospital, Inc., KOSM, Inc., UAT, Inc., and Urish Medical Plaza, L.L.C.

| Stormont-Vail, Inc. | Century Health Solutions, Inc. | Other Affiliates* | Eliminations | Total 2011 | Total 2010 |
|---|---|---|---|---|---|
| $ - | $ - | $ 454,058 | $ - | $ 1,480,436 | $ 3,496,804 |
| - | - | - | - | 648,486 | 461,835 |
| 122,976 | 22,189 | 1,021 | 2,294 | 13,933,402 | 12,017,543 |
| | | | | | |
| - | - | - | - | 1,608,213 | 2,733,129 |
| 65,183 | 147,629 | - | - | 31,469,459 | 25,783,236 |
| - | - | - | - | 4,677,645 | 3,504,192 |
| 590,547 | 1,412 | - | - | 5,786,496 | 4,950,018 |
| - | - | - | - | 4,088,606 | 1,596,286 |
| 113,634 | - | - | (299,148) | - | - |
| 892,340 | 171,230 | 455,079 | (296,854) | 63,692,743 | 54,543,043 |
| | | | | | |
| - | - | - | - | 140,669,242 | 138,385,635 |
| | | | | | |
| - | - | - | - | 1,685,389 | 2,264,955 |
| - | - | - | - | 118,520 | 824,938 |
| - | - | - | - | 110,163,807 | 72,926,135 |
| - | - | - | - | 74,459 | 246,929 |
| 892,340 | 171,230 | 455,079 | (296,854) | 316,404,160 | 269,191,635 |
| | | | | | |
| 14,809,281 | 48,451 | 2,881,003 | (20,455,663) | - | - |
| | | | | | |
| - | - | - | - | 170,748,543 | 182,829,187 |
| - | - | - | 1,617,637 | 1,617,637 | 1,226,720 |
| - | - | - | - | 2,354,315 | 2,536,376 |
| - | - | - | - | 10,094,497 | 9,921,342 |
| - | - | - | 1,617,637 | 184,814,992 | 196,513,625 |
| $ 15,701,621 | $ 219,681 | $ 3,336,082 | $ (19,134,880) | $ 501,219,152 | $ 465,705,260 |

**Stormont-Vail HealthCare, Inc.**
**and Affiliates**

## Consolidating Statement of Operations
## Year Ended September 30, 2011
## With Comparative Totals for Year Ended September 30, 2010

| | Stormont-Vail HealthCare, Inc | Stormont-Vail Foundation |
|---|---|---|
| Operating revenues | | |
| Net patient service revenue | $ 505,100,014 | $ - |
| Other operating revenue | 6,551,809 | - |
| Net assets released from restriction for operating activities | 47,561 | 612,616 |
| **Total operating revenues** | 511,699,384 | 612,616 |
| Operating expenses | | |
| Salaries, wages and employee benefits | 294,024,926 | 314,769 |
| Supplies and other expenses | 136,882,718 | 51,338 |
| Professional services | 5,450,984 | 15,843 |
| Interest | 8,089,400 | - |
| Depreciation and amortization of intangibles | 19,155,458 | 187 |
| Program expense | 47,561 | 724,746 |
| Provision for uncollectible accounts | 19,588,586 | - |
| **Total operating expenses** | 483,239,633 | 1,106,883 |
| **Income (loss) from operations** | 28,459,751 | (494,267) |
| Nonoperating gains (losses) | | |
| Investment income (loss) | | |
| Interest and dividend income and realized gains on sales of investments | 164,970 | 226,169 |
| Current year change in net unrealized gains on trading securities | (3,630,368) | 89 |
| **Investment income (loss)** | (3,465,398) | 226,258 |
| Equity in net gains (losses) of unconsolidated affiliates | (188,114) | - |
| Income tax benefit (expense) and other income (expense), net | 1,452,418 | 34,100 |
| Loss on extinguishment of debt | (911,138) | - |
| Change in fair value of interest rate swap | 706,418 | - |
| **Total nonoperating gains (losses), net** | (2,405,814) | 260,358 |
| **Excess of revenues over (under) expenses** | 26,053,937 | (233,909) |
| Less excess of revenue over expenses attributable to noncontrolling interest | - | - |
| **Excess of revenues over (under) expenses attributable to controlling interest** | 26,053,937 | (233,909) |
| Change in unrecognized funded status of pension plan | (40,015,373) | - |
| Unrestricted contributions to (from) affiliates | (180,000) | 180,000 |
| Contributions to (from) affiliates for capital expenditures | 80,448 | (80,448) |
| Dividends paid to shareholders' | - | - |
| Net assets released from restriction for capital expenditures | - | 80,448 |
| Donation of property and equipment received | 308,613 | - |
| Capital contributions | - | - |
| Equity in net income (loss) of consolidated affiliates | 1,725,640 | - |
| **Increase (decrease) in unrestricted net assets/equity** | $ (12,026,735) | $ (53,909) |

* Other Affiliates includes Dechairo Hospital, Inc , KOSM, Inc , UAT, Inc , and Urish Medical Plaza, L L C

Schedule 2

| ExcellENT Surgery Center, L L C | Stormont-Vail, Inc | Century Health Solutions, Inc | Other Affiliates * | Eliminations | Total 2011 | Total 2010 |
|---|---|---|---|---|---|---|
| $ - | $ 820,502 | $ - | $ - | $ - | $ 505,920,516 | $ 474,521,274 |
| 3,707,620 | 1,661,955 | 943,433 | 357,820 | (284,723) | 12,937,914 | 12,936,163 |
| - | - | - | - | - | 660,177 | 468,534 |
| 3,707,620 | 2,482,457 | 943,433 | 357,820 | (284,723) | 519,518,607 | 487,925,971 |
| 1,061,487 | 1,252,267 | 897,566 | - | - | 297,551,015 | 281,239,660 |
| 730,916 | 924,501 | 369,096 | 88,101 | (284,723) | 138,761,947 | 128,932,118 |
| 460,181 | 27,237 | 884 | 12,016 | - | 5,967,145 | 5,396,216 |
| 2 | - | - | 21,033 | - | 8,110,435 | 8,074,757 |
| 144,607 | 105,702 | 10,027 | 569,172 | - | 19,985,153 | 20,395,331 |
| - | - | - | - | - | 772,307 | 661,010 |
| 262,713 | 44,844 | - | - | - | 19,896,143 | 29,516,728 |
| 2,659,906 | 2,354,551 | 1,277,573 | 690,322 | (284,723) | 491,044,145 | 474,215,820 |
| 1,047,714 | 127,906 | (334,140) | (332,502) | - | 28,474,462 | 13,710,151 |
| 608 | 35,192 | - | - | - | 426,939 | 3,508,206 |
| - | - | - | - | - | (3,630,279) | 3,653,101 |
| 608 | 35,192 | - | - | - | (3,203,340) | 7,161,307 |
| - | 2,266,708 | - | - | - | 2,078,594 | 1,163,002 |
| - | (664,733) | 144,000 | (30,497) | - | 935,288 | (886,620) |
| - | - | - | - | - | (911,138) | - |
| - | - | - | - | - | 706,418 | 473,173 |
| 608 | 1,637,167 | 144,000 | (30,497) | - | (394,178) | 7,910,862 |
| 1,048,322 | 1,765,073 | (190,140) | (362,999) | - | 28,080,284 | 21,621,013 |
| - | - | - | - | (534,616) | (534,616) | (329,255) |
| 1,048,322 | 1,765,073 | (190,140) | (362,999) | (534,616) | 27,545,668 | 21,291,758 |
| - | - | - | - | - | (40,015,373) | (24,291,853) |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| (293,264) | - | - | - | 293,264 | - | - |
| - | - | - | - | - | 80,448 | 340,000 |
| - | - | - | - | - | 308,613 | 155,989 |
| - | - | 180,728 | - | (180,728) | - | - |
| - | (124,357) | - | - | (1,601,283) | - | - |
| $ 755,058 | $ 1,640,716 | $ (9,412) | $ (362,999) | $ (2,023,363) | $ (12,080,644) | $ (2,504,106) |

**Stormont-Vail Health*Care,* Inc.**
**and Affiliates**

## Consolidating Statement of Changes in Net Assets/Stockholders' Equity
## Year Ended September 30, 2011
## With Comparative Totals for Year Ended September 30, 2010

| | Stormont-Vail HealthCare, Inc | Stormont-Vail Foundation |
|---|---|---|
| Unrestricted net assets | | |
| Excess of revenues over (under) expenses | $ 26,053,937 | $ (233,909) |
| Change in unrecognized funded status of pension plan | (40,015,373) | - |
| Income associated with noncontrolling interests | - | - |
| Unrestricted contributions to (from) affiliates | (180,000) | 180,000 |
| Contributions to (from) affiliates for capital expenditures | 80,448 | (80,448) |
| Dividends paid to shareholders' | - | - |
| Net assets released from restriction for capital expenditures | - | 80,448 |
| Donation of property and equipment received | 308,613 | - |
| Capital contributions | - | - |
| Equity in net income (loss) of consolidated affiliates | 1,725,640 | - |
| **Increase (decrease) in unrestricted net assets/equity** | (12,026,735) | (53,909) |
| Temporarily restricted net assets: | | |
| Contributions | 74,599 | 478,074 |
| Change of restriction by donor | - | 25,000 |
| Investment income (loss) | 11,060 | 89,550 |
| Change in net unrealized gains (losses) on investments | - | (119,719) |
| Net assets released from restriction for operating activities | (47,561) | (612,616) |
| Net assets released from restriction for capital expenditures | - | (80,448) |
| **Increase (decrease) in temporarily restricted net assets** | 38,098 | (220,159) |
| Permanently restricted net assets· | | |
| Contributions, net | - | 198,155 |
| Change of restriction by donor | - | (25,000) |
| Investment income | - | - |
| **Increase in permanently restricted net assets** | - | 173,155 |
| Noncontrolling interest - unrestricted net assets: | | |
| Income associated with noncontrolling interests | - | - |
| **Increase in noncontrolling interest - unrestricted net assets** | - | - |
| **Increase (decrease) in net assets/equity** | (11,988,637) | (100,913) |
| Net assets/stockholders' equity, beginning of year | 183,459,929 | 11,826,976 |
| Net assets/stockholders' equity, end of year | $ 171,471,292 | $ 11,726,063 |

* Other Affiliates includes Dechairo Hospital, Inc., KOSM, Inc., UAT, Inc , and Urish Medical Plaza, L.L.C

Schedule 3

| ExcellENT Surgery Center, L.L C | Stormont-Vail, Inc | Century Health Solutions, Inc. | Other Affiliates* | Eliminations | Total 2011 | Total 2010 |
|---|---|---|---|---|---|---|
| $ 1,048,322 | $ 1,765,073 | $ (190,140) | $ (362,999) | $ - | $ 28,080,284 | $ 21,621,013 |
| - | - | - | - | - | (40,015,373) | (24,291,853) |
| - | - | - | - | (534,616) | (534,616) | (329,255) |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| (293,264) | - | - | - | 293,264 | - | - |
| - | - | - | - | - | 80,448 | 340,000 |
| - | - | - | - | - | 308,613 | 155,989 |
| - | - | 180,728 | - | (180,728) | - | - |
| - | (124,357) | - | - | (1,601,283) | - | - |
| 755,058 | 1,640,716 | (9,412) | (362,999) | (2,023,363) | (12,080,644) | (2,504,106) |
| | | | | | | |
| - | - | - | - | - | 552,673 | 507,915 |
| - | - | - | - | - | 25,000 | - |
| - | - | - | - | - | 100,610 | (60,643) |
| - | - | - | - | - | (119,719) | 377,540 |
| - | - | - | - | - | (660,177) | (468,534) |
| - | - | - | - | - | (80,448) | (340,000) |
| - | - | - | - | - | (182,061) | 16,278 |
| | | | | | | |
| - | - | - | - | - | 198,155 | 1,332,033 |
| - | - | - | - | - | (25,000) | - |
| - | - | - | - | - | - | 5,000 |
| - | - | - | - | - | 173,155 | 1,337,033 |
| | | | | | | |
| - | - | - | - | 390,917 | 390,917 | 339,876 |
| - | - | - | - | 390,917 | 390,917 | 339,876 |
| | | | | | | |
| 755,058 | 1,640,716 | (9,412) | (362,999) | (1,632,446) | (11,698,633) | (810,919) |
| | | | | | | |
| 1,961,870 | 13,168,565 | 57,863 | 3,244,002 | (17,205,580) | 196,513,625 | 197,324,544 |
| $ 2,716,928 | $ 14,809,281 | $ 48,451 | $ 2,881,003 | $ (18,838,026) | $ 184,814,992 | $ 196,513,625 |

**Stormont-Vail HealthCare, Inc.**
**(Parent Company Only)**

Schedule 4

## Revenue and Expenses
## Years Ended September 30, 2011 and 2010

| | 2011 | | | Total |
|---|---|---|---|---|
| | In-Patient | Out-Patient | Total | 2010 |
| Revenue: | | | | |
| Revenue from services to patients | | | | |
| Anesthesia | $ 5,773,624 | $ 6,828,127 | $ 12,601,751 | $ 12,227,328 |
| Cardiovascular services | 60,589,774 | 69,673,775 | 130,263,549 | 106,264,096 |
| Critical care | 27,715,300 | 101,176 | 27,816,476 | 25,918,730 |
| Emergency room | 17,168,987 | 34,804,888 | 51,973,875 | 46,682,313 |
| Endoscopy and pain management | 2,272,819 | 4,757,817 | 7,030,636 | 6,482,841 |
| Enterostomal therapy | 1,177 | 44,937 | 46,114 | 4,723 |
| Laboratory | 76,005,353 | 31,803,635 | 107,808,988 | 93,228,319 |
| Materials management | 46,095,187 | 2,715,679 | 48,810,866 | 48,342,529 |
| Medical/surgical | 81,357,341 | 5,107,900 | 86,465,241 | 81,410,542 |
| Neonatal intensive care unit | 32,097,826 | 5,326 | 32,103,152 | 25,573,101 |
| Obstetrics/gynecology | 19,976,969 | 1,738,641 | 21,715,610 | 20,069,236 |
| Pediatric and adolescent | 4,067,743 | 478,205 | 4,545,948 | 3,454,403 |
| Perfusion | 6,394,306 | 9,990 | 6,404,296 | 6,083,218 |
| Pharmacy and IV therapy | 75,971,332 | 21,379,465 | 97,350,797 | 82,759,335 |
| Post anesthesia care unit | 3,808,831 | 6,664,205 | 10,473,036 | 9,637,541 |
| Psychiatric | 25,200,006 | 1,366,546 | 26,566,552 | 24,990,008 |
| Radiology | 41,940,202 | 76,904,998 | 118,845,200 | 105,468,784 |
| Rehabilitation services | 5,304,629 | 3,478,164 | 8,782,793 | 8,039,436 |
| Respiratory care | 39,026,909 | 1,616,980 | 40,643,889 | 35,513,840 |
| Sleep disorders center | (11,686) | 5,108,658 | 5,096,972 | 4,394,709 |
| Surgery | 95,254,337 | 65,767,906 | 161,022,243 | 137,577,614 |
| Medical services division | 6,217,489 | 350,938,972 | 357,156,461 | 344,097,136 |
| Woundcare | - | 3,427,819 | 3,427,819 | 2,817,613 |
| Less provision for charity care relating to classifications above | | | (33,807,083) | (22,216,174) |
| **Total revenue from services to patients - forward** | | | $ 1,333,145,181 | $ 1,208,821,221 |

**(Continued)**

**Stormont-Vail HealthCare, Inc.**
**(Parent Company Only)**

Schedule 4, Cont.

## Revenue and Expenses
## Years Ended September 30, 2011 and 2010

| | 2011 | 2010 |
|---|---|---|
| **Total revenue from services to patients - forwarded** | **$ 1,333,145,181** | $ 1,208,821,221 |
| Less: | | |
| Courtesy and other allowances | **1,351,198** | 990,986 |
| Contractual adjustments: | | |
| Medicare | **462,643,841** | 411,018,179 |
| Medicaid | **131,780,230** | 114,476,766 |
| Blue Cross | **148,834,331** | 143,409,557 |
| Tri-Care | **22,674,084** | 17,130,125 |
| Other | **60,761,483** | 47,274,334 |
| | **828,045,167** | 734,299,947 |
| **Net revenue from services to patients** | **505,100,014** | 474,521,274 |
| Other operating revenue: | | |
| Nutritional services | **2,124,607** | 2,132,673 |
| Education services/School of Nursing | **1,774,854** | 1,691,494 |
| Pharmacy and IV therapy | **9,071** | 3,323 |
| Laundry service | **175** | 875 |
| Interest income | **1,573,375** | 1,457,205 |
| Maternal fetal medicine | **84,614** | 83,120 |
| Lifeline | **445,689** | 437,279 |
| Other | **539,424** | 1,240,392 |
| **Total other operating revenue** | **6,551,809** | 7,046,361 |
| Net assets released from restriction for operating activities | **47,561** | 61,827 |
| **Total operating revenue** | **$ 511,699,384** | $ 481,629,462 |

**(Continued)**

**Stormont-Vail HealthCare, Inc.**
**(Parent Company Only)**

Schedule 4, Cont.

## Revenue and Expenses
## Years Ended September 30, 2011 and 2010

| | 2011 | 2010 |
|---|---|---|
| Operating expenses: | | |
| Salaries | **$ 236,225,600** | $ 225,873,350 |
| Employee benefits | **57,799,326** | 52,038,275 |
| Supplies | **84,885,352** | 78,916,010 |
| Other expenses | **47,797,094** | 44,099,053 |
| Utilities | **4,200,272** | 4,097,546 |
| Professional services | **5,450,984** | 4,998,507 |
| Interest | **8,089,400** | 8,046,410 |
| Depreciation and amortization of intangibles | **19,155,458** | 19,536,063 |
| Program expense | **47,561** | 61,827 |
| Provision for uncollectible accounts | **19,588,586** | 29,301,626 |
| **Total operating expenses** | **483,239,633** | 466,968,667 |
| **Income from operations** | **28,459,751** | 14,660,795 |
| Nonoperating gains (losses): | | |
| Investment income (loss): | | |
| Interest and dividend income and realized gains on sale of investments | **164,970** | 3,098,566 |
| Current year change in net unrealized gains on trading securities | **(3,630,368)** | 3,591,802 |
| **Investment income (loss)** | **(3,465,398)** | 6,690,368 |
| Equity in net (loss) of unconsolidated affiliates | **(188,114)** | (675,752) |
| Other income (expense), net | **1,452,418** | (14,735) |
| Loss on extinguishment of debt | **(911,138)** | - |
| Change in fair value of interest rate swap | **706,418** | 473,173 |
| **Nonoperating gains (losses), net** | **(2,405,814)** | 6,473,054 |
| **Excess of revenues over expenses** | **26,053,937** | 21,133,849 |
| Change in unrecognized funded status of retirement plan | **(40,015,373)** | (24,291,853) |
| Contributions to affiliate | **(180,000)** | (180,000) |
| Contributions from affiliate for capital expenditures | **80,448** | 340,000 |
| Donation of property and equipment received | **308,613** | 155,989 |
| Equity in net income of consolidated affiliates | **1,725,640** | 318,195 |
| **(Decrease) in unrestricted net assets** | **$ (12,026,735)** | $ (2,523,820) |

**Stormont-Vail Health*Care,* Inc.** Schedule 5
**(Parent Company Only)**

**Operating Expenses**
**(Excluding Depreciation and Amortization, Interest, Program Expense and Provision for Uncollectible Accounts)**

**Year Ended September 30, 2011**
**With Comparative Totals for Year Ended September 30, 2010**

| | 2011 | | | | |
|---|---|---|---|---|---|
| | Salaries, Wages and Employee Benefits | Supplies and Other Expenses | Professional Services | Total | Total 2010 |
| Administration | $ 4,749,730 | $ 8,013,015 | $ 235,250 | $ 12,997,995 | $ 11,804,061 |
| Anesthesia | - | 571,975 | 1,895,822 | 2,467,797 | 2,519,829 |
| Cardiovascular services | 3,969,755 | 10,912,575 | - | 14,882,330 | 14,430,289 |
| Case management | 1,535,398 | 21,522 | - | 1,556,920 | 1,380,820 |
| Critical care | 4,913,983 | 982,818 | - | 5,896,801 | 5,781,387 |
| Educational services | 480,501 | 553,489 | - | 1,033,990 | 467,840 |
| Emergency room | 6,094,203 | 428,131 | - | 6,522,334 | 6,684,986 |
| Employee benefits | 68,653,551 | 135,828 | - | 68,789,379 | 59,055,025 |
| Endoscopy and pain management | 584,895 | 378,162 | - | 963,057 | 989,574 |
| Environmental services | 2,359,997 | 1,025,097 | - | 3,385,094 | 3,452,968 |
| Enterostomal therapy | 191,314 | 12,127 | - | 203,441 | 230,804 |
| Facilities management | 2,692,013 | 5,023,993 | - | 7,716,006 | 7,561,180 |
| Fiscal operations | 5,133,908 | 3,400,741 | - | 8,534,649 | 4,795,456 |
| Health connections | 1,012,049 | 17,094 | - | 1,029,143 | 944,463 |
| Health sciences library | 152,911 | 173,524 | - | 326,435 | 308,049 |
| Human resources | 1,358,841 | 278,513 | - | 1,637,354 | 2,009,435 |
| Information systems | 5,133,703 | 7,298,711 | - | 12,432,414 | 9,265,921 |
| Laboratory | 6,738,504 | 8,251,855 | 527,100 | 15,517,459 | 15,434,353 |
| Laundry-linen services | 398,680 | 338,725 | - | 737,405 | 681,866 |
| Marketing | 545,622 | 1,218,567 | (1,256) | 1,762,933 | 1,642,338 |
| Materials management | 1,377,085 | 4,367,254 | - | 5,744,339 | 6,183,121 |
| Medical records and transcription | 1,268,263 | 1,074,020 | - | 2,342,283 | 2,295,523 |
| Medical staff office | 231,485 | 19,732 | 36,000 | 287,217 | 279,643 |
| Medical/surgical | 22,171,460 | 978,923 | - | 23,150,383 | 24,368,574 |
| Medical services division | 103,044,102 | 33,744,844 | 1,256,804 | 138,045,750 | 137,977,582 |
| Neonatal intensive care unit | 5,143,424 | 237,279 | 138,188 | 5,518,891 | 5,251,730 |
| Nursing | 786,711 | 334,620 | - | 1,121,331 | 727,570 |
| Nutritional services | 2,185,007 | 3,142,034 | - | 5,327,041 | 5,173,617 |
| Obstetrics/gynecology | 4,796,841 | 418,555 | - | 5,215,396 | 5,380,214 |
| **Operating expenses forward** | $ 257,703,936 | $ 93,353,723 | $ 4,087,908 | $ 355,145,567 | $ 337,078,218 |

**(Continued)**

**Stormont-Vail Health*Care,* Inc.**
**(Parent Company Only)**

Schedule 5, Cont.

## Operating Expenses
## (Excluding Depreciation and Amortization, Interest, Program Expense and Provision for Uncollectible Accounts)

## Year Ended September 30, 2011
## With Comparative Totals for Year Ended September 30, 2010

| | Salaries, Wages and Employee Benefits | Supplies and Other Expenses | Professional Services | 2011 Total | 2010 Total |
|---|---|---|---|---|---|
| **Operating expenses forwarded** | $ 257,703,936 | $ 93,353,723 | $ 4,087,908 | $ 355,145,567 | $ 337,078,218 |
| Pediatric and adolescent | 2,022,504 | 147,680 | 515,936 | 2,686,120 | 2,000,900 |
| Perfusion | 452,226 | 616,475 | - | 1,068,701 | 997,623 |
| Pharmacy and IV therapy | 5,104,186 | 16,239,485 | - | 21,343,671 | 16,544,396 |
| Post anesthesia care unit | 1,183,070 | 31,801 | - | 1,214,871 | 1,220,095 |
| Psychiatric | 4,021,368 | 380,836 | - | 4,402,204 | 4,486,671 |
| Radiology | 3,492,921 | 2,010,308 | - | 5,503,229 | 5,490,108 |
| Registration and pre-access | 2,374,580 | 91,262 | - | 2,465,842 | 1,499,512 |
| Rehabilitation services | 1,823,773 | 161,028 | - | 1,984,801 | 1,888,461 |
| Respiratory care | 2,638,485 | 314,033 | - | 2,952,518 | 2,791,747 |
| Risk management and infection control | 533,137 | 9,286 | - | 542,423 | 444,252 |
| Safety and employee health | 150,505 | 638,181 | - | 788,686 | 388,337 |
| School of Nursing | 1,410,278 | 40,279 | - | 1,450,557 | 1,332,140 |
| Security | 1,151,944 | 27,344 | - | 1,179,288 | 1,182,285 |
| Sleep disorders center | 738,339 | 46,531 | - | 784,870 | 797,957 |
| Surgery | 7,109,445 | 21,686,798 | - | 28,796,243 | 27,899,030 |
| Telecommunications | 381,326 | 495,219 | - | 876,545 | 856,387 |
| Transportation | 691,498 | 237,551 | - | 929,049 | 982,349 |
| Volunteers | 205,080 | 41,416 | - | 246,496 | 252,612 |
| Women's center | 836,325 | 313,482 | 847,140 | 1,996,947 | 1,889,661 |
| **Total** | $ 294,024,926 | $ 136,882,718 | $ 5,450,984 | $ 436,358,628 | $ 410,022,741 |

**Stormont-Vail HealthCare, Inc.**
**(Parent Company Only)**

Schedule 6

**Accounts Receivable - Patients**
**September 30, 2011 and 2010**

An aging of patient receivables at September 30, 2011, with comparative 2010 totals, follows:

| | Private Pay | Third Party | Medical Services Division | Totals 2011 | Totals 2010 |
|---|---|---|---|---|---|
| Current | $ 7,148,229 | $ 77,336,370 | $ 24,275,046 | $ 108,759,645 | $ 96,402,779 |
| 31-60 days | 5,908,599 | 10,664,436 | 4,027,456 | 20,600,491 | 17,942,500 |
| 61-90 days | 4,823,152 | 3,997,016 | 1,778,378 | 10,598,546 | 11,762,231 |
| 91-150 days | 6,423,588 | 4,168,055 | 4,186,836 | 14,778,479 | 11,780,614 |
| 151 days and over | 13,375,761 | 3,884,299 | 40,872,506 | 58,132,566 | 47,059,173 |
| **Gross patient accounts receivable** | | | | 212,869,727 | 184,947,297 |
| Less allowance for contractual adjustments | | | | (79,398,945) | (67,980,511) |
| **Patient accounts receivable, net of allowance for contractual adjustments** | | | | 133,470,782 | 116,966,786 |
| Less allowance for uncollectible accounts | | | | (61,774,496) | (51,644,353) |
| **Accounts receivable, patients - net** | | | | $ 71,696,286 | $ 65,322,433 |