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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

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 01-01-2011 and ending 12-31-2011

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
ST JOSEPH HOSPITAL

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
172 KINSLEY ST

City or town, state or country, and ZIP + 4
NASHUA, NH 030612013

D Employer identification number
02-0222215

E Telephone number
(603)882-3000

G Gross receipts $ 197,856,422

F Name and address of principal officer
DAVID ROSS
172 KINSLEY ST
NASHUA,NH 030612013

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: ▶ stjosephhospital com

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1943 | **M** State of legal domicile NH

Part I Summary

1 Briefly describe the organization's mission or most significant activities
healthcare services to anyone needing care

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	13
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	9
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	1,557
6	Total number of volunteers (estimate if necessary)	**6**	350
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	117,343
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	1,379,108	669,121
	9 Program service revenue (Part VIII, line 2g)	181,428,692	194,262,473
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	3,085,646	2,260,394
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	163,538	-26,497
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	186,056,984	197,165,491
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)		0
	14 Benefits paid to or for members (Part IX, column (A), line 4)		0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	77,696,029	81,831,327
	16a Professional fundraising fees (Part IX, column (A), line 11e)		0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶117,964		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	83,736,663	90,347,984
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	161,432,692	172,179,311
	19 Revenue less expenses Subtract line 18 from line 12	24,624,292	24,986,180

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	216,819,910	223,191,366
	21 Total liabilities (Part X, line 26)	110,962,321	115,700,175
	22 Net assets or fund balances Subtract line 21 from line 20	105,857,589	107,491,191

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

****** | 2012-07-17
Signature of officer | Date

DAVID ROSS CEO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶ WM STEELE ASSOCIATES | Date | Check if self-employed ▶☐ | Preparer's taxpayer identification number (see instructions)

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ WILLIAM STEELE & ASSOCIATES
40 STARK STREET
MANCHESTER, NH 03101

EIN ▶

Phone no ▶ (603) 622-8881

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

To provide compassionate healthcare that contributes to the physical, emotional

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 organization's program service accomplishments for each of its three largest program services, as measured 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 $ 29,650,188 including grants of $) (Revenue $ 63,468,645)

INPATIENT MEDICAL, SURGICAL AND MENTAL HEALTH SERVICES TO ANYONE NEEDING CARE IN THE GREATER NASHUA AREA

4b (Code) (Expenses $ 59,657,606 including grants of $) (Revenue $ 121,701,975)

OUTPATIENT SERVICES INCLUDING SURGERY, RADIOLOGY, LABORATORY, REHABILITATIVE, CARDIOVASCULAR, BREAST HEALTH, ADULT DAY CARE, CARDIAC REHAB, AND MENTAL HEALTH TO ANYONE NEEDING SERVICES IN THE GREATER NASHUA AREA

4c (Code) (Expenses $ 43,901,569 including grants of $) (Revenue $)

EACH YEAR ST JOSEPH HOSPITAL PROVIDES MILLIONS OF DOLLARS WORTH OF CHARITY CARE AND COMMUNITY SERVICES REFLECTING OUR HEALING MISSION AND OUR VALUES ST JOSEPH HOSPITAL FOLLOWS THE METHODOLOGY RECOMMENDED BY THE CATHOLIC HEALTH ASSOCIATION FOR CALCULATING THE COST OF CHARITY CARE AND COMMUNITY BENEFITS COMMUNITY BENEFIT REPORT FOR 2011 IS THE BASIS FOR THE EXPENSES ASSOCIATED WITH THESE ACTIVITIES

(Code) (Expenses $ 1,402,017 including grants of $) (Revenue $ 1,171,455)

School of nursing, LNA and other health professionals provided to the community in its mission of providing healthcare to the community in its mission of providing healthcare to the

4d Other program services (Describe in Schedule O)

(Expenses $ 1,402,017 including grants of $) (Revenue $ 1,171,455)

4e **Total program service expenses** ▶ $ 134,611,380

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 instructions)?	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		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which 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 temporarily restricted endowments, permanent endowments, 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	Yes	
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f		No
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, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Part I*	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, Part 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, Part 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*	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.** All Form 990 filers that operated one or more hospitals must attach audited financial statements	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 questions 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 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**		No
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**	Yes	
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	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	**35a**	Yes	
b	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*	**35b**	Yes	
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**		
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**	223		
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**	1,557			
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 or securities account)?			**4a**		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			**9a**		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	**11a**				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			**13a**		
b	Enter the aggregate 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 aggregate 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	13		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	9		
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	Did the organization have members or stockholders?			6	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?			7a	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?			7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following					
a	The governing body?			8a	Yes	
b	Each committee with authority to act on behalf of the governing body?			8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O			9		No

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

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		
11a	Has the organization provided a complete 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 the Form 990			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	12a	Yes	
b	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	Yes	
13	Did the organization have a written whistleblower policy?	13	Yes	
14	Did 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," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take 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 ▶ NH

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 made 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 made 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 ▶

RICHARD PLAMONDON
172 KINSLEY ST
NASHUA,NH 030612013
(603)882-3000

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, or 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 organizations compensated any current or former officer, director, or trustee

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) DAVID ROSS President/CEO	40 00	X		X				384,368	0	35,333
(2) RICHARD PLAMONDON Vice President Finance	40 00			X				286,814	0	44,999
(3) PAM DUCHENE VP Patient Care Svcs	40 00				X			225,050	0	35,750
(4) KEITH CHOINKA VP Information Technology	40 00					X		240,625	0	18,360
(5) BEVERLY ROBINSON VP Quality & Regulatory	40 00				X			197,635	0	32,896
(6) JAMES MCKENNA VP Ambulatory Svcs	40 00				X			207,766	0	28,026
(7) JACQUI WOOLLEY VP Human Resources	40 00					X		203,065	0	30,295
(8) GREG ZUERCHER MD Physician	40 00					X		300,462	0	35,719
(9) MICHAEL MCGEE MD Physician	40 00					X		258,474	0	35,656
(10) ROBERT DEMERS Director of Operations	40 00					X		169,011	0	33,168
(11) LAWRENCE LEARNER MD Director	1 00	X						0	207,177	47,082
(12) W STEWART BLACKWOODMD Director	1 00	X						0	279,940	20,965
(13) LINDA SHELDON Director	1 00	X		X				0	181,655	20,358
(14) LOUISE TROTTIER Chair	3 00	X		X				0	0	0
(15) SRSUZANNE FORGET Secretary	1	X		X						
(16) DALE GILPIN Immediate Past Chair	1	X								
(17) MSGRJOHN PQUINN Director	1	X								

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 (do not check more than one box, unless person is both an officer and a director/trustee)						(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			
(18) ALLISE MDESMET Director	1	X								
(19) LORI KLAMBERT Director	1	X								
(20) STEVEN BEAUDETTE MD Director	1	X								
(21) SHARON TAMPOSI Director	1	X								
(22) CHARLES SMITH Director	1	X								
1b Sub-Total . . . . . ▶										
c Total from continuation sheets to Part VII, Section A . . . . ▶										
d Total (add lines 1b and 1c) . . . . . ▶								2,473,270	668,772	418,607

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶83

			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**		No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *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 Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation
COVENANT HEALTH SYS 100 AMES POND RD TEWKSBURY, MA 01876	Managment & other svcs	3,195,689
HARVEY CONSTRUCTION 10 HARVEY RD BEDFORD, NH 03110	constructon services	3,180,987
COVENANT HEALTH SYSTEMS INSURANCE BOX 69 CAYMAN IS CJ	insurance	3,131,787
HOSPITAL MEDICINE ASSOCIATES BOX 1953962 CINCINNATI, OH 452634850	physician services	1,953,962
ALLIANCE HEALTHCARE SERVICES BOX 96485 CHICAGO, IL 60693	Imaging services	1,459,015

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶34

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				
	e	Government grants (contributions)	1e	396,000			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	273,121			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		669,121			
Program Service Revenue			Business Code				
	2a	Patient services	622110	191,170,620			
	b	School of nursing	622110	1,171,455			
	c	cafeteria	622110	985,990			
	d	Program fees	622110	151,865			
	e	Thrift/gift shop	622110	177,959			
	f	All other program service revenue		604,584			
	g	**Total.** Add lines 2a–2f		194,262,473			
	3	Investment income (including dividends, interest and other similar amounts)		1,487,286			1,487,286
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
			(i) Real	(ii) Personal			
	6a	Gross rents	547,091				
	b	Less rental expenses	690,931				
	c	Rental income or (loss)	-143,840				
	d	Net rental income or (loss)		-143,840	-143,840		
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	743,366	29,742			
	b	Less cost or other basis and sales expenses					
	c	Gain or (loss)	743,366	29,742			
	d	Net gain or (loss)		773,108	773,108		
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	housekeeping svc	721100	21,864		21,864	
	b	laundry svc	812300	6,062		6,062	
	c	answering svc	561100	89,417		89,417	
	d	All other revenue					
	e	**Total.** Add lines 11a–11d		117,343			
	12	**Total revenue.** See Instructions		197,165,491	194,891,741	117,343	1,487,286

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)

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

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 United States See Part IV, line 21	0	0		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	0	0		
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0	0		
4	Benefits paid to or for members	0	0		
5	Compensation of current officers, directors, trustees, and key employees	1,301,633	432,816	868,817	0
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0	0	0	0
7	Other salaries and wages	65,235,694	48,926,771	16,247,916	61,007
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	1,432,752	1,063,102	368,360	1,290
9	Other employee benefits	9,170,941	6,804,839	2,357,849	8,253
10	Payroll taxes	4,690,307	3,480,208	1,205,878	4,221
11	Fees for services (non-employees)				
a	Management	2,789,611	2,072,402	717,209	0
b	Legal	251,417	0	251,417	0
c	Accounting	123,759	0	123,759	0
d	Lobbying	0	0	0	0
e	Professional fundraising *See Part IV, line 17* . .	0			0
f	Investment management fees	0	0	0	0
g	Other	0	0	0	0
12	Advertising and promotion	923,154	684,981	237,342	831
13	Office expenses	3,213,359	2,384,312	826,155	2,892
14	Information technology	3,606,529	2,676,045	927,239	3,245
15	Royalties . .	0	0	0	0
16	Occupancy	3,407,188	2,528,134	875,988	3,066
17	Travel	22,798	16,916	5,861	21
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	113,418	84,156	29,160	102
20	Interest	3,099,503	2,299,832	796,882	2,789
21	Payments to affiliates	2,653,608	0	2,653,608	0
22	Depreciation, depletion, and amortization	8,724,613	6,473,663	2,243,098	7,852
23	Insurance	3,678,658	2,729,564	945,783	3,311
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	bad debts	12,514,571	12,514,571	0	0
b	Medicaid tax	8,998,234	6,676,690	2,313,446	8,098
c	purchased/contract svc	6,864,911	5,093,764	1,764,968	6,179
d	repairs/PM contracts	5,140,669	3,814,376	1,321,667	4,626
e					
f	All other expenses	24,221,984	23,854,238	367,565	181
25	**Total functional expenses.** Add lines 1 through 24f	172,179,311	134,611,380	37,449,967	117,964
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		881,462	1	1,012,221
	2	Savings and temporary cash investments		45,053,359	2	15,940,927
	3	Pledges and grants receivable, net		64,578	3	110
	4	Accounts receivable, net		14,478,622	4	16,474,727
	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)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net		430,600	7	2,521,163
	8	Inventories for sale or use		1,473,013	8	1,698,199
	9	Prepaid expenses and deferred charges		6,274,718	9	4,416,557
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 169,152,168			
	b	Less accumulated depreciation	10b 106,665,046	59,774,291	10c	62,487,122
	11	Investments—publicly traded securities		20,034,842	11	50,608,381
	12	Investments—other securities See Part IV, line 11		18,446,079	12	28,522,646
	13	Investments—program-related See Part IV, line 11		23,828,991	13	18,887,752
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		26,079,355	15	20,621,561
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		216,819,910	16	223,191,366
Liabilities	17	Accounts payable and accrued expenses		14,739,989	17	16,772,058
	18	Grants payable			18	
	19	Deferred revenue		2,945,390	19	142,528
	20	Tax-exempt bond liabilities		73,504,915	20	72,213,230
	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			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		19,772,027	25	26,572,359
	26	**Total liabilities.** Add lines 17 through 25		110,962,321	26	115,700,175
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		104,793,457	27	106,520,097
	28	Temporarily restricted net assets		700,013	28	606,885
	29	Permanently restricted net assets		364,119	29	364,209
		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		105,857,589	33	107,491,191
	34	Total liabilities and net assets/fund balances		216,819,910	34	223,191,366

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	197,165,491
2	Total expenses (must equal Part IX, column (A), line 25)	2	172,179,311
3	Revenue less expenses Subtract line 2 from line 1	3	24,986,180
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	105,857,589
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-23,352,578
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	107,491,191

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	Yes	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b	Yes	

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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

2011

Open to Public Inspection

Name of the organization
ST JOSEPH HOSPITAL

Employer identification number
02-0222215

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 **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

ST JOSEPH HOSPITAL,
,
NASHUA, NH

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 IRC 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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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						0

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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						0
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
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 2011 (line 6 column (f) divided by line 11 column (f))	**14**	0 %
15 Public Support Percentage for 2010 Schedule A, Part II, line 14	**15**	

16a **33 1/3% support test—2011.** 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—2010.** 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—2011.** 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—2010.** 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 IRC 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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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)						0

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15	Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f))	15	0 %
16	Public support percentage from 2010 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2011** (line 10c column (f) divided by line 13 column (f))	17	0 %
18	Investment income percentage from **2010** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2011.** 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—2010.** 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 explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

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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

2011

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, line 35c (Proxy Tax), then

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

Name of the organization	Employer identification number
ST JOSEPH HOSPITAL	02-0222215

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 on behalf of or in opposition to candidates for public office 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 (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

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) 2008	(b) 2009	(c) 2010	(d) 2011	(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?			
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?			
c	Media advertisements?			
d	Mailings to members, legislators, or the public?			
e	Publications, or published or broadcast statements?			
f	Grants to other organizations for lobbying purposes?			
g	Direct contact with legislators, their staffs, government officials, or a legislative body?			
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?			
i	Other activities? If "Yes," describe in Part IV			
j	Total lines 1c through 1i			
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?			
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
Pt II-B Line 1i		A portion of the dues paid to the NH Hospital Association,
		CATHOLIC HEALTH ASSOCIATION AND THE AMERICAN HOSPITAL ASSOCIATION ARE USED FOR LOBBYING PURPOSES

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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, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ST JOSEPH HOSPITAL

Employer identification number
02-0222215

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	1,064,132	1,124,772	1,421,717		
b Contributions	246,999	301,910	397,836		
c Investment earnings or losses	243	284	142		
d Grants or scholarships					
e Other expenditures for facilities and programs	340,280	362,834	694,923		
f Administrative expenses					
g End of year balance	971,094	1,064,132	1,124,772		

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

- a Board designated or quasi-endowment ▶ 0 %
- b Permanent endowment ▶ 37 510 %
- c Term endowment ▶ 62 490 %

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		3,593,280		3,593,280
b Buildings		92,887,847	44,683,728	48,204,119
c Leasehold improvements		1,622,652	1,590,104	32,548
d Equipment		70,347,494	60,391,214	9,956,280
e Other		700,895		700,895
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				62,487,122

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		
(2) Closely-held equity interests	28,522,646	F
Other		
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶	28,522,646	

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
(1) Investment in subsidiaries	18,887,752	C
Total. *(Column (b) should equal Form 990, Part X, col (B) line 13)* ▶	18,887,752	

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

(a) Description	(b) Book value
(1) unamortized bond expense	929,041
(2) other accounts receivable	217,328
(3) due from affiliate	16,372,329
(4) due from other funds	159,759
(5) Nashua Regional Cancer Center	2,396,581
(6) other equity investments	546,523
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	20,621,561

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
Due to third party payors	1,312,969
Other	986,930
malpractice tail liability	2,124,648
environmental liability	6,348,556
pension liability	7,296,874
due to affiliate for bond redistribution	7,525,007
lease payable	977,375
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	26,572,359

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

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation

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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

2011

Open to Public Inspection

Name of the organization
ST JOSEPH HOSPITAL

Employer identification number
02-0222215

Part I Charity Care and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☐ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☐ 150% ☑ 200% ☐ Other _____ %	3a	Yes	
b	Did the organization use FPG to determine eligibility for providing *discounted* care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☑ 300% ☐ 350% ☐ 400% ☐ Other _____ %	3b	Yes	
c	If the organization did 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 policy provide 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 charity care 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	Did the organization prepare a community benefit reportduring 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 Charity Care and Certain Other Community Benefits at Cost

Charity Care 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 Charity care at cost (from Worksheet 1)		5,351	2,696,379		2,696,379	1 600 %
b Medicaid (from Worksheet 3, column a)		8,798	3,939,572		3,939,572	2 290 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs		14,149	6,635,951		6,635,951	3 890 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			1,114,404			0 650 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j **Total** Other Benefits			1,114,404			0 650 %
k **Total.** Add lines 7d and 7j		14,149	7,750,355		6,635,951	4 540 %

Part II Community Building Activities Complete this table if the organization conducted any community building activities.

	(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 Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense	2	12,514,571		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3			
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	40,086,842		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	76,238,056		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-36,151,214		
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	Did the organization have a written debt collection policy during the tax year?		9a	Yes	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI		9b	Yes	

Part IV Management Companies and Joint Ventures (see instructions)

	(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	FIRST CHOICE PHO	Physician hospital organization	50 000 %	0 %	50 000 %
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size 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	ST JOSEPH HOSPITAL 172 KINSLEY ST NASHUA,NH 030612013	X	X					X	X	

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

ST JOSEPH HOSPITAL

Name of Hospital Facility:

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

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	1		
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☐ A definition of the community served by the hospital facility			
b ☐ Demographics of the community			
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☐ How data was obtained			
e ☐ The health needs of the community			
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☐ The process for identifying and prioritizing community health needs and services to meet those needs			
h ☐ The process for consulting with persons representing the community's interests			
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ___			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		
5 Did the hospital facility make its Needs Assessment widely available to the public?	5		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a ☐ Hospital facility's website			
b ☐ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☐ Execution of the implementation strategy			
c ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in community-wide community benefit plan			
e ☐ Inclusion of a community benefit section in operational plans			
f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☐ Prioritization of health needs in the community			
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	9	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

		Yes	No
10 Used FPG to determine eligibility for providing discounted care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 300% If "No," explain in Part VI the criteria the hospital facility used			
11 Explained the basis for calculating amounts charged to patients?	**11**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☐ Medical indigency			
d ☐ Insurance status			
e ☑ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Other (describe in Part VI)			
12 Explained the method for applying for financial assistance?	**12**	Yes	
13 Included measures to publicize the policy within the community served by the hospital facility?	**13**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted at all times on the hospital facility's web site			
b ☑ The policy was attached to all billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☑ The policy was posted in the hospital facility's admissions offices			
e ☑ The policy was provided, in writing, to patients upon admission to the hospital facility			
f ☑ The policy was available upon request			
g ☐ Other (describe in Part VI)			

Billing and Collections

14 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**14**	Yes	
15 Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments or arrests			
e ☑ Other similar actions (describe in Part VI)			
16 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	**16**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
a ☑ Notified patients of the financial assistance policy upon admission			
b ☑ Notified patients of the financial assistance policy prior to discharge			
c ☑ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
d ☑ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

19 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☑ The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☐ Other (describe in Part VI)			
20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	**20**		No
If "Yes," explain in Part VI			
21 Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient?	**21**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

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

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

	Name and address	Type of Facility (Describe)
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 descriptions 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, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

2 **Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health 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
Pt III Line 4		Adjusted based on cost to charge ratio

Identifier	ReturnReference	Explanation
Pt III Line 9b		Every statement sent to patients indicates that financial assistance

Identifier	ReturnReference	Explanation
		is available, phone number and email contact All customer service

Identifier	ReturnReference	Explanation
		personnel are attuned to asking patients if they need assistance

Identifier	ReturnReference	Explanation
Pt VI Line 2		The needs assessment was conducted as a collaborative effort between

Identifier	ReturnReference	Explanation
		St Joseph Hospital and several other healthcare institutions, civic

Identifier	ReturnReference	Explanation
		agencies and other non profit entities from throughout Greater Nashua

Identifier	ReturnReference	Explanation
		The assessment included a telephone survey of over 500 households,

Identifier	ReturnReference	Explanation
		two focus groups of patients and key leaders representing city/town

Identifier	ReturnReference	Explanation
		government, education, healthcare, businesses and non profit

Identifier	ReturnReference	Explanation
		institutions

Identifier	ReturnReference	Explanation
Pt VI Line 3		Signage and brochures are at every point of registration, which

Identifier	ReturnReference	Explanation
		explain our charity care and financial assistance policies We have

Identifier	ReturnReference	Explanation
		dedicated financial counselors who meet in person or on the telephone

Identifier	ReturnReference	Explanation
		assisting patients and families needing financial assistance Information

Identifier	ReturnReference	Explanation
		can also be found on the hospital web site, as well as in hospital

Identifier	ReturnReference	Explanation
		community newsletters/quarterly publications All customer service and

Identifier	ReturnReference	Explanation
		registraton personnel are trained to ask patients and families if

Identifier	ReturnReference	Explanation
		they need financial assistance

Identifier	ReturnReference	Explanation
Pt VI Line 4		St Joseph Hospital serves people of all ages, race,gender,religion,

Identifier	ReturnReference	Explanation
		ethnicity regardless of their ability to pay The hospital's primary

Identifier	ReturnReference	Explanation
		and secondary service areas consist of 17 cities and towns referred to

Identifier	ReturnReference	Explanation
		as the Greater Nashua Area and consist of Amherst,Brookline,Hudson

Identifier	ReturnReference	Explanation
		Hollis,Litchfield,Merrimack,Milford,Nashua,Wilton,Greenville,

Identifier	ReturnReference	Explanation
		Dunstable(MA),Londonderry,Lyndeborough,Mont Vernon,Pelham,Pepperell(MA,

Identifier	ReturnReference	Explanation
		and Windham

Identifier	ReturnReference	Explanation
Pt VI Line 5		The hospital maintains an open medical staff, representing over

Identifier	ReturnReference	Explanation
		forty different specialties and treats all patients regardless of

Identifier	ReturnReference	Explanation
		their ability to pay The Board of Directors is made up of community

Identifier	ReturnReference	Explanation
		members with varied backgrounds and industries The hospital utilizes

Identifier	ReturnReference	Explanation
		any surplus funds to further its mission by providing free and low

Identifier	ReturnReference	Explanation
		cost healthcare services, educational offerings, free screenings,

Identifier	ReturnReference	Explanation
		support groups, and works collaboratively with other healthcare

Identifier	ReturnReference	Explanation
		agencies to meet the identified healthcare needs of our community

Identifier	ReturnReference	Explanation
Pt VI Line 5		St Joseph Hospital is an affiliate of Covenant Health Systems,

Identifier	ReturnReference	Explanation
		Tewksbury, MA It is the responsibility of the entire staff of

Identifier	ReturnReference	Explanation
		St Joseph Hospital to serve and promote the health of the Greater

Identifier	ReturnReference	Explanation
		Nashua Community

Identifier	ReturnReference	Explanation
Pt III Line 4		Text of the footnote in financial statement-"The allowance

Identifier	ReturnReference	Explanation
		for doubtful accounts is provided based on an analysis by

Identifier	ReturnReference	Explanation
		management of the collectibility of outstanding balances

Identifier	ReturnReference	Explanation
		Management considers the age of the outstanding balances and

Identifier	ReturnReference	Explanation
		past collection efforts in determing the reserve for doubtful

Identifier	ReturnReference	Explanation
		accounts Accounts deemed uncollectible are charged off

Identifier	ReturnReference	Explanation
		against the established reserve" Bad debts are reported

Identifier	ReturnReference	Explanation
		as charges

Identifier	ReturnReference	Explanation
Pt V Sec B 15e		Extensive efforts are made to determine eligibility for free

Identifier	ReturnReference	Explanation
		care, before any credit reporting, liens or lawsuits are filed

Identifier	ReturnReference	Explanation
Pt VI Line 7		NH

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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

2011

Open to Public Inspection

Name of the organization
ST JOSEPH HOSPITAL

Employer identification number
02-0222215

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 ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the 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**	Yes	
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 ☑ Compensation committee ☑ Written employment contract ☑ Independent compensation consultant ☑ Compensation survey or study ☐ Form 990 of other organizations ☑ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, 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?	**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**		No
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**	Yes	
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 Schedule J-1 if additional space 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) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, columns (D) and (E) for that individual

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) DAVID ROSS	(i) (ii)	361,226		23,142	5,284	30,049	419,701	
(2) RICHARD PLAMONDON	(i) (ii)	233,164	30,283	23,367	23,171	21,828	331,813	
(3) PAM DUCHENE	(i) (ii)	204,340		20,710	6,756	28,994	260,800	
(4) KEITH CHOINKA	(i) (ii)	185,386	32,620	22,619	5,753	12,607	258,985	
(5) BEVERLY ROBINSON	(i) (ii)	153,518	21,608	22,509	3,819	29,077	230,531	
(6) JAMES MCKENNA	(i) (ii)	178,796	10,227	18,743	6,242	21,784	235,792	
(7) JACQUI WOOLLEY	(i) (ii)	173,132	22,098	7,835	1,448	28,847	233,360	
(8) GREG ZUERCHER MD	(i) (ii)	262,898	20,518	17,046	7,350	28,369	336,181	
(9) MICHAEL MCGEE MD	(i) (ii)	231,689		26,785	7,347	28,309	294,130	
(10) ROBERT DEMERS	(i) (ii)	134,236	12,309	22,466	4,474	28,694	202,179	
(11) LAWRENCE LEARNER MD	(i) (ii)	177,257	6,816	23,104	26,312	20,770	254,259	
(12) W STEWART BLACKWOODMD	(i) (ii)	239,145	15,000	25,795		20,965	300,905	
(13) LINDA SHELDON	(i) (ii)	167,653		14,002		20,358	202,013	

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
Pt I Line 1b		These benefits are included in taxable income and are part of the analysis of the overall reasonableness of the executive compensation
Pt I Line 4b		Supplemental employee retirement plan- Richard Plamondon $16,500
Pt I Line 7		"cash in" of earned time

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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

2011

Open to Public Inspection

Name of the organization
ST JOSEPH HOSPITAL

Employer identification number
02-0222215

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	NH HEALTH & EDUCATION FACILITIES AUTHORITY	02-0279866	644614KA6	05-13-2004	21,173,782	Renovations&improvements		X		X	X	
B	NH HEALTH & EDUCATION FACILITIES AUTHORITY	02-0279866	644614UG2	10-30-2007	53,869,522	Renovations&equipment		X		X	X	

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds defeased				
3	Total proceeds of issue	21,173,782	53,680,000		
4	Gross proceeds in reserve funds	1,507,744	4,911,229		
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds	423,476	681,812		
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds				
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	2004	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				
15	Were the bonds issued as part of an advance refunding issue?	X		X					
16	Has the final allocation of proceeds been made?	X			X				
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	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				
2	Are there any lease arrangements that may result in private business use of bond-financed property?		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				
b	If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X				
d	If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
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 %					
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 %					
6	Total of lines 4 and 5	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					

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					
2	Is the bond issue a variable rate issue?		X		X				
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		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				
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				
6	Did the bond issue qualify for an exception to rebate?		X		X				

Part V Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations . . . . . ☐ Yes ☑ No

Part VI 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 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

2011

Open to Public Inspection

Name of the organization
ST JOSEPH HOSPITAL

Employer identification number
02-0222215

Identifier	Return Reference	Explanation
Pt VI, Line 7a		St Joseph Hospital is a subsidiary of Covenant Health Systems, and as
Pt VI, Line 7b		such, all decisions are subject to its review
Pt VI, Line 8a		All meetings of the Board and Committees have minutes taken at
Pt VI, Line 8b		the time of the meeting and readily available for review
Pt VI, Line 11a		990's are reviewed by independent tax accountant, and then reviewed
		at the Finance Committee and Board level
Pt VI, Line 12c		Each year, St Joseph Hospital conducts a survey of Board members
		and key members of management to determine whether there are
		conflicts of interest(actual or potential) An annual report is presented
		to the Board Board members and key managers have a continuing
		obligation to report any proposed transaction which may be
		perceived as a conflict of interest
Pt XII, Line 2c		The Finance Committee meets with the independent auditors to review audited
		financial statements, and they are reviewed at Covenant Health Systems
Pt VI, Line 15		Every 2-3 years, the Compensation Committee of Covenant Health System's
		Board of Directors engages an external consultant to provide competitive
		market data from various survey sources, which is used to develop
		recommendations for changes to the compensation program Since 2003
		the Committee has engaged Mercer Human Resources Consulting to
		conduct this analysis Objectives of the analysis are to assess

Identifier	Return Reference	Explanation
		the compositeness of the current total cash compensation levels for
		the senior management team, develop market based competitive salary
		ranges for all executive positions, and ensure that the annual incentive
		opportunities, if any, are competitive and reasonable
Pt VI, Line 19		Upon request the organization will make available corporate documents
		and financial statements
Form 990, Part III, Line 4d		SCHOOL OF NURSING, LNA AND OTHER HEALTH PROFESSIONALS PROVIDED TO THE 1402017 0 1171455
Form 990, Part IX, Line 24f		PHYSICIAN FEES 1834998 1834998 0 0 MEDICAL SUPPLIES 20957327 20957327 0 0 FOOD SUPPLIES 1228442 912610 315832 0 MISCELLANEOUS 201217 149303 51733 181
Pt VI, Line 6		Covenant Health System is the sole member of St Joseph Hospital
Pt XI,Line 5		Pension adjustment (5,721,371),loss on subsidiaries (13,466,622)
		donated capital 246,999, unrealized losses (1,645,621), discontinued
		operations (2,533,273) and fund activity at other entities for pension and
		and unrealized losses (498,842)

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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

2011

Open to Public Inspection

Name of the organization
ST JOSEPH HOSPITAL

Employer identification number
02-0222215

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) SJH SURGICENTER LLC 172 KINSLEY ST NASHUA, NH 030612013 20-4181845	OUTPATIENT SURGERY	NH			ST JOSEPH HOSPITAL

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) COVENANT HEALTH SYSTEMS 420 BEDFORD ST LEXINGTON, MA 024201502 22-2484505	HEALTHCARE	MA	501(c)(3)	509(a)(2)			
(2) SOUHEGAN NURSING ASSOCIATION 24 NORTH RIVER RD MILFORD, NH 03055 02-0222795	HOME HEALTH&HOSPICE	NH	501(c)(3)	509(a)(1)	STJOSEPH HOSPITAL		
(3) THE SURGICENTER AT STJOSEPH HOSPITAL INC 172 KINSLEY ST NASHUA, NH 030612013 02-0222215	HEALTHCARE	NH	501(c)(3)	509(a)(1)	STJOSEPH HOSPITAL		
(4) DH FAMILY MEDICINE OF NASHUA 172 KINSLEY ST NASHUA, NH 030612013 20-8404257	PHYSICIAN SERVICES	NH	501(c)(3)	509(a)(2)	STJOSEPH HOSPITAL		

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) Disproportionate 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

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) STJOSEPH HOSPITAL CORPORATE SERVICES 172 KINSLEY ST NASHUA, NH 030612013 02-0405197	HOLDING COMPANY	NH	STJOSEPH HOSPITAL	C	13,712,000	26,294,000	100 000 %
(2) FIRST CHOICE PHO 172 KINSLEY ST NASHUA, NH 03060 02-0461536	physician hospital organization	NH	STJOSEPH HOSPITAL	C	2,268	625,110	50 000 %

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

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

		Yes	No
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 related organization(s)	1b	No
c	Gift, grant, or capital contribution from related organization(s)	1c	No
d	Loans or loan guarantees to or for related organization(s)	1d	No
e	Loans or loan guarantees by related organization(s)	1e	No
f	Sale of assets to related organization(s)	1f	No
g	Purchase of assets from related organization(s)	1g	No
h	Exchange of assets with related organization(s)	1h	No
i	Lease of facilities, equipment, or other assets to related organization(s)	1i	Yes
j	Lease of facilities, equipment, or other assets from related organization(s)	1j	Yes
k	Performance of services or membership or fundraising solicitations for related organization(s)	1k	No
l	Performance of services or membership or fundraising solicitations by related organization(s)	1l	No
m	Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1m	No
n	Sharing of paid employees with related organization(s)	1n	Yes
o	Reimbursement paid to related organization(s) for expenses	1o	Yes
p	Reimbursement paid by related organization(s) for expenses	1p	Yes
q	Other transfer of cash or property to related organization(s)	1q	Yes
r	Other transfer of cash or property from related 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) See Additional Data Table			
(2)			
(3)			
(4)			
(5)			
(6)			

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Schedule R (Form 990) 2011

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

Software ID: 11000175
Software Version:
EIN: 02-0222215
Name: ST JOSEPH HOSPITAL

Form 990, Special Condition Description:

Special Condition Description

Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)

4d. Other program services

(Code) (Expenses $ 1,402,017 including grants of $) (Revenue $ 1,171,455)

School of nursing, LNA and other health professionals provided to the community in its mission of providing healthcare to the community in its mission of providing healthcare to the

Additional Data

Return to Form

Software ID: 11000175
Software Version:
EIN: 02-0222215
Name: ST JOSEPH HOSPITAL

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)	STJOSEPH CORPORATE SERVICES	i	22,197	cash
(2)	STJOSEPH CORPORATE SERVICES	j	346,404	cash
(3)	STJOSEPH CORPORATE SERVICES	n	645,811	cash
(4)	SOUHEGAN NURSING ASSOCIATION	n	100,137	cash
(5)	STJOSEPH CORPORATE SERVICES	p	427,488	cash
(6)	SOUHEGAN NURSING ASSOCIATION	p	87,894	
(7)	STJOSEPH CORPORATE SERVICES	q	8,989,000	
(8)	DH FAMILY MEDICINE OF NASHUA	q	2,018,000	
(9)	SOUHEGAN NURSING ASSOCIATION	r	165,000	
(10)	SURGICENTER AT ST JOSEPH HOSPITAL	r	50,000	
(11)	COVENANT HEALTH SYSTEMS	o	3,317,825	

Covenant Health Systems, Inc.

Audited Consolidated Financial Statements
and Additional Information

Years Ended December 31, 2011 and 2010
With Independent Auditors' Report

COVENANT HEALTH SYSTEMS, INC.

Audited Consolidated Financial Statements
and Additional Information

Years Ended December 31, 2011 and 2010

CONTENTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Covenant Health Systems, Inc.

We have audited the accompanying consolidated balance sheets of Covenant Health Systems, Inc. (the System) as of December 31, 2011 and 2010, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Covenant Health Systems Insurance, Ltd., Souhegan Home and Hospice Care, Inc., St. Mary's Villa Nursing Home, Inc., and Mary Immaculate Residential Community, Inc. I – III, wholly-owned subsidiaries of the System, whose statements reflect total assets of $68,369,000 and $55,409,000 as of December 31, 2011 and 2010, respectively, and total revenues of $20,275,000 and $19,997,000 for the years then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based solely on the report of other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Covenant Health Systems, Inc. as of December 31, 2011 and 2010, and the consolidated 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.

Boston, Massachusetts
April 24, 2012

Limited Liability Company

COVENANT HEALTH SYSTEMS, INC.

CONSOLIDATED BALANCE SHEETS

December 31, 2011 and 2010
(In thousands)

ASSETS

	2011	2010
Current assets:		
Cash and cash equivalents	$ 42,115	$ 42,948
Accounts receivable, net of allowance for doubtful accounts of $30,836 in 2011 and $32,385 in 2010 (note 6)	51,947	50,987
Investments (note 4)	99,139	82,495
Inventories	3,744	3,906
Prepaid expenses and other current assets	21,912	12,825
Estimated third-party payor settlements (note 3)	432	21,772
Current portion of assets whose use is limited or restricted (note 4)	3,845	3,324
Total current assets	223,134	218,257
Assets whose use is limited or restricted, less current portion (note 4):		
Funds held by trustees, less current portion (note 6)	17,955	35,292
Deferred compensation	10,107	10,623
Board-designated funds and other long-term investments	149,245	142,019
Replacement reserve	4,410	4,228
Donor-restricted funds	15,778	15,754
Total assets whose use is limited or restricted, less current portion	197,495	207,916
Other assets:		
Notes receivable and other assets	10,221	4,617
Estimated third-party payor settlements (note 3)	23,510	–
Investments in joint ventures (note 10)	8,294	7,133
Total other assets	42,025	11,750
Property, plant and equipment (note 6):		
Land and improvements	20,696	20,263
Buildings and improvements	345,090	315,964
Equipment	182,994	169,832
Construction in progress	5,225	25,052
	554,005	531,111
Less accumulated depreciation	(304,878)	(284,743)
Total property, plant and equipment	249,127	246,368
Total assets	$ 711,781	$ 684,291

LIABILITIES AND NET ASSETS

	2011	2010
Current liabilities:		
Line of credit (note 6)	$ 1,039	$ 1,150
Accounts payable	8,581	12,107
Accrued expenses and other liabilities	54,293	58,532
Estimated third-party payor settlements (note 3)	11,222	4,537
Current portion of long-term debt and capital leases (note 6)	8,178	8,150
Total current liabilities	83,313	84,476
Long-term debt and capital leases, less current portion (note 6)	197,073	203,761
Other liabilities	21,861	21,593
Long-term pension obligation (note 7)	16,463	6,592
Professional liability loss reserves (note 2)	33,129	22,300
Total liabilities	351,839	338,722
Net assets:		
Unrestricted	339,448	324,114
Temporarily restricted (note 8)	13,354	14,137
Permanently restricted (note 8)	7,140	7,318
Total net assets	359,942	345,569
Total liabilities and net assets	$ 711,781	$ 684,291

See accompanying notes.

COVENANT HEALTH SYSTEMS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended December 31, 2011 and 2010
(In thousands)

	2011	2010
Operating revenue:		
Net patient service revenue (notes 2 and 3)	$587,724	$516,364
Other revenue	23,869	17,261
Net assets released from restrictions for operations	1,473	842
Total operating revenue	613,066	534,467
Operating expenses (note 5):		
Salaries and wages	277,873	245,418
Employee benefits (notes 2 and 7)	60,956	54,653
Supplies and other (note 9)	176,406	149,838
Interest	10,263	9,339
Provider tax (note 3)	17,477	18,040
Provision for bad debts	28,315	22,638
Depreciation and amortization	24,744	22,134
Total operating expenses	596,034	522,060
Income from operations	17,032	12,407
Nonoperating gains, net (notes 4, 6 and 13)	10,078	48,405
Excess of revenue over expenses before discontinued operations	27,110	60,812
Discontinued operations (note 12)	(1,994)	(1,951)
Excess of revenue over expenses	$ 25,116	$ 58,861

See accompanying notes.

COVENANT HEALTH SYSTEMS, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Years Ended December 31, 2011 and 2010
(In thousands)

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets
Balances at January 1, 2010	$264,433	$ 13,885	$ 3,972	$282,290
Excess of revenue over expenses	58,861	–	–	58,861
Net change in unrealized gains on investments (note 4)	–	192	–	192
Restricted contributions and investment income	–	1,430	3,040	4,470
Net assets released from restrictions	528	(1,370)	–	(842)
Adjustment to long-term pension liability (note 7)	292	–	–	292
Change in fair value of beneficial interest in perpetual trusts	–	–	306	306
	59,681	252	3,346	63,279
Balance at December 31, 2010	324,114	14,137	7,318	345,569
Excess of revenue over expenses	25,116	–	–	25,116
Net change in unrealized gains on investments (note 4)	–	1	–	1
Restricted contributions and investment income	–	1,140	5	1,145
Net assets released from restrictions	451	(1,924)	–	(1,473)
Adjustment to long-term pension liability (note 7)	(10,233)	–	–	(10,233)
Change in fair value of beneficial interest in perpetual trusts	–	–	(183)	(183)
	15,334	(783)	(178)	14,373
Balance at December 31, 2011	$339,448	$ 13,354	$ 7,140	$359,942

See accompanying notes.

COVENANT HEALTH SYSTEMS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

December 31, 2011 and 2010
(In thousands)

	2011	2010
Cash flows from operating activities:		
Change in net assets	$ 14,373	$ 63,279
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Net realized and change in unrealized appreciation on investments	4,325	(15,491)
Net (gain) loss from joint ventures	(1,161)	1,130
Gain on acquisition (note 13)	–	(27,490)
Permanently restricted net assets received with acquisition (note 13)	–	(3,038)
Restricted contributions and investment income	(1,145)	(1,435)
Depreciation and amortization	25,282	22,888
Provision for bad debts	28,315	24,837
Adjustment to long-term pension liability	10,233	(292)
Gain on sale of property, plant and equipment	(237)	–
Loss on refinance of debt	–	239
Increase (decrease) in cash resulting from a change in:		
Accounts receivable	(29,275)	(25,468)
Inventories, prepaid expenses and other current assets	(8,925)	(2,179)
Notes receivable and other assets	(5,736)	2,050
Accounts payable, accrued expenses and other liabilities	(7,859)	5,400
Estimated third-party payor settlements, net	4,515	(7,597)
Professional liability loss reserves	10,829	2,923
Net cash provided by operating activities	43,534	39,756
Cash flows from investing activities:		
Purchases of investments and assets whose use is limited or restricted	(141,781)	(127,539)
Sales of investments and assets whose use is limited or restricted	130,712	135,633
Cash received with acquisition (note 13)	–	3,174
Acquisition cost (note 13)	–	(5,000)
Proceeds from sale of property, plant and equipment	1,167	–
Purchases of property, plant and equipment	(28,994)	(35,485)
Net cash used by investing activities	(38,896)	(29,217)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	1,470	10,640
Payments on long-term debt	(7,975)	(7,273)
(Payments on) proceeds from line of credit	(111)	950
Amounts paid to refinance	–	(7,377)
Bond premium	–	268
Bond issuance costs	–	(96)
Restricted contributions and investment income	1,145	1,435
Net cash used by financing activities	(5,471)	(1,453)
(Decrease) increase in cash and cash equivalents	(833)	9,086
Cash and cash equivalents, beginning of year	42,948	33,862
Cash and cash equivalents, end of year	$ 42,115	$ 42,948
Supplemental disclosure:		
Cash paid for interest (including capitalized interest of $494 and $1,655 in 2011 and 2010, respectively)	$ 10,887	$ 11,113

See accompanying notes.

1. Organization

Covenant Health Systems, Inc. (Covenant) is organized to coordinate the corporate, administrative, clinical and service strengths and potentials of its member organizations. Covenant functions as the parent company to its member organizations which include St. Joseph Hospital of Nashua NH (Nashua), St. Mary's Health System, St. Joseph Healthcare Foundation and Subsidiaries (Bangor), Youville Lifecare, Inc (Youville Lifecare and Youville House), St. Andre Health Care Facility, Mary Immaculate Health Care Services, Inc., Fanny Allen, St. Joseph Manor Health Care, Inc., CHS of Waltham, Inc. d/b/a Maristhill (Maristhill), CHS of Worcester, Inc. d/b/a St. Mary Health Care Center, St. Mary's Villa Nursing Home, Inc., Covenant Health Systems Insurance Ltd. (CHSIL), Providentia Prima Trust (Providentia Prima), Youville Place and Helping Hands of St. Marguerite. All member organizations are providers of health care services except CHSIL, which is licensed to write professional and general liability insurance for the other member organizations; Fanny Allen, a foundation; and Providentia Prima, which is a unitized investment trust. Covenant and its member organizations, and their various related entities are collectively referred to herein as the "System." The System provides acute, long-term and other health care services to patients and residents in New England and Pennsylvania.

Effective July 29, 2010, St. Joseph Healthcare Foundation and Subsidiaries, located in Bangor, Maine, became a member organization of Covenant. St. Joseph Healthcare Foundation operates St. Joseph Hospital, an acute care facility, as well as other health related entities (see Note 13).

In 2011, St. Joseph Hospital of Nashua, New Hampshire discontinued operations of three of its divisions. In 2010, St Mary's Health System discontinued operations of two of its divisions. The operating results of these programs have been included in discontinued operations (see Note 12).

2. Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates are made in the areas of accounts receivable, estimated third-party payor settlements, professional liability loss reserves and self-insurance reserves (included in accrued expenses and other liabilities).

2. Significant Accounting Policies (Continued)

Concentration of Credit Risk

Financial instruments which subject the System to credit risk consist of cash and cash equivalents, accounts receivable, investments and estimated third-party payor settlements. At December 31, 2011 and 2010, the System had cash balances in several financial institutions that exceeded federal depository insurance limits; however, management believes the credit risk related to these financial instruments is minimal. The risk with respect to cash equivalents is minimized by the System's policy of investing in financial instruments with short-term maturities issued by highly rated financial institutions. Estimated third-party payor settlements are primarily comprised of amounts due from state and federal agencies as well as commercial insurers. The System does not expect any credit losses from net recorded amounts. Net accounts receivable represent net receivables from patients and third-party payors for services provided by the System. Patient accounts receivable from the Medicare and Medicaid programs comprise approximately 45% and 47% of receivables at December 31, 2011 and 2010, respectively. The System's investments consist of diversified investments and, while subject to market risk, are not subject to concentrations in any sectors. Revenues from the Medicare and Medicaid programs accounted for approximately 53% and 51% of the System's gross patient service revenues for the years ended December 31, 2011 and 2010, respectively, and revenues with Blue Cross accounted for approximately 15% and 16% of gross patient service revenues for 2011 and 2010, respectively.

Income Taxes

Covenant and its member organizations are considered not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code, except as noted below.

St. Joseph Hospital Corporate Services, Inc., a wholly-owned subsidiary of Nashua, is a for-profit organization, which is subject to federal and state income taxes.

The SurgiCenter at St. Joseph Hospital, LLC, a majority-owned subsidiary of the SurgiCenter at St. Joseph Hospital, Inc., which is a wholly-owned subsidiary of Nashua, is a for-profit organization, which is subject to federal and state income taxes.

CHSIL, a wholly-owned subsidiary, is subject to taxation in the Cayman Islands. No income taxes are levied in the Cayman Islands and CHSIL has been granted an exemption for any taxes that might be introduced Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Tax-exempt organizations could be required to record an obligation for income taxes as the result of a tax position they have historically taken on various tax exposure items including unrelated business income or tax status. The System has evaluated the positions taken on its filed tax returns. The System has concluded no uncertain income tax positions exist at December 31, 2011.

2. Significant Accounting Policies (Continued)

Principles of Consolidation

The consolidated financial statements of the System include the accounts of Covenant and its member organizations. Significant intercompany accounts and transactions have been eliminated in consolidation.

Temporarily and Permanently Restricted Net Assets

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 (when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as either net assets released from restrictions for operations (for noncapital-related items) or net assets released from restrictions for property, plant and equipment (for capital-related items). Permanently restricted net assets have been restricted by donors to be maintained by the System in perpetuity

Statement of Operations

Transactions deemed by management to be ongoing, major or central to the provision of the services offered by the System are reported as operating revenue and operating expenses. Other transactions, which primarily include certain types of investment income and unrestricted contributions, are reported as nonoperating gains.

Management has determined that the net result of the CHSIL insurance operations should be reported in the consolidated nonoperating portion of the income statement and the actuarially determined premium paid by the insured (member organization) should remain as an operating expense. The operating results of Providentia Prima are the net result of investment operations and are reported in the consolidated nonoperating portion of the income statement. The operations of Fanny Allen are that of a foundation and have been included in nonoperating gains on the consolidated statement of operations.

Excess of Revenue over Expenses

The consolidated statements of operations include excess of revenue over expenses. Changes in unrestricted net assets which are excluded from excess of revenue over expenses, consistent with industry practice, include 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) and pension liability adjustments other than net periodic pension cost.

2. 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 due to future audits, reviews and investigations. Retroactive adjustments are accrued in the period the related services are rendered and adjusted in future periods as final settlements are determined. Changes in estimated settlements from third-party payors and other changes from prior years resulted in a net increase of $3,600 to net patient service revenue for the year ended December 31, 2011. There were no such changes for 2010

Charity Care

The System has a formal charity care policy under which patient care is provided to patients who meet certain criteria without charge or at amounts less than its established rates. The System does not pursue collection of amounts determined to qualify as charity care, therefore, they are not reported as revenue.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid instruments which have a maturity of three months or less when purchased.

Beneficial Interest in Perpetual Trust

The System is the beneficiary of several trust funds administered by trustees or other third parties. Trusts, wherein the System has an irrevocable right to receive the income earned on the trust assets in perpetuity, are recorded as permanently restricted net assets at the fair value of the trust at the date of receipt and are included in donor-restricted funds in the consolidated balance sheet. Income distributions from the trusts are reported as investment income that increase unrestricted net assets, unless restricted by the donor. Annual changes in market value of the trusts are recorded as increases or decreases to permanently restricted net assets.

Accounts Receivable

The allowance for doubtful accounts is provided based on an analysis by management of the collectibility of outstanding balances Management considers the age of outstanding balances and past collection efforts in determining the reserve for doubtful accounts. Accounts deemed uncollectible are charged off against the established reserve.

Inventories

Inventories of pharmaceuticals and medical supplies are carried at the lower of cost (determined primarily by the first-in, first-out method) or market

2. Significant Accounting Policies (Continued)

Property, Plant and Equipment

Property, plant and equipment is stated at cost, or if donated, at fair market value at time of donation, less accumulated depreciation. The System's policy is to capitalize expenditures for major improvements and charge maintenance and repairs currently for expenditures which do not extend the lives of the related assets. The provision for depreciation is determined by the straight-line method at rates intended to amortize the cost of related assets over their estimated useful lives.

The System reviews its long-lived assets when events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable. Upon determination that an impairment has occurred, these assets are reduced to fair value. No such impairment losses have been recognized to date. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less the cost to dispose.

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

Depreciation expense for the years ended December 31, 2011 and 2010 was $25,305 and $22,814, respectively.

Conditional Asset Retirement Obligations

The System recognizes the fair value of a liability for legal obligations associated with asset retirements in the period in which the obligation is incurred, in accordance with the Accounting Standards (the Standards) for *Accounting for Asset Retirement Obligations* (ASC 410-20). When the liability is initially recorded, the cost of the asset retirement obligation is capitalized by increasing the carrying amount of the related long lived asset. The liability is accreted to its present value each period, and the capitalized cost associated with the retirement obligation is depreciated over the useful life of the related asset. Upon settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the statement of operations.

As of December 31, 2011 and 2010, $7,495 and $7,872, respectively, of conditional asset retirement obligations are included within other liabilities on the consolidated balance sheet.

Deferred Financing Costs/Original Issue Discount

Deferred financing costs and the original issue discount and premium related to the System's bonds payable are being amortized by the effective interest method over the repayment period of the bonds. The original issue discount or premium is presented as a reduction or increase, respectively, of the face amount of bonds payable.

2. Significant Accounting Policies (Continued)

Assets Whose Use is Limited or Restricted

Assets whose use is limited or restricted include certain assets set aside by the Board of Directors to provide for the future replacement of property, plant and equipment. These assets are reported as Board-designated funds and other long-term investments. Also, under certain debt agreements, the System is required to maintain assets which have been segregated as externally designated trustee funds. Donor-restricted and other long-term investments include amounts donated for endowments, other special purpose funds and certain internal designations by members of the System.

Investments and Investment Income

Investments in equity securities with readily determinable market values and all investments in debt securities are recorded at fair market value. At December 31, 2011 and 2010, the System held interests in certain funds and common trusts, which are also referred to as alternative investments. Interests in the alternative investments are generally recorded at fair market value based on the System's ownership share and rights of the investments.

The valuation of the alternative investments is estimated by management based on fair values provided by external investment managers. Covenant reviews and evaluates the valuations provided by the investment managers and believes that these valuations are a reasonable estimate of fair value at December 31, 2011 and 2010, but are subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed and such differences could be material. The amount of gain or loss associated with these investments is reflected in the accompanying financial statements based on information provided by the management of the fund.

Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the excess of revenue over expenses unless the income or loss is restricted by donor or law. Realized gains or losses on the sale of investment securities are determined by the specific identification method

Investment income earned on unrestricted investments is reported as nonoperating gains. Investment income on restricted investments is reported as nonoperating gains unless specifically restricted by the donor or state law, in which case it is reported as an increase in temporarily or permanently restricted net assets.

Donor-Restricted Gifts

Unconditional promises to give that are expected to be collected within one year are recorded at estimated net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount on those amounts is computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue.

2. Significant Accounting Policies (Continued)

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are not recognized until the related conditions have been met. 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 statement of operations as net assets released from restrictions.

Professional Liability Loss Contingencies

CHSIL is a wholly-owned captive insurance company incorporated and based in the Cayman Islands for the purpose of providing professional and general liability insurance. The System insures its professional risks on a claims made basis and general liability risks on an occurrence basis through CHSIL.

Estimated liability costs, as calculated by the System's consulting actuaries, consist of specific reserves to cover the estimated liability resulting from medical or general liability incidents or potential claims which have been reported, as well as a provision for claims incurred but not reported. Estimated malpractice liabilities include estimates of future trends in loss severity and frequency and other factors that could vary as the claims are ultimately settled. Although it is not possible to measure the degree of variability inherent in such estimates, management believes the reserves for claims are adequate. These estimates are periodically reviewed, and necessary adjustments are reflected in the consolidated statement of operations in the year the need for such adjustments becomes known. Management is unaware of any claims that would cause the final expense for medical malpractice risks to vary materially from the amounts provided.

In 2011, in accordance with Accounting Standards Update (ASU) No. 2010-24, *Health Care Entities (Topic 954) Presentation of Insurance Claims and Related Insurance Recoveries* (ASU 2010-24), the System recorded a liability of $6,094 related to estimated professional liability losses. The System also recorded a receivable of $6,094 related to estimated recoveries under insurance coverage for recoveries of the potential losses.

The System estimates that the expected claims liabilities at December 31, 2011 and 2010 are approximately $33 million and $22 million, respectively. The System maintains malpractice insurance coverage on a claims made basis. At December 31, 2011, there were no known malpractice claims outstanding which, in the opinion of management, will be settled for amounts in excess of insurance coverage, nor were there any unasserted claims or incidents which require loss accrual. The System intends to renew coverage on a claims made basis and anticipates that such coverage will be available.

Self-Insurance Reserves

Certain members of the System are self-insured for workers' compensation and employee healthcare benefits. These costs are accounted for on an accrual basis to include estimates of future payments on claims incurred.

2. Significant Accounting Policies (Continued)

Retirement Plans

The System's members sponsor several defined contribution retirement plans which cover substantially all employees who have met certain eligibility requirements of the respective plans. Contributions to the defined contribution plans are discretionary and are based upon certain percentages of eligible income. Expenses related to the defined contribution plans were $3,085 and $2,088 for 2011 and 2010, respectively. In addition, Nashua and Bangor have defined benefit pension plans. See Note 7 for further information on the defined benefit plans. The System maintains a supplemental executive retirement plan (SERP) for certain executives. Expenses related to the SERP were approximately $390 and $408 for the years ended December 31, 2011 and 2010, respectively.

Deferred Compensation

The System has recorded its obligations under deferred compensation agreements with certain physicians and employees of $10,557 and $9,292 at December 31, 2011 and 2010, respectively, at the net present value of benefits earned.

Fair Value of Financial Instruments

The carrying amounts of the System's financial instruments as reported in the accompanying consolidated balance sheets, other than long-term debt, approximate fair value.

Reclassifications

Certain 2010 amounts have been reclassified to permit comparison with the 2011 consolidated financial statements presentation format.

Subsequent Events

Events occurring after the balance sheet date are evaluated by management to determine whether such events should be recognized or disclosed in the financial statements. Management has evaluated subsequent events through April 24, 2012 which is the date the financial statements were available to be issued.

Prospective Accounting Pronouncement

In July 2011, the FASB issued ASU No. 2011-07, which requires reclassifying the provisions for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue It also requires enhanced disclosure about the policies for recognizing revenue and assessing bad debts, disclosures of patient service revenue, as well as qualitative and quantitative information about changes in the allowance for doubtful accounts. The provisions of ASU 2011-07 are effective for the System beginning January 1, 2012. The System does not expect that the impact of this accounting pronouncement will be significant to the consolidated financial statements.

3. Net Patient Service Revenue

The System maintains contracts with Medicare and several State agencies (Medicaid). The System is paid a prospectively determined fixed price for each Medicare inpatient acute care service depending on the type of illness and the patient's diagnosis related group classification. Capital costs and certain Medicare and Medicaid outpatient services are also reimbursed on a prospectively determined fixed price The System receives payment for other Medicare and Medicaid inpatient and outpatient services on a reasonable cost basis which are settled with retroactive adjustments upon completion and audit of related cost reports.

The consolidated balance sheet includes amounts due from the State of Maine under the MaineCare program. The current State budget does not provide for payment of amounts due the System and, therefore, 2011 amounts due from the State are classified as long term on the consolidated balance sheet. The amounts recorded from the State have been determined based upon applicable regulations and the System expects that these amounts will ultimately be paid in full. Due to the complex nature of such regulations, there is at least a reasonable possibility that recorded estimates will change by a material amount.

Under the State of New Hampshire's tax code, the State imposes a Medicaid Enhancement Tax (MET) equal to 5.5% of net patient service revenues, with certain exclusions. Through June 30, 2010, the MET was offset by disproportionate share payments of identical amounts. In the fall of 2010, in order to remain in compliance with stated federal regulations, the State of New Hampshire adopted a new approach related to Medicaid disproportionate share funding retroactive to July 1, 2010. Unlike the former funding method, the State's approach led to a payment that was not directly based on, and did not equate to, the level of tax imposed. The amount of tax incurred by Nashua for fiscal 2011 and 2010 was $8,998 and $10,473, respectively. The tax was offset by $8.3 million in revenue in 2010 with no direct offset in 2011.

The State of Maine also assesses a provider tax similar to New Hampshire, with disproportionate share funding partially offsetting the tax.

The System has also entered into payment agreements with certain commercial insurance carriers and health maintenance organizations. The basis for payment to the System under these agreements includes discounts from established charges and per diem daily rates.

The estimated third-party payor settlements reflected on the balance sheet represent the estimated net amounts to be received or paid under reimbursement contracts with the Centers for Medicare and Medicaid Services (CMS), MaineCare and any commercial payors with settlement provision. Settlements have been issued through 2004 for Medicare and Medicaid. Anthem settlements are final through 2009.

3. Net Patient Service Revenue (Continued)

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term The System believes that it is substantially in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing specific to the System. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medicaid programs. Differences between amounts previously estimated and amounts subsequently determined to be recoverable or payable are included in net patient service revenue in the year that such amounts become known.

Bangor has become aware of certain potential technical Stark Law violations. Bangor has notified CMS in an effort to resolve these issues. Bangor is uncertain as to how CMS may ultimately approach the resolution of these technical violations and what any ultimate repayment to CMS may be. Bangor has quantified the total payments received from governmental payors that may be subject to repayment. The total estimated repayment is approximately $900,000 and Bangor has accrued this amount as of December 31, 2011 and 2010. The government has not set forth an amount for potential settlement of the issues nor has it set forth a mechanism for settlement. Any ultimate settlement amount could possibly be less than the amount accrued, or, if CMS elects to assess fines and penalties in addition to repayment of reimbursement, the settlement could be in excess of this amount. A settlement for an amount significantly in excess of the amount accrued could have a material impact on Bangor's future operating results.

Community Benefits

The System does not pursue collection of amounts determined to qualify as charity care; therefore, they are not reported as revenue. The System determines the costs associated with providing charity care by calculating a ratio of cost to gross charges, and then multiplying that ratio by the gross uncompensated charges associated with providing care to patients eligible for free care. Under this methodology, the estimated costs of caring for charity care patients for the years ended December 31, 2011 and 2010 were $9,117 and $7,100, respectively.

As part of the System's charitable mission, its member organizations also provide services which primarily benefit the medically under-served in their communities. The System prepares an annual report utilizing the methodology contained in the Catholic Health Association's Guide to Planning and Reporting Community Benefit. The net unsponsored costs of charity care including clinics, unreimbursed Medicaid cost, outreach programs and community health education programs provided by the System for the years ended December 31, 2011 and 2010 were $36,273 and $28,525, respectively. Additionally, the System calculates the amount of costs not reimbursed by the Federal Medicare program. Those unreimbursed charges were $46,764 in 2011 and $37,100 in 2010.

(In thousands)

3. Net Patient Service Revenue (Continued)

Net patient service revenue consists of the following for the years ended December 31:

	2011	2010
Gross patient service revenue	$1,171,232	$ 995,219
Contractual adjustments	(562,435)	(462,202)
Charity care	(21,073)	(16,653)
	$ 587,724	$ 516,364

4. Investments

Investments, which are reported at fair value, consist of the following at December 31:

	2011	2010
Investments	$ 99,139	$ 82,495
Assets whose use is limited or restricted	201,340	211,240
Total investments	$300,479	$293,735

Fair Value Measurements

Financial assets carried at fair value are classified and disclosed in one of the following three categories:

Level 1 – Assets classified as Level 1 represent items that are traded in active exchange markets and for which valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities. Assets classified as Level 1 include cash and cash equivalents, marketable equity securities and mutual funds.

Level 2 – Valuations for assets traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities. Assets classified as Level 2 include U.S. Government securities, pooled-fixed income, corporate bonds, guaranteed investment contracts and cash surrender value of life insurance policies.

Level 3 – Valuations for assets that are derived from other valuation methodologies not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions in determining the fair value assigned to such assets. Assets classified as Level 3 include alternative investments and beneficial interests in perpetual trusts.

(In thousands)

4. Investments (Continued)

In determining the appropriate levels, the System performs a detailed analysis of the valuation methodology of the assets. At each reporting period, all assets for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

The following presents the balances of assets measured at fair value on a recurring basis at December 31:

	Level 1	Level 2	Level 3	Total
2011:				
Cash and cash equivalents	$ 48,448	$ –	$ –	$ 48,448
U S. Government securities	–	33,440	–	33,440
Pooled – fixed income	–	1,943	–	1,943
Corporate bonds	–	8,239	–	8,239
Guaranteed investment contracts	–	54	–	54
Marketable equity securities:				
Consumer discretionary	6,845	–	–	6,845
Consumer staples	6,938	–	–	6,938
Energy	7,696	–	–	7,696
Financial services	8,836	–	–	8,836
Healthcare	8,568	–	–	8,568
Industrial	7,879	–	–	7,879
Technology	11,215	–	–	11,215
Materials	2,930	–	–	2,930
Pooled - equity	3,206	–	–	3,206
Telecommunications	1,712	–	–	1,712
UIT/Reits	558	–	–	558
Utilities	2,193	–	–	2,193
Alternative investments	–	–	40,630	40,630
Mutual funds:				
Equity funds	67,898	–	–	67,898
Fixed income funds	8,516	–	–	8,516
International equity funds	4,820	–	–	4,820
Accrued interest and other	6,456	–	–	6,456
Beneficial interest in perpetual trusts	–	–	4,427	4,427
Cash surrender value of life insurance policies	–	7,032	–	7,032
	$204,714	$50,708	$45,057	$300,479
	68%	17%	15%	100%

(In thousands)

4. **Investments (Continued)**

	Level 1	Level 2	Level 3	Total
2010:				
Cash and cash equivalents	$ 69,200	$ –	$ –	$ 69,200
U.S. Government securities	–	32,139	–	32,139
Pooled – fixed income	–	1,811	–	1,811
Corporate bonds	–	9,052	–	9,052
Guaranteed investment contracts	–	191	–	191
Marketable equity securities:				
Conglomerates	12	–	–	12
Consumer discretionary	6,547	–	–	6,547
Consumer staples	5,364	–	–	5,364
Energy	7,513	–	–	7,513
Financial services	11,226	–	–	11,226
Healthcare	7,045	–	–	7,045
Industrial	7,977	–	–	7,977
Technology	11,994	–	–	11,994
Materials	3,375	–	–	3,375
Pooled - equity	2,932	–	–	2,932
Telecommunications	1,886	–	–	1,886
UIT/Reits	333	–	–	333
Utilities	2,094	–	–	2,094
Alternative investments	–	–	39,173	39,173
Mutual funds:				
Equity funds	51,326	–	–	51,326
Fixed income funds	3,819	–	–	3,819
International equity funds	4,821	–	–	4,821
Accrued interest and other	1,767	–	–	1,767
Beneficial interest in perpetual trusts	–	–	4,659	4,659
Cash surrender value of life insurance policies	–	7,479	–	7,479
	$199,231	$50,672	$43,832	$293,735
	68%	17%	15%	100%

The change in fair value of Level 3 investments is due to the following.

	Perpetual Trusts	Alternative Investments
Balance at December 31, 2010	$4,659	$39,173
Purchases	–	11,642
Sales	–	(9,016)
Realized gains on investments	–	34
Unrealized losses on investments	(232)	(1,203)
Balance at December 31, 2011	$4,427	$40,630

(In thousands)

4. Investments (Continued)

	Perpetual Trusts	Alternative Investments
Balance at December 31, 2009	$1,315	$40,341
Purchases and sales, net	–	(4,217)
Contribution due to acquisition	3,038	–
Net realized and unrealized gains on investments	306	3,049
Balance at December 31, 2010	$4,659	$39,173

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. As such, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated balance sheets and statements of operations.

The principal components of total investment return for the years ended December 31 include:

	2011	2010
Investment income:		
Interest and dividends	$ 2,975	$ 8,880
Net realized gains on sales of securities	884	3,716
Net unrealized (loss) gains on investments	(5,209)	11,775
Gain on fair value of investments	(4,325)	15,491
Investment income and gains	$ (1,350)	$24,371

All unrestricted investment income and gains or (losses) including unrealized gains are included as part of nonoperating gains or discontinued operations in the statement of operations.

5. Functional Expenses

The System provides acute and long-term health care services. Expenses related to providing these services are as follows for the years ended December 31:

	2011	2010
Health care services	$394,744	$340,686
General and administrative	201,290	181,374
	$596,034	$522,060

(In thousands)

6. Lines of Credit and Long-Term Debt

Six member organizations have available lines of credit totaling $5,600, which had $1,039 and $1,150 outstanding at December 31, 2011 and 2010, respectively.

The System has two letters of credit totaling $1,125 and $1,400 with banks at December 31, 2011. The letters relate to the System's workers' compensation self-insurance programs.

Long-Term Debt

Long-term debt at December 31 consists of the following:

	2011	2010
Tax-exempt revenue bonds issued through various state and local government agencies with interest rates ranging from 2.0% to 6.5% and with varying maturity dates through 2037. The bonds may generally be redeemed in whole or in part at a premium which is not to exceed 2% of the bonds redeemed. The bonds are generally collateralized by gross receipts and mortgages on substantially all existing and future property, plant and equipment	$181,096	$186,300
Mortgages and other notes payable and capital leases with interest rates ranging from 3.25% to 13.5% and with varying maturity dates through 2027	23,337	24,638
	204,433	210,938
Unamortized original issue premium	818	973
	205,251	211,911
Less current portion	(8,178)	(8,150)
	$197,073	$203,761

In February 2002, the System formed an Obligated Group for the purpose of issuing tax-exempt bonds. The aggregate principal amount issued in 2002 equaled $92,405, as follows: (1) $38,965 of New Hampshire Health and Education Facilities Authority (NHHEFA) Healthcare System Revenue Bonds, Series 2002 (balance at December 31, 2011, $875), and (2) $53,440 of Massachusetts Health and Educational Facilities Authority (MAHEFA) Healthcare System Revenue Bonds, Series 2002 (balance at December 31, 2011, $40,185). Youville Lifecare and CHS of Waltham received proceeds from the MAHEFA issue. Nashua received the proceeds from the NHHEFA issue.

The proceeds from the issuance of the Series 2002 bonds provided for the advanced refunding and defeasance of the System's existing long-term debt, which included NHHEFA Revenue Bonds, Series 1994, originally issued in the amount of $14,925; NHHEFA tax-exempt bonds, Series 1991 originally issued in the amount of $17,280; a capital lease with an original aggregate cost of $2,900; 1994 MAHEFA Revenue Bonds, Youville Hospital Issue, Series B, originally issued in the amount of $32,450; MAHEFA Revenue Bonds, Youville House Issue, Series A originally issued in the amount of $12,615 and 1997 MIFA Revenue Bonds, CHS of Waltham Issue.

6. Lines of Credit and Long-Term Debt (Continued)

The Series 2002 bonds require the establishment of a Debt Service Reserve Fund to be held in trust. Proceeds held in the fund amounted to $4,514 as of December 31, 2011 and 2010. The amounts are included in the balance sheet as funds held by trustees. The Obligated Group is required to maintain a minimum debt service coverage ratio of at least 1.20 and a minimum number of days cash on hand of 30.

In May 2004, the Obligated Group, in connection with the NHHEFA, issued $21,400 of tax-exempt fixed rate Revenue Bonds, Series 2004 (balance at December 31, 2011, $19,445). Nashua received all of the proceeds of the issuance which were used to finance capital acquisitions and improvements. Under the terms of the loan agreement and the Obligated Group master indenture, the bonds are collateralized by a lien on the gross receipts of the Obligated Group. The Series 2004 bonds have similar covenants as the Series 2002 bonds.

The Series 2004 bonds require the establishment of a debt service reserve fund to be held in trust. Proceeds were used to establish the fund which amounted to approximately $1,508 at December 31, 2011 and 2010. The amount is included in the balance sheet as funds held by trustees.

In October 2007, the Obligated Group issued $78,510 in tax-exempt bonds. There were four series issued, collectively "the 2007 Series bonds." The MAHEFA issued Series 2007A bonds in the amount of $12,940 and Series 2007B bonds in the amount of $11,890 (combined balance at December 31, 2011, $23,735) The NHHEFA issued Series 2007A bonds in the amount of $17,030 and Series 2007B bonds in the amount of $36,650 (combined balance at December 31, 2011, $51,515).

The proceeds from the issuance of the 2007 Series bonds provided for construction at Nashua of $15,130, the acquisition of Youville Place (a Massachusetts's assisted living facility) for $11,500, and the advanced refunding and defeasance of $42,900 of the Series 2002 bonds. The Series 2007 bonds have similar covenants to the Series 2002 bonds.

The Series 2007 bonds require the establishment of a debt service reserve fund to be held in trust. Proceeds were used to establish the fund which amounted to approximately $7,258 at December 31, 2011 and 2010. The amount is included in the balance sheet as funds held by trustees. The Obligated Group is required to maintain a minimum debt service ratio of at least 1.20 and a minimum number of days cash on hand of 30.

In June 2004, St. Mary's Regional Medical Center (St. Mary's) and St. Mary's d'Youville Pavilion (d'Youville Pavilion) issued through Maine Health and Higher Educational Facilities Authority (MHHEFA) $16,055 and $8,905, respectively, of Revenue Bonds, Series 2004A, for the purpose of refinancing the outstanding Series 1993D Revenue Bonds (balance at December 31, 2011 for St. Mary's and d'Youville Pavilion is $10,624 and $4,100, respectively).

The Series 2004A bonds bear interest at rates ranging from 2.0% to 5.375% and mature in varying annual amounts to 2023 The Series 2004A bonds are collateralized by substantially all of the property, plant, equipment and improvements and accounts receivable of St. Mary's and d'Youville Pavilion. Monthly deposits of principal and interest are made into a debt service fund to meet semiannual debt service payments and to retire the bonds when due.

6. Lines of Credit and Long-Term Debt (Continued)

In October 2007, St. Mary's issued additional Revenue Bonds (Series 2007B) through MHHEFA in the amount of $6,241 with an original issue premium of approximately $167 for purposes of funding capital expenditures (balance at December 31, 2011 totalled $5,986).

The 2007B bonds bear interest at rates ranging from 4.0% to 5.0% and mature in varying annual amounts to 2037. The bonds are collateralized by substantially all of the property, plant, equipment and improvements and accounts receivable of St. Mary's. Monthly deposits of principal and interest are made into a debt service fund to meet semiannual debt service payments and to retire the bonds when due.

In June 2010, St. Mary's issued additional revenue bonds (Series 2010B) through MHHEFA in the amount of $7,222 (balance at December 31, 2011 of $6,972) The proceeds of the 2010B Bonds were used to refinance previously issued revenue bonds. St. Mary's had a loss on refinancing of $239, which is included in nonoperating gains on the consolidated statement of operations. The 2010B Bonds bear interest at varying rates with an average rate of 4.55% and mature in varying annual amounts to 2031. The bonds are collateralized by substantially all the assets of St. Mary's.

The Series 2004A, 2007B and 2010B Bonds also require that St. Mary's satisfy certain measures of financial performance (including a minimum debt service coverage ratio of 1.2 for each year) as long as the bonds are outstanding.

In accordance with the terms of the respective debt agreements, St. Mary's and d'Youville Pavilion are also required to maintain certain funds on deposit with a trustee. These funds are included as funds held by trustees in the accompanying balance sheets.

In 2009, St. Mary's issued additional revenue bonds through the Finance Authority of Maine in the amount of $5,300 (balance at December 31, 2011 of $4,730) for the purpose of funding capital expenditures. The bonds mature in 2020, bear interest at a variable rate and are subject to an interest rate swap agreement.

St. Mary's Residences has a mortgage payable to Maine State Housing Authority of $2,707 and $2,760 with an interest rate of 7.5% at December 31, 2011 and 2010, respectively. The mortgage matures in July 2023 and is collateralized by real property.

St. Mary's Health System and Bangor have additional mortgages payable to various financial institutions of approximately $8 million and $9 million at December 31, 2011 and 2010, respectively.

Through its acquisition of Bangor, the System acquired approximately $20,400 of long-term debt at July 29, 2010. The Bangor debt includes two notes payable to MHHEFA; Series 2010B – outstanding balance of $10,965, Series 2002A – outstanding balance of $1,964.

Mary Immaculate Residential Communities I-III have mortgages payable to the Department of Housing and Urban Development and Midland Loans Services, Inc., collateralized by their real property. Total amounts payable are $9,326 and $9,597 and interest rates range from 6.10% to 6.875% at December 31, 2011 and 2010, respectively.

(In thousands)

6. Lines of Credit and Long-Term Debt (Continued)

St. Mary's Villa Nursing Home, Inc. has a mortgage payable to the Rural Housing Service, US Department of Agriculture of $2,109 and $2,183 with an interest rate of 4.75% at December 31, 2011 and 2010, respectively. The mortgage matures in July 2029 and is collateralized by real property.

St. Mary's Villa Nursing Home, Inc. has a mortgage payable to Penn Security Bank of $780 and $857 with an interest rate of 4.76% at December 31, 2011 and 2010, respectively. The mortgage matures in February 2020 and is collateralized by real property.

Maturities on long-term debt for the five years ending December 31 and thereafter are as follows:

2012	$ 8,178
2013	8,217
2014	8,601
2015	7,456
2016	7,592
Thereafter	165,207
	$205,251

The fair value of the System's long-term debt at December 31, 2011 and 2010 was approximately $212,647 and $210,738, respectively

Nashua has entered into an agreement with two other hospitals whereby it has guaranteed one-third of the principal borrowed and interest accrued thereon by Nashua Regional Cancer Center (NRCC). NRCC is a not-for-profit entity in which Nashua is a one-third investor. The outstanding principal on the promissory note bears interest at a variable rate based upon the average market rate of the weekly floater rates, as defined in the agreement. The outstanding principal amount owed by NRCC amounted to $3,020 and $3,664 at December 31, 2011 and 2010, respectively.

7. Defined Benefit Pension Plan

Nashua has a noncontributory defined benefit plan covering all of its eligible employees and those of Souhegan Home and Hospice The measurement date is December 31.

Effective June 2, 2007, plan participation was frozen for new participants. Benefit service and plan compensation have been frozen effective December 31, 2007. A defined contribution plan replaced the defined benefit plan for Nashua and Souhegan Home and Hospice Care, Inc. A curtailment to the retirement plan for employees of Nashua and Souhegan Home and Hospice Care, Inc. was recorded as of December 31, 2007.

(In thousands)

7. Defined Benefit Pension Plan (Continued)

The following is a summary of the allocation of plan assets for the years ended December 31:

	2011	2010
Cash and cash equivalents	$ 207	$ 58
Mutual funds:		
Equity funds	14,007	18,826
Fixed income funds	6,790	5,107
International equity funds	4,224	4,171
	$25,228	$28,162

All pension assets are considered to be Level 1 assets (as defined in Note 9).

In selecting the expected long-term rate of return on assets, Nashua considered the average rate of earnings expected on the funds invested or to be invested to provide for the benefits of this plan. This includes considering the trusts' asset allocation and the expected returns likely to be earned over the life of the plan. This basis is consistent with the prior year.

Nashua and affiliates expect to make no contributions to its defined benefit pension plan during the year ended December 31, 2012.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid during the period ended December 31:

2012	$ 2,492
2013	963
2014	2,304
2015	1,624
2016	2,039
2017 through 2020	14,146

Bangor has a noncontributory defined benefit plan covering all of its eligible employees of St. Joseph Healthcare Foundation, other affiliates and the Hospital. The measurement date is December 31.

Effective January 1, 2004, plan participation was frozen for new participants. Current participants who qualify under the rule of 60 (combination of age plus years of service) may elect to continue to participate in the plan or to participate in a separate defined contribution plan sponsored by Bangor. Those current participants which do not qualify to continue to participate under the rule of 60, will retain their vested position in the plan but will only be eligible to participate in the defined contribution plan. No new participants will be eligible to participate in the plan.

(In thousands)

7. Defined Benefit Pension Plan (Continued)

Net periodic pension cost includes the following components for the year ended December 31, 2011 and five months ended December 31, 2010:

	2011	2010
Service cost	$ 307	$ 127
Interest cost on projected benefit obligation	1,174	480
Expected return on plan assets	(1,253)	(334)
Amortization of loss	–	175
Net periodic pension expense	$ 228	$ 448

The following table sets forth the plan's benefit obligation, funded status and amounts recognized in the financial statements at December 31:

	2011	2010
Accumulated benefit obligation	$25,406	$20,798
Changes in projected benefit obligations:		
Projected benefit obligations, beginning of period	$21,472	$21,374
Service cost	307	127
Interest cost	1,174	480
Benefits paid	(722)	(251)
Actual (gain) loss	3,337	(258)
Projected benefit obligations, end of period	25,568	21,472
Changes in plan assets:		
Fair value of plan assets, beginning of period	16,271	14,723
Actual return on plan assets	78	1,356
Employer contributions	775	443
Benefits paid	(722)	(251)
Fair value of plan assets, end of period	16,402	16,271
Funded status	$(9,166)	$(5,201)

(In thousands)

7. Defined Benefit Pension Plan (Continued)

The weighted average assumptions used in accounting for the defined benefit pension plan are as follows as of and for the years ended December 31:

	2011	2010
Discount rate used to determine net periodic pension cost	5.54%	5.95%
Discount rate used to determine benefit obligation	4.30	5.54
Expected long-term rate of return on plan assets	8.00	8.00
Rate of increase in future compensation levels	3.50	3.50

The following is a summary of the allocation of plan assets for the years ended December 31 based upon the criteria as defined in Note 4:

	Level 1	Level 2	Level 3	Total
2011				
Mutual funds.				
Equity funds	$ 9,791	$ –	$ –	$ 9,791
Fixed income funds	6,611	–	–	6,611
	$16,402	$ –	$ –	$16,402
	100%	– %	– %	100%
2010				
Cash and cash equivalents	$ 404	$ –	$ –	$ 404
Debt instruments:				
Government and agency	–	1,779	–	1,779
Municipal	–	126	–	126
Corporate	–	1,908	–	1,908
Asset backed (government and agency)	–	309	–	309
Asset backed (corporate)	–	147	–	147
Foreign	–	286	–	286
Mutual funds:				
Equity funds	10,234	–	–	10,234
Fixed income funds	1,078	–	–	1,078
	$11,716	$4,555	$ –	$16,271
	72%	28 %	– %	100%

The target allocation percentage for investments is designed to meet the expected return on plan assets. The plan trustee evaluates its target allocation periodically in relation to market performance and overall market conditions. The plan does not allow for the purchase of derivatives and the overall goal is to provide for adequate investment growth, along with contributions, to provide adequate funding to meet plan obligations on a current and projected basis.

(In thousands)

7. Defined Benefit Pension Plan (Continued)

Bangor and affiliates expect to make contributions of $775,000 to its defined benefit pension plan during the year ended December 31, 2012.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid during the period ended December 31:

2012	$ 858
2013	985
2014	1,075
2015	1,172
2016	1,267
2017 through 2020	7,661

In 2011, Bangor elected to freeze the plan for purposes of benefit services and plan compensation effective June 30, 2012. A curtailment to the retirement plan was recorded as of December 31, 2011.

8. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31:

	2011	2010
Health care services	$ 1,833	$ 2,109
Equipment and capital improvements	9,777	10,810
Education and scholarships	824	811
Designated for certain communities	920	407
	$13,354	$14,137

Permanently restricted net assets are restricted to the following at December 31:

	2011	2010
Investments to be held in perpetuity, the income from which is expendable to support various health care services	$ 1,808	$ 1,803
Investments to be held in perpetuity, the income from which is unrestricted	2,203	2,203
Beneficial interest in perpetual trust	3,129	3,312
	$ 7,140	$ 7,318

(In thousands)

9. Lease Commitments

Rent expense, primarily for facilities, for the years ended December 31, 2011 and 2010 was $4,055 and $5,676, respectively. Aggregate future lease commitments for facility and equipment under noncancelable operating leases for the years ended December 31 are as follows:

2012	$ 3,781
2013	3,044
2014	2,352
2015	1,030
2016	702
Thereafter	975
	$11,884

10. Investments in Joint Ventures

The System has ownership interests in joint ventures. All of the investments are accounted for under the equity method of accounting. The more significant investments in joint ventures are as follows:

The System has a 50% ownership interest in United Ambulance Services which has operations in Lewiston and Auburn, Maine. The investment has a carrying value of $2,329 and $1,781 at December 31, 2011 and 2010, respectively.

The System has a 33.3% ownership interest in Nashua Regional Cancer Center. The investment has a carrying value of $2,397 and $2,217 at December 31, 2011 and 2010, respectively.

11. Contingencies

Litigation

Various legal claims, generally incidental to the conduct of normal business, are pending or have been threatened against the System. The System intends to defend vigorously against these claims. While ultimate liability, if any, arising from any such claim is presently indeterminable, it is management's opinion that the ultimate resolution of these claims will not have a material adverse effect on the financial condition of the System.

Regulatory

The health care industry is subject to numerous laws and regulations of federal, state and local governments. Recently, government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of fraud and abuse statutes and regulations, which could result in the imposition of significant as well as significant repayments for patient services previously billed Compliance with such laws and regulations are subject to government review and interpretations as well as regulatory actions unknown or unasserted at this time.

(In thousands)

12. Discontinued Operations

During 2011, Nashua discontinued operations of three of its divisions (Granite State Mediquip, Rockingham Regional Ambulance and First Aid Home Care) The operating results for these programs have been reclassified to discontinued operations. The net amount reclassified was a loss of $(2,495) and $(321) in 2011 and 2010, respectively

During 2010, St. Mary's Health System discontinued operations of two of its divisions (Adolescent Group Home and Evergreen Behavioral). The operating results for these programs have been reclassified to discontinued operations. The net amount reclassified was a gain (loss) of $501 and $(1,630) in 2011 and 2010, respectively.

The following is a reclassification of discontinued operations at December 31:

	2011	2010
Total operating revenue	$ 8,349	$ 14,799
Total operating expenses	(10,343)	(16,750)
Discontinued operations	$ (1,994)	$ (1,951)

13. Acquisition

On July 29, 2010, the System acquired St. Joseph Healthcare Foundation (the Foundation), which serves the greater Bangor, Maine area and surrounding towns in Penobscot County, Maine. The Foundation became a member organization of the System which resulted in the System becoming the sole corporate member of the Foundation.

The consolidated statement of operations for 2010 includes the operations of the Foundation since the date of acquisition. In 2010, the consolidated statement of operations includes net revenue of approximately $43,000 related to the acquisition and income from operations of $1,271.

(In thousands)

13. Acquisition (Continued)

The transaction was accounted for in accordance with accounting standard ASU 2010-07 which requires the assets and liabilities of Bangor to be accounted for at fair value as of the date of acquisition. The net assets of the Foundation, based upon fair value at July 29, 2010, were recognized as a contribution as part of nonoperating gains. The amounts assigned to major assets and liabilities at the acquisition date are as follows:

Cash	$ 3,174
Accounts receivable	6,255
Property, plant and equipment	43,340
Investments and assets whose use is limited	24,868
Other assets	3,484
Accounts payable and accrued expenses	(9,218)
Long-term debt	(20,425)
Other liabilities	(12,850)
Permanently restricted net assets	(3,038)
	35,590
Charitable pledge recorded	(8,100)
Contribution received	$ 27,490

In conjunction with the acquisition, the System agreed to a charitable pledge agreement (the Agreement) with the Felician Sisters of North America (FS). Under the Agreement, the System agreed to make a contribution to FS of $9,000 of which $5,000 has been paid. The charitable pledge recorded is net of the estimated settlement with CMS (see Note 3). The remaining amount is subject to certain adjustments and the resolution of certain issues as agreed.

14. Subsequent Event (Debt)

In February 2012, the Covenant Board authorized management to refinance the 2002 Massachusetts and 2002 New Hampshire debt of approximately $41 million as described in Note 6 In addition, the Covenant Board authorized the issuance of approximately $23 million in new debt to finance projects in New Hampshire and Massachusetts These transactions are planned to be completed by the end of June.

INDEPENDENT AUDITORS' REPORT ON THE ADDITIONAL INFORMATION

Board of Trustees
Covenant Health Systems, Inc.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating information is presented for purposes of additional analysis rather than to present the financial position, results of operations, and cash flows of the individual companies and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Boston, Massachusetts
April 24, 2012

Limited Liability Company

Covenant Health Systems, Inc.
Consolidating Balance Sheet
December 31, 2011
(In thousands)

	Covenant Health Systems, Inc	(Marist Hill) CHS of Waltham Inc	St Joseph Hospital of Nashua, NH, Inc *	Youville Lifecare, Inc	Mary Immac-ulate*	Fanny Allen	(St Mary) CHS of Worcester, Inc	Youville Place	Elimi-nations	** Total Obligated Group
Assets										
Current assets										
Cash and cash equivalents	$ 1,447	$ 1,877	$ 7,117	$ 3,374	$ 7,654	$ 32	$ 817	$ 925	$ –	$ 23,243
Accounts receivable	396	1,243	24,645	83	2,647	–	576	78	(62)	29,606
Allowance for doubtful accounts	–	(272)	(7,552)	(12)	(269)	–	(57)	–	–	(8,162)
Investments	495	–	66,363	4,294	–	–	–	–	–	71,152
Inventories	–	–	1,698	–	–	–	–	8	–	1,706
Prepaid expenses and other current assets	245	55	7,083	1,733	145	75	37	91	–	9,464
Estimated third-party payor settlements	–	46	–	105	–	–	–	–	–	151
Current portion of assets whose use is limited or restricted	–	24	2,157	396	66	–	37	292	–	2,972
Current portion of due from affiliates	192	–	11,572	88	165	–	–	23	(54)	11,986
Total current assets	2,775	2,973	113,083	10,061	10,408	107	1,410	1,417	(116)	142,118
Assets whose use is limited or restricted, less current portion										
Funds held by trustees, less current portion	4,920	903	6,876	1,972	–	–	–	1,505	–	16,176
Deferred compensation	–	–	1,196	–	–	199	–	–	–	1,395
Board designated funds and other long-term investments	28,184	745	18,303	23,202	14,222	4,814	–	–	–	89,470
Replacement reserve	–	–	–	–	–	–	–	–	–	–
Donor restricted funds	510	–	1,689	3,038	–	1,865	–	–	–	7,102
Total assets whose use is limited or restricted, less current portion	33,614	1,648	28,064	28,212	14,222	6,878	–	1,505	–	114,143
Other assets										
Notes receivable and other assets	1,099	141	1,144	296	–	–	–	221	–	2,901
Due from affiliates	30,666	–	16 372	539	–	–	–	–	(25,217)	22,360
Estimated third-party payor settlements	–	–	–	–	–	–	–	–	–	–
Investments in joint ventures	16,257	–	2,943	1	–	7	–	–	–	19,208
Total other assets	48,022	141	20,459	836	–	7	–	221	(25,217)	44,469
Property, plant and equipment										
Land and improvements	–	485	3,595	–	105	716	172	750	–	5,823
Buildings and improvements	19	6,043	93,112	13,528	12,755	13,863	3,612	10,773	–	153,705
Equipment	800	2,930	72,544	675	7,355	393	1,413	1,343	–	87,453
Construction in progress	–	81	701	649	214	–	–	–	–	1,645
	819	9,539	169,952	14,852	20,429	14,972	5,197	12,866	–	248,626
Less accumulated depreciation	(681)	(4,046)	(107,292)	(4,651)	(13,967)	(12,749)	(2,415)	(2,240)	–	(148,041)
Total property, plant and equipment	138	5,493	62,660	10,201	6,462	2,223	2,782	10,626	–	100,585
Total assets	$ 84,549	$ 10,255	$224,266	$ 49,310	$ 31,092	$ 9,215	$ 4,192	$ 13,769	$(25,333)	$401,315

* Certain entities included in St Joseph Hospital of Nashua, NH, Inc and Mary Immaculate are not included in the Obligated Group

** Total of Obligated Group carried forward to next page

Covenant Health Systems, Inc.
Consolidating Balance Sheet
December 31, 2011
(In thousands)

	St Mary's Health System	Covenant Health Systems Insurance LTD	St Joseph Manor Health Care, Inc.	St. Joseph Hospital Corporate Services, Inc	St Joseph Hospital DH Family Medicine	Mary Immaculate Residential Community, Inc I-III	St Andre Health Care Facility	St Mary's Villa Nursing Home, Inc	Help-ing Hands	Provi-dentia Prima Trust	St Joseph Healthcare Foundation	St Joseph Valuation Co	Elimi-nations	System Consol-idated
Assets														
Current assets														
Cash and cash equivalents	$ 6,893	$ 7,429	$ 441	$ 1,080	$ 62	$ 465	$ 272	$ 1,296	$ 93	$ 5,904	$ 841	$ –	$ (5,904)	$ 42,115
Accounts receivable	32,121	19	1,306	2 233	857	84	870	1,673	15	–	14,139	–	(140)	82,783
Allowance for doubtful accounts	(13,835)	–	(213)	(1,381)	(739)	–	(42)	(308)	–	–	(6,156)	–	–	(30,836)
Investments	3,671	–	–	–	–	–	–	1,772	–	–	22,544	–	–	99 139
Inventories	1,257	–	10	–	–	–	13	–	–	–	758	–	–	3,744
Prepaid expenses and other current assets	3,454	7,131	50	645	723	4	79	1,087	3	67	1,913	–	(2,708)	21 912
Estimated third-party payor settlements	–	–	–	–	–	–	83	198	–	–	–	–	–	432
Current portion of assets whose use is limited or restricted	–	–	16	–	–	102	25	–	–	–	730	–	–	3,845
Current portion of due from affiliates	–	–	–	–	–	–	–	–	–	–	–	–	(11,986)	–
Total current assets	33,561	14,579	1,610	2,577	903	655	1,300	5,718	111	5,971	34,769	–	(20,738)	223,134
Assets whose use is limited or restricted, less current portion														
Funds held by trustees, less current portion	1,707	–	–	–	–	72	–	–	–	–	–	–	–	17,955
Deferred compensation	–	–	–	8,712	–	–	–	–	–	–	–	–	–	10,107
Board designated funds and other long-term investments	30,445	22,281	1,209	7	–	–	1,182	2,277	–	141,499	2,374	–	(141,499)	149,245
Replacement reserve	179	–	–	–	–	4,045	–	186	–	–	–	–	–	4,410
Donor restricted funds	5,143	–	–	–	–	–	–	362	–	–	3,171	–	–	15,778
Total assets whose use is limited or restricted, less current portion	37,474	22,281	1,209	8,719	–	4,117	1,182	2,825	–	141,499	5,545	–	(141,499)	197,495
Other assets														
Notes receivable and other assets	2,198	–	–	3,490	–	284	14	36	–	–	1,467	(169)	–	10,221
Due from affiliates	–	–	–	100	–	–	–	–	–	–	–	–	(22,460)	–
Estimated third-party payor settlements	20,379	–	–	–	–	–	–	–	–	–	3,131	–	–	23,510
Investments in joint ventures	2,440	–	–	364	–	–	–	–	–	–	1,719	(1,599)	(13,838)	8,294
Total other assets	25,017	–	–	3,954	–	284	14	36	–	–	6,317	(1,768)	(36,298)	42,025
Property, plant and equipment														
Land and improvements	5,677	–	–	1,633	–	106	559	473	–	–	3,647	2,778	–	20,696
Buildings and improvements	90,871	–	2,823	13,426	–	24,777	2,774	8,415	–	–	39,670	8,629	–	345,090
Equipment	46,656	–	2,108	7,689	–	1,032	2,970	2,703	8	–	32,226	149	–	182,994
Construction in progress	730	–	58	–	–	–	686	127	–	–	1,600	379	–	5,225
	143,934	–	4,989	22,748	–	25,915	6,989	11,718	8	–	77,143	11,935	–	554,005
Less accumulated depreciation	(69,252)	–	(3,099)	(11,704)	–	(15,703)	(4,185)	(5,663)	(1)	–	(47,755)	525	–	(304,878)
Total property, plant and equipment	74,682	–	1,890	11,044	–	10,212	2,804	6,055	7	–	29,388	12,460	–	249,127
Total assets	$ 170,734	$ 36,860	$ 4,709	$ 26,294	$ 903	$ 15,268	$ 5,300	$ 14,634	$ 118	$147,470	$ 76,019	$ 10,692	$(198,535)	$711,781

Covenant Health Systems, Inc.
Consolidating Balance Sheet
December 31, 2011
(In thousands)

	St Mary's Health System	Covenant Health Systems Insurance LTD	St. Joseph Manor Health Care, Inc	St Joseph Hospital Corporate Services, Inc	St Joseph Hospital DH Family Medicine	Mary Immaculate Residential Community, Inc I-III	St Andre Health Care Facility	St Mary's Villa Nursing Home, Inc	Help-ing Hands	Provi-dentia Prima Trust	St Joseph Healthcare Foundation	St Joseph Valuation Co	Elimi-nations	System Consol-idated
Liabilities and Net Assets														
Current liabilities														
Line of credit	$ 3,489	$ –	$ –	$ –	$ –	$ –	$ 50	$ –	$ –	$ –	$ –	$ –	$ (2,500)	$ 1,039
Accounts payable	1,998	20	217	146	–	–	455	440	–	2,010	1,454	–	(2,285)	8,581
Accrued expenses and other current liabilities	20,545	132	547	2,263	857	384	258	486	6	164	7,442	–	(176)	54,293
Estimated third-party payor settlements	1,406	–	149	–	–	–	22	61	–	–	7,379	–	–	11,222
Due to affiliates	–	–	–	84	–	176	2	2	–	–	–	–	(367)	–
Current portion of long-term debt and capital leases	2,883	–	–	201	–	289	233	159	–	–	1,831	–	(140)	8,178
Total current liabilities	30,321	152	913	2,694	857	849	1,020	1,148	6	2,174	18,106	–	(5,468)	83,313
Long-term debt and capital leases, less current portion	57,437	–	–	–	–	9,037	1,341	2,730	–	–	14,760	463	(22,360)	197,073
Due to affiliates, less current portion	–	–	–	–	–	–	–	342	–	–	–	–	(1)	–
Other liabilities	708	–	–	7,743	–	53	57	27	–	–	–	–	–	21,861
Long-term pension obligation	–	–	–	–	–	–	–	–	–	–	9,166	–	–	16,463
Professional liability loss reserves	1,998	22,870	–	4,331	–	–	–	–	–	–	1,625	–	–	33,129
Total liabilities	90,464	23,022	913	14,768	857	9,939	2,418	4,247	6	2,174	43,657	463	(27,829)	351,839
Net assets														
Share capital	–	120	–	278,547	–	–	–	–	–	–	–	–	(278,667)	–
Unrestricted	76,380	13,718	3,776	–	46	(718)	2,882	10,051	112	–	29 191	10,229	(21,020)	339 448
Temporarily restricted	2,817	–	20	–	–	6,047	–	336	–	–	28	–	–	13,354
Permanently restricted	1,073	–	–	–	–	–	–	–	–	–	3,143	–	–	7,140
Retained earnings	–	–	–	(267,021)	–	–	–	–	–	145,296	–	–	128,981	–
Total net assets	80,270	13,838	3,796	11,526	46	5,329	2,882	10,387	112	145,296	32,362	10,229	(170,706)	359,942
Total liabilities and net assets	$ 170,734	$ 36,860	$ 4,709	$ 26,294	$ 903	$ 15,268	$ 5,300	$ 14,634	$ 118	$147,470	$ 76,019	$ 10,692	$(198,535)	$711,781

Covenant Health Systems, Inc.
Consolidating Statement of Operations
December 31, 2011
(In thousands)

	Covenant Health Systems, Inc.	(Marist Hill) CHS of Waltham Inc.	St Joseph Hospital of Nashua, NH, Inc *	Youville Lifecare, Inc.	Mary Immac-ulate*	Fanny Allen	(St. Mary) CHS of Worcester, Inc.	Youville Place	Elimi-nations	** Total Obligated Group
Operating revenue										
Net patient service revenue	$ –	$ 10,748	$194,408	$ 6,008	$ 24,183	$ –	$ 8,593	$ 5,443	$ –	$249,383
Other revenue	8,515	5	3,883	82	937	–	70	188	(3,874)	9,806
Net assets released from restrictions	–	–	241	190	–	–	–	1	–	432
Total operating revenue	8,515	10,753	198,532	6,280	25,120	–	8,663	5,632	(3,874)	259,621
Operating expenses										
Salaries and wages	5,349	5,324	68,980	2,111	13,113	–	4,766	2,215	–	101,858
Employee benefits	1,320	892	15,520	491	2,677	–	930	447	–	22,277
Supplies and other	1,692	3,053	58,132	1,388	6,062	–	1,976	1,394	(3,874)	69,823
Interest	852	349	3,100	821	–	–	–	623	–	5,745
Provider and other taxes	–	599	8,998	–	133	–	660	–	–	10,390
Provision for bad debts	–	138	12,497	1	250	–	120	–	–	13,006
Depreciation and amortization	60	388	8,780	449	873	–	258	691	–	11,499
Total operating expenses	9,273	10,743	176,007	5,261	23,108	–	8,710	5,370	(3,874)	234,598
Income (loss) from operations	(758)	10	22,525	1,019	2,012	–	(47)	262	–	25,023
Nonoperating gains (losses), net	6,756	37	(15,168)	447	(1)	(395)	–	–	–	(8,324)
Excess (deficiency) of revenue over expenses before discontinued operations	5,998	47	7,357	1,466	2,011	(395)	(47)	262	–	16,699
Discontinued operations	–	–	–	–	–	–	–	–	–	–
Excess (deficiency) of revenue over expenses	5,998	47	7,357	1,466	2,011	(395)	(47)	262	–	16,699
Other changes in unrestricted net assets										
Net assets released from restrictions for property, plant and equipment	–	–	88	–	–	–	–	–	–	88
Adjustment for long-term pension liability	–	–	(5,721)	–	–	–	–	–	–	(5,721)
Transfer among affiliates	–	–	–	–	–	–	–	–	–	–
Increase (decrease) in unrestricted net assets	$ 5,998	$ 47	$ 1,724	$ 1,466	$ 2,011	$ (395)	$ (47)	$ 262	$ –	$ 11,066

* Certain entities included in St Joseph Hospital of Nashua, NH, Inc and Mary Immaculate are not included in the Obligated Group
** Total of Obligated Group carried forward to next page

Covenant Health Systems, Inc.
Consolidating Statement of Operations
December 31, 2011
(In thousands)

	St Mary's Health System	Covenant Health Systems Insurance LTD	St Joseph Manor Health Care, Inc	St Joseph Hospital Corporate Services, Inc	St Joseph Hospital DH Family Medicine	Mary Immaculate Residential Community, Inc I-III	St Andre Health Care Facility	St. Mary's Villa Nursing Home, Inc	Help-ing Hands	Provi-dentia Prima Trust	St Joseph Healthcare Foundation	St Joseph Valuation Co	Elimi-nations	System Consol-idated
Operating revenue														
Net patient service revenue	$ 173,503	$ –	$ 10,386	$ 22,373	$ 8,321	$ –	$ 7,971	$ 12,931	$ 548	$ –	$ 103,125	$ –	$ (817)	$ 587,724
Other revenue	10,265	–	378	1,025	29	3,675	47	67	–	–	2,832	–	(4,255)	23,869
Net assets released from restrictions	1,025	–	3	–	–	–	–	13	–	–	–	–	–	1,473
Total operating revenue	184,793	–	10,767	23,398	8,350	3,675	8,018	13,011	548	–	105,957	–	(5,072)	613,066
Operating expenses														
Salaries and wages	87,113	–	5,702	21,435	5,527	622	3,777	6,387	445	–	45,007	–	–	277,873
Employee benefits	18,253	–	1,038	5,442	1,959	115	708	1,554	59	–	9,551	–	–	60,956
Supplies and other	55,204	–	3,643	6,480	2,824	1,294	2,366	3,498	57	–	36,287	–	(5,070)	176,406
Interest	2,850	–	1	13	–	594	73	162	–	–	908	(83)	–	10,263
Provider and other taxes	3,973	–	590	–	–	–	449	–	–	–	2,075	–	–	17,477
Provision for bad debts	7,731	–	160	947	162	1	174	119	1	–	6,014	–	–	28,315
Depreciation and amortization	6,404	–	250	1,217	–	897	270	436	–	–	4,137	(366)	–	24,744
Total operating expenses	181,528	–	11,384	35,534	10,472	3,523	7,817	12,156	562	–	103,979	(449)	(5,070)	595,034
Income (loss) from operations	3,265	–	(617)	(12,136)	(2,122)	152	201	855	(14)	–	1,978	449	(2)	17,032
Nonoperating gains (losses), net	158	6,304	62	919	–	–	(3)	817	–	775	612	–	8,758	10 078
Excess (deficiency) of revenue over expenses before discontinued operations	3,423	6,304	(555)	(11,217)	(2,122)	152	198	1,672	(14)	775	2,590	449	8,756	27,110
Discontinued operations	501	–	–	(2,495)	–	–	–	–	–	–	–	–	–	(1,994)
Excess (deficiency) of revenue over expenses	3,924	6,304	(555)	(13,712)	(2,122)	152	198	1,672	(14)	775	2,590	449	8,756	25,116
Other changes in unrestricted net assets														
Net assets released from restrictions for property, plant and equipment	363	–	–	–	–	–	–	–	–	–	–	–	–	451
Adjustment for long-term pension liability	–	–	–	–	–	–	–	–	–	–	(4,512)	–	–	(10,233)
Transfer among affiliates	–	–	–	8,989	2,018	–	–	–	–	15,529	–	–	(26,536)	–
Increase (decrease) in unrestricted net assets	$ 4,287	$ 6,304	$ (555)	$ (4,723)	$ (104)	$ 152	$ 198	$ 1,672	$ (14)	$ 16,304	$ (1,922)	$ 449	$ (17,780)	$ 15,334

St. Joseph Hospital of Nashua, NH Consolidating Balance Sheet December 31, 2011 (In thousands)	St. Joseph Hospital of Nashua, NH	The Surgi Center at St. Joseph Hospital, Inc.	Souhegan Home and Hospice Care, Inc.	Elimi-nations	Total Obligated Group	St Joseph Hospital Corporate Services, Inc.	St. Joseph Hospital DH Family Medicine	Elimi-nations	St. Joseph Hospital Consolidated
Liabilities and Net Assets									
Current liabilities									
Line of credit	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Accounts payable	3,115	–	2	(10)	3,107	146	–	(135)	3,118
Accrued expenses and other current liabilities	13,836	–	366	–	14,202	2,263	857	–	17,322
Estimated third-party payor settlements	1,313	–	–	–	1,313	–	–	–	1,313
Due to affiliates	7	–	6	(6)	7	84	–	(6)	85
Current portion of long-term debt and capital leases	2,238	–	–	–	2 238	201	–	–	2,439
Total current liabilities	20,509	–	374	(16)	20,867	2,694	857	(141)	24,277
Long-term debt and capital leases, less current portion	78,519	–	–	–	78,519	–	–	–	78,519
Due to affiliates, less current portion	–	–	–	–	–	–	–	–	–
Other liabilities	7,250	–	–	–	7,250	7,743	–	–	14,993
Long-term pension obligation	7,297	–	–	–	7,297	–	–	–	7,297
Professional liability loss reserves	2,125	–	–	–	2,125	4,331	–	–	6,456
Total liabilities	115,700	–	374	(16)	116,058	14,768	857	(141)	131,542
Net assets									
Share capital	–	–	–	–	–	278,547	–	(278,547)	–
Unrestricted	106,520	6,800	515	(60)	113,775	–	46	(7,302)	106,519
Temporarily restricted	607	–	679	–	1,286	–	–	–	1,286
Permanently restricted	364	–	39	–	403	–	–	–	403
Retained earnings (deficit)	–	–	–	(7 256)	(7,256)	(267,021)	–	274,277	–
Total net assets	107,491	6,800	1,233	(7,316)	108,208	11,526	46	(11,572)	108,208
Total liabilities and net assets	$ 223,191	$ 6,800	$ 1,607	$ (7,332)	$ 224,266	$ 26,294	$ 903	$ (11,713)	$ 239,750

St. Joseph Hospital of Nashua, NH
Consolidating Statement of Operations
December 31, 2011
(In thousands)

	St. Joseph Hospital of Nashua, NH	The Surgi Center at St. Joseph Hospital, Inc.	Souhegan Home and Hospice Care, Inc.	Elimi-nations	Total Obligated Group	St. Joseph Hospital Corporate Services, Inc.	St. Joseph Hospital DH Family Medicine	Elimi-nations	St. Joseph Hospital Consolidated
Operating revenue									
Net patient service revenue	$ 191,171	$ 32	$ 3,577	$ (372)	$ 194,408	$ 22,373	$ 8,321	$ (817)	$ 224,285
Other revenue	3,912	–	12	(41)	3,883	1,025	29	(856)	4,081
Net assets released from restrictions	241	–	–	–	241	–	–	–	241
Total operating revenue	195,324	32	3,589	(413)	198,532	23,398	8,350	(1,673)	228,607
Operating expenses									
Salaries and wages	66,537	–	2,443	–	68,980	21,435	5,527	–	95 942
Employee benefits	15,294	4	545	(323)	15,520	5,442	1,959	–	22,921
Supplies and other	57,702	2	518	(90)	58,132	6,480	2,824	(1,671)	65,765
Interest	3,100	–	–	–	3,100	13	–	–	3,113
Provider and other taxes	8,998	–	–	–	8,998	–	–	–	8,998
Provision for bad debts	12,515	(18)	–	–	12,497	947	162	–	13,606
Depreciation and amortization	8,725	–	55	–	8,780	1 217	–	–	9,997
Total operating expenses	172,871	(12)	3,561	(413)	176,007	35,534	10,472	(1,671)	220,342
Income (loss) from operations	22,453	44	28	–	22,525	(12,136)	(2,122)	(2)	8,265
Nonoperating gains (losses), net	(15,095)	25	4	(102)	(15,168)	919	–	15,837	1,588
Excess (deficiency) of revenue over expenses before discontinued operations	7,358	69	32	(102)	7,357	(11,217)	(2,122)	15,835	9,853
Discontinued operations	–	–	–	–	–	(2,495)	–	–	(2,495)
Excess (deficiency) of revenue over expenses	7,358	69	32	(102)	7,357	(13,712)	(2,122)	15,835	7,358
Other changes in unrestricted net assets									
Net assets released from restrictions for property, plant and equipment	88	–	–	–	88	–	–	–	88
Adjustment for long-term pension liability	(5,721)	–	–	–	(5,721)	–	–	–	(5,721)
Transfer among affiliates	–	(50)	(165)	215	–	8,989	2,018	(11,007)	–
Increase (decrease) in unrestricted net assets	$ 1,725	$ 19	$ (133)	$ 113	$ 1,724	$ (4,723)	$ (104)	$ 4,828	$ 1,725

St. Joseph Hospital Corporate Services, Inc.
Consolidating Balance Sheet
December 31, 2011
(In thousands)

	St. Joseph Hospital Corporate Services	GNM Corp.	Granite State Mediquip	Rockingham Regional Ambulance	First Aid Home Care	SJ Physician Services	Elimi-nations	St. Joseph Hospital Corporate Services, Inc. Consolidated
Assets								
Current assets								
Cash and cash equivalents	$ 185	$ 45	$ 2	$ 6	$ –	$ 842	$ –	$ 1,080
Accounts receivable	–	3	2	285	–	1,943	–	2,233
Allowance for doubtful accounts	–	–	–	(279)	–	(1,102)	–	(1,381)
Investments	–	–	–	–	–	–	–	–
Inventories	–	–	–	–	–	–	–	–
Prepaid expenses and other current assets	127	1	–	–	–	539	(22)	645
Estimated third-party payor settlements	–	–	–	–	–	–	–	–
Current portion of assets whose use is limited or restricted	–	–	–	–	–	–	–	–
Current portion of due from affiliates	137,326	–	–	–	–	–	(137,326)	–
Total current assets	137,638	49	4	12	–	2,222	(137,348)	2,577
Assets whose use is limited or restricted, less current portion								
Funds held by trustees, less current portion	–	–	–	–	–	–	–	–
Deferred compensation	273	–	–	–	–	8,439	–	8,712
Board designated funds and other long-term investments	–	–	–	–	–	7	–	7
Replacement reserve	–	–	–	–	–	–	–	–
Donor restricted funds	–	–	–	–	–	–	–	–
Total assets whose use is limited or restricted, less current portion	273	–	–	–	–	8,446	–	8,719
Other assets								
Notes receivable and other assets	–	3	5	5	–	3,477	–	3,490
Due from affiliates	100	–	–	–	–	–	–	100
Estimated third-party payor settlements	–	–	–	–	–	–	–	–
Investments in joint ventures	206	–	–	–	–	158	–	364
Total other assets	306	3	5	5	–	3,635	–	3,954
Property, plant and equipment								
Land and improvements	–	1,633	–	–	–	–	–	1,633
Buildings and improvements	–	11,380	–	340	–	1,706	–	13,426
Equipment	837	55	–	2,453	–	4,344	–	7,689
Construction in progress	–	–	–	–	–	–	–	–
	837	13,068	–	2 793	–	6,050	–	22,748
Less accumulated depreciation	(711)	(3,802)	–	(2,793)	–	(4,398)	–	(11,704)
Total property, plant and equipment	126	9,266	–	–	–	1,652	–	11,044
Total assets	$ 138,343	$ 9,318	$ 9	$ 17	$ –	$ 15,955	$(137,348)	$ 26,294

St. Joseph Hospital Corporate Services, Inc
Consolidating Balance Sheet
December 31, 2011
(In thousands)

	St. Joseph Hospital Corporate Services	GNM Corp.	Granite State Mediquip	Rockingham Regional Ambulance	First Aid Home Care	SJ Physician Services	Elimi-nations	St. Joseph Hospital Corporate Services, Inc. Consolidated
Liabilities and Net Assets								
Current liabilities								
Line of credit	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Accounts payable	15	4	3	24	–	100	–	146
Accrued expenses and other current liabilities	247	11	120	553	–	1,332	–	2,263
Estimated third-party payor settlements	–	–	–	–	–	–	–	–
Due to affiliates	2,010	–	(3,072)	1,064	–	103	(21)	84
Current portion of long-term debt and capital leases	–	201	–	–	–	–	–	201
Total current liabilities	2,272	216	(2,949)	1,641		1,535	(21)	2,694
Long-term debt and capital leases, less current portion	–	–	–	–	–	–	–	–
Due to affiliates, less current portion	–	–	–	–	–	–	–	–
Other liabilities	627	–	–	–	–	7,116	–	7,743
Long-term pension liability	–	–	–	–	–	–	–	–
Professional liability loss reserves	–	–	–	–	–	4,331	–	4,331
Total liabilities	2,899	216	(2,949)	1,641	–	12,982	(21)	14,768
Net assets								
Share capital	140,247	6,273	854	4,395	5	126,803	(30)	278,547
Unrestricted	–	–	–	–	–	–	–	–
Temporarily restricted	–	–	–	–	–	–	–	–
Permanently restricted	–	–	–	–	–	–	–	–
Retained earnings	(4,803)	2,829	2,104	(6,019)	(5)	(123,830)	(137,297)	(267,021)
Total net assets	135,444	9,102	2,958	(1,624)	–	2,973	(137,327)	11,526
Total liabilities and net assets	$ 138,343	$ 9,318	$ 9	$ 17	$ –	$ 15,955	$(137,348)	$ 26,294

St. Joseph Hospital Corporate Services, Inc.
Consolidating Statement of Operations
December 31, 2011
(In thousands)

	St. Joseph Hospital Corporate Services	GNM Corp.	Granite State Mediquip	Rockingham Regional Ambulance	First Aid Home Care	SJ Physician Services	Elimi-nations	St. Joseph Hospital Corporate Services, Inc. Consolidated
Operating revenue								
Net patient service revenue	$ –	$ –	$ –	$ –	$ –	$ 22,373	$ –	$ 22,373
Other revenue	1,120	1,356	–	–	–	566	(2,017)	1,025
Net assets released from restrictions	–	–	–	–	–	–	–	–
Total operating revenue	1,120	1,356	–	–	–	22,939	(2,017)	23,398
Operating expenses								
Salaries and wages	1,383	–	–	–	–	20,052	–	21,435
Employee benefits	349	–	–	–	–	5,093	–	5,442
Supplies and other	322	616	–	–	–	7,559	(2,017)	6,480
Interest	–	13	–	–	–	–	–	13
Provider and other taxes	–	–	–	–	–	–	–	–
Provision for bad debts	–	–	–	–	–	947	–	947
Depreciation and amortization	59	392	–	–	–	766	–	1,217
Total operating expenses	2,113	1,021	–	–	–	34,417	(2,017)	35,534
Income (loss) from operations	(993)	335	–	–	–	(11,478)	–	(12,136)
Nonoperating gains (losses), net	697	–	82	146	–	(6)	–	919
Excess (deficiency) of revenue over expenses before discontinued operations	(296)	335	82	146	–	(11,484)	–	(11,217)
Discontinued operations	–	–	(315)	(2,179)	(1)	–	–	(2,495)
Excess (deficiency) of revenue over expenses	(296)	335	(233)	(2,033)	(1)	(11,484)	–	(13,712)
Other changes in unrestricted net assets								
Net assets released from restrictions for property, plant and equipment	–	–	–	–	–	–	–	–
Adjustment for long-term pension liability	–	–	–	–	–	–	–	–
Transfer among affiliates	8,989	(649)	65	208	–	10,746	(10,370)	8,989
Increase (decrease) in unrestricted net assets	$ 8,693	$ (314)	$ (168)	$ (1,825)	$ (1)	$ (738)	$ (10,370)	$ (4,723)

Youville Lifecare, Inc.
Consolidating Balance Sheet
December 31, 2011
(In thousands)

	Youville Lifecare, Inc.	Youville House	Elimi-nations	Youville Lifecare, Inc. Consolidated
Assets				
Current assets				
Cash and cash equivalents	$ 502	$ 2,872	$ –	$ 3,374
Accounts receivable	(1)	84	–	83
Allowance for doubtful accounts	–	(12)	–	(12)
Investments	4,294	–	–	4,294
Inventories	–	–	–	–
Prepaid expenses and other current assets	–	1,733	–	1,733
Estimated third-party payor settlements	105	–	–	105
Current portion of assets whose use is limited or restricted	–	396	–	396
Current portion of due from affiliates	–	88	–	88
Total current assets	4,900	5,161	–	10,061
Assets whose use is limited or restricted, less current portion				
Funds held by trustees, less current portion	–	1,972	–	1,972
Deferred compensation	–	–	–	–
Board designated funds and other long-term investments	20,425	2,777	–	23,202
Replacement reserve	–	–	–	–
Donor restricted funds	–	3,038	–	3,038
Total assets whose use is limited or restricted, less current portion	20,425	7,787	–	28,212
Other assets				
Notes receivable and other assets	134	162	–	296
Due from affiliates	–	539	–	539
Estimated third-party payor settlements	–	–	–	–
Investments in joint ventures	1	–	–	1
Total other assets	135	701	–	836
Property, plant and equipment				
Land and improvements	–	–	–	–
Buildings and improvements	–	13,528	–	13,528
Equipment	–	675	–	675
Construction in progress	–	649	–	649
	–	14,852	–	14,852
Less accumulated depreciation	–	(4,651)	–	(4,651)
Total property, plant and equipment	–	10,201	–	10,201
Total assets	$ 25,460	$ 23,850	$ –	$ 49,310

Youville Lifecare, Inc.
Consolidating Balance Sheet
December 31, 2011
(In thousands)

	Youville Lifecare, Inc.	Youville House	Elimi-nations	Youville Lifecare, Inc. Consolidated
Liabilities and Net Assets				
Current liabilities				
Line of credit	$ –	$ –	$ –	$ –
Accounts payable	–	39	–	39
Accrued expenses and other current liabilities	862	944	–	1,806
Estimated third-party payor settlements	525	–	–	525
Due to affiliates	–	23	–	23
Current portion of long-term debt and capital leases	–	91	–	91
Total current liabilities	1,387	1,097	–	2,484
Long-term debt and capital leases, less current portion	–	14,093	–	14,093
Due to affiliates, less current portion	–	–	–	–
Other liabilities	–	415	–	415
Long-term pension liability	–	–	–	–
Professional liability loss reserves	–	–	–	–
Total liabilities	1,387	15,605	–	16,992
Net assets				
Share capital	–	–	–	–
Unrestricted	24,073	5,397	–	29,470
Temporarily restricted	–	2,259	–	2,259
Permanently restricted	–	589	–	589
Retained earnings	–	–	–	–
Total net assets	24,073	8,245	–	32,318
Total liabilities and net assets	$ 25,460	$ 23,850	$ –	$ 49,310

Youville Lifecare, Inc.
Consolidating Statement of Operations
December 31, 2011
(In thousands)

	Youville Lifecare, Inc.	Youville House	Elimi-nations	Youville Lifecare, Inc Consolidated
Operating revenue				
Net patient service revenue	$ 92	$ 5,916	$ –	$ 6,008
Other revenue	–	82	–	82
Net assets released from restrictions	–	190	–	190
Total operating revenue	92	6,188	–	6,280
Operating expenses				
Salaries and wages	–	2,111	–	2,111
Employee benefits	–	491	–	491
Supplies and other	(105)	1,493	–	1,388
Interest	–	821	–	821
Provider and other taxes	–	–	–	–
Provision for bad debts	–	1	–	1
Depreciation and amortization	–	449	–	449
Total operating expenses	(105)	5,366	–	5,261
Income (loss) from operations	197	822	–	1,019
Nonoperating gains (losses), net	295	152	–	447
Excess (deficiency) of revenue over expenses before discontinued operations	492	974	–	1,466
Discontinued operations	–	–	–	–
Excess (deficiency) of revenue over expenses	492	974	–	1,466
Other changes in unrestricted net assets				
Net assets released from restrictions for property, plant and equipment	–	–	–	–
Adjustment for long-term pension liability	–	–	–	–
Transfer among affiliates	–	–	–	–
Increase (decrease) in unrestricted net assets	$ 492	$ 974	$ –	$ 1,466

Mary Immaculate Health Care Services, Inc
Consolidating Balance Sheet
December 31, 2011
(In thousands)

	Mary Immaculate Nursing	Mary Immaculate Adult Care	Mary Immaculate Management	Mary Immaculate Transportation	Mary Immaculate Eliminations	Total Obligated Mary Immaculate	MI Residential Comm	MI Residential Comm II	MI Residential Comm III	Total MI Residential Comm	Eliminations	Mary Immaculate Health Care Services, Inc Consolidated
Assets												
Current assets												
Cash and cash equivalents	$ 6,419	$ 194	$ 563	$ 478	$ –	$ 7,654	$ 132	$ 126	$ 207	$ 465	$ –	$ 8,119
Accounts receivable	2,192	424	23	8	–	2,647	30	40	14	84	–	2,731
Allowance for doubtful accounts	(248)	(13)	(8)	–	–	(269)	–	–	–	–	–	(269)
Investments	–	–	–	–	–	–	–	–	–	–	–	–
Inventories	–	–	–	–	–	–	–	–	–	–	–	–
Prepaid expenses and other current assets	138	–	7	–	–	145	–	2	2	4	–	149
Estimated third-party payor settlements	–	–	–	–	–	–	–	–	–	–	–	–
Current portion of assets whose use is limited or restricted	65	–	1	–	–	66	37	37	28	102	–	168
Current portion of due from affiliates	511	–	–	–	(346)	165	–	–	–	–	(165)	–
Total current assets	9,077	605	586	486	(346)	10,408	199	205	251	655	(165)	10,898
Assets whose use is limited or restricted, less current portion												
Funds held by trustees, less current portion	–	–	–	–	–	–	–	41	31	72	–	72
Deferred compensation	–	–	–	–	–	–	–	–	–	–	–	–
Board designated funds and other long-term investments	8,162	1,896	2,502	1,662	–	14,222	–	–	–	–	–	14,222
Replacement reserve	–	–	–	–	–	–	514	1,906	1,625	4,045	–	4,045
Donor restricted funds	–	–	–	–	–	–	–	–	–	–	–	–
Total assets whose use is limited or restricted, less current portion	8,162	1,896	2,502	1,662	–	14,222	514	1,947	1,656	4,117	–	18,339
Other assets												
Notes receivable and other assets	–	–	–	–	–	–	–	197	87	284	–	284
Due from affiliates	–	–	–	–	–	–	–	–	–	–	–	–
Estimated third-party payor settlements	–	–	–	–	–	–	–	–	–	–	–	–
Investments in joint ventures	–	–	–	–	–	–	–	–	–	–	–	–
Total other assets	–	–	–	–	–	–	–	197	87	284	–	284
Property, plant and equipment												
Land and improvements	105	–	–	–	–	105	101	5	–	106	–	211
Buildings and improvements	12,511	244	–	–	–	12,755	12,029	6,991	5,757	24,777	–	37,532
Equipment	6,716	192	65	382	–	7,355	410	331	291	1,032	–	8,387
Construction in progress	132	–	82	–	–	214	–	–	–	–	–	214
	19,464	436	147	382	–	20,429	12,540	7,327	6,048	25,915	–	46,344
Less accumulated depreciation	(13,369)	(299)	(35)	(264)	–	(13,967)	(6,643)	(4,895)	(4,165)	(15,703)	–	(29,670)
Total property, plant and equipment	6,095	137	112	118	–	6,462	5,897	2,432	1,883	10,212	–	16,674
Total assets	$ 23,334	$ 2,638	$ 3,200	$ 2,266	$ (346)	$ 31,092	$ 6,610	$ 4,781	$ 3,877	$ 15,268	$ (165)	$ 46,195

Mary Immaculate Health Care Services, Inc.
Consolidating Balance Sheet
December 31, 2011
(In thousands)

	Mary Immaculate Nursing	Mary Immaculate Adult Care	Mary Immaculate Management	Mary Immaculate Transportation	Mary Immaculate Eliminations	Total Obligated Mary Immaculate	MI Residential Comm	MI Residential Comm II	MI Residential Comm III	Total MI Residential Comm	Eliminations	Mary Immaculate Health Care Services, Inc Consolidated
Liabilities and Net Assets												
Current liabilities												
Line of credit	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Accounts payable	502	–	–	–	–	502	–	–	–	–	–	502
Accrued expenses and other current liabilities	945	42	121	9	–	1,117	134	138	112	384	–	1,501
Estimated third-party payor settlements	49	–	–	–	–	49	–	–	–	–	–	49
Due to affiliates	–	182	178	(25)	(346)	(11)	71	60	45	176	(165)	–
Current portion of long-term debt and capital leases	–	–	–	–	–	–	186	55	48	289	–	289
Total current liabilities	1,496	224	299	(16)	(346)	1,657	391	253	205	849	(165)	2,341
Long-term debt and capital leases, less current portion	–	–	–	–	–	–	1,860	3,843	3,334	9,037	–	9,037
Due to affiliates, less current portion	–	–	–	–	–	–	–	–	–	–	–	–
Other liabilities	530	–	–	–	–	530	14	21	18	53	–	583
Long-term pension obligation	–	–	–	–	–	–	–	–	–	–	–	–
Professional liability loss reserves	85	–	–	–	–	85	–	–	–	–	–	85
Total liabilities	2,111	224	299	(16)	(346)	2,272	2,265	4,117	3,557	9,939	(165)	12,046
Net assets												
Share capital	–	–	–	–	–	–	–	–	–	–	–	–
Unrestricted	21,213	2,409	2,901	2,282	–	28,805	(1,702)	664	320	(718)	–	28,087
Temporarily restricted	10	5	–	–	–	15	6,047	–	–	6,047	–	6,062
Permanently restricted	–	–	–	–	–	–	–	–	–	–	–	–
Retained earnings	–	–	–	–	–	–	–	–	–	–	–	–
Total net assets	21,223	2,414	2,901	2,282	–	28,820	4 345	664	320	5,329	–	34,149
Total liabilities and net assets	$ 23,334	$ 2,638	$ 3,200	$ 2,266	$ (346)	$ 31,092	$ 6,610	$ 4,781	$ 3,877	$ 15,268	$ (165)	$ 46,195

Mary Immaculate Health Care Services, Inc
Consolidating Statement of Operations
December 31, 2011
(In thousands)

	Mary Immaculate Nursing	Mary Immaculate Adult Care	Mary Immaculate Management	Mary Immaculate Transportation	Mary Immaculate Eliminations	Total Obligated Mary Immaculate	MI Residential Comm.	MI Residential Comm II	MI Residential Comm III	Total MI Residential Comm	Eliminations	Mary Immaculate Health Care Services, Inc Consolidated
Operating revenue												
Net patient service revenue	$ 20,752	$ 1,938	$ 1,887	$ –	$ (394)	$ 24 183	$ –	$ –	$ –	$ –	$ –	$ 24,183
Other revenue	141	60	842	658	(764)	937	1,261	1,219	1,195	3,675	(157)	4,455
Net assets released from restrictions	–	–	–	–	–	–	–	–	–	–	–	–
Total operating revenue	20,893	1,998	2,729	658	(1,158)	25,120	1,261	1,219	1,195	3,675	(157)	28,638
Operating expenses												
Salaries and wages	10,807	669	1,436	201	–	13 113	219	207	196	622	–	13,735
Employee benefits	2,196	163	278	40	–	2,677	39	40	36	115	–	2,792
Supplies and other	5,062	1,024	992	142	(1,158)	6,062	451	438	405	1,294	(157)	7,199
Interest	–	–	–	–	–	–	147	239	208	594	–	594
Provider and other taxes	133	–	–	–	–	133	–	–	–	–	–	133
Provision for bad debts	215	20	15	–	–	250	–	1	–	1	–	251
Depreciation and amortization	811	20	8	34	–	873	495	225	177	897	–	1,770
Total operating expenses	19,224	1,896	2,729	417	(1,158)	23,108	1,351	1,150	1,022	3,523	(157)	26,474
Income (loss) from operations	1,669	102	–	241	–	2,012	(90)	69	173	152	–	2,164
Nonoperating gains (losses), net	3	(1)	–	(3)	–	(1)	–	–	–	–	–	(1)
Excess (deficiency) of revenue over expenses before discontinued operations	1,672	101	–	238	–	2,011	(90)	69	173	152	–	2,163
Discontinued operations	–	–	–	–	–	–	–	–	–	–	–	–
Excess (deficiency) of revenue over expenses	1,672	101	–	238	–	2,011	(90)	69	173	152	–	2,163
Other changes in unrestricted net assets												
Net assets released from restrictions for property, plant and equipment	–	–	–	–	–	–	–	–	–	–	–	–
Adjustment for long-term pension liability	–	–	–	–	–	–	–	–	–	–	–	–
Transfer among affiliates	–	–	–	–	–	–	–	–	–	–	–	–
Increase (decrease) in unrestricted net assets	$ 1,672	$ 101	$ –	$ 238	$ –	$ 2,011	$ (90)	$ 69	$ 173	$ 152	$ –	$ 2,163

St. Joseph Healthcare Foundation
Consolidating Balance Sheet
December 31, 2011
(In thousands)

	St. Joseph Healthcare Foundation	St. Joseph Hospital (Bangor)	M&J Company	St. Joseph Ambulatory Care, Inc.	Alternative Health Services	Strauss Corporation	Elimi-nations	St. Joseph Health System Consolidated
Assets								
Current assets								
Cash and cash equivalents	$ 220	$ (884)	$ 1,322	$ 37	$ 24	$ 122	$ –	$ 841
Accounts receivable	8	13,531	23	411	166	–	–	14,139
Allowance for doubtful accounts	2	(6,140)	(12)	–	(6)	–	–	(6,156)
Investments	6,045	16,462	–	21	16	–	–	22,544
Inventories	–	758	–	–	–	–	–	758
Prepaid expenses and other current assets	3	1,766	21	111	12	–	–	1,913
Estimated third-party payor settlements	–	–	–	–	–	–	–	–
Current portion of assets whose use is limited or restricted	–	730	–	–	–	–	–	730
Current portion of due from affiliates	–	–	–	–	–	–	–	–
Total current assets	6,278	26,223	1,354	580	212	122	–	34,769
Assets whose use is limited or restricted, less current portion								
Funds held by trustees, less current portion	–	–	–	–	–	–	–	–
Deferred compensation	–	–	–	–	–	–	–	–
Board designated funds and other long-term investments	82	1,771	–	–	521	–	–	2,374
Replacement reserve	–	–	–	–	–	–	–	–
Donor restricted funds	1,063	2,108	–	–	–	–	–	3,171
Total assets whose use is limited or restricted, less current portion	1,145	3,879	–	–	521	–	–	5,545
Other assets								
Notes receivable and other assets	–	1,444	18	–	–	5	–	1,467
Due from affiliates	–	–	–	–	–	–	–	–
Estimated third-party payor settlements	–	3,131	–	–	–	–	–	3,131
Investments in joint ventures	241	1,604	–	–	–	–	(126)	1,719
Total other assets	241	6,179	18	–	–	5	(126)	6,317
Property, plant and equipment								
Land and improvements	80	214	3,353	–	–	–	–	3,647
Buildings and improvements	–	30,173	9,408	89	–	–	–	39,670
Equipment	–	30,898	431	745	152	–	–	32,226
Construction in progress	–	1,524	54	22	–	–	–	1,600
	80	62,809	13,246	856	152	–	–	77,143
Less accumulated depreciation	–	(40,891)	(6,311)	(405)	(148)	–	–	(47,755)
Total property, plant and equipment	80	21,918	6,935	451	4	–	–	29,388
Total assets	$ 7,744	$ 58,199	$ 8,307	$ 1,031	$ 737	$ 127	$ (126)	$ 76,019

St. Joseph Healthcare Foundation
Consolidating Balance Sheet
December 31, 2011
(In thousands)

	St. Joseph Healthcare Foundation	St. Joseph Hospital (Bangor)	M&J Company	St. Joseph Ambulatory Care, Inc.	Alternative Health Services	Strauss Corporation	Elimi-nations	St. Joseph Health System Consolidated
Liabilities and Net Assets								
Current liabilities								
Line of credit	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Accounts payable	–	1,284	7	156	7	–	–	1,454
Accrued expenses and other current liabilities	1,647	4,894	53	684	163	1	–	7,442
Estimated third-party payor settlements	–	7,379	–	–	–	–	–	7,379
Due to affiliates	–	–	–	–	–	–	–	–
Current portion of long-term debt and capital leases	–	1,290	541	–	–	–	–	1 831
Total current liabilities	1,647	14,847	601	840	170	1	–	18,106
Long-term debt and capital leases, less current portion	–	13,457	1,303	–	–	–	–	14,760
Due to affiliates, less current portion	–	–	–	–	–	–	–	–
Other liabilities	–	–	–	–	–	–	–	–
Long-term pension obligation	1,833	7,333	–	–	–	–	–	9,166
Professional liability loss reserves	–	1,625	–	–	–	–	–	1,625
Total liabilities	3,480	37,262	1,904	840	170	1	–	43,657
Net assets								
Share capital	–	–	–	–	–	–	–	–
Unrestricted	3,201	18,829	6,403	191	567	126	(126)	29,191
Temporarily restricted	28	–	–	–	–	–	–	28
Permanently restricted	1,035	2,108	–	–	–	–	–	3,143
Retained earnings	–	–	–	–	–	–	–	–
Total net assets	4,264	20,937	6,403	191	567	126	(126)	32,362
Total liabilities and net assets	$ 7,744	$ 58,199	$ 8,307	$ 1,031	$ 737	$ 127	$ (126)	$ 76,019

St. Joseph Healthcare Foundation
Consolidating Statement of Operations
December 31, 2011
(In thousands)

	St. Joseph Healthcare Foundation	St. Joseph Hospital (Bangor)	M&J Company	St. Joseph Ambulatory Care, Inc.	Alternative Health Services	Strauss Corporation	Elimi-nations	St. Joseph Health System Consolidated
Operating revenue								
Net patient service revenue	$ –	$ 92,958	$ –	$ 8,657	$ 1,510	$ –	$ –	$ 103,125
Other revenue	2	3,366	1,889	177	55	–	(2,657)	2,832
Net assets released from restrictions	–	–	–	–	–	–	–	–
Total operating revenue	2	96,324	1,889	8,834	1,565	–	(2,657)	105,957
Operating expenses								
Salaries and wages	–	34,267	–	9,555	1,185	–	–	45,007
Employee benefits	–	7,676	–	1,600	275	–	–	9,551
Supplies and other	247	34,033	601	3,650	414	(1)	(2,657)	36,287
Interest	–	771	137	–	–	–	–	908
Provider and other taxes	–	2,075	–	–	–	–	–	2,075
Provision for bad debts	–	5,780	4	226	4	–	–	6,014
Depreciation and amortization	–	3,653	454	30	–	–	–	4,137
Total operating expenses	247	88,255	1,196	15,061	1,878	(1)	(2,657)	103,979
Income (loss) from operations	(245)	8,069	693	(6,227)	(313)	1	–	1,978
Nonoperating gains (losses), net	327	256	5	(1)	26	–	(1)	612
Excess (deficiency) of revenue over expenses before discontinued operations	82	8,325	698	(6,228)	(287)	1	(1)	2,590
Discontinued operations	–	–	–	–	–	–	–	–
Excess (deficiency) of revenue over expenses	82	8,325	698	(6,228)	(287)	1	(1)	2 590
Other changes in unrestricted net assets								
Net assets released from restrictions for property, plant and equipment	–	–	–	–	–	–	–	–
Adjustment for long-term pension liability	(1,371)	(3,141)	–	–	–	–	–	(4,512)
Transfer among affiliates	635	(7,401)	(11)	6,507	270	–	–	–
Increase (decrease) in unrestricted net assets	$ (654)	$ (2,217)	$ 687	$ 279	$ (17)	$ 1	$ (1)	$ (1,922)

St. Mary's Health System
Consolidating Balance Sheet
December 31, 2011
(In thousands)

	St. Mary's Health System	St. Mary's Regional Medical Center	St. Mary's d'Youville Pavilion	St. Mary's Residences	Community Clinical Services, Inc.	Neigh-borhood Housing Initiative	Elimi-nations	St. Mary's Health System Consolidated
Assets								
Current assets								
Cash and cash equivalents	$ 37	$ 4,687	$ 1,509	$ 71	$ 589	$ –	$ –	$ 6,893
Accounts receivable	1,170	25,707	2,223	–	3,021	–	–	32,121
Allowance for doubtful accounts	(1,169)	(10,958)	(233)	–	(1,475)	–	–	(13,835)
Investments	14,544	–	–	179	–	–	(11,052)	3,671
Inventories	–	1,173	84	–	–	–	–	1,257
Prepaid expenses and other current assets	1,170	3,022	52	68	277	2	(1,137)	3,454
Estimated third-party payor settlements	–	–	–	–	–	–	–	–
Current portion of assets whose use is limited or restricted	–	–	–	–	–	–	–	–
Current portion of due from affiliates	(20,286)	21,654	(841)	(257)	(138)	–	(132)	–
Total current assets	(4,534)	45,285	2,794	61	2,274	2	(12,321)	33,561
Assets whose use is limited or restricted, less current portion								
Funds held by trustees, less current portion	–	1,272	435	–	–	–	–	1,707
Deferred compensation	–	–	–	–	–	–	–	–
Board designated funds and other long-term investments	1,092	26,486	2,858	9	–	–	–	30,445
Replacement reserve	–	–	–	179	–	–	–	179
Donor restricted funds	5,424	2,392	68	19	14	–	(2,774)	5,143
Total assets whose use is limited or restricted, less current portion	6,516	30,150	3,361	207	14	–	(2,774)	37,474
Other assets								
Notes receivable and other assets	280	1,758	70	187	–	–	(97)	2,198
Due from affiliates	–	–	–	–	–	–	–	–
Estimated third-party payor settlements	–	20,379	–	–	–	–	–	20,379
Investments in joint ventures	111	2,329	–	–	–	–	–	2,440
Total other assets	391	24,466	70	187	–	–	(97)	25,017
Property, plant and equipment								
Land and improvements	2,315	1,521	1,699	52	–	90	–	5,677
Buildings and improvements	7,544	67,533	9,103	6,607	84	–	–	90,871
Equipment	1,375	36,882	7,317	320	762	–	–	46,656
Construction in progress	14	561	68	75	12	–	–	730
	11,248	106,497	18,187	7,054	858	90	–	143,934
Less accumulated depreciation	(2,468)	(47,161)	(13,236)	(5,748)	(639)	–	–	(69,252)
Total property, plant and equipment	8,780	59,336	4,951	1,306	219	90	–	74,682
Total assets	$ 11,153	$ 159,237	$ 11,176	$ 1,761	$ 2,507	$ 92	$ (15,192)	$ 170,734

St. Mary's Health System
Consolidating Balance Sheet
December 31, 2011
(In thousands)

	St. Mary's Health System	St. Mary's Regional Medical Center	St. Mary's d'Youville Pavilion	St. Mary's Residences	Community Clinical Services, Inc.	Neighborhood Housing Initiative	Eliminations	St. Mary's Health System Consolidated
Liabilities and Net Assets								
Current liabilities								
Line of credit	$ 989	$ 2,500	$ –	$ –	$ –	$ –	$ –	$ 3,489
Accounts payable	8	1,747	190	4	49	–	–	1,998
Accrued expenses and other current liabilities	8,573	10,017	1,335	27	593	96	(96)	20,545
Estimated third-party payor settlements	–	1,701	(478)	–	183	–	–	1,406
Due to affiliates	11,184	–	–	–	–	–	(11,184)	–
Current portion of long-term debt and capital leases	265	1,906	655	57	–	–	–	2,883
Total current liabilities	21,019	17,871	1,702	88	825	96	(11,280)	30,321
Long-term debt and capital leases, less current portion	4,465	46,708	3,613	2,651	–	–	–	57,437
Due to affiliates, less current portion	–	–	–	–	–	–	–	–
Other liabilities	4,310	239	2	69	–	–	(3,912)	708
Long-term pension obligation	–	–	–	–	–	–	–	–
Professional liability loss reserves	588	1,410	–	–	–	–	–	1,998
Total liabilities	30,382	66,228	5,317	2,808	825	96	(15,192)	90,464
Net assets								
Share capital	–	–	–	–	–	–	–	–
Unrestricted	(20,658)	90,617	5,823	(1,066)	1,668	(4)	–	76,380
Temporarily restricted	1,062	1,696	26	19	14	–	–	2,817
Permanently restricted	367	696	10	–	–	–	–	1,073
Retained earnings	–	–	–	–	–	–	–	–
Total net assets	(19,229)	93,009	5,859	(1,047)	1,682	(4)	–	80,270
Total liabilities and net assets	$ 11,153	$ 159,237	$ 11,176	$ 1,761	$ 2,507	$ 92	$ (15,192)	$ 170,734

St. Mary's Health System
Consolidating Statement of Operations
December 31, 2011
(In thousands)

	St. Mary's Health System	St. Mary's Regional Medical Center	St. Mary's d'Youville Pavilion	St. Mary's Residences	Community Clinical Services, Inc.	Neighborhood Housing Initiative	Eliminations	St. Mary's Health System Consolidated
Operating revenue								
Net patient service revenue	$ (153)	$147,168	$ 18,952	$ –	$ 7,536	$ –	$ –	$ 173,503
Other revenue	19,557	9,255	5,007	1,594	1,724	–	(26,872)	10,265
Net assets released from restrictions	357	646	5	17	–	–	–	1,025
Total operating revenue	19,761	157,069	23,964	1,611	9,260	–	(26,872)	184,793
Operating expenses								
Salaries and wages	1,599	68,121	10,603	–	6,790	–	–	87,113
Employee benefits	13,783	16,197	3,328	–	1,325	–	(16,380)	18,253
Supplies and other	3,593	51,700	6,592	1,150	2,722	2	(10,555)	55,204
Interest	262	2,153	230	205	–	–	–	2,850
Provider and other taxes	–	2 912	1,061	–	–	–	–	3,973
Provision for bad debts	15	6,926	170	–	620	–	–	7,731
Depreciation and amortization	561	4 993	614	165	71	–	–	6,404
Total operating expenses	19,813	153,002	22,598	1,520	11,528	2	(26,935)	181,528
Income (loss) from operations	(52)	4,067	1,366	91	(2,268)	(2)	63	3,265
Nonoperating gains (losses), net	9	(2,077)	22	(1)	2,268	–	(63)	158
Excess (deficiency) of revenue over expenses before discontinued operations	(43)	1,990	1,388	90	–	(2)	–	3,423
Discontinued operations	501	–	–	–	–	–	–	501
Excess (deficiency) of revenue over expenses	458	1,990	1,388	90	–	(2)	–	3,924
Other changes in unrestricted net assets								
Net assets released from restrictions for property, plant and equipment	42	321	–	–	–	–	–	363
Adjustment for long-term pension liability	–	–	–	–	–	–	–	–
Transfer among affiliates	–	1,485	–	–	(1,485)	–	–	–
Increase (decrease) in unrestricted net assets	$ 500	$ 3,796	$ 1,388	$ 90	$ (1,485)	$ (2)	$ –	$ 4,287