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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
INDIANA UNIVERSITY HEALTH BALL MEMORIAL HOSPITAL INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
950 N MERIDIAN STREET SUITE 800

City or town, state or country, and ZIP + 4
INDIANAPOLIS, IN 46204

D Employer identification number
35-0867958

E Telephone number
(317) 962-4575

G Gross receipts $ 376,685,025

F Name and address of principal officer
MICHAEL E HALEY
950 N MERIDIAN ST STE 800
INDIANAPOLIS,IN 46204

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

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW IUHEALTH ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1926

M State of legal domicile IN

Part I Summary

1 Briefly describe the organization's mission or most significant activities
Promote wellness and improve the health status of the people of East Central Indiana and surrounding areas through patient care, health education and medical research

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**	18
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	12
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	2,917
6	Total number of volunteers (estimate if necessary)	**6**	1,474
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	14,797,408
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	3,566,619	8,962,872
9	Program service revenue (Part VIII, line 2g)	310,846,468	351,802,882
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	733,268	6,298,691
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	7,835,807	6,501,932
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	322,982,162	373,566,377
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	600
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	124,192,961	124,156,244
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	183,084,559	211,155,665
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	307,277,520	335,312,509
19	Revenue less expenses Subtract line 18 from line 12	15,704,642	38,253,868

		Beginning of Current Year	End of Year
Net Assets or Fund Balances			
20	Total assets (Part X, line 16)	296,215,938	301,045,326
21	Total liabilities (Part X, line 26)	203,764,491	207,552,642
22	Net assets or fund balances Subtract line 21 from line 20	92,451,447	93,492,684

Part II Signature Block

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

Sign Here

▶ Signature of officer — 2012-11-09 Date

▶ CAROL E SEALS CFO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶ JENNIFER D RHODERICK | Date | Check if self-employed ▶☐ | Preparer's taxpayer identification number (see instructions)

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ ERNST & YOUNG US LLP
111 MONUMENT CIRCLE SUITE 2600
INDIANAPOLIS, IN 46204

EIN ▶

Phone no ▶ (317) 681-7000

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

Promote wellness and improve the health status of the people of East Central Indiana and surrounding areas through patient care, health education and medical research

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 $ 279,355,735 including grants of $ 600) (Revenue $ 351,802,882)

Indiana University Health Ball Memorial Hospital, Inc ("IU Health Ball Memorial Hospital") serves as a destination health facility for the residents of East Central Indiana, and is home to medical specialties including oncology, cardiology, orthopedic services and specialized women and children's services IU Health Ball Memorial Hospital's clinical staff of more than 400 physicians, representing more than 45 medical specialties, serves patients, without regard to their ability to pay, in a warm, healing environment designed to enhance the healing process IU Health Ball Memorial Hospital is home to the largest graduate medical education teaching program in Indiana outside of Indianapolis offering family medicine, internal medicine and transitional residency programs as well as a medical research department

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

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

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

4e **Total program service expenses** ▶ $ 279,355,735

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		
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		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c	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**	Yes	
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**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
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**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	**1a**	169		
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**	2,917			
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	18		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	12		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2	Yes	
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		No
b	Other officers or key employees of the organization	15b	Yes	
	If "Yes," to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	Yes	
b	If "Yes," 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	Yes	

Section C. Disclosure

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

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 ▶

BROC BUDDE
950 N MERIDIAN STREET SUITE 800
INDIANAPOLIS, IN 46204
(317) 962-4575

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) JAMES A FISHER CHAIRMAN	5 0	X						0	0	0
(2) TERRY L WALKER VICE CHAIRMAN	5 0	X						0	0	0
(3) DANIEL F EVANS JR VICE CHAIRMAN	5 0	X						0	1,449,996	839,848
(4) PETER M VOSS MD VICE CHAIRMAN	5 0	X						0	0	0
(5) GORDON D COX DIRECTOR	5 0	X						0	0	0
(6) WILBUR R DAVIS DIRECTOR	5 0	X						0	0	0
(7) MICHAEL B GALLIHER DIRECTOR (01/01 - 04/30)	5 0	X						0	0	0
(8) JO ANN M GORA PHD DIRECTOR	5 0	X						0	0	0
(9) JEFFREY A HEAVILON MD DIRECTOR	5 0	X						0	0	0
(10) JOHN K JACKSON DIRECTOR	5 0	X						0	0	0
(11) JOHN D LITTLER DIRECTOR	5 0	X						0	0	0
(12) TERRI E MATCHETT DIRECTOR	5 0	X						0	0	0
(13) J STEVEN RHEA DIRECTOR	5 0	X						0	0	0
(14) D KAYE WHITEHEAD DIRECTOR	5 0	X						0	0	0
(15) BRUCE M GRAHAM MD DIRECTOR	5 0	X						0	0	0
(16) PATRICK A CLEARY MD PHD DIRECTOR	5 0	X						0	128,048	6,258
(17) CHRISTINA C DRUMMOND MD DIRECTOR	5 0	X						0	350,269	44,906

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) MICHAEL E HALEY DIRECTOR/PRESIDENT	55 0	X		X				888,860	0	45,655
(19) MICHAEL L COX DIRECTOR/SECRETARY/TREASURER	5 0	X		X				0	0	0
(20) HAROLD L BERFIEND CFO(1/1-3/17)/COO(3/18-12/31)	55 0			X				344,452	0	23,423
(21) CAROL E SEALS CFO (03/18 - 12/31)	55 0			X				63,118	100,123	9,992
(22) DOREEN C JOHNSON RN CNO	55 0				X			215,893	0	29,594
(23) TERRY A PENCE SERVICE LINE LEADER	55 0				X			177,442	0	30,336
(24) MICHELLE R ALTOBELLA VP & GENERAL COUNSEL	55 0					X		187,622	0	27,742
(25) ALVIS E FOSTER SR RADIATION PHYSICIST	55 0					X		193,921	0	21,814
(26) DAVID A SCHWARTZ RN REGISTERED NURSE	55 0					X		165,860	0	6,723
(27) JOSEPH R BUTTS RADIATION PHYSICIST	55 0					X		162,753	0	33,599
(28) ANN M MCGUIRE VP - HUMAN RESOURCES	55 0					X		153,167	0	14,226
(29) KELLY N STANLEY FORMER CEO							X	517,286	0	14,949
(30) RICHARD S HELSPER FORMER COO							X	0	247,966	21,656
1b Sub-Total . . . . . ▶										
c Total from continuation sheets to Part VII, Section A . . . . ▶										
d Total (add lines 1b and 1c) . . . . . ▶								3,070,374	2,276,402	1,170,721

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 ▶ 62

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization 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
MERIDIAN HEALTH SERVICES 240 N TILLOTSON AVENUE MUNCIE, IN 47304	MEDICAL	2,132,978
NATIONAL RENAL ALLIANCE 1550 W MCEWEN DRIVE SUITE 500 FRANKLIN, TN 37067	MEDICAL	1,285,042
UNITED HOSPITAL SERVICES 9948 PARK DAVIS DRIVE INDIANAPOLIS, IN 46235	LAUNDRY	1,263,643
HAGERMAN CONSTRUCTION CORP PO BOX 11848-1848 FORT WAYNE, IN 46861	CONSTRUCTION	1,240,050
EXECUTIVE HEALTH RESOURCES 15 CAMPUS BOULEVARD SUITE 200 NEWTON SQUARE, PA 19073	CONSULTING	1,202,388

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 ▶ 35

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	3,432,891			
	e	Government grants (contributions)	1e	5,524,483			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	5,498			
	g	Noncash contributions included in lines 1a-1f $ 0					
	h	**Total.** Add lines 1a-1f		8,962,872			
Program Service Revenue			Business Code				
	2a	NET PATIENT SERVICE REVENUE	621110	317,533,782	317,533,782	0	0
	b	SHARED SERVICES	541900	10,043,425	9,983,169	60,256	0
	c	PHARMACY	446110	19,767,290	5,156,862	14,610,428	0
	d	INCOME (LOSS) FROM PARTNERSHIPS	900099	3,033,372	2,906,648	126,724	0
	e	RENT FROM RELATED 501(C)(3) ORGS	532000	1,039,265	1,039,265	0	0
	f	All other program service revenue		385,748	385,748		0
	g	**Total.** Add lines 2a–2f		351,802,882			
	3	Investment income (including dividends, interest and other similar amounts)		251,914			251,914
	4	Income from investment of tax-exempt bond proceeds		0			
	5	Royalties		0			
			(i) Real / (ii) Personal				
	6a	Gross rents	1,931,318				
	b	Less rental expenses	1,655,969				
	c	Rental income or (loss)	275,349				
	d	Net rental income or (loss)		275,349			275,349
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	7,293,200 / 216,256				
	b	Less cost or other basis and sales expenses	1,331,399 / 131,280				
	c	Gain or (loss)	5,961,801 / 84,976				
	d	Net gain or (loss)		6,046,777			6,046,777
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		0			
	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		0			
	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		0			
	Miscellaneous Revenue		Business Code				
	11a	CAFETERIA/FOOD SERVICE	722210	1,691,316	0	0	1,691,316
	b	GIFT SHOP	453220	583,563	0	0	583,563
	c	VENDING	900099	41,156	0	0	41,156
	d	All other revenue		3,910,548	0	0	3,910,548
	e	**Total.** Add lines 11a–11d		6,226,583			
	12	**Total revenue.** See Instructions		373,566,377	337,005,474	14,797,408	12,800,623

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	600	600		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	2,004,643	1,736,626	268,017	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	94,670,565	82,013,297	12,657,268	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	5,342,922	5,312,772	30,150	
9	Other employee benefits	15,265,830	15,060,008	205,822	
10	Payroll taxes	6,872,284	6,010,091	862,193	
11	Fees for services (non-employees)				
a	Management	1,207,840		1,207,840	
b	Legal	120,621		120,621	
c	Accounting	333,431		333,431	
d	Lobbying	14,624		14,624	
e	Professional fundraising *See Part IV, line 17*	0			
f	Investment management fees	0			
g	Other	54,513,623	27,532,624	26,980,999	
12	Advertising and promotion	119,550	2,498	117,052	
13	Office expenses	2,756,065	1,022,028	1,734,037	
14	Information technology	4,310,563	519,347	3,791,216	
15	Royalties	0			
16	Occupancy	5,393,727	1,367,377	4,026,350	
17	Travel	188,285	119,145	69,140	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	1,313	540	773	
20	Interest	5,992,557	5,968,146	24,411	
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	19,055,701	19,055,701		
23	Insurance	1,548,098	4,475	1,543,623	
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	DRUGS AND MEDICAL SUPPLIES	73,978,542	73,978,542		
b	BAD DEBT	37,686,011	37,686,011		
c	RECRUITMENT	513,455	38,256	475,199	
d	INSTITUTIONAL DUES/LICENSES	88,361	88,361		
e					
f	All other expenses	3,333,298	1,839,290	1,494,008	
25	**Total functional expenses.** Add lines 1 through 24f	335,312,509	279,355,735	55,956,774	0
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		14,329	1	16,890
	2	Savings and temporary cash investments		23,607,463	2	0
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		30,142,285	4	43,295,598
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	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		318,500	6	477,750
	7	Notes and loans receivable, net		2,280,354	7	623,460
	8	Inventories for sale or use		6,188,468	8	6,068,309
	9	Prepaid expenses and deferred charges		1,024,799	9	1,779,810
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 427,667,376			
	b	Less accumulated depreciation	10b 252,407,194	181,631,913	10c	175,260,182
	11	Investments—publicly traded securities		26,529,934	11	25,169,096
	12	Investments—other securities See Part IV, line 11		1,353,757	12	0
	13	Investments—program-related See Part IV, line 11		19,802,457	13	18,572,241
	14	Intangible assets		27,666	14	14,614
	15	Other assets See Part IV, line 11		3,294,013	15	29,767,376
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		296,215,938	16	301,045,326
Liabilities	17	Accounts payable and accrued expenses		29,412,548	17	32,123,437
	18	Grants payable		0	18	0
	19	Deferred revenue		3,144,316	19	260,069
	20	Tax-exempt bond liabilities		104,261,673	20	91,015,337
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*		0	21	0
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		6,224,113	23	6,758,039
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	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		60,721,841	25	77,395,760
	26	**Total liabilities.** Add lines 17 through 25		203,764,491	26	207,552,642
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		80,908,077	27	81,949,314
	28	Temporarily restricted net assets		0	28	0
	29	Permanently restricted net assets		11,543,370	29	11,543,370
		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		92,451,447	33	93,492,684
	34	Total liabilities and net assets/fund balances		296,215,938	34	301,045,326

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	373,566,377
2	Total expenses (must equal Part IX, column (A), line 25)	2	335,312,509
3	Revenue less expenses Subtract line 2 from line 1	3	38,253,868
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	92,451,447
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-37,212,631
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	93,492,684

Part XII Financial Statements and Reporting

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

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

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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
INDIANA UNIVERSITY HEALTH BALL MEMORIAL HOSPITAL INC

Employer identification number
35-0867958

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

_____

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						

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						
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**

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)						

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	
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	
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

Additional Data

Software ID:
Software Version:
EIN: 35-0867958
Name: INDIANA UNIVERSITY HEALTH BALL MEMORIAL HOSPITAL INC

Form 990, Special Condition Description:

Special Condition Description

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
JAMES A FISHER CHAIRMAN	5 0	X						0	0	0
TERRY L WALKER VICE CHAIRMAN	5 0	X						0	0	0
DANIEL F EVANS JR VICE CHAIRMAN	5 0	X						0	1,449,996	839,848
PETER M VOSS MD VICE CHAIRMAN	5 0	X						0	0	0
GORDON D COX DIRECTOR	5 0	X						0	0	0
WILBUR R DAVIS DIRECTOR	5 0	X						0	0	0
MICHAEL B GALLIHER DIRECTOR (01/01 - 04/30)	5 0	X						0	0	0
JO ANN M GORA PHD DIRECTOR	5 0	X						0	0	0
JEFFREY A HEAVILON MD DIRECTOR	5 0	X						0	0	0
JOHN K JACKSON DIRECTOR	5 0	X						0	0	0
JOHN D LITTLER DIRECTOR	5 0	X						0	0	0
TERRI E MATCHETT DIRECTOR	5 0	X						0	0	0
J STEVEN RHEA DIRECTOR	5 0	X						0	0	0
D KAYE WHITEHEAD DIRECTOR	5 0	X						0	0	0
BRUCE M GRAHAM MD DIRECTOR	5 0	X						0	0	0
PATRICK A CLEARY MD PHD DIRECTOR	5 0	X						0	128,048	6,258
CHRISTINA C DRUMMOND MD DIRECTOR	5 0	X						0	350,269	44,906
MICHAEL E HALEY DIRECTOR/PRESIDENT	55 0	X		X				888,860	0	45,655
MICHAEL L COX DIRECTOR/SECRETARY/TREASURER	5 0	X		X				0	0	0
HAROLD L BERFIEND CFO(1/1-3/17)/COO(3/18-12/31)	55 0			X				344,452	0	23,423
CAROL E SEALS CFO (03/18 - 12/31)	55 0			X				63,118	100,123	9,992
DOREEN C JOHNSON RN CNO	55 0				X			215,893	0	29,594
TERRY A PENCE SERVICE LINE LEADER	55 0				X			177,442	0	30,336
MICHELLE R ALTOBELLA VP & GENERAL COUNSEL	55 0					X		187,622	0	27,742
ALVIS E FOSTER SR RADIATION PHYSICIST	55 0					X		193,921	0	21,814

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
DAVID A SCHWARTZ RN REGISTERED NURSE	55 0					X		165,860	0	6,723
JOSEPH R BUTTS RADIATION PHYSICIST	55 0					X		162,753	0	33,599
ANN M MCGUIRE VP - HUMAN RESOURCES	55 0					X		153,167	0	14,226
KELLY N STANLEY FORMER CEO							X	517,286	0	14,949
RICHARD S HELSPER FORMER COO							X	0	247,966	21,656

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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
INDIANA UNIVERSITY HEALTH BALL MEMORIAL HOSPITAL INC	35-0867958

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?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		14,624
j	Total lines 1c through 1i			14,624
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
Schedule C, Part II-B	Line 1i - Other Activities	Indiana University Health Ball Memorial Hospital, Inc ("IU Health Ball Memorial Hospital") paid institutional membership dues to the American Hospital Association ("AHA") and Indiana Hospital Association ("IHA") during 2011 in the amount of $34,129 and $118,900, respectively Each membership organization notified IU Health Ball Memorial Hospital that a portion of the dues it paid were used for lobbying purposes The AHA used 24 42%, or $8,334 of 2011 membership dues paid by IU Health Ball Memorial Hospital, for lobbying expenditures The IHA used 5 29%, or $6,290 of the 2011 membership dues paid by IU Health Ball Memorial Hospital, for lobbying expenditures The total membership dues paid to these organizations by IU Health Ball Memorial Hospital during 2011 that were attributable to lobbying expenditures was $14,624

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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
INDIANA UNIVERSITY HEALTH BALL MEMORIAL HOSPITAL INC

Employer identification number
35-0867958

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	11,543,370	11,543,370	11,543,370	11,543,370	
b	Contributions	0	0	0	0	
c	Investment earnings or losses	0	0	0	0	
d	Grants or scholarships	0	0	0	0	
e	Other expenditures for facilities and programs	0	0	0	0	
f	Administrative expenses	0	0	0	0	
g	End of year balance	11,543,370	11,543,370	11,543,370	11,543,370	

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

- a Board designated or quasi-endowment ▶ 0 %
- b Permanent endowment ▶ 100 000 %
- c Term endowment ▶ 0 %

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

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

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		2,580,410		2,580,410
b Buildings		256,160,363	116,000,485	140,159,878
c Leasehold improvements		2,709,816	1,784,985	924,831
d Equipment		159,095,181	131,450,864	27,644,317
e Other		7,121,606	3,170,860	3,950,746
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				175,260,182

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		
Other		
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶		

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

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) RANDOLPH COUNTY HOSPITAL	2,499,305	C
(2) CARDINAL HEALTH ALLIANCE	2,675,319	C
(3) IUH BMH FOUNDATION, INC	11,543,370	C
(4) BMH AUXILIARY, INC	549	C
(5) BALL OUTPATIENT SURGERY CENTER	0	C
(6) UNITED HOSPITAL SERVICES	61,798	C
(7) CARDINAL HEALTH VENTURES	914,939	C
(8) VHA, INC	134,250	C
(9) CARDINAL HEALTH INITIATIVES	742,711	C
Total. *(Column (b) should equal Form 990, Part X, col (B) line 13)* ▶	18,572,241	

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

(a) Description	(b) Book value
(1) INTERCOMPANY RECEIVABLES (NET)	27,684,955
(2) UNAMORTIZED BOND ISSUANCE COST	1,051,916
(3) ALL OTHER ASSETS	1,030,505
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	29,767,376

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	0
PENSION AND OTHER RETIREMENT LIABILITIES	71,788,036
DUE TO THIRD-PARTY PAYORS	4,616,578
INTEREST RATE SWAP LIABILITIES	595,960
SELF-INSURANCE LIABILITIES	395,186
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	77,395,760

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
Schedule D, Part V - Endowment Funds	Line 4 - Intended Uses of Organization's Endowment Funds	Permanently restricted net assets are generally restricted for indigent and other patient care services, medical education and research programs, and medical supplies and equipment
Schedule D, Part X - Other Liabilities	Line 2 - FIN 48 (ASC 740) Footnote	Indiana University Health Ball Memorial Hospital, Inc ("IU Health Ball Memorial Hospital") is a subsidiary in the consolidated financial statements of Indiana University Health, Inc ("IU Health") IU Health adopted FIN 48 in 2007 No disclosures were required in 2011 under GAAP as IU Health does not have any material tax contingencies that required disclosures in the footnotes

Additional Data

Software ID:

Software Version:

EIN: 35-0867958

Name: INDIANA UNIVERSITY HEALTH BALL MEMORIAL HOSPITAL INC

Form 990, Schedule D, Part VIII - Investments— Program Related

(a) Description of investment type	**(b)** Book value	**(c)** Method of valuation Cost or end-of-year market value
RANDOLPH COUNTY HOSPITAL	2,499,305	C
CARDINAL HEALTH ALLIANCE	2,675,319	C
IUH BMH FOUNDATION, INC	11,543,370	C
BMH AUXILIARY, INC	549	C
BALL OUTPATIENT SURGERY CENTER	0	C
UNITED HOSPITAL SERVICES	61,798	C
CARDINAL HEALTH VENTURES	914,939	C
VHA, INC	134,250	C
CARDINAL HEALTH INITIATIVES	742,711	C

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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
INDIANA UNIVERSITY HEALTH BALL MEMORIAL HOSPITAL INC

Employer identification number
35-0867958

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 **650. %**	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)		0	12,818,564	0	12,818,564	4 260 %
b Medicaid (from Worksheet 3, column a)		72,146	48,411,644	42,775,613	5,636,031	1 870 %
c Costs of other means-tested government programs (from Worksheet 3, column b)		0	0	0	0	0 %
d **Total** Charity Care and Means-Tested Government Programs		72,146	61,230,208	42,775,613	18,454,595	6 130 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)	31	15,068	333,999	3,940	330,059	0 110 %
f Health professions education (from Worksheet 5)	6	2,030	8,527,310	2,747,554	5,779,756	1 920 %
g Subsidized health services (from Worksheet 6)		0	0	0	0	0 %
h Research (from Worksheet 7)	1	376	633,565	100,129	533,436	0 180 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)	5	10,964	69,326	0	69,326	0 020 %
j **Total** Other Benefits	43	28,438	9,564,200	2,851,623	6,712,577	2 230 %
k **Total.** Add lines 7d and 7j	43	100,584	70,794,408	45,627,236	25,167,172	8 360 %

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	1	1,200	16,824	0	16,824	0 010 %
2	Economic development	2	644	97,907	0	97,907	0 030 %
3	Community support	1	232	5,042	0	5,042	0 %
4	Environmental improvements		0	0	0	0	0 %
5	Leadership development and training for community members		0	0	0	0	0 %
6	Coalition building	1	832	24,154	0	24,154	0 010 %
7	Community health improvement advocacy	1	40	68	0	68	0 %
8	Workforce development	1	1,347	5,663	0	5,663	0 %
9	Other		0	0	0	0	0 %
10	**Total**	7	4,295	149,658	0	149,658	0 050 %

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			No
2	Enter the amount of the organization's bad debt expense	2	10,626,923		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	0		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	104,009,908
6	Enter Medicare allowable costs of care relating to payments on line 5	6	106,172,105
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-2,162,197
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	BOSC LLC	AMBULATORY SURGERY CENTER	52 941 %	0 %	47 059 %
2	BOSS LLC	AMBULATORY SURGERY CENTER	51 535 %	0 %	48 465 %
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	IU HEALTH BALL MEMORIAL HOSPITAL 2401 UNIVERSITY AVENUE MUNCIE,IN 47303	X	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)

IU HEALTH BALL MEMORIAL 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 650 %			
	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? **17**

	Name and address	Type of Facility (Describe)
1	See Additional Data Table	
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
Schedule H, Part I - Financial Assistance	Line 3c	N/A

Identifier	ReturnReference	Explanation
Schedule H, Part I - Financial Assistance	Line 6a - Community Benefit Report Prepared by Related Organization	Indiana University Health Ball Memorial Hospital, Inc 's ("IU Health Ball Memorial Hospital") community benefits and investments are included in the Indiana University Health ("IU Health") Community Benefit Report which is made available to the public on its website at www iuhealth org The Community Benefit report is also distributed to numerous key organizations throughout the State of Indiana to broadly share IU Health's community benefit efforts and investments statewide, and is available by request through the Indiana State Department of Health or IU Health IU Health Ball Memorial Hospital's community benefit information is also included in the IU Health Ball Memorial Hospital Community Benefit Report which is made available to the public on the IU Health Ball Memorial Hospital website at www iuhealth org/ball-memorial The report is also printed and widely distributed to local community leaders and at local community events such as health fairs and informational programs attended by the public It is also available upon request

Identifier	ReturnReference	Explanation
Schedule H, Part I - Financial Assistance	Line 7, Column (f) - Bad Debt Expense	The amount of bad debt expense included on Form 990, Part IX, Line 25, column (A), but subtracted for purposes of calculating the percentage of total expense is $37,686,011

Identifier	ReturnReference	Explanation
Schedule H, Part I - Financial Assistance	Line 7 - Total Community Benefit Expense	Percentage of Total Expenses listed on Schedule H, Part I, Line 7, Column (f) is calculated based on Net Community Benefit Expense The Percentage of Total Expenses calculated based on Total Community Benefit Expense is 23 52%

Identifier	ReturnReference	Explanation
Schedule H, Part I - Financial Assistance	Line 7g - Subsidized Health Services	Indiana University Health Ball Memorial Hospital, Inc does not include any costs associated with physician clinics as subsidized health services

Identifier	ReturnReference	Explanation
Schedule H, Part II - Community Building Activities	Promotion of Health in Communities Served	In 2011, Indiana University Health Ball Memorial Hospital, Inc ("IU Health Ball Memorial Hospital") provided expertise and resources to local community initiatives that addressed economic development, community health improvement, and workforce development Outreach activities included job fairs and interview seminars, participation in an economic development council and chamber of commerce, donations to local economic development activities, and collaborative partnerships to improve community health As a part of a large-scale initiative to improve access to healthy food and safe places for physical activity, IU Health Ball Memorial Hospital added equipment and walking paths to playground facilities at Mitchell Elementary School and Sutton Elementary School during the 2011 IU Health Day of Community Service As part of the IU Health system, IU Health Ball Memorial leaders participate in a wide array of community-building activities that address the underlying quality of life in the communities IU Health serves Hospitals throughout the IU Health system invest in economic development efforts in their communities which results in collaborations through coalitions across the state, with like-minded organizations that address key issues, and advocates for improvements in the health status of vulnerable populations In 2011, IU Health spent over 1 2 million dollars, serving more than 77,000 individuals as a statewide organization Specifically, IU Health Ball Memorial Hospital invested over $146,000 serving nearly 4,300 people in Muncie community

Identifier	ReturnReference	Explanation
Schedule H, Part III - Bad Debt, Medicare, & Collection Practices	Line 4 - Bad Debt Expense	The provision for uncollected patient accounts is based upon management's assessment of historical and expected net collections considering business and economic conditions, changes and trends in health care coverage, and other collection indicators Periodically, management assesses the adequacy of the allowance for uncollectible accounts based upon accounts receivable payor composition and aging, and historical write-off experience by payor category, as adjusted for collection indicators The results of the review are then used to make any modifications to the provision for uncollected patient accounts and the allowance for uncollectible accounts In addition, Indiana University Health Ball Memorial Hospital, Inc ("IU Health Ball Memorial Hospital") follows established guidelines for placing certain past due patient balances with collection agencies Patient accounts that are uncollected, including those placed with collection agencies, are initially charged against the allowance for uncollectible accounts in accordance with collection policies of IU Health Ball Memorial Hospital and, in certain cases, are reclassified to charity care if deemed to otherwise meet charity care and financial assistance policies of IU Health Ball Memorial Hospital The bad debt expense reported on Line 2 is calculated under the cost to charge ratio methodology IU Health Ball Memorial Hospital provides health care services through various programs that are designed, among other matters, to enhance the health of the community and improve the health of low-income patients In addition, IU Health Ball Memorial Hospital provides services intended to benefit the poor and underserved, including those persons who cannot afford health insurance because of inadequate resources or are uninsured or underinsured

Identifier	ReturnReference	Explanation
Schedule H, Part III - Bad Debt, Medicare, & Collection Practices	Line 8 - Medicare Shortfall	The Medicare shortfall reported on Schedule H, Part III, Line 7 is calculated, in accordance with the Form 990 instructions, using "allowable costs" from Indiana University Health Ball Memorial Hospital, Inc 's ("IU Health Ball Memorial Hospital") Medicare Cost Report "Allowable costs" for Medicare Cost Report purposes are not reflective of all costs associated with IU Health Ball Memorial Hospital's participation in Medicare programs For example, the Medicare Cost Report excludes certain costs such as billed physician services, the costs of Medicare Parts C and D, fee schedule reimbursed services, and durable medical equipment services Inclusion of all costs associated with IU Health Ball Memorial Hospital's participation in Medicare programs would significantly increase the Medicare shortfall reported on Schedule H, Part III, Line 7 IU Health Ball Memorial Hospital's Medicare shortfall is attributable to reimbursements that are less than the cost of providing patient care and services to Medicare beneficiaries and does not include any amounts that result from inefficiencies or poor management IU Health Ball Memorial Hospital accepts all Medicare patients knowing that there may be shortfalls, therefore it has taken the position that the shortfall should be counted as part of its community benefit Additionally, it is implied in Internal Revenue Service Revenue Ruling 69-545 that treating Medicare patients is a community benefit Revenue Ruling 69-545, which established the community benefit standard for nonprofit hospitals, states that if a hospital serves patients with governmental health benefits, including Medicare, then this is an indication that the hospital operates to promote the health of the community

Identifier	ReturnReference	Explanation
Schedule H, Part III - Bad Debt, Medicare, & Collection Practices	Line 9b - Written Debt Collection Policy and Financial Assistance	If a patient cannot satisfy standard payment expectations, a financial assistance screening process for alternative sources of balance resolution is completed Those resolutions may include a discount on charges, Medicaid enrollment, interest-free loan or application for charity care If a patient does not apply for charity care but meets the charity care guidelines established by Indiana University Health Ball Memorial Hospital, Inc ("IU Health Ball Memorial Hospital"), IU Health Ball Memorial Hospital will waive charges and treat the cost of services as charity care

Identifier	ReturnReference	Explanation
Schedule H, Part VI - Supplement Information	Line 2 - Needs Assessment	Communities are multifaceted and so are their health needs Indiana University Health Ball Memorial Hospital, Inc ("IU Health Ball Memorial Hospital") understands that the health of individuals and communities are shaped by various social and environmental factors, along with health behaviors and additional influences IU Health Ball Memorial Hospital assesses the health care needs of the communities it serves by utilizing the detailed community needs assessments undertaken by organizations such as the Delaware County Health Department, the Indiana State Department of Health, the Centers for Disease Control and Prevention and the United Way of Central Indiana

Identifier	ReturnReference	Explanation
Schedule H, Part VI - Supplemental Information	Line 3 - Patient Education of Eligibility for Assistance	Indiana University Health Ball Memorial Hospital, Inc ("IU Health Ball Memorial Hospital") goes to great lengths to ensure patients know that IU Health Ball Memorial Hospital treats all patients regardless of their ability to pay IU Health Ball Memorial Hospital shares financial assistance information with patients during the admission process, billing process and online Helping patients understand that financial support for their care is a part of IU Health Ball Memorial Hospital's commitment to its mission IU Health Ball Memorial Hospital's financial assistance policy exists to serve those in need by providing financial relief to patients who ask for assistance after care has been provided During the admissions process, opportunities for financial assistance are discussed with patients who are identified as a self-pay patient, or requests assistance information The patient is also provided with an Admissions Packet that provides information regarding IU Health Ball Memorial Hospital's financial assistance program Financial counselors are onsite to assist financial concerns or questions during the patient's stay Patient Financial Services - Customer Service representatives can help patients apply for financial assistance, understand their bills, explain what they can expect during the billing process, accept payment (if needed), update their insurance or payor information, and update their address or other demographics A summary of the financial assistance policy is printed on the back of each patient statement, while the financial assistance application is mailed to all uninsured IU Health Ball Memorial Hospital patients at the conclusion of their treatment along with a summary of the incurred charges Additionally, on the back of each patient statement is a phone number that will allow patients the ability to request financial assistance Uninsured patients are also made aware of this process at the time of registration The Indiana University Health, Inc ("IU Health") statewide system, of which IU Health Ball Memorial Hospital is included, website (iuhealth org) has a page dedicated to financial assistance and offers an online application and phone numbers for customer service representatives to assist with the application process IU Health Ball Memorial Hospital has an expansive financial assistance program, which aligns with IU Health's policy and utilizes the federal poverty guidelines to determine eligibility, making access to quality care within a patient's reach The IU Health Financial Assistance policy provides the following support to patients that qualify " Free care for those earning up to 200 percent of federal poverty guidelines, " Discounted care on a sliding scale for families earning from 200 to 400 percent of federal poverty guidelines, and " Discounted care on a sliding scale for uninsured families earning from 400 to 650 percent of federal poverty guidelines, and " Financial assistance to patients whose health insurance coverage, if any, does not provide full coverage for all of their medical expenses and whose medical expenses would make them indigent if they were forced to pay full charges Patients are guided through their course of care with particular sensitivity, reviewing changing circumstances and allowing for financial assistance at any point during the relationship and billing process with the patient For those inpatients that may qualify for the Medicaid program and have not applied, IU Health Ball Memorial Hospital financial counselors will assist patients with the Medicaid application If a patient does not apply for financial assistance, but meets the financial assistance guidelines established by IU Health Ball Memorial Hospital, IU Health Ball Memorial Hospital will waive charges and treat the cost of services as financial assistance

Identifier	ReturnReference	Explanation
Schedule H, Part VI - Supplemental Information	Line 4 - Community Information	Indiana University Health Ball Memorial Hospital, Inc ("IU Health Ball Memorial Hospital") serves a large geographic area in East Central Indiana which serves patients primarily from Delaware County (68%) and six surrounding counties (Randolph, Jay, Henry, Blackford, Grant, and Madison) (32%) Delaware County has a higher rate of unemployment and a lower median household income than the Indiana state and national averages The county is adversely affected by a combination of chronic health conditions, low educational attainment, and the low availability of higher paying jobs Of the seven counties primarily served by IU Health Ball Memorial Hospital, all are expected to decrease in total population and increase in the number of residents 65 years of age or older Additionally, approximately 65% of inpatient and outpatient cases in 2011 were covered by government-sponsored health care plans (Medicare and Medicaid, 45% and 20%, respectively)

Identifier	ReturnReference	Explanation
Schedule H, Part VI - Supplemental Information	Line 5 - Promotion of Community Health	Indiana University Health Ball Memorial Hospital, Inc ("IU Health Ball Memorial Hospital") was founded in 1929 as both a teaching hospital and regional tertiary referral center Currently, the hospital has nearly 400 physicians offering more than 45 medical specialties The hospital serves as a regional center for cardiac procedures, offers the largest physician-teaching program in Indiana outside Indianapolis, provides hip and knee replacement through its multidisciplinary orthopedics program and offers the only perinatology services and level III-B neonatal intensive care unit between Indianapolis and Fort Wayne Some of these services operate at a loss in order to ensure the comprehensive services are available to the hospital's primary service area IU Health Ball Memorial Hospital is an affiliate of the Indiana University Health, Inc ("IU Health") statewide healthcare system, and prepares and submits its own community benefits plan relative to the local community It is also part of a three-prong community outreach strategy in place with the academic medical center downtown Indianapolis, suburban Indianapolis and statewide entities as priority areas of focus and effort IU Health considers its community benefit plan as part of an overall vision for strengthening Indiana's healthcare safety net Throughout the year, the hospital offers a variety of educational programs and sponsors a number of health improvement support groups Classes such as CPR training, safe sitter classes, diabetic nutrition classes, cancer and cardiac support groups and others that positively impact the health of the community are offered throughout the year Free cancer screenings for cervical, skin, breast and prostate cancer are provided to community members Diabetes, blood pressure and stroke screenings are offered in community settings Hospital health experts are also active in promoting healthy lifestyles through participation in local health fairs, and presentations to local schools, churches and community groups IU Health Ball Memorial Hospital provides a medical information facility so that family members, patients and members of the public can learn more about healthcare topics of interest at no cost In 2011, IU Health Ball Memorial Hospital invested over $262,000 in community health improvement services, serving nearly 15,000 community members in the region

Identifier	ReturnReference	Explanation
Schedule H, Part VI - Supplemental Information	Line 6 - Affiliated Health Care System	Indiana University Health Ball Memorial Hospital, Inc 's (IU Health Ball Memorial Hospital ") Board of Directors is composed of 18 members, of which substantially all are community members A majority of the board members reside in IU Health Ball Memorial Hospital's prim ary service area IU Health Ball Memorial Hospital also extends medical staff privileges t o all qualified physicians in the community IU Health Ball Memorial Hospital is a part of the Indiana University Health, Inc ("IU Health") statewide healthcare system which conti nues to broaden its reach and positive impact throughout the state of Indiana IU Health i s Indiana's most comprehensive healthcare system A unique partnership with Indiana Univer sity School of Medicine, one of the nation's leading medical schools, gives patients acces s to innovative treatments and therapies IU Health is comprised of hospitals, physicians and allied services dedicated to providing preeminent care throughout Indiana and beyond A collaborative partnership with IU Health and Indiana University School of Medicine, IU H ealth Physicians is comprised of more than 500 board-certified or board-eligible physician s, 70 locations statewide and more than 1,000 staff, including 170 advanced practice provi ders National Recognition - Eight clinical programs ranked among the top 50 national pro grams in U S News & World Report's 2010-11 Edition of America's Best Hospitals - Ten spe cialty programs at Riley Hospital for Children at IU Health ranked among the top 30 childr en's hospitals in the nation - Six hospitals designated as Magnet hospital systems by the American Nurses Credentialing Center recognizing excellence in nursing care - Named to t he 2012-2013 U S News & World Report's Best Hospitals Honor Roll, their highest distinct on Education and Research As an academic health center, IU Health works in partnership w ith Indiana University School of Medicine to train physicians, blending breakthrough resea rch and treatments with the highest quality of patient care Research conducted by Indiana University School of Medicine faculty gives IU Health physicians and patients access to t he most leading-edge and comprehensive treatment options O ne of the ways IU Health Ball M emorial Hospital strives to improve quality is by conducting medical research Medical res earch conducted 64 clinical trials in 2011 at IU Health Ball Memorial Hospital, exploring new methodologies and treatments in the fields of Nephrology, Rheumatology, O ncology, Card iology and Facilitation (Dept of Defense/Aging study) with ultimate goal of improving the quality and cost-effectiveness of medical care IU Health Ball Memorial Hospital is also home to the largest graduate medical education teaching program in Indiana outside of Indi anapolis 50 physicians received training at IU Health Ball Memorial Hospital, and clinics staffed by family medicine and internal medicine residents provided low-cost medical care for nearly 25,000 patient visits in 2011 The IU Health statewide healthcare system consi sts of IU Health Methodist Hospital, IU Health University Hospital, Riley Hospital for Chi ldren at IU Health, IU Health West Hospital, IU Health North Hospital, IU Health Ball Memo rial, IU Health Blackford Hospital, IU Health Bloomington Hospital, IU Health Paoli Hospit al, IU Health Bedford Hospital, IU Health Tipton Hospital, IU Health La Porte Hospital, IU Health Starke Hospital, and IU Health Goshen Hospital In July of 2011, IU Health Morgan Hospital and IU Health White Hospital also became a member of IU Health In December of 20 11, IU Health opened its newest location, IU Health Saxony Hospital in Fishers, Indiana A lthough each IU Health healthcare system hospital prepares and submits its own community b enefits plan relative to the local community, IU Health considers its community benefit pl an as part of an overall vision for strengthening Indiana's overall health A comprehensiv e community outreach strategy and community benefit plan is in place that encompasses the academic medical center downtown Indianapolis, suburban Indianapolis and statewide entitie s around priority areas that focus on health improvement efforts statewide IU Health is k eenly aware of the positive impact it can have on the communities of need in the state of Indiana by focusing on the most pressing needs in a systematic and strategic way After ta king a careful look into IU Health's communities we serve, and by utilizing the detailed c ommunity needs assessments undertaken by public health officials and community partners, I U Health identified the following community health needs O besity Prevention To improve th e lifestyle of Indiana residents, IU Health has utilized best practice methods to attack o besity in our communities IU Health is working to improve access to nutritious foods and physical activity in low-income neighborhoods, in addition to providing traditional health education and public advocacy efforts With these

Identifier	ReturnReference	Explanation
Schedule H, Part VI - Supplemental Information	Line 6 - Affiliated Health Care System	initiatives, IU Health strives to prevent chronic diseases such as obesity and diabetes a nd increase the awareness of the importance of making healthy choices, since Thirty-six pe rcent of Hoosier adults are overweight and 29 5% are obese, costing the nation billions of dollars each year to treat these chronic health conditions Garden on the Go Year-round mobile produce delivery program, that aims to increase access to affordable, fresh fruits & vegetables for the city's most disadvantaged neighbors By the end of December 2011, Gar den on the Go served thousands of Indianapolis community members, reaching a total of 8281 residents! Indy Urban Acres 8-acre organic urban farm that supplies low-income Hoosiers with healthy fruits and vegetables Produce grown at this site is given to Gleaners Food B ank In just two months of harvest, more than 1400 pounds of produce was grown on 5 acres and delivered to Gleaners Food Bank Riley School Gardens In an effort to increase acces s to nutritious foods and reduce the incidence of obesity among youth, Riley Hospital for Children at Indiana University Health partnered with Keep Indianapolis Beautiful (KIB) and Indianapolis Public Schools (IPS) to establish school gardens at 10 IPS schools throughou t the city IU Health Bucks IU Health Bucks is an incentive program designed to increase produce consumption among underserved populations using state-issued Farmers Market Vouche rs Participants who spent their state-issued vouchers at the North United Methodist Churc h Farmers' Market in Indianapolis received additional IU Health "Market Money" to spend on produce 233 low-income families participated in the pilot program, spending $3,500 on he althy, local produce Walk Indiana IU Health Ball Memorial Hospital contributes resources for the implementation of a unique non-competitive walking marathon held in Muncie, India na The program emphasizes walking as a lifestyle choice to enhance health and fitness Co mmunity walking groups were offered during spring and summer months to help community memb ers prepare for the main event held in September IU Health Ball Memorial staff members pr ovided free blood pressure screenings and health information at each training session Nea rly 500 individuals participated in the Walk Indiana event in September, 2011 Access to A ffordable Healthcare One of the first steps to improved health outcomes is having access t o healthcare resources To show its commitment to providing affordable healthcare access, IU Health treats all patients regardless of their ability to pay IU Health is also workin g to raise awareness and work to identify individuals within our communities that have bar riers to care and connect these individuals with better access and consistency of healthca re resources to meet their needs Injury Prevention IU Health strives to create safe commu nities by helping to reduce preventable injuries such as bicycle, motor vehicle, and fall related injuries, as injuries are the leading cause of death for people 1 - 44 years old The CDC reports 160,000 people die and 50 million people are injured each year, costing ov er $80 billion in medical costs IU Health works to provide the necessary to tools, such a s helmets and education to communities of need to prevent injuries for youth and adults A dditionally, IU Health supports the advocacy of policies, such as the texting while drivin g ban, to help provide infrastructure to instill the awareness of injury prevention in our communities Bicycle Helmet Safety Campaign Outfitted 4,042 children statewide (ages 6-1 4) with free, properly fitted bicycle helmets and provided bicycle safety education This initiative resulted in a 37% increase in helmet usage post-activation IU Health Child Pas senger Safety Campaign On National Seat Check Saturday, IU Health launched a statewide ca mpaign to decrease the incidence of children traveling unrestrained or restrained incorrec tly CPS Technicians distributed 122 fre

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

Additional Data

Software ID:
Software Version:
EIN: 35-0867958
Name: INDIANA UNIVERSITY HEALTH BALL MEMORIAL HOSPITAL INC

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

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility (list in order of size from largest to smallest) How many non-hospital facilities did the organization operate during the tax year? **17** Name and address	Type of Facility (Describe)
ALBANY HEALTHCARE PHARMACY 349 W FIRST ST ALBANY, IN 47320	RETAIL PHARMACY
ALBANY HEALTHCARE PHARMACY 349 W FIRST ST ALBANY, IN 47320	RETAIL PHARMACY
ALBANY HEALTHCARE PHARMACY 349 W FIRST ST ALBANY, IN 47320	RETAIL PHARMACY
ALBANY HEALTHCARE PHARMACY 349 W FIRST ST ALBANY, IN 47320	RETAIL PHARMACY
ALBANY HEALTHCARE PHARMACY 349 W FIRST ST ALBANY, IN 47320	RETAIL PHARMACY
ALBANY HEALTHCARE PHARMACY 349 W FIRST ST ALBANY, IN 47320	RETAIL PHARMACY
ALBANY HEALTHCARE PHARMACY 349 W FIRST ST ALBANY, IN 47320	RETAIL PHARMACY
ALBANY HEALTHCARE PHARMACY 349 W FIRST ST ALBANY, IN 47320	RETAIL PHARMACY
ALBANY HEALTHCARE PHARMACY 349 W FIRST ST ALBANY, IN 47320	RETAIL PHARMACY
ALBANY HEALTHCARE PHARMACY 349 W FIRST ST ALBANY, IN 47320	RETAIL PHARMACY
ALBANY HEALTHCARE PHARMACY 349 W FIRST ST ALBANY, IN 47320	RETAIL PHARMACY
ALBANY HEALTHCARE PHARMACY 349 W FIRST ST ALBANY, IN 47320	RETAIL PHARMACY
ALBANY HEALTHCARE PHARMACY 349 W FIRST ST ALBANY, IN 47320	RETAIL PHARMACY
ALBANY HEALTHCARE PHARMACY 349 W FIRST ST ALBANY, IN 47320	RETAIL PHARMACY
ALBANY HEALTHCARE PHARMACY 349 W FIRST ST ALBANY, IN 47320	RETAIL PHARMACY
ALBANY HEALTHCARE PHARMACY 349 W FIRST ST ALBANY, IN 47320	RETAIL PHARMACY
ALBANY HEALTHCARE PHARMACY 349 W FIRST ST ALBANY, IN 47320	RETAIL PHARMACY

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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
INDIANA UNIVERSITY HEALTH BALL MEMORIAL HOSPITAL INC

Employer identification number
35-0867958

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**		
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**	Yes	
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) DANIEL F EVANS JR	(i)	0	0	0	0	0	0	0
	(ii)	1,020,135	373,097	56,764	818,859	20,989	2,289,844	0
(2) CHRISTINA C DRUMMOND MD	(i)	0	0	0	0	0	0	0
	(ii)	322,157	10,646	17,466	21,296	23,610	395,175	0
(3) MICHAEL E HALEY	(i)	472,485	142,703	273,672	20,652	25,003	934,515	0
	(ii)	0	0	0	0	0	0	0
(4) HAROLD L BERFIEND	(i)	285,714	48,094	10,644	9,800	13,623	367,875	0
	(ii)	0	0	0	0	0	0	0
(5) CAROL E SEALS	(i)	62,949	0	169	2,556	2,943	68,617	0
	(ii)	65,241	27,829	7,053	0	4,493	104,616	0
(6) DOREEN C JOHNSON RN	(i)	168,905	35,838	11,150	8,632	20,962	245,487	0
	(ii)	0	0	0	0	0	0	0
(7) TERRY A PENCE	(i)	146,043	30,697	702	7,394	22,942	207,778	0
	(ii)	0	0	0	0	0	0	0
(8) MICHELLE R ALTOBELLA	(i)	153,225	34,081	316	7,715	20,027	215,364	0
	(ii)	0	0	0	0	0	0	0
(9) ALVIS E FOSTER	(i)	186,366	0	7,555	7,656	14,158	215,735	0
	(ii)	0	0	0	0	0	0	0
(10) DAVID A SCHWARTZ RN	(i)	165,860	0	0	6,634	89	172,583	0
	(ii)	0	0	0	0	0	0	0
(11) JOSEPH R BUTTS	(i)	162,699	0	54	6,984	26,615	196,352	0
	(ii)	0	0	0	0	0	0	0
(12) ANN M MCGUIRE	(i)	125,670	26,935	562	6,216	8,010	167,393	0
	(ii)	0	0	0	0	0	0	0
(13) KELLY N STANLEY	(i)	0	0	517,286	0	14,949	532,235	517,286
	(ii)	0	0	0	0	0	0	0
(14) RICHARD S HELSPER	(i)	0	0	0	0	0	0	0
	(ii)	247,000	0	966	20,652	1,004	269,622	0

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
Schedule J, Part I - Questions Regarding Compensation	Line 3 - Compensation of the Organization's CEO/Executive Director	Michael E Haley, the CEO of Indiana University Health Ball Memorial Hospital, Inc ("IU Health Ball Memorial Hospital"), is compensated as an employee of Indiana University Health, Inc ("IU Health") for his services performed at IU Health Ball Memorial Hospital IU Health has a process in place to determine the compensation of IU Health Ball Memorial Hospital's CEO This process includes the use of a written employment contract, the terms of which are determined based upon a compensation survey/study conducted by an independent compensation consultant with review and approval by IU Health's compensation committee and board of directors
Schedule J, Part I - Questions Regarding Compensation	Line 4a - Severance or Change-of-Control Payments	Kelly N Stanley received 2011 severance of $532,236 from Indiana University Health Ball Memorial Hospital, Inc ("IU Health Ball Memorial Hospital") Included in column B, other reportable compensation is $517,286 Included in column D, nontaxable benefits is $14,949
Schedule J, Part I - Questions Regarding Compensation	Line 4b - Supplemental Nonqualified Retirement Plan	Harold L Berfied, Doreen C Johnson, and Michelle R Altobella participate in a 457(f) executive supplemental benefit plan of Indiana University Health Ball Memorial Hospital, Inc , provisions of which are designed to retain these critical employees The plan provides for an additional retirement benefit for service through normal retirement or other key dates If the executive leaves prior to retirement or other key dates, the benefit may be forfeited or reduced Harold L Berfiend, Doreen C Johnson, and Michelle R Altobella have an amount included in column c, deferred compensation, representing the current year increase in the accrued benefit and/or current contributions No amount was actually paid to these executives during the year Daniel F Evans, Jr and Michael E Haley participate in a supplemental executive retirement plan of Indiana University Health, Inc , the provisions of which are designed to retain its critical employees The plan provides for an additional retirement benefit for service through normal retirement or other key dates If the executive leaves prior to retirement or other key dates, the benefit may be forfeited or reduced Daniel F Evans, Jr and Michael E Haley have an amount included in column c, deferred compensation, representing the current year increase in the accrued benefit and/or current contributions No amount was actually paid to these executives during the year
Schedule J, Part I - Questions Regarding Compensation	Line 7 - Non-Fixed Payments	Amounts disclosed in Column B(ii) include a long-term and short-term incentive for certain executives and short-term incentive for other employees Although these plans are based on a fixed formula that has been approved by the Board of Directors based upon certain qualitative and quantitative factors and goals, all discretionary incentive plans must be approved by the Board of Directors prior to any incentive payout

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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
INDIANA UNIVERSITY HEALTH BALL MEMORIAL HOSPITAL INC

Employer identification number
35-0867958

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	HOSPITAL AUTHORITY OF DELAWARE COUNTY INDIANA	35-1936279	245834CA2	05-31-2006	77,763,463	SERIES 2006 BONDS - SEE PART V		X		X		X
B	HOSPITAL AUTHORITY OF DELAWARE COUNTY INDIANA	35-1836279	245834CL8	12-08-2009	24,257,961	SERIES 2009A BONDS - SEE PART V		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	0	4,940,000		
2	Amount of bonds defeased	0	0		
3	Total proceeds of issue	82,499,359	24,257,961		
4	Gross proceeds in reserve funds	6,826,250	2,470,000		
5	Capitalized interest from proceeds	0	0		
6	Proceeds in refunding escrow	0	0		
7	Issuance costs from proceeds	937,213	456,086		
8	Credit enhancement from proceeds	0	0		
9	Working capital expenditures from proceeds	0	0		
10	Capital expenditures from proceeds	74,735,894	0		
11	Other spent proceeds	0	0		
12	Other unspent proceeds	0	0		
13	Year of substantial completion	2009			

		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						
2	Are there any lease arrangements that may result in private business use of bond-financed property?	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							
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?	X							
c	Are there any research agreements that may result in private business use of bond-financed property?	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?	X							
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 %		0 %					
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 %							
6	Total of lines 4 and 5	0 %							
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	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	0		0					
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	0		0					
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
See Schedule O for Schedule K, Part V, Supplemental Information	0	

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
INDIANA UNIVERSITY HEALTH BALL MEMORIAL HOSPITAL INC

Employer identification number
35-0867958

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	(b) From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	(e) No	(f) Approved by board or committee? Yes	(f) No	(g) Written agreement? Yes	(g) No
Total . . . . . ▶ $				0						

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) OLD NATIONAL TRUST	SEE PART V	372,493	SEE PART V		No
(2) MEDICAL CONSULTANTS PC	SEE PART V	626,482	SEE PART V		No
(3) MERIDIAN HEALTH SERVICES	SEE PART V	2,132,978	SEE PART V		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
Schedule L, Part IV - Business Transactions Involving Interested Persons	Line 1, Columns (b) and (d) - Relationship and Description of Transaction	Kelly N Stanley is the former President of Indiana University Health Ball Memorial Hospital, Inc ("IU Health Ball Memorial Hospital") and serves on the Board of Directors of Old National Trust Old National Trust provides investment advisory and portfolio management services for IU Health Ball Memorial Hospital's investment portfolio and is compensated for such services at an arm's length basis Bruce M Graham, M D serves on the Board of Directors of IU Health Ball Memorial Hospital and also serves on the Board of Directors of Medical Consultants, PC IU Health Ball Memorial Hospital and Medical Consultants, PC have entered into certain agreements whereby Medical Consultants provides various medical and management services, such hospitalist employee leases, medical directorships, and hospitalist billing services, and is compensated for such services at an arm's length basis Terri E Matchett serves on the Board of Directors of IU Health Ball Memorial Hospital and also serves on the Board of Meridian Health Services IU Health Ball Memorial Hospital and Meridian Health Services have entered into certain agreements whereby Meridian Health Services uses space within and provides medical services to patients of IU Health Ball Memorial Hospital

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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
INDIANA UNIVERSITY HEALTH BALL MEMORIAL HOSPITAL INC

Employer identification number
35-0867958

Identifier	Return Reference	Explanation
Part VI, Section A - Governing Body and Management	Line 2 - Family or Business Relationships	James A Fisher, Peter M Voss, M D , Terry L Walker, Michael E Haley, and Michael L Cox serve on the board of directors of Cardinal Health Ventures, Inc Additionally, Michael E Haley and Harold L Berfiend serve as officers of Cardinal Health Ventures, Inc No additional compensation is provided Michelle R Altobella, Harold L Berfiend, and Carol E Seals serve on the board of managers and are officers of Cardinal Health Initiatives, LLC No additional compensation is provided Michael E Haley and Harold L Berfiend serve on the board of managers of Ball Outpatient Surgery Center, LLC No additional compensation is provided

Identifier	Return Reference	Explanation
Part VI, Section A - Governing Body and Management	Lines 6, 7a and 7b - Members or Stockholders	Line 6 Indiana University Health Ball Memorial Hospital, Inc ("IU Health Ball Memorial Hospital") has one class of membership and the sole member is Indiana University Health, Inc ("IU Health") Line 7a IU Health elects one more than one-half of the total number of Directors Immediately following such election the remainder are elected by the Directors, excluding those whose terms are set to expire Line 7b Notwithstanding any other provisions of the Articles of Incorporation, the following matters require the written approval of IU Health prior to implementation - Authorization for the establishment or acquisition of any subsidiaries, affiliates or joint venture arrangements or acquisition of all or substantially all of the assets of any other business or entity, - Approval or amendment to any operating or capital budget, - Authorization of any unbudgeted operating or capital budget items or deviations, including any issuance or guarantee of any unbudgeted debt, greater than the budgeted amount by $1 million for any individual item or $3 million per fiscal year in the aggregate, - Authorization of any agreement to act as primary obligor, or to serve as a guarantor, surety or co-obligor with respect to the indebtedness of any other party, to borrow amounts from third-party lenders, or to loan money to any person or entity, - Approval of strategic plans and amendments, which will be integrated with IU Health's strategic plan, - Amendment or repeal of the Corporation's or an Affiliate's articles of incorporation or bylaws (or other corresponding organizational documents of an Affiliate that is not a corporation), - Authorization of any merger, consolidation, reorganization, sale or transfer of all or substantially all of the Corporation's assets, - Authorization of any voluntary declaration of bankruptcy, plan of dissolution, any liquidating distribution of assets or other action related to its dissolution or liquidation, - Authorization of any pledge of, or grant any security interest or mortgage in, or otherwise encumber, any tangible assets of the Corporation in excess of $2,000,000, other than in the ordinary course of business or pursuant to a budget or strategic plan approved by IU Health, - Approval of any management agreement for the management of all or a substantial part of the Corporation's operations, or - Appointment or removal of any of the Corporation's Directors with or without cause

Identifier	Return Reference	Explanation
Part VI, Section A - Governing Body and Management	Line 11b - Form 990 Provided to Governing Body	Indiana University Health Ball Memorial Hospital, Inc ("IU Health Ball Memorial Hospital") has established the following process for the review of the Form 990 and related schedules before it is filed The Chief Financial Officer reviewed and approved the Form 990 and related schedules After the review and approval from the Chief Financial Officer, a final complete copy, as filed with the Internal Revenue Service, of the Form 990 and related schedules was made available to each board member on a secure intranet site Each member was informed of the availability of the Tax Department to answer any questions

Identifier	Return Reference	Explanation
Part VI, Section B - Policies	Lines 12, 13, 14, and 16b	Indiana University Health Ball Memorial Hospital, Inc ("IU Health Ball Memorial Hospital") is part of the Indiana University Health, Inc ("IU Health") system As the sole member and controlling parent of IU Health Ball Memorial Hospital, IU Health and its Board of Directors have mandated that certain policies be followed to ensure greater standardization throughout the system Thus, IU Health Ball Memorial Hospital's Board of Directors was not required to separately adopt a conflict of interest, whistleblower, document retention and destruction and joint venture policies because IU Health's Board of Directors had already adopted and required these policies to be followed by its subsidiaries

Identifier	Return Reference	Explanation
Part VI, Section B - Policies	Line 12c - Conflict of Interest Policy	Indiana University Health Ball Memorial Hospital, Inc ("IU Health Ball Memorial Hospital") has a Conflict of Interest Policy, the purpose of which is to protect IU Health Ball Memorial Hospital's interests when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, director, or employee Each employee that is manager level or above, including officers and directors, is required to annually sign a statement which affirms that such person (1) has received a copy of the conflict of interest policy, (2) has read and understands the policy, (3) has agreed to comply with the policy, and (4) understands and acknowledges that the Corporation is a tax-exempt organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes If an interest is disclosed, the form requires that the discloser's supervisor sign the form to indicate his/her knowledge and approval of the interest The form is then submitted to Corporate Compliance for review If the disclosure is by the CEO/President, it is reviewed by the board chairman for approval If the disclosure is by a member of the board of directors, the General Counsel/Chief Compliance Officer reviews the disclosures and determines whether to consent Board members with a conflict of interest cannot participate in any decision related to that conflict Breach of the conflict of interest policy, including failure to complete and update the questionnaire and failure to disclose an interest that should be disclosed, may subject an individual to disciplinary action, including dismissal

Identifier	Return Reference	Explanation
Part VI, Section B - Policies	Line 15 - Process for Determining Compensation	The CEO/Top Management Official for Indiana University Health Ball Memorial Hospital, Inc ("IU Health Ball Memorial Hospital") is employed by Indiana University Health, Inc ("IU Health") IU Health has the following process for determining compensation 1 The Board of Directors has established a Committee on Personnel and Compensation The individuals on this Committee are made up of individuals who are on the Board and who do not have a conflict of interest with Indiana University Health, Inc ("IU Health") There are no physician s or employees on this Committee This Committee develops and reviews annually the executive compensation philosophy, market analysis as to comparability and reasonableness One of the purposes of this Committee is to review, approve and make recommendations regarding e xecutive compensation and benefits to the IU Health Board As deemed appropriate, this Com mittee also reviews the same detail with the Committee on Finance The Committee on Financ e is represented by certain members of the Board as well 2 Each year the Committee on Pe rsonnel and Compensation engages an outside compensation consulting firm to conduct a comp ensation and benefits study for all senior vice presidents and above The current compensa tion advisor is the Hay Group Hay Group performs an independent compensation survey The relevant comparability data includes compensation and benefit levels paid by similarly si tuated organizations (both governmental and tax exempt) for functionally comparable positi ons as well as the availability of similar services in the geographic area The Committee reviews the entire compensation package including base compensation, short term and long term incentive plans, basic health and welfare benefits, qualified and nonqualified plans as well as any additional fringe benefits Further, Hay Group will provide recommendations based upon the reasonable compensation information as it relates to salary increases, bon uses and benefits that are consistent with the compensation philosophy of the Committee A separate analysis using the same methodology is done for the Chief Executive Officer 3 The Committee reviews the salary survey and, if appropriate, makes recommendations on incr eases in salary and any changes in bonuses or benefits The Committee's goal is to ensure that the total compensation and benefits package is reasonable based upon the independent data provided by Hay Group The Committee votes on any changes in compensation or benefits This review, discussion and vote are documented in the minutes for the meeting There ar e no executives present during the final discussion and approval of compensation 4 The B oard reviews the report prepared by the Hay Group as well as the recommendations of the Co mmittee on Personnel and Compensation as to changes in compensation approved by the Commit tee As requested, the Committee on Finance also provides its review of recommendations on changes in executive compensation and benefits This review, discussion and vote are docu mented in the minutes 5 The Board then reviews the recommendations provided by the Commi ttee on Personnel and Compensation and votes on the changes as well No additional compens ation or benefits are paid to the executives until the changes have been approved by the C ommittee and the Board The discussion and approval are documented in the minutes of the m eeting There are no executives present during the final discussion and approval of compen sation The General Counsel prepares a formal written opinion reviewing the compensation a nd benefits approval process, comparing that process to the Intermediate Sanctions Test of IRC Section 4958 and, if the facts warrant, provides comments regarding the compensation and benefits approval process as this relates to meeting the requirements for a rebuttable presumption of reasonableness as provided in the Intermediate Sanctions Test 6 After th e end of each year, the Committee and Board also reviews the achievements of the executive group as it relates to the long-term and short-term shared and individual goals developed by the executive and the Board These achievements may also be reviewed with the Committe e on Finance The Board, at its discretion, may approve bonus payments based upon the achi evement of the goals and the compensation survey The discussion and vote of the Committee and Board is documented in the minutes for each such meeting The bonuses are not paid un til approval is made by the Board 7 The Committee on Personnel and Compensation and Audi t Committee also review the required Form 990 disclosures related to executive compensatio n and benefits as well as compensation practices and approval processes prior to the filin g of the Form 990 return with the Internal Revenue Service IU Health Ball Memorial Hospit al has a yearly process in place to determine the compensation for the other officers and key employees IU Health Ball Memorial Hospital us

Identifier	Return Reference	Explanation
Part VI, Section B - Policies	Line 15 - Process for Determining Compensation	es an independent compensation consultant who utilizes a variety of methods and procedures to obtain compensation ranges for comparable officer and employee positions The independ ent compensation consultant provides IU Health Ball Memorial Hospital with recommended com pensation ranges for its officers and other employees, which are then used as a guide for setting reasonable compensation by management Management decisions with regard to determi ning compensation are subject to the review and approval of the Compensation Committee and Board of Directors

Identifier	Return Reference	Explanation
Part VI, Section C - Disclosure	Line 19 - Public Disclosure	Indiana University Health Ball Memorial Hospital, Inc 's (''IU Health Ball Memorial Hospital'') Articles of Incorporation are available for public inspection through the Indiana Secretary of State's web-site IU Health Ball Memorial Hospital's conflict of interest procedures are disclosed on the Form 990, Schedule O IU Health Ball Memorial Hospital is a consolidated subsidiary in the consolidated financial statements for Indiana University Health, Inc (''IU Health'') The consolidated financial statements for IU Health are available to the public through its bond filings

Identifier	Return Reference	Explanation
Part VII, Section A - Governing Body and Management	Line 1a, Column (B) - Average hours per week	Daniel F Evans, Jr is the President and CEO for Indiana University Health, Inc and devotes 55 hours per week Patrick A Cleary, M D , Ph D is a physician for IU Health Ball Memorial Physicians, Inc and devotes 55 hours per week Christina C Drummond, M D is a staff physician for Indiana University Health Physicians, Inc and devotes 55 hours per week.

Identifier	Return Reference	Explanation
Part XI - Reconciliation of Net Assets	Line 5 - Other Changes in Net Assets or Fund Balances	During 2011, Indiana University Health Ball Memorial Hospital, Inc ("IU Health Ball Memorial Hospital"), made an equity transfer to Indiana University Health Ball Memorial Physicians, Inc ("IU Health Ball Memorial Physicians"), a subsidiary of IU Health Ball Memorial Hospital, in the amount of $12,716,343 Throughout the existence of IU Health Ball Memorial Physicians, IU Health Ball Memorial Hospital has provided funds to support IU Health Ball Memorial Physicians' exempt purpose Although there was never any intent for IU Health Ball Memorial Physicians to repay IU Health Ball Memorial Hospital, these amounts were recorded as intercompany balances rather than equity transfers During 2011, IU Health Ball Memorial Hospital and IU Health Ball Memorial Physicians made adjustments to their books and records to reflect these intercompany balances as equity transfers for both book and tax purposes Also, during 2011, Indiana University Health Ball Memorial Hospital, Inc recorded the following other changes in net assets or fund balances Unrealized Gain/(Loss) on Investments -75,694 Book/Tax Differences - Partnerships -5,916,592 Change in Pension Obligation -24,949,622 Net Asset Transfer to IU Health 6,445,622

Identifier	Return Reference	Explanation
Form 5471 - Information Return of U S Persons With Respect	To Certain Foreign Corporations	Indiana University Health Ball Memorial Hospital, Inc ("IU Health Ball Memorial Hospital") (FEIN 35-0867958) constructively owned a controlled foreign corporation in 2011 through its affiliate, Indiana University Health, Inc (FEIN 35-1955872) Pursuant to IRC Section 6038, the 2011 controlled foreign corporation filing requirement of IU Health Ball Memorial Hospital was fulfilled on the 2011 Form 5471 filed on its behalf by Indiana University Health, Inc FEIN 35-1955872 950 N Meridian Street, Suite 800 Indianapolis, IN 46204 The 2011 Form 5471 for Indiana University Health, Inc was filed at the following IRS processing center Ogden, UT 84201-0012

Identifier	Return Reference	Explanation
Schedule K, Part I - Bond Issues	Page 1 - Line A, Column (f) - Description of Purpose	2006 Series Bonds The 2006 Series Bonds were issued in order to provide funding for new construction of buildings and structures and the purchase of equipment

Identifier	Return Reference	Explanation
Schedule K, Part I - Bond Issues	Page 1 - Line B, Column (f) - Description of Purpose	2009A Series Bonds The 2009A Series Bonds were issued in order to refund the 1998 Series Bonds The 1998 Series Bonds were issued on March 11, 1998

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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
INDIANA UNIVERSITY HEALTH BALL MEMORIAL HOSPITAL INC

Employer identification number
35-0867958

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

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

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) 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
See Additional Data Table												

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

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

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

		Yes	No
Note. Complete line 1 if any entity is listed in Parts II, III or IV			
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity	1a	Yes	
b Gift, grant, or capital contribution to related organization(s)	1b		No
c Gift, grant, or capital contribution from related organization(s)	1c	Yes	
d Loans or loan guarantees to or for related organization(s)	1d	Yes	
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	Yes	
l Performance of services or membership or fundraising solicitations by related organization(s)	1l	Yes	
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		No
p Reimbursement paid by related organization(s) for expenses	1p		No
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

Return to Form

Software ID:
Software Version:
EIN: 35-0867958
Name: INDIANA UNIVERSITY HEALTH BALL MEMORIAL HOSPITAL INC

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

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity	g Section 512(b)(13) controlled organization	
BALL MEMORIAL HOSPITAL AUXILIARY INC 950 N MERIDIAN ST STE 800 INDIANAPOLIS, IN 46204 35-6025400	HEALTHCARE	IN	501(C)(3)	11 III-FI	IUHBMH	Yes	
CLARIAN TRANSPLANT INSTITUTE INC 950 N MERIDIAN ST STE 800 INDIANAPOLIS, IN 46204 13-4350599	HEALTHCARE	IN	501(C)(3)	9	IUH	Yes	
GOSHEN HEALTH SYSTEM INC 200 HIGH PARK AVE GOSHEN, IN 46527 35-1974765	HEALTHCARE	IN	501(C)(3)	11 I	IUH	Yes	
GOSHEN HOSPITAL ASSOCIATION INC 200 HIGH PARK AVE GOSHEN, IN 46527 35-6001540	HEALTHCARE	IN	501(C)(3)	3	GHS	Yes	
HEALTHLINC INC 714 S ROGERS ST BLOOMINGTON, IN 47402 26-3571507	HEALTHCARE	IN	501(C)(3)	9	IUHB	Yes	
INDIANA RADIOLOGY PARTNERS INC 950 N MERIDIAN ST STE 800 INDIANAPOLIS, IN 46204 20-1017034	HEALTHCARE	IN	501(C)(3)	3	IUH	Yes	
INDIANA UNIVERSITY HEALTH INC 950 N MERIDIAN ST STE 800 INDIANAPOLIS, IN 46204 35-1955872	HEALTHCARE	IN	501(C)(3)	3	NA		No
IU HEALTH ARNETT FOUNDATION INC 2600 GREENBUSH ST LAFAYETTE, IN 47904 35-6079797	FUNDRAISING	IN	501(C)(3)	11 I	IUHA	Yes	
IU HEALTH ARNETT INC 950 N MERIDIAN ST STE 800 INDIANAPOLIS, IN 46204 26-3162145	HEALTHCARE	IN	501(C)(3)	3	IUH	Yes	
IU HEALTH BALL MEMORIAL PHYSICIANS INC 950 N MERIDIAN ST STE 800 INDIANAPOLIS, IN 46204 35-1925641	HEALTHCARE	IN	501(C)(3)	9	IUHBMH	Yes	
IU HEALTH BEDFORD INC 2900 W 16TH ST BEDFORD, IN 47421 23-7042323	HEALTHCARE	IN	501(C)(3)	3	IUH	Yes	
IU HEALTH BLACKFORD HOSPITAL INC 950 N MERIDIAN ST STE 800 INDIANAPOLIS, IN 46204 01-0646166	HEALTHCARE	IN	501(C)(3)	3	IUHBMH	Yes	
IU HEALTH BLOOMINGTON INC PO BOX 1149 BLOOMINGTON, IN 47403 35-1720796	HEALTHCARE	IN	501(C)(3)	3	IUH	Yes	
IU HEALTH BMH FOUNDATION INC 950 N MERIDIAN ST STE 800 INDIANAPOLIS, IN 46204 31-1111784	FUNDRAISING	IN	501(C)(3)	11 I	IUHBMH	Yes	
IU HEALTH CARE ASSOCIATES INC 950 N MERIDIAN ST STE 800 INDIANAPOLIS, IN 46204 35-1747218	HEALTHCARE	IN	501(C)(3)	9	IUH	Yes	
IU HEALTH LAPORTE HOSPITAL INC PO BOX 250 LAPORTE, IN 46352 35-1125434	HEALTHCARE	IN	501(C)(3)	3	IUH	Yes	
IU HEALTH LAPORTE PHYSICIANS INC PO BOX 250 LAPORTE, IN 46352 31-1070868	HEALTHCARE	IN	501(C)(3)	3	IUHLH	Yes	
IU HEALTH MORGAN HOSPITAL INC 2209 JOHN R WOODEN DR MARTINSVILLE, IN 46151 27-3533027	HEALTHCARE	IN	501(C)(3)	3	IUH	Yes	
IU HEALTH NORTH HOSPITAL INC 950 N MERIDIAN ST STE 800 INDIANAPOLIS, IN 46204 35-1932442	HEALTHCARE	IN	501(C)(3)	3	IUH	Yes	
IU HEALTH PAOLI HOSP FOUNDATION INC PO BOX 499 PAOLI, IN 47454 31-0992486	FUNDRAISING	IN	501(C)(3)	11 III-O	IUHP	Yes	

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

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity	g Section 512(b)(13) controlled organization	
IU HEALTH PAOLI INC PO BOX 499 PAOLI, IN 47454 35-2090919	HEALTHCARE	IN	501(C)(3)	3	IUHB	Yes	
IU HEALTH TIPTON HOSPITAL INC 1000 S MAIN ST TIPTON, IN 46072 26-2772226	HEALTHCARE	IN	501(C)(3)	3	IUH	Yes	
IU HEALTH WEST HOSPITAL INC 950 N MERIDIAN ST STE 800 INDIANAPOLIS, IN 46204 35-1814660	HEALTHCARE	IN	501(C)(3)	3	IUH	Yes	
IU HEALTH WHITE MEMORIAL HOSPITAL INC 720 S SIXTH ST MONTICELLO, IN 47960 27-3532963	HEALTHCARE	IN	501(C)(3)	3	IUH	Yes	
IU MEDICAL GROUP FOUNDATION INC 340 W 10TH ST NO FS5100 INDIANAPOLIS, IN 46202 20-1093251	FUNDRAISING	IN	501(C)(3)	11 II	NA		No
METHODIST HEALTH FOUNDATION INC 1800 N CAPITOL AVE INDIANAPOLIS, IN 46202 35-6043086	FUNDRAISING	IN	501(C)(3)	11 I	IUH	Yes	
METHODIST HEALTH GROUP INC 950 N MERIDIAN ST STE 800 INDIANAPOLIS, IN 46204 35-0876390	HEALTHCARE	IN	501(C)(3)	11 III-FI	NA		No
METHODIST MEDICAL GROUP INC 950 N MERIDIAN ST STE 800 INDIANAPOLIS, IN 46204 35-1945384	HEALTHCARE	IN	501(C)(3)	3	IUH	Yes	
METHODIST OCCUP HEALTH CENTERS INC 950 N MERIDIAN ST STE 800 INDIANAPOLIS, IN 46204 35-1844176	HEALTHCARE	IN	501(C)(3)	3	IUH	Yes	
METHODIST RESEARCH INSTITUTE INC 950 N MERIDIAN ST STE 800 INDIANAPOLIS, IN 46204 35-2023710	HEALTHCARE	IN	501(C)(3)	11 I	IUH	Yes	
MH HEALTHCARE INC 950 N MERIDIAN ST STE 800 INDIANAPOLIS, IN 46204 35-1766531	HEALTHCARE	IN	501(C)(3)	3	MMG	Yes	
MORGAN CO MEM HOSP FOUNDATION INC 2209 JOHN R WOODEN DR MARTINSVILLE, IN 46151 35-2035162	FUNDRAISING	IN	501(C)(3)	11 II	IUHMH	Yes	
MORGAN CO MEM HOSP GUILD INC 2209 JOHN R WOODEN DR MARTINSVILLE, IN 46151 31-0886844	FUNDRAISING	IN	501(C)(3)	11 III-FI	IUHMH	Yes	
MORGAN HEALTH SERVICES INC 1949 HOSPITAL DR MARTINSVILLE, IN 46151 35-1968564	HEALTHCARE	IN	501(C)(3)	3	IUHMH	Yes	
WHITE CO MEM HOSP FOUNDATION INC PO BOX 952 MONTICELLO, IN 47960 35-1671806	FUNDRAISING	IN	501(C)(3)	11 III-O	IUHWMH	Yes	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income ($)	(g) Share of end-of-year assets ($)	(h) Disproprtionate allocations?		(i) Code V-UBI amount on Box 20 of K-1 ($)	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
BALL OUTPATIENT SURGERY CENTER LLC 3000 RIVERCHASE GALLERIA STE 500 BIRMINGHAM, AL 35244 27-0275794	HEALTHCARE	IN	BOSCH	RELATED	1,259,403	0		No	0		No	0 %
BELTWAY SURGERY CENTERS LLC 3000 RIVERCHASE GALLERIA STE 500 BIRMINGHAM, AL 35244 35-2072586	HEALTHCARE	IN	IUHSC	N/A	0	0		No	0		No	0 %
BLOOMINGTON ENDOSCOPY CENTERS LLC PO BOX 1149 BLOOMINGTON, IN 47402 35-2117943	HEALTHCARE	IN	IUHB	N/A	0	0		No	0		No	0 %
BMH OUTPATIENT SURGERY SERVICES LLC 2401 W UNIVERSITY AVE MUNCIE, IN 47303 20-4567998	HEALTHCARE	IN	IUHBMH	RELATED	-4,726	90,276		No	-111,183	Yes		100 000 %
BOSC HOLDINGS LLC 3000 RIVERCHASE GALLERIA STE 500 BIRMINGHAM, AL 35244 45-4147343	HEALTHCARE	IN	IUH	N/A	0	0		No	0		No	0 %
CARDINAL HEALTH INITIATIVES LLC 950 N MERIDIAN ST STE 800 INDIANAPOLIS, IN 46204 30-0102702	PURCHASING	IN	IUHBMH	Unrelated	742,713			No	100,262		No	90 250 %
CHV FUND I LLC 950 N MERIDIAN ST STE 800 INDIANAPOLIS, IN 46204 26-2523206	VENTURE CAPITAL	IN	IUH	N/A	0	0		No	0		No	0 %
CHV FUND MANAGEMENT LLC 950 N MERIDIAN ST STE 800 INDIANAPOLIS, IN 46204 26-2523151	VENTURE CAPITAL	IN	CHV	N/A	0	0		No	0		No	0 %
CLARIAN HEALTH NETWORK LLC 950 N MERIDIAN ST STE 800 INDIANAPOLIS, IN 46204 35-2055030	HEALTHCARE	IN	IUH	N/A	0	0		No	0		No	0 %
CLARIAN HEALTH NORTH LLC 950 N MERIDIAN ST STE 800 INDIANAPOLIS, IN 46204 43-1980602	HEALTHCARE	IN	IUH	N/A	0	0		No	0		No	0 %
CLARIAN HEALTH WEST LLC 950 N MERIDIAN ST STE 800 INDIANAPOLIS, IN 46204 43-1980611	HEALTHCARE	IN	IUH	N/A	0	0		No	0		No	0 %
CTF INTERNATIONAL GROWTH PORTFOLIO 280 CONGRESS ST STE 500 BOSTON, MA 02210 20-0231923	INVESTMENTS	MA	IUH	N/A	0	0		No	0		No	0 %
EAGLE HIGHLANDS SURGERY CENTER LLC 3000 RIVERCHASE GALLERIA STE 500 BIRMINGHAM, AL 35244 35-2259204	HEALTHCARE	IN	EHSCH	N/A	0	0		No	0		No	0 %
EHSC HOLDINGS LLC 3000 RIVERCHASE GALLERIA STE 500 BIRMINGHAM, AL 35244 45-4147879	HEALTHCARE	IN	IUH	N/A	0	0		No	0		No	0 %
HEALTH VENTURE MANAGEMENT LLC 950 N MERIDIAN ST STE 800 INDIANAPOLIS, IN 46204 20-5740218	MANAGEMENT	IN	IUH	N/A	0	0		No	0		No	0 %

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

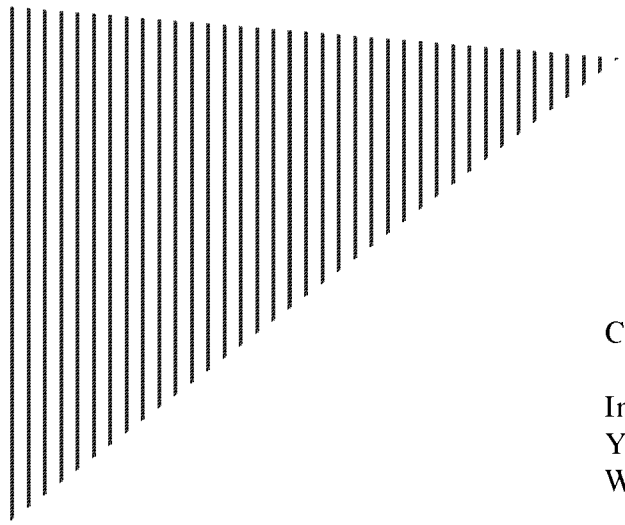
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income ($)	(g) Share of end-of-year assets ($)	(h) Disproprtionate allocations?		(i) Code V-UBI amount on Box 20 of K-1 ($)	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
IEC HOLDINGS LLC 3000 RIVERCHASE GALLERIA STE 500 BIRMINGHAM, AL 35244 45-4148032	HEALTHCARE	IN	IUH	N/A	0	0		No	0		No	0 %
INDIANA ENDOSCOPY CENTERS LLC 3000 RIVERCHASE GALLERIA STE 500 BIRMINGHAM, AL 35244 20-8398421	HEALTHCARE	IN	IECH	N/A	0	0		No	0		No	0 %
INDIANA LAKES MANAGED CARE ORG LLC 310 S MAIN ST GOSHEN, IN 46526 35-1946663	HEALTHCARE	IN	GHS	N/A	0	0		No	0		No	0 %
IUH SURGERY CENTERS LLC 3000 RIVERCHASE GALLERIA STE 500 BIRMINGHAM, AL 35244 45-2314634	HEALTHCARE	IN	IUH	N/A	0	0		No	0		No	0 %
MID-AMERICA SURGERY CENTER LLC 2401 W UNIVERSITY AVE MUNCIE, IN 47303 35-2002953	HEALTHCARE	IN	CDHV	N/A	0	0		No	0		No	0 %
ROC SURGERY LLC 3000 RIVERCHASE GALLERIA STE 500 BIRMINGHAM, AL 35244 27-1497960	HEALTHCARE	IN	ROCSH	N/A	0	0		No	0		No	0 %
ROCS HOLDINGS LLC 3000 RIVERCHASE GALLERIA STE 500 BIRMINGHAM, AL 35244 45-4148369	HEALTHCARE	IN	IUH	N/A	0	0		No	0		No	0 %
SENATE STREET SURGERY CENTER LLC 3000 RIVERCHASE GALLERIA STE 500 BIRMINGHAM, AL 35244 42-1709357	HEALTHCARE	IN	SSSCH	N/A	0	0		No	0		No	0 %
SSSC HOLDINGS LLC 3000 RIVERCHASE GALLERIA STE 500 BIRMINGHAM, AL 35244 45-4148167	HEALTHCARE	IN	IUH	N/A	0	0		No	0		No	0 %
THE HEALTHCARE GROUP LLC 1776 MERIDIAN ST STE 300 INDIANAPOLIS, IN 46202 35-2067373	MANAGED CARE	IN	IUH	N/A	0	0		No	0		No	0 %

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income ($)	(g) Share of end-of-year assets ($)	(h) Percentage ownership
BMH MEDICAL PAVILION ASSOCIATION INC 2525 W UNIVERSITY AVE MUNCIE, IN 47303 35-1858408	CONDO MANAGEMENT	IN	IUHBMH	C	0	0	56 100 %
CARDINAL HEALTH VENTURES INC 950 N MERIDIAN ST STE 800 INDIANAPOLIS, IN 46204 35-1611424	MANAGEMENT	IN	IUHBMH	C	352,378	3,196,839	100 000 %
CHV CAPITAL INC 950 N MERIDIAN ST STE 800 INDIANAPOLIS, IN 46204 26-0752507	VENTURE CAPITAL	IN	IUH	C	0	0	0 %
IU HEALTH ACO INC 950 N MERIDIAN ST STE 800 INDIANAPOLIS, IN 46204 45-4421020	HEALTHCARE	IN	IUH	C	0	0	0 %
IU HEALTH BOARD DESIGNATED TRUST 400 HOWARD ST SAN FRANCISCO, CA 94105 30-6309021	INVESTMENTS	IN	IUH	T	0	0	0 %
IU HEALTH NTGI S&P500 FUND CF PO BOX 804358 CHICAGO, IL 60680 30-6298263	INVESTMENTS	IN	IUH	T	0	0	0 %
IU HEALTH PLANS INC 1776 MERIDIAN ST STE 300 INDIANAPOLIS, IN 46202 26-2127080	HMO	IN	IUH	C	0	0	0 %
IU HEALTH RISK PURCHASING GROUP INC 151 MEETING ST STE 301 CHARLESTON, SC 29401 26-0202446	INSURANCE	IN	IUH	C	0	0	0 %
IU HEALTH RISK RETENTION GROUP INC 151 MEETING ST STE 301 CHARLESTON, SC 29401 20-1107674	INSURANCE	SC	IUH	C	0	0	0 %
IU HEALTH SOUTHERN IN PHYSICIANS INC PO BOX 1149 BLOOMINGTON, IN 47402 35-1913875	HEALTHCARE	IN	IUHB	C	0	0	0 %
IUH ASSURANCE LTD 720 W BAY RD PO BOX 69,GRAND CAYMAN CJ 98-0395429	INSURANCE	CJ	IUH	C	0	0	0 %
OCC-HEALTH REVENUE SYSTEMS INC 950 N MERIDIAN ST STE 800 INDIANAPOLIS, IN 46204 20-3308057	WORK COMP PPO	IN	MOHC	C	0	0	0 %
PARKMOR DRUG INC 1501 S MAIN ST GOSHEN, IN 46526 13-1394980	PHARMACY SALES	IN	GHS	C	0	0	0 %
PILR INC 200 HIGH PARK AVE GOSHEN, IN 46526 20-4294750	DEVELOPMENT	IN	GHS	C	0	0	0 %
RADIATION ONCOLOGY RESOURCES INC 200 HIGH PARK AVE GOSHEN, IN 46526 26-2008424	HEALTHCARE	IN	GHS	C	0	0	0 %
SCANS INC 950 N MERIDIAN ST STE 800 INDIANAPOLIS, IN 46204 45-3080392	HEALTHCARE	IN	CHVF1	C	0	0	0 %
UNIVERSITY HEALTH MANAGEMENT INC 950 N MERIDIAN ST STE 800 INDIANAPOLIS, IN 46204 27-2891143	MANAGEMENT	IN	CHV	C	0	0	0 %
UNIVERSITY HEALTH MGMT (CHINA) INC 950 N MERIDIAN ST STE 800 INDIANAPOLIS, IN 46204 27-3891311	MANAGEMENT	IN	CHV	C	0	0	0 %

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

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)	(d) Method of determining amount involved
(1)	BALL OUTPATIENT SURGERY CENTER LLC	R	1,132,504	FMV
(2)	BMH OUTPATIENT SURGERY SERVICES LLC	R	107,699	FMV
(3)	CARDINAL HEALTH INITIATIVES LLC	R	982,571	FMV
(4)	CARDINAL HEALTH ALLIANCE LLC	R	855,749	FMV
(5)	IU HEALTH BALL MEMORIAL PHYSICIANS INC	I	516,733	FMV
(6)	BALL OUTPATIENT SURGERY CENTER LLC	I	688,646	FMV
(7)	METHODIST OCCUPATIONAL HEALTH CENTERS INC	I	175,912	FMV
(8)	IU HEALTH BALL MEMORIAL HOSPITAL FOUNDATION	J	924,938	FMV
(9)	IU HEALTH BALL MEMORIAL PHYSICIANS INC	J	131,185	FMV
(10)	IU HEALTH BLACKFORD HOSPITAL INC	K	2,021,048	FMV
(11)	IU HEALTH BALL MEMORIAL HOSPITAL FOUNDATION	C	3,432,891	FMV
(12)	IU HEALTH BALL MEMORIAL PHYSICIANS INC	K	5,868,045	FMV
(13)	BALL OUTPATIENT SURGERY CENTER LLC	K	777,999	FMV
(14)	METHODIST OCCUPATIONAL HEALTH CENTERS INC	K	64,191	FMV
(15)	IU HEALTH BALL MEMORIAL PHYSICIANS INC	L	1,286,092	FMV
(16)	INDIANA RADIOLOGY PARTNERS INC	L	2,092,656	FMV
(17)	IU HEALTH CARE ASSOCIATES INC	L	1,394,477	FMV
(18)	METHODIST OCCUPATIONAL HEALTH CENTERS INC	L	276,906	FMV
(19)	IU HEALTH BLACKFORD HOSPITAL INC	N	938,952	FMV
(20)	IU HEALTH BALL MEMORIAL PHYSICIANS INC	N	264,856	FMV



CONSOLIDATED FINANCIAL STATEMENTS

Indiana University Health, Inc and subsidiaries
Years Ended December 31, 2011 and 2010
With Report of Independent Auditors

Ernst & Young LLP

ERNST & YOUNG

Indiana University Health, Inc. and subsidiaries

Consolidated Financial Statements

Years Ended December 31, 2011 and 2010

Contents

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Report of Independent Auditors

The Board of Directors
Indiana University Health, Inc and subsidiaries

We have audited the accompanying consolidated balance sheets of Indiana University Health, Inc (formerly known as Clarian Health Partners, Inc) and subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended These financial statements are the responsibility of the management of Indiana University Health, Inc and subsidiaries Our responsibility is to express an opinion on these financial statements based on our audits

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Indiana University Health, Inc and subsidiaries at December 31, 2011 and 2010, and the consolidated results of their operations and changes in their net assets and their cash flows for the years then ended, in conformity with U S generally accepted accounting principles

Ernst & Young LLP

March 22, 2012

Indiana University Health, Inc. and subsidiaries

Consolidated Balance Sheets

(Thousands of Dollars)

	December 31	
	2011	**2010**
Assets		
Current assets		
Cash and cash equivalents	**$ 403,086**	$ 505,027
Patient accounts receivable, less allowance for uncollectible accounts of $197,025 and $193,284 at 2011 and 2010, respectively	**550,933**	484,398
Other receivables	**87,807**	58,312
Prepaid expenses (including educational and research support to Indiana University of $49,882 in 2010)	**34,726**	82,088
Inventories	**82,884**	76,292
Current portion of trustee-held funds	**54,430**	4,428
Total current assets	**1,213,866**	1,210,545
Assets limited as to use		
Board-designated investment funds and other investments	**1,528,549**	1,265,790
Donor-restricted investment funds	**88,107**	89,308
Funds held under swap credit annex agreements	**–**	26,847
Trustee-held funds for construction and debt service, less current portion	**12,929**	13,723
Total assets limited as to use, less current portion	**1,629,585**	1,395,668
Property and equipment		
Cost of property and equipment in service	**5,353,044**	4,842,881
Less accumulated depreciation	**(2,738,368)**	(2,496,108)
	2,614,676	2,346,773
Construction-in-progress	**90,384**	195,579
Total property and equipment, net	**2,705,060**	2,542,352
Other assets		
Equity interest in unconsolidated subsidiaries	**72,254**	74,668
Interest in net assets of foundations	**12,251**	12,959
Unamortized bond issuance costs	**7,558**	13,134
Goodwill, intangibles, and other assets	**194,163**	64,004
Total other assets	**286,226**	164,765
Total assets	**$ 5,834,737**	$ 5,313,330

	December 31	
	2011	**2010**
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued expenses	**$ 347,133**	$ 331,597
Accrued salaries, wages, and related liabilities	**199,184**	191,017
Deferred state disproportionate share revenue	**–**	119,781
Accrued health claims	**40,860**	37,628
Estimated third-party payor allowances	**86,754**	50,901
Current portion of notes payable to banks	**24,721**	–
Current portion of long-term debt	**101,131**	82,965
Total current liabilities	**799,783**	813,889
Noncurrent liabilities		
Long-term debt, less current portion	**1,730,290**	1,607,139
Interest rate swaps	**196,627**	140,916
Accrued pension obligations	**139,002**	94,846
Accrued medical malpractice claims	**57,287**	58,535
Other	**52,689**	43,483
Total noncurrent liabilities	**2,175,895**	1,944,919
Total liabilities	**2,975,678**	2,758,808
Net assets		
Indiana University Health	**2,619,481**	2,438,003
Noncontrolling interest in subsidiaries	**138,628**	14,516
Total unrestricted	**2,758,109**	2,452,519
Temporarily restricted	**34,761**	37,126
Permanently restricted	**66,189**	64,877
Total net assets	**2,859,059**	2,554,522
Total liabilities and net assets	**$ 5,834,737**	$ 5,313,330

See accompanying notes.

Indiana University Health, Inc. and subsidiaries

Consolidated Statements of Operations and Changes in Net Assets

(Thousands of Dollars)

	Year Ended December 31	
	2011	**2010**
Revenues		
Net patient service revenue	**$ 4,326,593**	$ 4,058,796
Member premium revenue	**135,692**	133,443
Other revenue	**115,861**	136,520
Total operating revenues	**4,578,146**	4,328,759
Expenses		
Salaries, wages, and benefits	**2,043,849**	1,895,423
Supplies, drugs, purchased services, and other	**1,596,664**	1,498,788
Health claims to providers	**94,059**	81,822
Depreciation and amortization	**252,293**	244,358
Provision for uncollected patient accounts	**255,554**	281,645
Interest	**51,178**	53,244
Total operating expenses	**4,293,597**	4,055,280
Operating income before educational and research support	**284,549**	273,479
Educational and research support to Indiana University	**(98,505)**	(71,353)
Total operating income	**186,044**	202,126
Nonoperating income (losses)		
Investment income, net	**2,727**	126,884
Losses on interest rate swaps, net	**(73,441)**	(94,094)
Inherent contribution of acquired entities	**48,714**	–
Gain on acquisition and other	**52,906**	–
Total nonoperating income	**30,906**	32,790
Consolidated excess of revenues over expenses	**216,950**	234,916
Less amounts attributable to noncontrolling interest in subsidiaries	**44,556**	22,746
Excess of revenues over expenses attributable to Indiana University Health and subsidiaries	**172,394**	212,170

Continued on next page.

Indiana University Health, Inc. and subsidiaries

Consolidated Statements of Operations and Changes in Net Assets (continued)

(Thousands of Dollars)

	December 31 2011			December 31 2010		
	Total	**Controlling**	**Noncontrolling**	Total	Controlling	Noncontrolling
Unrestricted net assets						
Excess of revenues over expenses	**$ 216,950**	**$ 172,394**	**$ 44,556**	$ 234,916	$ 212,170	$ 22,746
Change in pension obligations	**(49,887)**	**(49,887)**	**–**	(380)	(380)	–
Contributions for capital expenditures	**8,568**	**8,568**	**–**	6,427	6,427	–
Distributions to noncontrolling interests	**(27,480)**	**–**	**(27,480)**	(11,977)	–	(11,977)
Purchase of noncontrolling interests	**(39,294)**	**(26,993)**	**(12,301)**	–	–	–
Fair value of initial noncontrolling interests in acquired entities	**74,197**	**–**	**74,197**	–	–	–
Sale of member interest to noncontrolling member	**123,090**	**82,726**	**40,364**	–	–	–
Other	**(554)**	**(5,330)**	**4,776**	1,066	1,370	(304)
	305,590	**181,478**	**124,112**	230,052	219,587	10,465
Temporarily restricted net assets						
Change in beneficial interest in net assets of foundations	**(1,012)**	**(1,012)**	**–**	2,722	2,722	–
Contributions	**1,468**	**1,468**	**–**	4,324	4,324	–
Investment return	**222**	**222**	**–**	(466)	(466)	–
Net assets released from restrictions	**(3,096)**	**(3,096)**	**–**	(4,369)	(4,369)	–
Other	**–**	**–**	**–**	(553)	(553)	–
	(2,418)	**(2,418)**	**–**	1,658	1,658	–
Permanently restricted net assets						
Change in beneficial interest in net assets of foundations	**12**	**12**	**–**	5,807	5,807	–
Contributions and other	**502**	**502**	**–**	2,680	2,680	–
	514	**514**	**–**	8,487	8,487	–
Increase in net assets before contributions of net assets of acquired organizations	**303,686**	**179,574**	**124,112**	240,197	229,732	10,465
Contributions of net assets of acquired organizations at July 1, 2012						
Temporarily restricted net assets of White	**53**	**53**	**–**	–	–	–
Permanently restricted net assets of Morgan	**560**	**560**	**–**	–	–	–
Permanently restricted net assets of White	**238**	**238**	**–**	–	–	–
	851	**851**	**–**	–	–	–
Increase in net assets	**304,537**	**180,425**	**124,112**	240,197	229,732	10,465
Net assets at beginning of year	**2,554,522**	**2,540,006**	**14,516**	2,314,325	2,310,274	4,051
Net assets at end of year	**$ 2,859,059**	**$ 2,720,431**	**$ 138,628**	$ 2,554,522	$ 2,540,006	$ 14,516

See accompanying notes

Indiana University Health, Inc and subsidiaries

Consolidated Statements of Cash Flows

(Thousands of Dollars)

	Year Ended December 31	
	2011	**2010**
Operating activities		
Increase in net assets	**$ 303,686**	$ 240,197
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Change in fair value of interest rate swaps	**55,712**	74,230
Change in pension liability	**49,887**	380
Loss in unconsolidated subsidiaries	**51,767**	15,478
Provision for uncollected patient accounts	**255,554**	281,645
Inherent contribution of acquired entities	**(48,714)**	–
Fair value of initial noncontrolling interests in acquired entities	**(74,197)**	–
Gain on consolidation of acquired entities	**(61,411)**	–
Depreciation and amortization	**252,293**	244,358
Amortization of deferred gain on sale of medical office buildings	**(2,275)**	(3,787)
Loss on extinguishment of debt	**8,491**	–
Restricted contributions	**(2,043)**	(14,514)
Purchase of noncontrolling interests	**39,294**	–
Proceeds from the sale of member interest to noncontrolling member	**(123,090)**	–
Distributions to noncontrolling interests	**27,480**	11,977
Trading securities	**(280,457)**	(114,842)
Net changes in operating assets and liabilities		
Patient accounts receivable	**(303,551)**	(278,629)
Inventories and other assets	**(42,666)**	(91,652)
Accounts payable and accrued liabilities	**6,708**	73,591
Salaries, wages, and related liabilities	**3,864**	1,891
Deferred state disproportionate share revenue	**(119,781)**	119,781
Estimated third-party payor allowances	**36,931**	12,012
Net cash provided by operating activities	**33,482**	572,116
Investing activities		
Proceeds on sale of medical office buildings, net	**–**	22,816
Acquisition of subsidiary, net of cash received	**(20,991)**	(10,506)
Distributions received from managed care organization	**–**	4,824
Purchase of property and equipment, net of disposals	**(335,183)**	(342,023)
Net cash used in investing activities	**(356,174)**	(324,889)
Financing activities		
Increase in restricted net assets	**2,043**	14,514
Proceeds from tax incremental financing contribution	**9,240**	–
Repayments on long-term debt	**(815,457)**	(185,545)
Proceeds from issuance of long-term debt	**1,014,054**	121,218
Repayments on notes payable under line of credit, net of proceeds	**(45,445)**	22,832 –
Purchase of noncontrolling interests	**(39,294)**	–
Proceeds from the sale of members interest to noncontrolling member	**123,090**	–
Distributions to noncontrolling interests	**(27,480)**	(11,977)
Net cash provided by (used in) financing activities	**220,751**	(38,958)
(Decrease) increase in cash and cash equivalents	**(101,941)**	208,269
Cash and cash equivalents at beginning of year	**505,027**	296,758
Cash and cash equivalents at end of year	**$ 403,086**	$ 505,027

See accompanying notes

Indiana University Health, Inc. and subsidiaries

Notes to Consolidated Financial Statements
(Thousands of Dollars)

December 31, 2011 and 2010

Mission Statement

The mission of Indiana University Health is to improve the health of our patients and community through innovation and excellence in care, education, research, and service

Indiana University Health will preserve, strengthen and build upon these values
*A patient's **total care**, including mind, body and spirit*
*Excellence in **education** for health care providers*
*Quality of care and **respect** for life*
***Charity**, equality and justice in health care*
*Leadership in health promotion and **wellness***
*Excellence in **research***
*An internal community of **trust** and respect*

1. Organization and Nature of Operations

Name Change

On January 6, 2011, Clarian Health Partners, Inc. (Clarian) filed a Certificate of Amendment with the Office of the Secretary of the State of Indiana to legally change its name to Indiana University Health, Inc (Indiana University Health) The change became legally effective on April 1, 2011 No change in the corporate structure, management, or governance was made as a result of this name change

History and Organization

Indiana University Health and subsidiaries operate as a health care delivery system, which includes an academic health center affiliated with Indiana University, providing health care services throughout the state of Indiana Health care services provided by Indiana University Health and its subsidiaries (hereinafter referred to as the Indiana University Health System) include acute, nonacute, tertiary, and quaternary care services on an inpatient, outpatient, and emergency basis, medical education and research, medical management services, health care diagnostic and treatment services for individuals and families in physician clinics and physician-group practices, occupational health care for businesses, and personal and home health care

1. Organization and Nature of Operations (continued)

Indiana University Health was formed as an Indiana nonprofit corporation through a consolidation, as of January 1, 1997, under the terms of a Definitive Health Care Resources Consolidation Agreement, as amended (the Consolidation Agreement), and certain other related agreements by and between the Trustees of Indiana University and Methodist Health Group, Inc (successor to Methodist Hospital) The facilities and operations of Indiana University Hospital and Outpatient Center (University Hospital), James Whitcomb Riley Hospital for Children (Riley Hospital), and Methodist Hospital of Indiana (Methodist Hospital) (collectively, the Downtown Hospitals of the Academic Health Center) were merged and consolidated to form a single corporate entity, which was then licensed as a single acute care hospital and operating as an academic health center

Under the terms of the Consolidation Agreement and related agreements, substantially all real property of University Hospital, Riley Hospital, and Methodist Hospital was sold, transferred, leased, or otherwise conveyed on a long-term basis (99 years) at an annual nominal amount Substantially all liabilities were also assumed or, in the case of long-term debt, refinanced. Members of the Board of Directors (Board) are selected by its two classes of members – the Methodist Class (members of which are members of Methodist Health Group, Inc) and the University Class (members of which are the individuals who are the Trustees of Indiana University)

The Consolidation Agreement requires that the salaries and related employee benefit costs be funded for medical doctor interns and residents of the Indiana University School of Medicine (School of Medicine) The Board annually reviews and determines the level of support to the School of Medicine for these programs and the number of internships and residencies to be supported The Consolidation Agreement also provides for additional support to the School of Medicine to recognize, as a result of the consolidation, the enhanced and increased level of services being provided, including services to the medically indigent through medical education and research Annually (or more often), an appointed committee consisting of representatives of Indiana University Health, Methodist Health Group, Inc., and Indiana University determines the amount of such additional support to be provided to the School of Medicine

1. Organization and Nature of Operations (continued)

Nature of Operations

The Indiana University Health System operates as an integrated health care delivery system comprising of nonprofit and for-profit entities, with coordinated activities and policies designed to meet the mission of the Indiana University Health System The principal operating activities of the Indiana University Health System are conducted at owned facilities or majority-owned or controlled subsidiaries and consist of the following

Downtown Hospitals of the Academic Health Center (Hospital Campuses) – Consist of three acute, tertiary and quaternary care, and diagnostic facilities, licensed as a single hospital, which constitutes the principal hospital activities of the academic health center and whose operations are located in the downtown area of Indianapolis, Indiana These three hospitals, Indiana University Health Methodist Hospital (Methodist Hospital), Indiana University Health University Hospital (University Hospital), and Riley Hospital for Children at Indiana University Health (Riley Hospital) are located on or near the campus of Indiana University-Purdue University in Indianapolis and the Indiana University School of Medicine

Suburban Facilities (Indiana University Health West Hospital (West), Indiana University Health North Hospital (North), and Indiana University Health Saxony Hospital (Saxony)) – Consist of three acute care hospitals located in the western and northern suburban areas of metropolitan Indianapolis, Indiana Saxony opened on December 1, 2011 (see Note 4).

Statewide Facilities – Consist of acute care hospitals and health care systems located in Bedford, Bloomington, Goshen, Hartford City, Knox, Lafayette, LaPorte, Martinsville, Monticello, Muncie, Paoli, and Tipton, Indiana Principal hospital subsidiaries include Indiana University Health Bedford Hospital (Bedford), Indiana University Health Arnett Hospital (Arnett), Indiana University Health LaPorte Hospital and subsidiaries (LaPorte) including Indiana University Health Starke (Starke), Indiana University Health Goshen and subsidiaries (Goshen), Indiana University Health Ball Memorial Hospital and subsidiaries (Ball Memorial) including Indiana University Health Blackford (Blackford), Indiana University Health Tipton Hospital (Tipton), Indiana University Health Bloomington Hospital and subsidiaries (Bloomington) including Indiana University Health Paoli (Paoli), Indiana University Health Morgan Hospital (Morgan), and Indiana University Health White Memorial Hospital (White) Morgan and White were consolidated into operations effective July 1, 2011 (see Note 4).

1. Organization and Nature of Operations (continued)

Physician Operations – Consist of physician offices and physician-group practices and clinics Principal subsidiaries or divisions include Indiana University Health Arnett Physicians, Indiana University Health Ball Memorial Physicians, Indiana University Health Southern Indiana Physicians, Indiana University Health LaPorte Physicians, Indiana University Health Goshen Physicians, Indiana University Health Cardiovascular Surgeons Group, LLC, Indiana University Health Radiology Partners, Inc , Indiana University Health Transplant Institute, and Heart Partners of Indiana, LLC Additionally, physician operations include Indiana University Health Physicians, a nonprofit organization with locations primarily in Indianapolis, Indiana, designed to integrate Indiana University Health owned or operated physician practices, privately owned practices, and the practice plans of the School of Medicine into a delivery model that facilitates access, coordinates care, and improves quality, all designed to provide a better health care experience for patients Certain physician groups of Indiana University Health and the School of Medicine joined Indiana University Health Physicians in 2011 and 2010

Ambulatory Care – Consists of occupational, personal, and home health care services, which are located throughout the state of Indiana Principal subsidiaries or divisions include Indiana University Health Occupational Services and Indiana University Health Home Care

Medical Risk – Consists of the medical management of health care services of members whose health care coverage is provided by the managed care networks of the Indiana University Health System.

Foundations – Indiana University Health is the sole corporate member of Methodist Health Foundation, Inc (Methodist Health Foundation), which aids and supports Methodist Hospital and other programs and areas of Indiana University Health Ball Memorial is the sole corporate member of Indiana University Ball Memorial Hospital Foundation (BMH Foundation), which aids in carrying out the mission of Ball Memorial Morgan is the sole corporate member of Indiana University Health Morgan Hospital Foundation (Morgan Foundation), which aids and supports Morgan

1. Organization and Nature of Operations (continued)

Indiana University Health or its subsidiaries have also entered into certain limited liability company agreements with physicians and other third parties for the operation of ambulatory surgery and diagnostic centers (located throughout the state of Indiana), network or management arrangements with several other hospitals to provide or operate hospital, rural outreach, or other medical services and programs (located in Columbus, Evansville, Greensburg, Kokomo, South Bend, and Terre Haute, Indiana), a joint venture arrangement with another Indianapolis, Indiana, hospital for the operation of a long-term rehabilitative care hospital (also located in Indianapolis, Indiana), a 50% membership interest with a county governmental institution (located in Indianapolis, Indiana) in a nonprofit corporation that holds a health maintenance organization license and manages networks serving Medicaid patients, and a 50% membership interest with Indiana University Emerging Technology Corp , a nonprofit corporation owned by Indiana University, in a specialized cancer treatment and diagnostic clinic (located in Bloomington, Indiana) In addition, due to the existence of certain participatory rights by the minority ownership members, Indiana University Health does not meet the conditions of control of Indiana University Health Physicians for purposes of consolidation, which will change in 2012. Where applicable, these arrangements are accounted for using the equity method of accounting

Effective January 1, 2012, the by-laws of Indiana University Health Physicians have been amended and restated to, among other items, eliminate certain participatory rights of the minority membership members With this change to the by-laws, Indiana University Health will be deemed to control Indiana University Health Physicians The financial position and financial results of Indiana University Health Physicians will be consolidated with Indiana University Health effective January 1, 2012 The effects of this consolidation are not expected to be material

2. Community Benefit and Charity Care

The Indiana University Health System provides health care services and other financial support through various programs that are designed, among other matters, to enhance the health of the community, improve the health of low-income patients, and foster medical education and research through its affiliation with the School of Medicine In addition, the Indiana University Health System provides services intended to benefit the poor and underserved, including those persons who cannot afford health insurance because of inadequate resources or those who are uninsured or underinsured Health care services to patients under government programs, such as Medicare and Medicaid, are also considered part of the Indiana University Health System's benefit provided to the community since a substantial portion of such services are reimbursed at amounts less than cost

2. Community Benefit and Charity Care (continued)

The Indiana University Health System's financial assistance policies are designed to provide care to patients regardless of their ability to pay, and all uninsured patients are eligible for discounts from established charges Patients who meet certain criteria (generally based on up to 400% of federal poverty income guidelines, other patients who are victims of certain catastrophic events, or those who meet criteria to be part of the Indiana University Health System's medical education and research programs) are provided care without charge or at amounts less than established rates

The amount of charity care provided is determined based on the qualifying criteria, as defined in the financial assistance policies, through approved applications completed by patients and their families or beneficiaries, or based on analysis of patients without third-party insurance coverage who did not apply for charity and whose income was equal to or less than 200% of federal poverty income guidelines. No payment for services is anticipated for those patients whose charity care applications have been approved, as well as for those other patient accounts whose income is equal to or less than 200% of federal poverty income guidelines and meet certain other criteria The cost to provide charity care using the consolidated cost to charge ratio was $148,995 and $131,711 for 2011 and 2010, respectively In addition, the Indiana University Health System provides a significant amount of uncompensated care to other uninsured and underinsured patients, which is included in the provision for uncollected patient accounts

Enacted March 23, 2010, the *Patient Protection and Affordable Care Act* (Affordable Care Act) requires, among other things, that hospital organizations establish a financial assistance policy and a policy relating to emergency medical care The hospital organizations of the Indiana University Health System have adopted a financial assistance policy that conforms with the Affordable Care Act and includes financial assistance eligibility criteria, the basis for calculating amounts charged to patients, the method for applying for financial assistance, billing and collections policies with regard to actions that may be taken in the case of nonpayment, as well as measures to widely publicize the policy within the communities served Additionally, the Indiana University Health System's hospital organizations have adopted policies requiring the organizations to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under their financial assistance policy These hospital organizations have also adopted policies to limit the amount charged for emergency or other medically necessary care that is provided to individuals eligible for assistance under the organizations' financial assistance policy to not more than the amounts generally billed to individuals who have insurance covering such care

2. Community Benefit and Charity Care (continued)

Reimbursements are received by the Indiana University Health System for Medicare and Medicaid beneficiaries in accordance with reimbursement agreements and related regulatory rules and regulations Also, the Indiana University Health System receives certain additional Medicaid Disproportionate Share (DSH) payments from the state of Indiana for those patients who qualify as medically indigent (see Note 3) These reimbursements and payments are less than the cost of providing the related services

The Indiana University Health System also provides education for health care providers, including support to the School of Medicine, counseling centers and chaplaincy programs that support patients' medical, spiritual, and emotional needs, programs to enhance quality of and respect for life, including neighborhood revitalization, community health clinics, and school-based health programs, charity, equality, and justice programs, including education programs available to independent health providers, and obesity prevention programs such as Garden on the Go and Indy Urban Acres, other medical research and support to the Children's Values Fund, and fosters an internal community of trust, respect, and empowerment. The costs of providing these programs and services are included in expenses in the accompanying consolidated statements of operations and changes in net assets

3. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Indiana University Health and all majority-owned or controlled subsidiaries The equity method of accounting is used for investments in joint ventures, partnerships, and companies where control is participatory or less than 50% All significant intercompany balances and transactions have been eliminated in consolidation

3. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of consolidated financial statements in conformity with U S generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes Actual results could differ from those estimates

Fair Values of Financial Instruments

Financial instruments include cash and cash equivalents, patient, member premium and other accounts receivable, assets limited as to use, accounts payable and accrued expenses, estimated third-party payor allowances, notes payable to banks, long-term debt, derivative financial instruments (i e , fixed payor and basis swaps), and certain other current assets and liabilities

The fair values for cash and cash equivalents, patient, member premiums and other accounts receivable, accounts payable and accrued expenses, estimated third-party payor allowances, notes payable to banks, and certain other current assets and liabilities approximate the carrying amounts reported in the consolidated balance sheets and, in the opinion of management, represent highly liquid assets or short-term obligations The fair values for assets limited as to use, long-term debt, and derivative financial instruments are described in Notes 5, 7, 8, and 9.

Derivative Financial Instruments

The Indiana University Health System has entered into fixed payor swap and basis swap transactions As of and for the years ended December 31, 2011 and 2010, the Indiana University Health System's fixed payor swap and basis swap agreements did not qualify for hedge accounting Therefore, the changes in fair value of these interest rate swaps during these years are reported with nonoperating income (losses) in the consolidated statements of operations and changes in net assets.

3. Summary of Significant Accounting Policies (continued)

Net Patient Service Revenue

Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors, and others at the time services are rendered Certain revenue is subject to estimated retroactive revenue adjustments under reimbursement agreements with third-party payors due to future audits, reviews, and investigations Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period that the related services are rendered, and such amounts are adjusted in future periods as adjustments become known.

For the year ended December 31, 2011, the percentage of net patient service revenue derived under Medicare, Medicaid, and managed care programs approximated 24%, 7%, and 59%, respectively (25%, 7%, and 55%, respectively, in 2010) A managed care provider represented 30% and 33% of net patient service revenue in 2011 and 2010, respectively Provision has been made, by a charge to contractual allowances as an offset to patient service revenue, for the differences between gross charges for patient services and estimated reimbursement from these government and insurance programs

Indiana University Health is a Medicaid DSH provider under Indiana law (IC 12-15-16(1-3)) and, as such, is eligible to receive state DSH payments For the most recently determined fiscal year (2011) of the state of Indiana, certain subsidiaries of Indiana University Health qualified as state DSH providers The amount of these additional state DSH funds is dependent on regulatory approval by agencies of the federal and state governments, and is determined by the level, extent, and cost of uncompensated care (as defined) and various other factors For the years ended December 31, 2011 and 2010, state DSH payments have been made by the state of Indiana, and amounts were recorded as revenue based on data acceptable to the state of Indiana, less any amounts management believes may be subject to adjustment State DSH payments by the state of Indiana are based on the fiscal year of the state, which ends June 30 of each year State DSH reimbursement is recognized as revenue after eligibility is determined by the state and payments are probable and reasonably estimable. The 2011 state DSH payments of $221,623 recognized by Indiana University Health and certain subsidiaries during 2011 were recorded in net patient service revenue in the accompanying consolidated statements of operations and changes in net assets for the year ended December 31, 2011 The 2010 state DSH payments of $169,032 recognized by Indiana University Health and certain subsidiaries during 2010 were recorded in net patient service revenue in the accompanying consolidated statements of operations and changes in net assets for the year ended December 31, 2010

3. Summary of Significant Accounting Policies (continued)

Laws and regulations governing Medicare, Medicaid, and other governmental programs are extremely complex, subject to interpretation, and sometimes provide for retroactive adjustments As a result, there is a reasonable possibility that recorded estimated settlements could change by a material amount in the near term The Indiana University Health System believes it is in compliance with applicable laws and regulations governing Medicare, Medicaid, and other governmental programs and that adequate provisions have been recorded for any adjustments that may result from final settlements However, any adjustments to the estimated settlements recorded are adjusted in future periods.

Member Premium Revenue and Health Claims

The Indiana University Health System has agreements to provide medical services to subscribing participants or members that generally provide for predefined payments (on a per member/per month basis) regardless of services actually performed The cost to provide health care services under these agreements, and for self-insured health benefits to employees, is accrued in the period in which the health care services are provided to a member or covered employee based, in part, on estimates, including an accrual for medical services provided but not yet reported Expenses to providers are reported as health claims to providers in the accompanying consolidated statements of operations and changes in net assets The accrual for medical services provided but not yet reported is reflected as accrued health claims in the accompanying consolidated balance sheets.

Cash Equivalents

Investments in highly liquid instruments with an original maturity of three months or less when purchased, excluding assets limited as to use, are considered by management to be cash equivalents

In 2010, the Indiana University Health System had invested in money market funds. These funds generally invest in prime funds Financial instruments that are potentially subject to concentrations of credit risk include cash and cash equivalents The Indiana University Health System places its cash and cash equivalents with institutions with high credit quality, since, at certain times, such cash and cash equivalents may be in excess of government-provided insurance limits

3. Summary of Significant Accounting Policies (continued)

Accounts Receivable and Allowance for Uncollectible Accounts

The Indiana University Health System does not require collateral or other security for the delivery of health care services from its patients, substantially all of whom are residents of the state of Indiana However, assignment of benefit payments payable under patients' health insurance programs and plans (e g , Medicare, Medicaid, health maintenance organizations, and commercial insurance policies) is routinely obtained, consistent with industry practice

The provision for uncollected patient accounts is based upon management's assessment of historical and expected net collections, taking into consideration business and economic conditions, changes and trends in health care coverage, and other collection indicators Periodically, management assesses the adequacy of the allowance for uncollectible accounts based upon accounts receivable payor composition and aging, the significance of individual payors to outstanding accounts receivable balances, and historical write-off experience by payor category, as adjusted for collection indicators. The results of this review are then used to make any modifications to the provision for uncollected patient accounts and the allowance for uncollectible accounts In addition, the Indiana University Health System follows established guidelines for placing certain past due patient balances with collection agencies Patient accounts that are uncollected, including those placed with collection agencies, are initially charged against the allowance for uncollectible accounts in accordance with collection policies of the Indiana University Health System and, in certain cases, are reclassified to charity care if deemed to otherwise meet financial assistance policies of the Indiana University Health System

The composition of net patient accounts receivable is summarized as follows as of December 31.

	2011	**2010**
Managed care	**49%**	49%
Medicare	**22**	22
Medicaid	**8**	8
Other third-party payors	**12**	12
Patients	**9**	9
	100%	100%

A managed care payor represented 25% and 26% of net patient accounts receivables at December 31, 2011 and 2010, respectively

3. Summary of Significant Accounting Policies (continued)

Inventories

Inventories consist primarily of drugs and supplies, are stated at the lower of cost or market, and are generally valued using the average cost method

Assets Limited as to Use

Assets limited as to use include. (i) cash and cash equivalents and designated investment assets, including those funds held by the consolidated foundations, set aside by the Board for future capital improvements and for other purposes, over which the Board retains control and may, in certain circumstances, use for other purposes, (ii) donor-restricted investment assets, the use of which has been specified by the donor, (iii) assets held by trustees under bond or trust indenture agreements for construction and debt service, (iv) funds held under swap credit annex agreements that serve as collateral provided to swap counterparties, and (v) beginning in 2011, cash and equivalents and designated investment assets set aside for near-term capital improvements and other purposes, over which management retains control and may use for other purposes and are classified as other investments Substantially all assets limited as to use are invested and managed by professional investment managers and are held in custody by financial institutions These funds are classified as trading securities Accordingly, changes in unrealized gains and losses in the fair value of investments are included in nonoperating income within investment income in the accompanying consolidated statements of operations and changes in net assets. The Indiana University Health System is a limited partner in funds that employ hedged (absolute return) investment strategies These investments are accounted for using the equity method of accounting, based on the fund's financial information

Property and Equipment

Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets. Included in property and equipment are costs for software developed for internal use

Property and equipment under capital lease obligations are amortized on the straight-line method over the lease term or the estimated useful life of the equipment, whichever period is shorter Such amortization is included with depreciation in the accompanying consolidated statements of operations and changes in net assets Interest cost incurred on borrowed funds during the period of construction and other interest costs related to tax-exempt bonds are capitalized as a

3. Summary of Significant Accounting Polices (continued)

component of the cost of constructing the assets. In addition, interest earnings on unexpended borrowed funds related to tax-exempt financings offset capitalized tax-exempt interest Repair and maintenance costs are expensed when incurred

The Indiana University Health System evaluates when events or changes in circumstances have occurred that would indicate that the remaining estimated useful life of long-lived assets warrant revision or that the remaining balance of such assets may not be recoverable The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset or asset group If undiscounted cash flows are insufficient to recover the carrying value of the long-lived asset, such asset is written down to its fair value if its carrying value exceeds fair value

Unamortized Bond Issuance Costs and Bond Discount or Premium

Costs incurred in connection with the issuance of long-term debt and bond discounts or premiums are amortized or accreted using the effective interest rate method Amortization and accretion are included in interest expense in the accompanying consolidated statements of operations and changes in net assets (see Note 7)

Contributions

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received Conditional promises to give, including indications of an intention to give, are reported at fair value at the date the gift is received If the gifts are received with donor stipulations that limit the use of the donated assets, the gifts are reported as either temporarily or permanently restricted. Donor-restricted contributions for which restrictions are met in the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements

Noncontrolling Interest in Subsidiaries

The Indiana University Health System attributed income of $44,556 and $22,746 for the years ended December 31, 2011 and 2010, respectively, to the noncontrolling interests based on the ownership percentage of the noncontrolling interests in certain of the Indiana University Health System's consolidated subsidiaries These amounts are reflected in unrestricted net assets in the consolidated balance sheets.

3. Summary of Significant Accounting Polices (continued)

Temporarily and Permanently Restricted Net Assets

Temporarily and permanently restricted net assets are those assets whose use has been limited by donors to a specific time period or purpose These net assets are generally restricted for medical education and research programs, medical supplies and equipment, and patient care services

Interests in net assets of unconsolidated foundations are included in other assets in the accompanying consolidated balance sheets. The underlying assets of these interests in foundations consist primarily of cash and cash equivalents, money market and mutual funds, and marketable equity and debt securities (see Note 14)

Business Combinations

The Indiana University Health System allocates the purchase price of an acquisition to the various components of the acquisition based upon the fair value of each component, which may be derived from various observable or unobservable inputs and assumptions Also, the Indiana University Health System may utilize third-party valuation specialists These components typically include buildings, land, and equipment, and may also include intangibles related to noncompete agreements or other specifically identified intangible assets The excess of the fair value of assets acquired over liabilities assumed and the fair value of any noncontrolling interest is recorded as an inherent contribution within the performance indicator Goodwill is recorded to the extent that liabilities assumed and noncontrolling interests exceed the fair value of assets acquired

Goodwill and Intangible Assets

In connection with business combinations, the Indiana University Health System has recorded goodwill and definite-lived intangible assets on the accompanying consolidated balance sheets The Indiana University Health System evaluates goodwill for impairment annually, or more frequently if events or changes in circumstances suggest that the carrying value of an asset may not be recoverable The goodwill impairment analysis, performed at the reporting unit level, includes estimating the fair market value and comparing that to the carrying value If fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not considered to be impaired These valuation methods require the Indiana University Health System to make estimates and assumptions regarding future operating results, cash flows, changes in working capital, capital expenditures, profitability, and the cost of capital. The Indiana University Health

3. Summary of Significant Accounting Policies (continued)

System also reviews if events or changes in circumstances suggest impairment may have occurred related to the carrying value of the definite-lived intangible assets, which are amortized over periods of 5 to 35 years It has been determined that there was no significant impairment to goodwill during 2011 and 2010 Intangible assets included in other assets on the accompanying consolidated balance sheets as of December 31, 2011 and 2010, were $166,300 and $31,756, respectively, which includes goodwill of $147,395 and $17,154, respectively See Note 4 for further details on goodwill recorded in 2011

Operating and Performance Indicators

The activities of the Indiana University Health System are primarily related to providing health care services and, accordingly, expense information by functional classification is not used as a basis for measuring performance Further, since substantially all resources are derived from providing health care services, similar to that if provided by a business enterprise, the following indicators are considered important in evaluating how well management has discharged its stewardship responsibilities

Operating Indicator (Operating Income) – Includes all unrestricted revenue, gains, and other support, equity income or loss of unconsolidated health care subsidiaries, and expenses directly related to the recurring and ongoing health care operations during the reporting period The operating indicator excludes investment income or losses on assets limited as to use (including changes in unrealized gains and losses on investments), changes in the fair value of fixed payor and basis swaps, gain or loss on the extinguishment of debt, inherent contribution of acquired entities, noncontrolling interest, and gains and losses deemed by management not to be directly related to providing health care services

Performance Indicator (Excess (Deficiency) of Revenues Over Expenses) – Includes operating income and nonoperating income (losses) The performance indicator excludes certain changes in pension obligations and contributions for capital expenditures, distributions, and net assets released from restricted funds

Income Taxes

The Internal Revenue Service (IRS) has determined that Indiana University Health and certain of its affiliated entities are tax-exempt organizations as defined in Section 501(c)(3) of the Internal Revenue Code.

3. Summary of Significant Accounting Policies (continued)

Certain subsidiaries of Indiana University Health are taxable entities. The tax expense and liabilities of these subsidiaries are not material to the consolidated financial statements

Subsequent Events

For the consolidated financial statements as of and for the year ended December 31, 2011, management has evaluated subsequent events through March 22, 2012, the date that these financial statements were issued.

New Accounting Guidance Not Yet Applicable

In May 2011, accounting guidance was issued that specified the valuation concept of highest and best use is applicable to nonfinancial assets and liabilities only The guidance also permits the measurement of financial instruments managed in a portfolio to be measured at the price that would be received to sell or transfer between market participants at the measurement date. Additionally, the guidance allows for the use of premiums and discounts in measuring an asset or liability in the absence of a Level 1 input This guidance also requires additional disclosures for Level 3 measurements, including the valuation process used and the use of a nonfinancial asset in a way that differs from the asset's highest and best use This guidance becomes effective during interim and annual periods beginning after December 15, 2011 Adoption of this guidance will not have an impact on the Indiana University Health System's financial condition or results of operations, as it only requires additional disclosures.

In July 2011, guidance was issued that requires health care entities to reflect bad debt expense as a reduction to net patient revenue (net of contractual allowances and discounts) on the statement of operations and changes in net assets Additionally, the following disclosures are required for interim and annual reporting the policy for considering collectibility in the timing and amount of revenue and bad debt recognized, patient service revenue by payor source, and qualitative and quantitative information about changes in the allowance for doubtful accounts. This guidance is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2011 Early adoption is permitted Adoption of this guidance will require changes to the presentation of the results of operations as well as additional disclosures However, it will not have an impact on the Indiana University Health System's financial condition or net results of operations The Indiana University Health System will adopt this guidance as of January 1, 2012

3. Summary of Significant Accounting Policies (continued)

In August 2011, accounting guidance was issued related to goodwill that gives entities the option to first assess qualitative factors in determining whether the existence of events or circumstances leads to a determination that is it more likely than not that the fair value of a reporting unit is more than its carrying amount If this qualitative assessment determines that it is likely that the fair value is more than the carrying amount, then performance of the two-step impairment test is unnecessary However, if concluded otherwise, then the first step of the two-step impairment test must be completed If the carrying amount exceeds fair value, then the second step is required to measure the amount of the impairment loss. This guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011 Early adoption is permitted Adoption of this guidance is not expected to have a material impact on the Indiana University Health System's financial condition or results of operations The Indiana University Health System will adopt this guidance as of January 1, 2012

4. Business Combinations and Other Strategic Transactions

White Hospital

On April 26, 2011, Indiana University Health entered into an Affiliation and Asset Purchase Agreement (the White Agreement) with White County Memorial Hospital, a 25-bed critical access hospital located in Monticello, Indiana, whereby effective July 1, 2011, White County Memorial Hospital transferred certain of its assets and liabilities to Indiana University Health White Memorial Hospital (White), a newly created nonprofit organization, and Indiana University Health is the sole corporate member of White White has applied for tax-exempt status The purchase price was $955, payable over ten years, plus the assumption of liabilities The White Agreement was designed to enable both organizations to better position themselves to serve patients and the community and to provide White with certain support services

As the sole corporate member of White, Indiana University Health has control of White through appointment of the majority of the Board of Directors The transaction was accounted for as an acquisition, and acquired assets and liabilities were recorded at fair value At July 1, 2011, Indiana University Health recorded the value of working capital and assets limited to use of $8,202, and property and equipment of $34,975, net of long-term debt assumed of $37,304, resulting in a contribution of $4,627, which was recorded within nonoperating income on the consolidated statement of operations and changes in net assets On July 1, 2011, Indiana University Health extinguished long-term debt of $24,901 assumed in the transaction and replaced it with an intercompany note that is eliminated in consolidation Indiana University Health also recorded restricted net assets of $291 as part of the acquisition

4. Business Combinations and Other Strategic Transactions (continued)

The recorded amounts for assets and liabilities are provisional and subject to change pending the finalization of purchase price allocation However, Indiana University Health does not expect that any future adjustments will be material The financial position of White was consolidated with Indiana University Health effective July 1, 2011, and the financial results of White have been consolidated beginning on that date

Morgan Hospital

On June 28, 2011, Indiana University Health entered into an Affiliation and Asset Purchase Agreement (the Morgan Agreement) with Morgan Hospital and Medical Center, a 106-bed not-for-profit hospital located in Martinsville, Indiana, whereby effective July 1, 2011, Morgan Hospital and Medical Center transferred certain of its assets and liabilities to Indiana University Health Morgan Hospital (Morgan), a newly created tax-exempt nonprofit organization Indiana University Health is the sole corporate member of Morgan In connection with the transaction, Morgan became the sole corporate member of Indiana University Health Morgan Hospital Foundation (formerly Morgan County Hospital Foundation) The Morgan Agreement was designed to enable both organizations to better position themselves to serve patients and the community, promote economic development and job preservation in Morgan County, and to provide Morgan with certain support services

As the sole corporate member of Morgan, Indiana University Health has control of Morgan through appointment of the majority of the Board of Directors. The transaction was accounted for as an acquisition, and acquired assets and liabilities were recorded at fair value At July 1, 2011, Indiana University Health recorded the value of working capital and assets limited to use of $12,416, and property and equipment of $32,977, net of long-term debt assumed of $746, resulting in a contribution of $44,087, which was recorded within nonoperating income on the consolidated statement of operations and changes in net assets Indiana University Health also recorded restricted net assets of $560 as part of the acquisition. The recorded amounts for assets and liabilities are provisional and subject to change pending the finalization of purchase price allocation However, Indiana University Health does not expect that any future adjustments will be material The financial position of Morgan was consolidated with Indiana University Health effective July 1, 2011, and the financial results of Morgan have been consolidated beginning on that date

4. Business Combinations and Other Strategic Transactions (continued)

The following table summarizes abbreviated unaudited financial statement information of the newly acquired hospitals (White and Morgan) prior to Indiana University Health obtaining control

	Fiscal Year 2010	
	White	Morgan
	(Unaudited)	
Operating revenues	$ 26,529	$ 51,753
Operating expenses	26,066	50,142
Operating income	463	1,611
Nonoperating income (loss)	(1,922)	279
(Deficiency) excess of revenues over expenses	$ (1,459)	$ 1,890

	Fiscal Year 2010	
	White	Morgan
	(Unaudited)	
Current assets	$ 10,029	$ 18,515
Assets limited as to use	2,184	15,139
Property and equipment	34,154	18,951
Other assets	1,309	351
Total assets	$ 47,676	$ 52,956
Current liabilities	$ 4,867	$ 5,783
Long-term debt	32,301	14,030
Other long-term liabilities	2,861	2,568
Net assets	7,647	30,575
Total liabilities and net assets	$ 47,676	$ 52,956

4. Business Combinations and Other Strategic Transactions (continued)

Indiana University Health Saxony Hospital

Saxony, located in Fishers, Indiana, opened on December 1, 2011 The hospital's focus is surgical services for cardiovascular, orthopedic, and spine The hospital construction was completed during November 2011 at an aggregate cost of approximately $224,242, which was recorded as property and equipment at December, 31, 2011 In addition, start-up, organization, and development costs aggregated $5,740 and $742 during the years ended December 31, 2011 and 2010, respectively, and have been charged to operations Saxony operates as a division of the academic health center An adjacent ambulatory surgery center, Indiana University Health Saxony Surgery Center, LLC, is expected to open during the first quarter of 2012

Purchase of Noncontrolling Interests in West

Effective April 29, 2011, West redeemed 100% of its physician-owned membership interests for $9,430 Prior to this redemption, Indiana University Health held a 76 9% membership interest in West Upon the purchase, Indiana University Health became the sole corporate member of West West became a separate tax-exempt organization on February 29, 2012 The purchase price paid to physicians in excess of the carrying amount of noncontrolling interest was recorded to unrestricted net assets

Purchase of Noncontrolling Interests in North

Effective November 1, 2011, 100% of North's physician-owned membership interests were purchased by Indiana University Health for $29,864 Prior to this purchase, Indiana University Health held a 63 8% membership interest in North Upon the purchase, Indiana University Health became the sole corporate member of North North is expected to become a separate tax-exempt organization in 2012 The purchase price paid to physicians in excess of the carrying amount of noncontrolling interest was recorded to unrestricted net assets

CNI Surgicare

LaPorte entered into an Asset Purchase Agreement for the purchase of Lakeshore Surgicare for $10,506, effective April 1, 2010 Lakeshore Surgicare is an ambulatory surgery center located in Chesterton, Indiana The transaction was accounted for as a purchase by LaPorte, with the assets acquired of $6,148, which includes property and equipment of $5,484, and liabilities assumed of $288, all recorded at their fair value as of the effective date of the purchase This purchase

4. Business Combinations and Other Strategic Transactions (continued)

resulted in goodwill of $4,646 recorded in other assets on the accompanying consolidated balance sheets

Central Indiana Cancer Centers

Effective June 1, 2011, Indiana University Health purchased the business operations of Central Indiana Cancer Centers (CICC) for $12,000 CICC operates community-based cancer centers providing comprehensive cancer care services and treatments The transaction was accounted for as a purchase with assets acquired of $3,263, which includes property and equipment of $2,495, and a definite-lived intangible asset related to noncompete agreements recognized for $3,510 The purchase resulted in goodwill of $5,227 recorded in other assets on the accompanying consolidated balance sheets

Surgery Centers

Effective July 1, 2011, Indiana University Health purchased one additional membership unit in Beltway Surgery Center (BSC) and Eagle Highlands Surgery Center (EHSC) and, as a result, Indiana University Health became the controlling member in these surgery centers Purchase accounting was applied to this transaction, as these surgery centers were previously accounted for under the equity method As such, the assets, liabilities, and ownership interests of these two entities were recorded at fair value, resulting in goodwill of $122,799, which is classified in other long-term assets At July 1, 2011, Indiana University Health recorded the value of working capital of $16,927, property and equipment of $6,931, and ownership interests (controlling and noncontrolling) of $146,383 No material debt was assumed Indiana University Health recorded its controlling investment in BSC and EHSC at fair value, which resulted in a gain of $61,411 recorded within other nonoperating income, representing the fair value of Indiana University Health's equity interests in BSC and EHSC in excess of the carrying values The recorded amounts for assets and liabilities are provisional and subject to change pending finalization of the purchase price allocation However, Indiana University Health does not expect any future adjustments to be material

Also effective July 1, 2011, Indiana University Health entered into a Membership Interest Purchase Agreement with Surgical Care Affiliates, LLC (SCA) whereby SCA purchased a noncontrolling 49% ownership interest in six holding companies, controlled subsidiaries that own and control BSC, EHSC, and four other surgery centers for $123,090 SCA, under very limited circumstances, can put its interests to Indiana University Health, however, because of the

4. Business Combinations and Other Strategic Transactions (continued)

contingent nature of these rights, and, in management's view, the remote possibility of such contingencies occurring, the SCA noncontrolling interests are not considered to be participatory, thus precluding consolidation

The sale of the 49% of the interests in the holding companies to SCA did not result in a change of control and therefore was accounted for as an equity transaction The difference between the fair value of the consideration received from SCA and the amount by which the noncontrolling interest is adjusted was recognized in equity attributable to the parent. As reflected in the consolidated statement of operations and changes in net assets, $40,364 of the $123,090 consideration received was reflected as SCA's noncontrolling interest in the holding companies, and the remaining $82,726 was recorded as an increase to unrestricted net assets

Administrative Building

On December 17, 2010, Indiana University Health entered into a Purchase and Sale Agreement to purchase a 280,000 square foot building located in Indianapolis, Indiana, for $8,200. Indiana University Health System previously leased space in the building under operating leases for administrative and support services In connection with this agreement, Indiana University Health also entered into an agreement to purchase certain parking lot space related to the building for approximately $4,521 These agreements became effective March 15, 2011

Neuroscience Center of Excellence (NCOE)

On November 18, 2010, Indiana University Health entered into a lease, as amended on December 23, 2010, and construction agreements with an unrelated real estate developer to construct the NCOE medical office building, parking structure, and related site development The medical office building will be located on the campus of Methodist Hospital It is designed to become a destination for patients throughout the midwestern United States suffering from brain, nerve, and mental maladies The construction started on the building in December 2010 and is expected to be completed during the summer of 2012

The project is being financed through a 25-year capital lease with the NCOE developer, as well as $18,800 in financing from Indiana University Health, of which $14,000 is expected to be reimbursed through a city of Indianapolis tax-increment financing (TIF) contribution Of this TIF contribution, $9,240 is to be used toward capital expenditures Under the lease, Indiana

4. Business Combinations and Other Strategic Transactions (continued)

University Health obtains ownership of the medical office building at the end of the lease term. Additionally, Indiana University Health has a call option in year five of the lease to acquire the project for the then-current balance of amounts owed under the capital lease As of December 31, 2011, $21,220 had been capitalized as construction-in-progress related to preplanning and project development costs, and $14,000 of TIF contribution has been received and is recorded within other noncurrent liabilities The TIF contribution will remain in other noncurrent liabilities until certain contingencies are met Upon occupancy of the building, Indiana University Health will record an estimated $92,000 capitalized lease asset and corresponding debt under the capital lease

Meaningful Use Revenue

The American Recovery and Reinvestment Act of 2009 established incentive payments under Medicare and Medicaid programs for certain eligible professionals, hospitals, and critical access hospitals (Providers). Providers can receive incentive payments by adopting, implementing, and upgrading electronic health records (EHR) technology Providers can also receive incentive payments for demonstrating meaningful use of EHR technology Upon satisfaction of the meaningful use criteria, using a grant accounting model, the Indiana University Health System recognized $23,957 of these incentive payments within other operating revenue on the consolidated statement of operations and changes in net assets for the year ended December 31, 2011 If specified meaningful use criteria are met in future periods, the Indiana University Health System may qualify for additional incentive payments

5. Assets Limited as to Use

Board-designated and donor-restricted investment funds are invested in accordance with Board-approved policies, which include, among other matters, targeted investment returns balanced by diversification of the investment portfolio, establishment of credit risk parameters, and limitation in the amount of investment in any single organization. Trustee-held funds are generally invested in cash equivalents (including money market funds) and U S government and agency obligations, as defined by the debt agreements

The estimated fair value of the assets limited as to use is determined using market information and other appropriate valuation methodologies The methods and assumptions used to estimate the fair value of assets limited as to use are cash and cash equivalents — the carrying amounts reported in the consolidated balance sheets approximate fair value, marketable securities — the

5. Assets Limited as to Use (continued)

fair value amounts of marketable securities are based on quoted market prices or, if quoted market prices are not available, fair values are based on quoted market prices of comparable instruments and other observable inputs, and other investments, including alternative investments (such as hedge funds, absolute return investments, and private equity investments) These alternative investments are accounted for using the equity method of accounting based upon the net asset values as determined by the administrators of each underlying fund, in consultation with and approval of the fund investment managers

The Indiana University Health System is a limited partner in funds that focus on absolute return investment strategies Although execution could be limited, hedged (absolute return) investment strategies are designed to reduce overall portfolio volatility while producing positive investment returns regardless of market direction, however, investment returns are not guaranteed Generally, redemptions may be made with written notice ranging from 30 to 90 days, however, some funds have redemption charges of up to 3% of net asset value for redemptions made on or before the first anniversary date of initial investment or additional contribution. Upon complete redemption, many of the funds have "hold-back" provisions of up to 10% that are returned only after the fund's audited financial statements for the redemption period are issued These investments are accounted for using the equity method of accounting, based on the fund's financial information

Alternative investments include certain other risks that may not exist with other investments that are more widely traded. These include reliance on the skill of the fund managers, who often employ complex strategies with various financial instruments, including futures contracts, foreign currency contracts, structured notes, and interest rate, total return, and credit default swaps Additionally, alternative investments may have limited information on a fund's underlying assets and valuation, and limited redemption or redemption-penalty provisions Management believes that the Indiana University Health System, in consultation with its investment advisor, has the capacity to analyze and interpret the risks associated with alternative investments, and with this understanding, has determined that investing in these investments creates a balanced approach to its portfolio management

The largest fund allocation to any fund manager, which is an alternative fund of funds investment, is $148,047 at December 31, 2011, and there are no investments in any individual fund greater than 13% of that fund's net assets As of December 31, 2011, there are no material unfunded commitments relating to alternative investments Changes in the value of these funds are included in nonoperating income and losses in the accompanying consolidated statements of operations and changes in net assets

5. Assets Limited as to Use (continued)

The composition of assets limited as to use is set forth below.

	December 31	
	2011	**2010**
Board-designated investments and trustee-held funds		
Cash and cash equivalents	**$ 183,065**	$ 159,742
Marketable securities:		
U S government and agency obligations	**99,952**	85,167
U S corporate obligations	**315,815**	318,770
U S equity securities	**260,438**	254,066
Non-U S securities	**173,537**	188,737
Total marketable securities	**849,742**	846,740
Other Board-designated investments:		
Alternative investments		
Hedged strategy (fund of funds)	**312,294**	310,284
Hedged strategy (direct)	**70,871**	74,268
Real estate investment trusts and other	**7,638**	9,062
Total other Board-designated investments	**390,803**	393,614
Total Board-designated investments and trustee-held funds	**1,423,610**	1,400,096
Other investments.		
Cash and cash equivalents	**6,672**	–
U S government and agency obligations	**153,449**	–
U S corporate obligations	**88,107**	–
Non-U S securities	**12,177**	–
Total other investments	**260,405**	–
Total assets limited to use	**1,684,015**	1,400,096
Less current portion	**(54,430)**	(4,428)
Total assets limited to use, less current portion	**$ 1,629,585**	$ 1,395,668

5. Assets Limited as to Use (continued)

As of December 31, 2011, the current portion of assets limited as to use represents construction draws to be used within the next year and funds held to pay off the line of credit during 2012

Assets limited as to use include funds held by the Foundations whose fair values as of December 31, 2011, aggregated $165,349, of which $77,242 is considered Board-designated investment funds and $88,107 is considered donor-restricted investment funds

The composition and presentation of investment income (losses) recognized in the accompanying consolidated statements of operations and changes in net assets are as follows

	Year Ended December 31	
	2011	**2010**
Investment income (losses)		
Interest and dividend income	**$ 23,601**	$ 24,722
Investment management and administration fees	**(2,141)**	(1,664)
Realized gains on sales of investments, net	**9,867**	41,978
Unrealized (losses) gains on investments	**(27,377)**	37,831
Equity (losses) gains of hedged strategy funds	**(1,223)**	24,017
	$ 2,727	$ 126,884

6. Property and Equipment

The cost of property and equipment in service is summarized as follows

	December 31	
	2011	**2010**
Land and improvements	**$ 230,192**	$ 216,639
Buildings and improvements	**3,001,364**	2,678,067
Equipment (including software developed for internal use of $219,842 in 2011 and $201,004 in 2010)	**2,121,488**	1,948,175
	$ 5,353,044	$ 4,842,881

6. Property and Equipment (continued)

Useful lives of each category of assets are based on the estimated useful time frame that the particular assets are expected to be in service, generally in accordance with guidelines established by the American Hospital Association Assets are depreciated on a straight-line basis beginning in the month when placed in service, with asset lives ranging as follows 20–30 years for land improvements, 15–40 years for buildings and improvements, and 3–10 years for equipment, including software developed for internal use

Construction-in-progress for assets currently under development is anticipated to extend through 2014 and includes commitments for the construction, refurbishment, and replacement of facilities and equipment A summary of the construction-in-progress is as follows.

	December 31	
	2011	**2010**
Software developed for internal use	**$ 7,842**	$ 19,021
Saxony development	**–**	117,835
NCOE	**21,220**	19,735
Riley Simon Family Tower	**16,242**	–
Other facilities and equipment	**45,080**	38,988
	$ 90,384	$ 195,579

Firm commitments for construction-in-progress totaled $104,894 at December 31, 2011 However, other amounts aggregating approximately $279,001 are anticipated to be incurred but are not legally required or committed and are subject to change or authorization by the Board

6. Property and Equipment (continued)

Certain buildings, medical and computer equipment, and software are accounted for as capital leases expiring in various years through 2021 and are included in property and equipment Amortization of assets under capital leases is included in depreciation expense

The following is a summary of property held under capital leases

	December 31	
	2011	**2010**
Software	**$ 22,870**	$ 20,885
Computer and office equipment	**7,472**	2,272
Medical equipment	**24,931**	22,054
Buildings	**13,281**	16,108
	68,554	61,319
Less accumulated amortization	**(34,672)**	(27,467)
	$ 33,882	$ 33,852

Interest rates are imputed based on the lower of the incremental borrowing rate at the inception of each lease or the lessor's implicit rate of return

7. Debt

Obligated Groups

The Indiana University Health System operates under three separate Master Trust Indentures (MTIs) Each indenture provides for the issuance of long-term debt under various obligated group structures The obligated groups and their respective members consist of the specific separate entities so named in the indenture and are described as follows (1) the Indiana University Health Obligated Group, which includes the Downtown Academic Health Center, LaPorte and Saxony (a division of Indiana University Health) as members, (2) the Ball Memorial Obligated Group, including Ball Memorial and Indiana University Health Blackford Hospital as members, and (3) the Bloomington Obligated Group, which includes Bloomington as the sole member These groups are required to meet certain covenants, and their members are jointly and severally liable for the obligations under their respective MTIs The obligated groups are also subject to financial performance covenants that, among other compliance requirements, require the maintenance of debt service ratios and limit each obligated group's ability to encumber certain of its respective assets

7. Debt (continued)

As of December 31, 2011, the Indiana University Health System was in compliance with all financial covenants

Issuance and Extinguishment of Debt

Indiana University Health Obligated Group

Variable Rate Demand Securities, Tax-Exempt Revenue Refunding Bonds, Series 2008B were redeemed at par value, or $48,385, plus accrued interest on December 9, 2010, with the proceeds from the Indiana University Health System's revolving line of credit

On December 17, 2010, a direct bank loan of $42,550 (which was used to redeem Series 2003F bonds) was amended to include a maturity date of January 31, 2012, with an interest rate based on one-month London Interbank Offered Rate (LIBOR) On May 26, 2011, the bank loan was further amended to defer the maturity date to June 30, 2012. As of December 31, 2011, the amount outstanding for this loan, $41,750, was recorded within the current portion of long-term debt

On April 19, 2011, Indiana University Health issued at par $228,195 of Series 2011 A, B, C, D, and E tax-exempt variable-rate bonds. Proceeds were used to currently refund the Series 2008 A, C, and D tax-exempt variable-rate bonds outstanding in the amount of $110,475, to repay a $46,980 line of credit draw that had been used to refinance the Series 2008 B bonds, to pay expenses related to the issuance, and to fund project costs (including costs related to Saxony) of $70,000 As of December 31, 2011, $20,016 of proceeds from this bond issuance remained in current portion of trustee-held funds

On May 5, 2011, Indiana University Health issued at par $274,815 of Series 2011 F, G, H, and I tax-exempt variable-rate bonds Proceeds were used to currently refund the Series 2005 A, B, C, and D tax-exempt variable-rate bonds outstanding in the amount of $273,925 and to pay certain expenses related to the issuance On May 5, 2011, Indiana University Health issued at par $166,660 of Series 2011 J and K taxable variable-rate bonds Proceeds were used to currently refund the Series 2003 E and G taxable variable-rate bonds outstanding in the amount of $166,125 and to pay certain expenses related to the issuance

7. Debt (continued)

On May 25, 2011, Indiana University Health issued at par $111,435 of Series 2011 L and M tax-exempt variable-rate bonds to fund project costs (including costs related to Saxony) in the amount of $111,071, and to pay certain expenses related to the issuance As of December 31, 2011, $9,062 of proceeds from this bond issuance remained in current portion of trustee-held funds

On December 7, 2011, Indiana University Health issued $209,980 in par value of Series 2011N tax-exempt fixed-rate bonds at a premium of $11,637. Proceeds are to be used to currently refund the Series 2011F and G tax-exempt variable-rate bonds outstanding in the amount of $128,395, to currently refund a portion ($21,496) of the Series 2011E tax-exempt variable-rate bonds outstanding, to repay a portion of the line of credit in the amount of $34,012, to refund the Hospital Authority of Monroe County Hospital Revenue Bonds, Series 1999B (Bloomington Hospital Obligated Group) outstanding in the amount of $35,565, and to pay certain expenses related to the issuance As of December 31, 2011, $25,352 of proceeds from this bond issuance remained in current portion of trustee-held funds.

The refinancings during 2011 were accounted for as debt extinguishments, which resulted in a loss for the write-off of unamortized bond costs and expenses of the refunded bonds of $8,491 This loss is shown with other nonoperating income (losses) on the consolidated statement of operations and changes in net assets

On March 18, 2010, Indiana University Health executed a $45,000 loan agreement to finance information technology property and services Under the agreement, periodic advances are to be amortized and paid over five years at an annual interest rate of 4 75%. The loan agreement is secured under the provisions of Indiana University Health Obligated Group's MTI, and as of December 31, 2011, $35,192 remains outstanding under the loan agreement

Other

In December 2010, Tipton refunded its Adjustable Rate Demand Economic Development Revenue Bonds, Series 2006A and Series 2006B, in the aggregate principal amount of $24,670 and terminated the related interest rate swap for a one-time cash expenditure of $760 Proceeds for the transaction were acquired by liquidating $9,000 from Tipton's investments, with the remaining proceeds borrowed under the Indiana University Health line of credit The related portion of the line of credit was paid off during 2011 with the issuance of Series 2011E, which was later refunded by Series 2011N as referred to above.

7. Debt (continued)

On April 9, 2010, Indiana University Health entered into a $25,332 fixed-rate, fully amortizing, and privately placed tax-exempt lease purchase agreement to finance four helicopters Pursuant to the terms of the agreement, principal and interest are payable using a ten-year amortization at a fixed rate of 4 09% per annum The financing agreement is secured with a lien on the helicopters As of December 31, 2011, $22,701 remains outstanding under the agreement

7. Debt (continued)

Long-term debt as of December 31, 2011 and 2010, consists of the following

	2011	2010
Indiana University Health Obligated Group		
Indiana Finance Authority		
Fixed Rate, Tax-Exempt Hospital Revenue Refunding Bonds, Series 2011N Serial and Term Bonds, payable in varying principal installments through 2038, with interest rates ranging from 2.0% to 5.13% at December 31, 2011	**$ 209,980**	$ –
Variable Rate Demand Notes, Tax-Exempt Revenue Refunding Bonds, Series 2011A, B, C, D, E, H, I, L and M, payable in varying installments through 2036, with variable interest rates ranging between 0.05% and 0.89% at December 31, 2011	**464,550**	–
Variable Rate Demand Notes, Taxable Hospital Revenue Bonds, Series 2011J and K, payable in varying principal installments through 2033, with variable interest rates of 0.09% and 0.14%, respectively, at December 31, 2011	**166,660**	–
Variable Rate Demand Notes, Tax-Exempt Revenue Refunding Bonds, Series 2008A, B, C, and D, and Series 2005 A, B, C, and D, payable in varying installments through 2033	–	401,405
Variable Rate Demand Notes, Taxable Hospital Revenue Bonds, Series 2003E and G Serial Bonds, payable in varying principal installments through 2033	–	169,275
Indiana Health and Educational Facility Financing Authority		
Fixed Rate, Tax-Exempt Hospital Revenue Bonds, Series 2006A and 2006B Serial and Term Bonds, payable in varying principal installments through 2040, with interest rates ranging from 4.75% to 5.25% at December 31, 2011	**677,650**	682,835
Variable Rate Commercial Bank Loans, payable in varying principal installments through 2038, with interest rates ranging from 0.69% to 0.75% at December 31, 2011	**66,471**	112,716
Fixed Rate Commercial Bank Loan, payable in varying principal installments through 2016, with an interest rate of 4.75% at December 31, 2011	**35,192**	43,325
Ball Memorial Obligated Group		
Hospital Authority of Delaware County, Indiana		
Fixed Rate, Tax-Exempt Revenue Refunding Bonds, Series 2009A, 2006, and 1997 Serial and Term Bonds, payable in varying principal installments through 2040, with interest rates ranging from 5.00% to 5.63% at December 31, 2011	**93,820**	108,985
Bloomington Obligated Group		
Hospital Authority of Monroe County, Indiana		
Fixed Rate, Tax-Exempt Revenue Bonds, Series 1999B and 1997 Serial and Term Bonds, payable in varying principal installments through 2029	–	39,360
Variable Rate, Tax-Exempt Equipment Financing Agreements, payable in varying installments through 2016, with interest rates ranging from 1.08% to 1.31% at December 31, 2011	**7,172**	9,183
Fixed Rate, Commercial Bank Loan, payable in annual principal installments through 2011	–	3,165
Other Nonobligated Group Debt		
Bloomington, Variable Rate, Taxable Revenue Bonds, Series 2008 Private Placement Bonds, payable in quarterly installments through 2019, variable interest rate of 0.79% at December 31, 2011	**3,175**	3,612
Stonehenge Community Development VII, LLC, Fixed Rate, Unsecured New Market Tax Credit Notes A and B, due in 2014 at an interest rate of 3.29%	**25,000**	25,000
Mortgage obligations (interest rates ranging from 4.10% to 7.05%)	**12,375**	14,710
Capital lease obligations	**38,302**	40,290
Other	**39,173**	32,823
Total long-term debt	**1,839,520**	1,686,684
Unamortized premium	**16,622**	3,420
Less current portion	**(125,852)**	(82,965)
Long-term debt, less current portion	**$ 1,730,290**	$ 1,607,139

7. Debt (continued)

The scheduled maturities and mandatory redemptions of long-term debt, assuming remarketing of variable rate bonds, are as follows

	Indiana University Health Obligated Group	Ball Memorial Obligated Group	Bloomington Obligated Group	Other	Total
Year ending December 31					
2012	$ 103,167	$ 1,980	$ 1,697	$ 19,008	$ 125,852
2013	39,758	4,095	1,622	11,664	57,139
2014	41,168	4,300	1,514	36,558	83,540
2015	41,100	4,510	1,396	8,819	55,825
2016	40,010	3,570	943	7,222	51,745
Thereafter	1,355,300	75,365	–	34,754	1,465,419
	$ 1,620,503	$ 93,820	$ 7,172	$ 118,025	$ 1,839,520

The estimated fair value of the revenue bonds at December 31, 2011 and 2010, amounted to $1,624,299 (which includes Ball Memorial – $93,647) and $1,321,198, respectively, based on market interest rates and conditions for similar issues as of those dates The carrying value of the revenue bonds at December 31, 2011 and 2010, amounted to $1,612,660 and $1,401,860, respectively The recorded value of all debt obligations not traded in the secondary credit markets approximated fair value at December 31, 2011 and 2010

During 2011, Indiana University Health renewed its $86,000 secured line of credit, which is secured under the terms of its Obligated Group MTI and bears interest on a variable rate based on LIBOR and matures June 30, 2012 As of December 31, 2011 and 2010, the Indiana University Health System maintained several lines of credit totaling $97,000 and $90,000, respectively, of which $24,721 and $70,166, respectively, was drawn and outstanding and included within long-term debt in the consolidated balance sheets

Total interest paid on long-term debt for the years ended December 31, 2011 and 2010, aggregated $79,031 and $68,789, respectively Total interest capitalized during the years ended December 31, 2011 and 2010, amounted to $9,744 and $8,393, respectively, which was offset by interest income of $9 and $8, respectively, on nontaxable, unexpended borrowed funds

7. Debt (continued)

Guarantees

Indiana University Health has guaranteed with its joint venture partner the long-term debt of a rehabilitative care hospital Indiana University Health's portion of its guarantee aggregated approximately $8,210 and $6,400 as of December 31, 2011 and 2010, respectively In addition to this guarantee, Indiana University Health has also loaned the rehabilitative care hospital $1,500 during 2010, which matures during 2017

Indiana University Health and certain of its subsidiaries also have agreements with physician groups and others that guarantee minimum revenue totals Accruals are made periodically for any minimum revenue guarantee, such accruals aggregated $1,678 at December 31, 2011, and $1,900 at December 31, 2010

8. Derivative Financial Instruments

During June 2011, Indiana University Health amended its interest rate swap arrangements to allow transfers of swaps to other counterparties and to limit the posting of collateral Several interest rate swaps were transferred to other counterparties As a result of these transfers, no collateral is currently required to be posted

8. Derivative Financial Instruments (continued)

Long-term interest rate swap arrangements have been entered into with the primary objective being to mitigate interest rate risk The following fixed payor swaps, stated at current notional amounts, remain in place as of December 31, 2011.

Notional Amount	Effective Date	Maturity Date	Rate Received	Rate Paid
$63.975	11/15/2005	2/16/2021	62 30% LIBOR plus 0 24%	3 19%
64.000	6/23/2011	2/15/2021	62 30% LIBOR plus 0 24%	3 19%
72.825	11/15/2005	2/15/2030	62 30% LIBOR plus 0 24%	3 35%
73.125	6/20/2011	2/15/2030	62 30% LIBOR plus 0 24%	3 35%
62.300	6/26/2003	3/01/2033	LIBOR	4 92%
103.825	6/16/2011	3/01/2033	LIBOR	4 92%
41.525	6/26/2003	3/01/2033	LIBOR	4 92%
2.400	6/30/2008	6/30/2013	LIBOR plus 1 75%	6 00%
2.205	6/01/2004	6/01/2024	LIBOR plus 1 50%	7 05%
1.631	6/01/2006	6/01/2026	LIBOR plus 1 25%	7 15%
202	10/1/1999	10/01/2019	Prime minus 1 86%	7 72%

After giving effect to the above derivative transactions, the Indiana University Health System's variable-rate debt was approximately 12 2% and 11 7% of total debt outstanding as of December 31, 2011 and 2010, respectively

8. Derivative Financial Instruments (continued)

In addition, long-term basis swap arrangements were entered into for the purpose of managing the effect of interest rates on cash flows and were in place as of December 31, 2011, as follows

Notional Amount	Effective Date	Maturity Date	Swap Type	Rate Received	Rate Paid
$140,446	3/10/2021	2/15/2033	Forward Starting Basis	75 00% three-month LIBOR minus 0 05%	Securities Industry and Financial Markets Association (SIFMA)
181,257	1/02/2008	2/15/2033	Basis	75 00% one-month LIBOR	SIFMA
181,257	2/15/2009	2/15/2021	Basis	72 00% three-month LIBOR minus 0 13%	SIFMA
309,200	3/10/2021	1/07/2033	Forward Starting Basis	75 00% three-month LIBOR minus 0 04%	SIFMA
309,200	3/07/2009	3/07/2021	Basis	72 00% three-month LIBOR minus 0 12%	SIFMA
309,200	6/07/2011	1/07/2033	Basis	75 00% one-month LIBOR	SIFMA
250,000	3/01/2009	9/30/2038	Basis	77 00% three-month LIBOR minus 0 11%	SIFMA
250,000	3/01/2009	9/30/2038	Basis	77 00% three-month LIBOR minus 0 11%	SIFMA

Guidance on fair value accounting stipulates that a credit valuation adjustment (CVA) should be applied to the mark-to-market valuation position of interest rate swaps to more closely capture the fair value of such instruments Collateral arrangements reduce the credit exposure and are considered in determining the CVA As of December 31, 2011, the fair value of interest rate swaps was $196,627, which is net of CVA of $32,639 As of December 31, 2010, the fair value of interest rate swaps was $140,916, which is net of CVA of $15,219 The fair values of the swaps have been included with noncurrent liabilities in the accompanying consolidated balance sheets

As of December 31, 2011, interest rate swaps had a total notional amount of $1,968,927, including $488,013 of fixed payor swaps and $1,480,914 of basis swaps Under agreements executed with counterparties, Indiana University Health is obligated to fund collateral amounts when the aggregate market value of swaps made with each counterparty exceeds certain thresholds The aggregate fair value of all derivative instruments, consisting of fixed payor and basis swaps, with credit-risk-related contingent features that are in a liability position on December 31, 2011 and 2010, respectively, was $198,179 and $124,141, respectively, for which collateral of $26,847 had been posted as of December 31, 2010 This collateral amount is shown as funds held under swap credit annex agreements in the consolidated balance sheet at December 31, 2010.

8. Derivative Financial Instruments (continued)

The Indiana University Health System recorded the following losses, within nonoperating income and losses, in the accompanying consolidated statements of operations and changes in net assets related to these derivative financial instruments.

	Year Ended December 31	
	2011	**2010**
Losses on interest rate swaps, net		
Unrealized losses on interest rate swaps	**$ (55,712)**	$ (74,229)
Realized losses on interest rate swaps	**(17,729)**	(19,865)
	$ (73,441)	$ (94,094)

9. Fair Value Measurements

Recent accounting guidance addresses aspects of the expanding application of fair value accounting The fair value accounting guidance provides, among other matters, for the following. defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a framework for measuring fair value, establishes a three-level hierarchy for fair value measurements based upon the observability of inputs to the valuation of an asset or liability as of the measurement date, requires consideration of nonperformance risk when valuing liabilities, and expands disclosures about instruments measured at fair value The three-level hierarchy is based upon the nature of valuation techniques and whether such techniques are based upon observable or unobservable inputs, as defined

Observable inputs are intended to reflect market data obtained from independent sources, while unobservable inputs may reflect market assumptions made by management or measurements made by financial specialists generally associated with the financial asset or liability These two types of inputs create the following fair value hierarchy

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities as of the reporting date Level 1 primarily consists of financial instruments such as money market securities and listed equities

- Level 2 – Pricing inputs other than quoted prices included in Level 1 that are either directly observable or that can be derived or supported from observable data as of the reporting date Instruments in this category include certain U S government agency and sponsored entity debt securities

9. Fair Value Measurements (continued)

- Level 3 – Pricing inputs include those that are significant to the fair value of the financial asset or financial liability and are not observable from objective sources In evaluating the significance of inputs, the Indiana University Health System generally classifies assets or liabilities as Level 3 when their fair value is determined using unobservable inputs that, individually or when aggregated with other unobservable inputs, represent more than 10% of the fair value of the assets or liabilities These inputs may be used with internally developed methodologies that result in management's best estimate of fair value Instruments in this category include interest rate swaps.

The following tables set forth by level within the fair value hierarchy the Indiana University Health System's financial assets and liabilities that were accounted for at fair value on a recurring basis as of December 31, 2011 and 2010 The financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement The assessment of the significance of a particular input to the fair value measurement requires judgment, could be subject to change or variation, and may affect the valuation of fair value assets and liabilities and their classification within the fair value hierarchy levels

	Level 1	Level 2	Level 3	Total
December 31, 2011				
Assets				
Cash and cash equivalents	**$ 189,737**	**$ –**	**$ –**	**$ 189,737**
Trading securities				
U S government and agency	**220,666**	**32,735**	**–**	**253,401**
U S corporate obligations	**251,907**	**152,015**	**–**	**403,922**
U S equity securities	**260,102**	**336**	**–**	**260,438**
Non-U S securities	**84,992**	**100,722**	**–**	**185,714**
Real estate investment trusts and other	**3,949**	**3,689**	**–**	**7,638**
Beneficial interests in charitable remainder and perpetual trusts	**–**	**8,668**	**–**	**8,668**
Total assets measured at fair value on a recurring basis	**$ 1,011,353**	**$ 298,165**	**$ –**	**$ 1,309,518**
Liabilities				
Interest rate swaps	**$ –**	**$ –**	**$ 196,627**	**$ 196,627**
Total liabilities measured at fair value on a recurring basis	**$ –**	**$ –**	**$ 196,627**	**$ 196,627**

9. Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total
December 31, 2010				
Assets				
Cash and cash equivalents	$ 551,764	$ –	$ –	$ 551,764
Trading securities				
U S government and agency	60,254	24,913	–	85,167
U S corporate obligations	264,782	53,988	–	318,770
U S equity securities	253,491	575	–	254,066
Non-U S securities	123,937	64,800	–	188,737
Real estate investment trusts and other	6,302	2,760	–	9,062
Beneficial interests in charitable remainder and perpetual trusts	–	9,525	–	9,525
Total assets measured at fair value on a recurring basis	$ 1,260,530	$ 156,561	$ –	$ 1,417,091
Liabilities				
Interest rate swaps	$ –	$ 140,916	$ –	$ 140,916
Total liabilities measured at fair value on a recurring basis	$ –	$ 140,916	$ –	$ 140,916

The fair value of cash and cash equivalents, which consist mainly of funds invested in money market funds, is based on quoted market prices and classified as Level 1. The fair value of Level 1 trading securities is based on quoted market prices from an active exchange. The fair value of Level 2 trading securities is based on third-party market quotes for similar securities and other observable inputs The fair value of interest rate swaps is based upon forward interest rate curves, as adjusted for CVA (see Note 8)

Cash and cash equivalents not held in money market accounts aggregated $403,086 and $113,005 as of December 31, 2011 and 2010, respectively, and are not included in the table The Indiana University Health System's $383,165 and $384,552 of alternative investments as of December 31, 2011 and 2010, respectively, are not included in the table because they are accounted for using the equity method of accounting (see Note 5) The beneficial interests in charitable remainder and perpetual trusts are shown within other long-term assets on the accompanying consolidated balance sheets

9. Fair Value Measurements (continued)

The following table is a rollforward of the amounts included in the consolidated balance sheets for financial instruments classified within Level 3 of the valuation hierarchy defined above

	Financial Liabilities for Derivative Financial Instruments
Fair value at January 1, 2011	$ –
Transfers into Level 3	196,627
Fair value at December 31, 2011	$ 196,627

Transfers of assets and liabilities in or out of Level 3 are reflected when significant inputs used for the fair value measurement become observable or unobservable Due to the increasing significance of the CVA relative to the fair value of the swaps, whose inputs are not observable from objective sources, transfers of such amounts were made into Level 3 during the year ended December 31, 2011

10. Commitments and Contingencies

Leases

In August 2010, a medical office building of West was sold for $23,260, and the buyer obtained all rights and interests as landlord for the existing leases of the medical office building West and other subsidiaries of Indiana University Health entered into operating leases with the buyer to leaseback a portion of the office building A gain on the sale of the office building of $6,018 was recognized, of which $2,083 was recognized at the time of sale with the remaining $3,935 gain being accreted over the term of the leases Indiana University Health continues to own the land, and a ground lease agreement was entered into with the buyer under which the land that the facilities occupy is leased for 75 years The total amount of rent over the term, $330, was prepaid to Indiana University Health, and is being recognized over the term of the ground lease

10. Commitments and Contingencies (continued)

Other buildings and medical and office equipment are leased under noncancelable operating and capital leases Future minimum lease payments as of December 31, 2011, are as follows:

	Operating Leases	Capital Leases
Year ending December 31		
2012	$ 47,413	$ 12,621
2013	39,240	9,491
2014	28,411	7,249
2015	22,885	5,968
2016	19,325	3,794
Thereafter	43,026	8,818
Total minimum lease payments	$ 200,300	47,941
Less amount representing interest		(9,639)
Present value of net minimum lease payments		$ 38,302

Rent and lease expense amounted to $78,505 and $68,967 for the years ended December 31, 2011 and 2010, respectively

11. Medical Malpractice

The Indiana University Health System's medical malpractice coverage is provided through a program of commercial insurance with a self-insured retention for claims made prior to July 1, 2002, and coverage through wholly owned captive insurance companies effective July 1, 2002 The program of medical malpractice coverage considers limitations in claims and damages prescribed by the Indiana Medical Malpractice Act (the Act), which limits the amount of individual claims to $1,250 and annual aggregate claims to $7,500, of which up to $1,000 would be paid by the State of Indiana Patient Compensation Fund (the Fund) and $250 by the Indiana University Health System for each occurrence of malpractice The Act also requires that health care providers meet certain requirements, including making funding payments to the Fund and maintaining certain insurance levels The Indiana University Health System has met these requirements and is a qualified provider under the Act, retaining risk of $250 per occurrence and $7,500 in the annual aggregate

11. Medical Malpractice (continued)

The Indiana University Health System's medical malpractice program includes coverage offered by the captive insurance companies or, from July 1, 2002 to June 30, 2004, by the fronting carrier, Continental Casualty Company Commercial insurance carriers also provide reinsurance for certain excess general liability coverage of the captive insurance companies on a claims-made basis (aggregating $100,000)

Contributions for coverage provided by the captive insurance companies are expensed as incurred, and loss reserves are established for incurred but not yet reported claims. Laws in the jurisdictions in which the captive insurance companies are domiciled require, among other matters, that certain capital and funding requirements be met The actuarially determined amount of accrued medical malpractice claims is included in noncurrent liabilities in the accompanying consolidated balance sheets.

12. Retirement Plans

Defined Contribution Plans

Retirement benefits are provided to substantially all employees of the Indiana University Health System, primarily through defined contribution plans Contributions to the defined contribution plans are based on compensation of qualified employees and amounted to $79,871 in 2011 and $71,627 in 2010 (net of forfeitures of $2,650 and $1,519 in 2011 and 2010, respectively)

Defined Benefit Plans

Defined benefit pension plans sponsored by Indiana University Health, LaPorte, Ball Memorial, and Bloomington have been curtailed, with benefits generally frozen or limited, and no new participants are allowed The defined benefit pension plans applicable to Indiana University Health were principally limited to current and former employees who elected not to participate in the defined contribution plan established at the time of Indiana University Health's formation and current and former executives who participated in a supplemental employee retirement plan of Indiana University Health

Pension benefits are based on years of service and compensation of employees (as defined) and are actuarially determined Where applicable, the funding policy is to annually contribute the contribution required to comply with applicable legislation and IRS regulations

12. Retirement Plans (continued)

Adjustments to pension liabilities to reflect funded status are charged or credited to unrestricted net assets An increase to the pension liability of $44,156 has been recorded in 2011 due primarily to declines in the fair value of plan assets in 2011 and employer contributions made to the plans in 2011

The following table sets forth the funded status of the defined benefit pension plans and amounts recognized in the consolidated financial statements as of and for the years ended December 31, 2011 and 2010. The date of data collection was January 1 for 2011 and 2010 (rolled forward to year-end and adjusted for changes in employment status) The discount rates used vary with each plan based on plan characteristics such as the average age of participants

	2011	2010
Changes in benefit obligation of the plans		
Benefit obligation at beginning of the year	**$ 404,445**	$ 385,382
Transfer of benefit obligation to Indiana University Health Physicians	**–**	(7,469)
Benefit obligation at the beginning of the year, as adjusted	**404,445**	377,913
Service cost and other	**2,420**	2,737
Interest cost	**21,646**	21,848
Actuarial loss	**26,757**	16,695
Benefits paid	**(16,384)**	(14,748)
Benefit obligation at end of year	**$ 438,884**	$ 404,445
Changes in assets of the plans		
Fair value of assets at beginning of year	**$ 309,865**	$ 273,199
Actual return on assets	**(3,480)**	30,551
Employer contributions	**9,882**	20,863
Benefits paid	**(16,385)**	(14,748)
Fair value of assets at end of year	**$ 299,882**	$ 309,865
Funded deficiency at December 31	**$(139,002)**	$ (94,580)
Items not yet recognized as a component of net periodic pension cost		
Net actuarial loss	**$ 136,365**	$ 86,761
Prior service cost	**(597)**	(880)
	$ 135,768	$ 85,881

12. Retirement Plans (continued)

	2011	2010
Components of net pension benefit cost		
Service cost	$ **2,420**	$ 2,737
Interest cost	**21,646**	21,848
Expected return on assets	**(24,811)**	(22,132)
Amortization of unrecognized prior service cost	**(283)**	(283)
Amortization of unrecognized net loss	**5,444**	8,941
Net periodic pension cost	$ **4,416**	$ 11,111
Weighted-average actuarial assumptions to determine benefit cost		
Discount rate for net periodic pension cost	**5.50%**	5.90%
Discount rate for benefit obligations	**4.95**	5.56
Expected rate of return on plan assets	**7.55**	8.00
Rate of compensation increase	**2.50**	3.00
Accumulated benefit obligation	$ **437,710**	$ 402,361
Fair value of assets at end of year	**299,882**	309,865
Accumulated benefit obligation exceeding fair value of plan assets	$ **137,828**	$ 92,496
Expected future benefit payments		
2012	$ **19,580**	$ 14,587
2013	**27,742**	16,242
2014	**28,640**	18,747
2015	**23,980**	24,840
2016	**26,239**	20,660
2017–2020	**143,390**	134,483

Accumulated adjustments to unrestricted net assets at December 31, 2011 include amounts related to net actuarial loss and prior service costs that have not yet been recognized in net pension benefit cost Expected amortization of amounts in unrestricted net assets is expected to increase net periodic pension costs by $14,087 during the year ending December 31, 2012

Contributions are expected to aggregate $22,352 to the defined benefit pension plans during 2012

12. Retirement Plans (continued)

The principal long-term determinant of a plan's investment return is its asset allocation. The plans' allocations are heavily weighted toward equity assets versus other investments The expected long-term rate of return assumption is based on the mix of assets in the plans, the long-term earnings expected to be associated with each asset class, and any additional return expected through active management These assumptions are periodically benchmarked against peer plans

The weighted-average asset allocations of the plans at December 31, by asset category, are as follows:

	2011	2010
Asset category		
U S equity securities	**29%**	31%
Hedged strategy (fund of funds)	**21**	20
Non-U S securities	**20**	22
U S. corporate obligations	**18**	17
U S. government obligations	**9**	7
Cash and cash equivalents	**2**	2
Real estate investment trusts and other	**1**	1
	100%	100%

The allocation strategy for the plans is currently composed of approximately 50% to 85% of equity investments and 15% to 50% of fixed-income investments The largest component of these equity instruments is public equity securities that are diversified and invested in U S and international companies

12. Retirement Plans (continued)

The following table presents the plans' financial instruments as of December 31, 2011 and 2010, measured at fair value on a recurring basis within the fair value hierarchy as disclosed in Note 9

	Level 1	Level 2	Level 3	Total
December 31, 2011				
Assets				
Cash and cash equivalents	**$ 4,614**	**$ –**	**$ –**	**$ 4,614**
U S government and agency	**13,766**	**12,291**	**–**	**26,057**
U S corporate obligations	**32,746**	**21,520**	**–**	**54,266**
U S equity securities	**89,552**	**386**	**–**	**89,938**
Non-U S securities	**41,864**	**17,334**	**–**	**59,198**
Hedged strategy (fund of funds)	**–**	**63,695**	**–**	**63,695**
Real estate investment trusts and other	**2,114**	**–**	**–**	**2,114**
Total assets measured at fair value on a recurring basis	**$ 184,656**	**$ 115,226**	**$ –**	**$ 299,882**
December 31, 2010				
Assets				
Cash and cash equivalents	$ 7,420	$ –	$ –	$ 7,420
U S government and agency	11,238	10,848	–	22,086
U S corporate obligations	34,597	19,347	–	53,944
U S equity securities	89,117	2,748	–	91,865
Non-U S securities	55,029	13,938	–	68,967
Hedged strategy (fund of funds)	–	63,359	–	63,359
Real estate investment trusts and other	2,224	–	–	2,224
Total assets measured at fair value on a recurring basis	$ 199,625	$ 110,240	$ –	$ 309,865

The fair value of cash equivalents, which consist mainly of funds invested in money market funds, is based on quoted market prices and classified as Level 1 The fair value of Level 1 investments is based on quoted market prices from an active exchange The fair value of Level 2 investments is based on third-party quotes based on quoted market prices of similar securities and other observable inputs.

The plans invest in alternative investments for which the net asset value per share represents the fair value of the investment held Risks and redemption restrictions for these investments are similar to the alternative investments described in Note 5

13. Endowments

Endowment funds of Methodist Health Foundation and BMH Foundation consist of donor-restricted endowment funds held for various specific purposes As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions

The Board of Directors of both foundations have interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary As a result of this interpretation, the foundations classify as permanently restricted net assets. (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the foundations in a manner consistent with the standard of prudence prescribed by UPMIFA In accordance with UPMIFA, the foundations consider the various factors in making a determination to appropriate or accumulate donor-restricted endowment funds, such as the duration and preservation of the fund, the purposes of the foundations and the donor-restricted endowment fund, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, other resources of the organization, and the investment policies of the foundations.

The endowment net asset composition by type of fund for both foundations as of December 31, 2011 and 2010, was as follows

	Temporarily Restricted	Permanently Restricted	Total
December 31, 2011			
Donor-restricted endowment funds	**$ 9,288**	**$ 44,679**	**$ 53,967**
December 31, 2010			
Donor-restricted endowment funds	$ 10,470	$ 44,349	$ 54,819

13. Endowments (continued)

Changes in endowment net assets for both foundations for the years ended December 31, 2011 and 2010, were as follows

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at January 1, 2011	**$ 10,470**	**$ 44,349**	**$ 54,819**
Investment return	**(171)**	**330**	**159**
Appropriation of endowment assets for expenditures	**(1,011)**	**–**	**(1,011)**
Endowment net assets at December 31, 2011	**$ 9,288**	**$ 44,679**	**$ 53,967**
Endowment net assets at January 1, 2010	$ 12,104	$ 43,150	$ 55,254
Contributions	36	–	36
Investment return	(368)	1,199	831
Appropriation of endowment assets for expenditures	(1,302)	–	(1,302)
Endowment net assets at December 31, 2010	$ 10,470	$ 44,349	$ 54,819

In 2011 and 2010, Methodist Health Foundation and BMH Foundation transferred a total of $709 and $869, respectively, from unrestricted net assets to temporarily restricted net assets to maintain donor-restricted endowment funds at the level required by the donor stipulations or law

Methodist Health Foundation and BMH Foundation have adopted separate investment and spending policies for endowment assets Policies for both foundations attempt to preserve capital, maximize the return within reasonable and prudent levels of risk, and provide a return to the restricted funds Endowment assets are invested in a manner that is intended to produce results that exceed the initial recorded value of the investment and yield a targeted long-term rate while assuming a moderate level of investment risk. Distributions are made for the purposes of supporting various Indiana University Health and Ball Memorial program services Each foundation has set a threshold for the amount available to distribute each year

14. Related-Party Transactions

Indiana University School of Medicine

The Consolidation Agreement requires that Indiana University Health fund salaries and related employee benefit costs for medical doctor interns and residents of the School of Medicine who provide services at the Indiana University Health System's facilities These costs totaled $38,987 and $37,453 in 2011 and 2010, respectively, and have been reported with salaries, wages, and benefits expense in the accompanying consolidated statements of operations and changes in net assets.

The Consolidation Agreement also provides for additional support to the School of Medicine to recognize, as a result of the consolidation, the enhanced and increased level of services being provided, including services to the medically indigent through medical education and research During 2011 and 2010, Indiana University Health paid and expensed $98,505 and $71,353, respectively, related to educational and research support provided to the School of Medicine As of December 31, 2010, Indiana University Health had prepaid $49,882 of education and research support to the School of Medicine The School of Medicine rents space at Indiana University Health's Fairbanks Hall, an educational and resource center, under a 34-year lease agreement with Indiana University Health The School of Medicine prepaid the rent, totaling $4,887 under the agreement, and the income is being recognized over the term of the lease

Indiana University Health purchases certain services from the School of Medicine These expenses, principally for medical care case management services, utilities, laboratory services, and other services, totaled $21,269 and $18,898 for the years ended December 31, 2011 and 2010, respectively, and have been reported with supplies, drugs, purchased services, and other expenses in the accompanying consolidated statements of operations and changes in net assets

In addition, Indiana University Health has committed to support for a five-year period ending December 31, 2016 certain basic, clinical, and translational research programs of the School of Medicine. The total commitment aggregates $75,000 and will be used to reimburse expenses incurred by the School of Medicine

14. Related-Party Transactions (continued)

Other Foundations

Bloomington Hospital Foundation, Riley Children's Foundation, Tipton County Foundation, Indiana University Health White Memorial Hospital Foundation, and White County Community Foundation are tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code, these foundations hold funds solely on behalf of Bloomington, Riley, Tipton, and White, respectively The financial statements of these foundations are not included in the consolidated financial statements. The interests in net assets of these other foundations, which totaled $12,251 and $12,959 at December 31, 2011 and 2010, respectively, are included with other assets and net assets in the accompanying consolidated balance sheets and principally represent donor-restricted funds These foundations also hold other net assets which are subject to the direction of their respective Boards of Directors The Riley Children's Foundation provided a $5,000 contribution for each of the years ended December 31, 2011 and 2010, to support the Riley Simon Family Tower Other changes in the net assets of these foundations are generally reflected within temporarily and permanently restricted net assets.

Other Equity Interest Ventures

Indiana University Health holds a 51% ownership interest in Indiana University Health Physicians, but does not control Indiana University Health Physicians Due to Indiana University Health funding all operating losses of Indiana University Health Physicians, Indiana University Health recorded 100% of Indiana University Health Physicians' net losses in 2011 and 2010.

Indiana University Health has a 50% membership interest in MDWise, Inc , a tax-exempt organization under Section 501(c)(4) of the Internal Revenue Code, which holds an HMO license and manages a network of health care providers serving Indiana Medicaid patients throughout the state of Indiana MDWise, Inc provides administrative and health claims payment processing for these networks, including Carewise, a division of the Indiana University Health System

14. Related-Party Transactions (continued)

The Indiana University Health System also has joint venture arrangements for the operation of a long-term rehabilitative care hospital and cancer treatment and diagnostic clinics

Summarized financial information for MDWise, Inc , Indiana University Health Physicians, rehabilitative hospital, cancer treatment and diagnostic clinics, and ambulatory surgery centers, including BSC and EHSC, that were consolidated as of July 1, 2011 (see Note 4), as of and for the years ended December 31 as reported by the respective entities is as follows

	2011	2010
	(Unaudited)	
Net assets	**$ 66,945**	$ 39,043
Total revenues	**811,361**	850,121
(Deficit) excess of revenues over expenses	**(62,008)**	5,109

In the accompanying consolidated financial statements, the Indiana University Health System has recorded its equity in the loss of its unconsolidated subsidiaries that provide health care-related services with other operating revenue, totaling $(51,767) and $(15,478) for the years ended December 31, 2011 and 2010, respectively

Cash and cash equivalents held and managed by Indiana University Health on behalf of organizations that are not consolidated aggregated $1,384 and $9,698 at December 31, 2011 and 2010, respectively, and are included within accounts payable and accrued expenses in the consolidated balance sheets.

15. Health Care Legislation and Regulation

The health care industry is subject to numerous laws and regulations of federal, state, and local governments These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, participation requirements, reimbursement for patient services, Medicare and Medicaid fraud and abuse, and security, privacy, and standards of health information Government activity has continued with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and noncompliance with regulations by health care providers Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, significant repayments for patient services previously billed, and disruptions or delays in processing administrative transactions, including the adjudication of claims and payment

In the opinion of management, there are no known regulatory inquiries that are expected to have a material adverse effect on the consolidated financial statements of the Indiana University Health System, however, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time

In March 2010, Congress adopted comprehensive health care insurance legislation, *Patient Care Protection and Affordable Care Act and Health Care and Education Reconciliation Act* The legislation, among other matters, is designed to expand access to coverage to substantively all citizens by 2019 through a combination of public program expansion and private industry health insurance. Changes to existing Medicare and Medicaid coverage and payments are also expected to occur as a result of this legislation. Implementing regulations are generally required for these legislative acts, which are to be adopted over a period of years and, accordingly, the specific impact of any future regulations is not determinable

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