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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

Roper Hospital Inc

Doing Business As

Number and street (or P O box if mail is not delivered to street address)

Room/suite

315 Calhoun Street No 107

City or town, state or country, and ZIP + 4

Charleston, SC 29401

F Name and address of principal officer

David L Dunlap

315 Calhoun Street No 107

Charleston, SC 29401

D Employer identification number

57-0828733

E Telephone number

(843) 789-1704

G Gross receipts \$ 432,382,057

I Tax-exempt status

☒ 501(c)(3)

☐ 501(c) ()

☐ (insert no)

☐ 4947(a)(1) or

☐ 527

J Website:

www.ropersaintfrancis.com

K Form of organization

☒ Corporation

☐ Trust

☐ Association

☐ Other

L Year of formation 1986

M State of legal domicile SC

Part I	Summary
Activities & Governance	<div>1 Briefly describe the organization's mission or most significant activities</div> <div>Operation of nonprofit hospital facility in Charleston, SC</div>
	<div>2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets</div> <div>3 Number of voting members of the governing body (Part VI, line 1a)</div> <div>4 Number of independent voting members of the governing body (Part VI, line 1b)</div> <div>5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)</div> <div>6 Total number of volunteers (estimate if necessary)</div> <div>7a Total unrelated business revenue from Part VIII, column (C), line 12</div> <div>7b Net unrelated business taxable income from Form 990-T, line 34</div>
Revenue	<div>8 Contributions and grants (Part VIII, line 1h)</div> <div>9 Program service revenue (Part VIII, line 2g)</div> <div>10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)</div> <div>11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)</div> <div>12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)</div>
Expenses	<div>13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)</div> <div>14 Benefits paid to or for members (Part IX, column (A), line 4)</div> <div>15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)</div> <div>16a Professional fundraising fees (Part IX, column (A), line 11e)</div> <div>b Total fundraising expenses (Part IX, column (D), line 25) ▶0</div> <div>17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)</div> <div>18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)</div> <div>19 Revenue less expenses Subtract line 18 from line 12</div>
Net Assets or Fund Balances	<div>Beginning of Current Year</div> <div>End of Year</div> <div>20 Total assets (Part X, line 16)</div> <div>21 Total liabilities (Part X, line 26)</div> <div>22 Net assets or fund balances Subtract line 21 from line 20</div>

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

Bret D Johnson SVP & CFO

Type or print name and title

Paid Preparer's Use Only

Preparer's signature

Amy Bibby

Date

Check if self-employed ☐

Preparer's taxpayer identification number (see instructions)

P00445891

Firm's name (or yours if self-employed), address, and ZIP + 4

DIXON HUGHES GOODMAN LLP

500 Ridgefield Court

Asheville, NC 28806

EIN ▶ 56-0747981

Phone no ▶ (828) 254-2254

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

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2011)

Part III

Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III ☐ Yes ☒ No

1

Briefly describe the organization's mission

Healing all people with compassion, faith, and excellence

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 \$ 326,316,136	including grants of \$ 446,704) (Revenue \$ 425,018,815)
Actively demonstrating Roper St Francis Healthcare's commitment to heal all people with faith, compassion and excellence, Roper Hospital contributed almost \$ 26,000,000 million in Community Benefit in 2011. This benefit included \$18,428,000 in Charity Care, \$1,405,000 in unreimbursed Medicaid, and \$6,023,000 in numerous sponsorships and community outreach programs (see Schedule H for additional details). Highlights of Roper Hospital's busy year include: nearly 52,565 volunteer staff hours for activities such as health fairs, career days and public programs that benefited 97,490 individuals in the community, hosting the Students Can Really Use Bedside Skills "SCRUBS" program, which gives students an opportunity to learn about health careers from experts in the field, the American Heart Association Heartwalk to raise awareness of the prevalence of heart disease and stroke in the Lowcountry, Lowcountry Alzheimer's Association, Charleston Breast Center, and American Red Cross Lowcountry, among others. In addition to Roper Hospital's commitment to bettering and supporting the health of the community, the organization also supported many charitable organizations that work to fulfill additional needs. That list includes: Crisis Ministries, which provides food, hope and shelter to the homeless, Respite Care Ministries, which offers day programs with people suffering from memory loss, Wando High School, and sponsors the Charleston Dining Out for Life event which partners with local restaurants who then donate a portion of their proceeds to support the Ryan White program.				





















4b	(Code)	(Expenses \$	including grants of \$) (Revenue \$)
Please see Schedule O for a detailed statement of Program Service Accomplishments. Please visit our website for a detailed community benefit report at http://www.ropersaintfrancis.com/about_us/mission_and_community_activities/annualreport.aspx .				

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	\$ 326,316,136		
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Part IV Checklist of Required Schedules

		Yes	No	
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I 	3		No
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III 	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II 	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI. 	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII. 	11b		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		No
e	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X. 	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X. 	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII 	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional 	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, 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? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25</i>	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30	Yes	
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33	Yes	
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34	Yes	
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)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance					
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>					
		Yes	No		
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. .	1a	0		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes		
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return. .	2a	2,403		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes		
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes		
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	Yes		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account 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	1a13		
b	Enter the number of voting members included in line 1a, above, who are independent	1b7		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	Yes	
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5		No
6	Did the organization have members or stockholders?	6	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	8a	Yes	
b	Each committee with authority to act on behalf of the governing body?	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		No

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

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review the Form 990			
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes	
b	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	Yes	
13	Did the organization have a written whistleblower policy?	13	Yes	
14	Did the organization have a written document retention and destruction policy?	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a	Yes	
b	Other officers or key employees of the organization	15b	Yes	
	If "Yes," to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	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	SC
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. <input type="checkbox"/> Own website <input checked="" type="checkbox"/> Another's website <input checked="" type="checkbox"/> 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.	
	The Finance Department 315 Calhoun Street 107 Charleston, SC 29401 (843) 789-1704	

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

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

Form **990** (2011)

Part VII

1b	Sub-Total			
c	Total from continuation sheets to Part VII, Section A			
d	Total (add lines 1b and 1c)	1,532,047	12,415,160	2,094,253

2 Total number of individuals (including but not limited to those listed in Item 1) who received or accrued more than \$100,000 of reportable compensation from the organization. 86

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

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
Roper Emergency Physicians 639 McCutchen Street Charleston, SC 29412	Physician Fees	5,339,336
Morrison Management Specialists PO Box 102289 Atlanta, GA 303682289	Cafeteria Management	4,445,342
Anesthesia Assoc of Charleston PO Box 22206 Charleston, SC 29413	Anesthesia Services	2,753,643
NBM Construction Co Inc PO Box 31027 Charleston, SC 29417	Construction Services	2,738,147
Rogers Builders Inc PO Box 18446 Charlotte, NC 28218	Construction Services	1,965,709
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 52		

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	2,314,792				
	e	Government grants (contributions)	1e					
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	27,159				
	g	Noncash contributions included in lines 1a-1f \$ 64,260						
	h	Total. Add lines 1a-1f		2,341,951				
Program Service Revenue			Business Code					
	2a	Net Patient Service	621400	424,986,847	424,462,951	523,896		
	b	Cytology Net Income	900099	218,771	218,771			
	c							
	d							
	e							
	f	All other program service revenue						
	g	Total. Add lines 2a-2f		425,205,618				
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)		16,090			16,090	
	4	Income from investment of tax-exempt bond proceeds . .						
	5	Royalties						
	6a	Gross rents	(i) Real	(ii) Personal				
			110,152					
			0					
			110,152					
	d	Net rental income or (loss)		110,152			110,152	
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
				132,077				
				-132,077				
	d	Net gain or (loss)		-132,077			-132,077	
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18						
			a	0				
			b	108,832				
	c	Net income or (loss) from fundraising events . .		-108,832			-108,832	
	9a	Gross income from gaming activities See Part IV, line 19						
			a					
			b					
	c	Net income or (loss) from gaming activities . .						
	10a	Gross sales of inventory, less returns and allowances						
			a					
			b					
	c	Net income or (loss) from sales of inventory . .						
	Miscellaneous Revenue		Business Code					
11a	Cafeteria & Vending	722210	1,803,981			1,803,981		
b	Incentive Payments	900099	337,093	337,093				
c	Garage & Parking	812930	92,018			92,018		
d	All other revenue		2,475,154			2,475,154		
e	Total. Add lines 11a-11d		4,708,246					
12	Total revenue. See Instructions		432,141,148	425,018,815	523,896	4,256,486		

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	446,704	446,704		
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	1,468,336	29,025	1,439,311	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	239,887	239,887		
7	Other salaries and wages	138,301,619	107,945,515	30,356,104	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	4,705,915	4,000,028	705,887	
9	Other employee benefits	14,859,575	12,599,261	2,260,314	
10	Payroll taxes	7,084,088	6,021,475	1,062,613	
11	Fees for services (non-employees)				
a	Management	4,800,018	4,800,018		
b	Legal	799,577		799,577	
c	Accounting	316,256		316,256	
d	Lobbying	4,571		4,571	
e	Professional fundraising See Part IV, line 17				
f	Investment management fees				
g	Other	27,847,995	26,557,994	1,290,001	
12	Advertising and promotion	2,022,444	1,580,425	442,019	
13	Office expenses	24,454,164	18,801,021	5,653,143	
14	Information technology	186,779		186,779	
15	Royalties				
16	Occupancy	9,113,041	8,749,252	363,789	
17	Travel	559,610		559,610	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	694,572		694,572	
20	Interest	142,921	142,921		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	18,062,514	18,062,514		
23	Insurance	1,642,611	1,093,702	548,909	
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	UBI taxes	18,071	18,071		
b	Medical supplies	71,181,276	71,181,276		
c	Bad debt expense	32,415,837	32,415,837		
d	Medical DSH tax	10,358,544	10,358,544		
e					
f	All other expenses	2,550,441	1,272,666	1,277,775	
25	Total functional expenses. Add lines 1 through 24f	374,277,366	326,316,136	47,961,230	0
26	Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			43,253	1	61,707
	2	Savings and temporary cash investments				2	
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			59,864,363	4	60,678,991
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L				5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L				6	
	7	Notes and loans receivable, net				7	
	8	Inventories for sale or use			6,678,847	8	6,178,876
	9	Prepaid expenses and deferred charges			1,030,868	9	1,025,858
	10a	Land, buildings, and equipment, cost or other basis. Complete Part VI of Schedule D	10a	346,967,190			
	b	Less: accumulated depreciation	10b	179,800,585	168,898,676	10c	167,166,605
	11	Investments—publicly traded securities				11	
	12	Investments—other securities. See Part IV, line 11				12	
	13	Investments—program-related. See Part IV, line 11			214,012,538	13	285,309,937
	14	Intangible assets			11,124,499	14	11,124,499
	15	Other assets. See Part IV, line 11			3,690,812	15	4,222,148
	16	Total assets. Add lines 1 through 15 (must equal line 34)			465,343,856	16	535,768,621
Liabilities	17	Accounts payable and accrued expenses			1,968,516	17	1,936,235
	18	Grants payable				18	
	19	Deferred revenue			4,631,364	19	285,863
	20	Tax-exempt bond liabilities				20	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D				21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L				22	
	23	Secured mortgages and notes payable to unrelated third parties				23	
	24	Unsecured notes and loans payable to unrelated third parties			2,495,587	24	1,985,867
	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			7,730,781	25	7,112,269
	26	Total liabilities. Add lines 17 through 25			16,826,248	26	11,320,234
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets			448,517,608	27	524,448,387
	28	Temporarily restricted net assets				28	
	29	Permanently restricted net assets				29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds				30	
	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other funds				32	
	33	Total net assets or fund balances			448,517,608	33	524,448,387
	34	Total liabilities and net assets/fund balances			465,343,856	34	535,768,621

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	432,141,148
2	Total expenses (must equal Part IX, column (A), line 25)	2	374,277,366
3	Revenue less expenses Subtract line 2 from line 1	3	57,863,782
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	448,517,608
5	Other changes in net assets or fund balances (explain in Schedule O)	5	18,066,998
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	524,448,387

Part XII Financial Statements and Reporting

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

		Yes	No
1	Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		No
b	Were the organization's financial statements audited by an independent accountant?	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separated basis		
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		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		

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 Roper Hospital Inc	Employer identification number 57-0828733
--	--

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 Se**section 509(a)(4).**

11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

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

(i)

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

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)

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

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

Part II

Support Schedule for Organizations Described in 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 IIIPart 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: 57-0828733

Name: Roper 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				
John M Jordan Chair	1 00	X						0	332,573	23,167	
W Blount Ellison MD Vice Chair	1 00	X						0	0	0	
Joseph G Piemont Board Member (as of July)	1 00	X						0	0	0	
Richard Statuto Board Member	1 00	X						0	0	0	
Michael C Tarwater Board Member (through June)	1 00	X						0	0	0	
G Frederick Worsham MD Board Member (through June)	1 00	X						0	0	0	
Perry Keith Waring Board Member	1 00	X						0	0	0	
Brantley D Thomas PhD Board Member	1 00	X						0	0	0	
Sister Anne Lutz Board Member	1 00	X						0	0	0	
David M Ellison MD Board Member (see Sch O)	1 00	X						29,025	0	0	
Katherine Duffy PhD Board Member	1 00	X						0	0	0	
Julius R Ivester MD Board Member	1 00	X						0	0	0	
Alison E Dillon Board Member (see Sch O)	1 00	X						0	10,500	0	
Angress Walker Board Member	1 00	X						0	0	0	
Stanley Wilson MD Board Member (as of July)	1 00	X						0	567,091	55,850	
David Dunlap President & CEO Of CAHS	1 00			X				0	1,000,085	187,803	
Matthew J Severance CEO / Secretary	50 00			X				659,875	0	169,576	
Bret Johnson CFO & SVP / Treasurer	1 00			X				0	577,927	168,182	
Steven D Shapiro CMO & VP Med Affiars	1 00			X				0	584,528	110,606	
Allen Carroll SVP Operations	1 00			X				0	554,527	141,872	
John Sullivan SVP Operations	1 00			X				0	421,106	139,574	
Douglas W Bowling CSO & VP	1 00			X				0	463,622	110,458	
Michael Taylor CIO & VP	1 00			X				0	402,977	91,527	
H Douglas Harrison VP Human Resources	1 00			X				0	386,285	74,074	
Gregory T Edwards VP & General Counsel	1 00			X				0	367,601	109,170	

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			
Ellen Brown VP Mgd Care & Bus Relation	1 00			X				0	298,193	50,312
Lisa Irvin VP Nursing/Sr Nurse Exec	50 00			X				300,850	0	73,734
Father Terence K Fleming VP Mission (through August)	1 00			X				0	180,985	47,849
Pennie Lynn Peralta VP Nursing/Sr Nurse Exec	1 00			X				0	251,740	59,908
Diana Topjian VP Nursing/Sr Nurse Exec-	1 00			X				0	165,146	34,608
Levern Livingston MD Roper Board Vice Chair/Chair (begining July)	1 00			X				0	233,657	31,698
Allan Nussbaum Roper Board Chair (through June)	1 00			X				0	0	0
Mark Dickson VP Mission (as of September)	1 00			X				0	98,234	24,031
John Walters Roper Board Vice Chair (as of August)	1 00			X				0	0	0
Peter DiNicola Former Dir Of Plant Engin	1 00				X			0	217,251	16,080
Francis Wyckoff Jr Dir Of Pharmacy	35 00				X			145,182	62,517	39,628
Michael Ricciardone Dir Of Imaging Services	22 00				X			71,374	89,741	19,648
Catherine Landis Dir Heart Care Center	43 00				X			136,460	21,115	26,886
Wanda Brockmeyer Director Of Emergency Services	38 00				X			125,571	41,190	18,292
John D Steichen MD MD	60					X		15,120	1,064,891	53,876
George H Khoury MD MD	70					X		12,928	981,511	55,376
Stephen E Rawe MD MD	80					X		15,780	1,036,220	45,062
Brian G Cuddy MD MD	90					X		13,830	799,684	52,376
Robert Lowery MD MD	30					X		6,052	1,204,263	63,030

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 Roper Hospital Inc	Employer identification number 57-0828733
--	--

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.														
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g	Grassroots nontaxable amount (enter 25% of line 1f)														
h	Subtract line 1g from line 1a. If zero or less, enter -0-														
i	Subtract line 1f from line 1c. If zero or less, enter -0-														
j	If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input type="checkbox"/> No												

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 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)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
	a Volunteers?		No	
	b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
	c Media advertisements?		No	
	d Mailings to members, legislators, or the public?		No	
	e Publications, or published or broadcast statements?		No	
	f Grants to other organizations for lobbying purposes?		No	
	g Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
	h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
	i Other activities? If "Yes," describe in Part IV	Yes		4,571
	j Total lines 1c through 1i			4,571
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Identifier	Return Reference	Explanation
Explanation of Lobbying Activities	Part II-B, Line 1	The organization is a member of the American Rehab Providers Association (ARPA). This organization engages in lobbying efforts on behalf of their membership bodies, and each year a portion of membership dues is allocated to these lobbying expenditures. For 2011, membership dues attributable to lobbying were approximately \$ 4,571.

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
Roper Hospital Inc

Employer identification number
57-0828733

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

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

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

1

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

☐ Preservation of land for public use (e g , recreation or pleasure)☐ Preservation of an historically importantly land area
☐ Protection of natural habitat☐ Preservation of a certified historic structure
☐ Preservation of open space

2

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

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

3

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

4

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

5

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

☐ 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

► \$ _____

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

Cat No 52283D

Schedule D (Form 990) 2011

Part III

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

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

☐ Yes

☐ No

Part IV

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

1a

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

☐ Yes

☐ No

b

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

	Amount
1c	
1d	
1e	
1f	

2a

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

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

	(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a	Beginning of year balance				
b	Contributions				
c	Investment earnings or losses				
d	Grants or scholarships				
e	Other expenditures for facilities and programs				
f	Administrative expenses				
g	End of year balance				

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶

c

Term endowment ▶

3a

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

(i)

unrelated organizations

3a(i)

☐ Yes

☐ No

(ii)

related organizations

3a(ii)

☐ Yes

☐ No

b

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

3b

☐ Yes

☐ No

4

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

Part VI

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

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		3,872,178		3,872,178
b Buildings		231,664,163	117,562,281	114,101,882
c Leasehold improvements		8,410,749	4,494,022	3,916,727
d Equipment		101,043,348	57,744,282	43,299,066
e Other		1,976,752		1,976,752
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				167,166,605

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
Description of Uncertain Tax Positions Under FIN 48	Part X	Roper Hospital is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from federal and state income taxes. The Lowcountry Surgery Center is a limited liability company. Under current laws, income or loss of limited liability companies is included in the income tax returns of the members. Accordingly, no provision for income taxes is made in the consolidated financial statements. Although [the consolidated group] is generally exempt from federal and state income taxes, it evaluates whether there are any uncertain tax positions that fail to meet the more-likely-than-not threshold for recognition in the consolidated financial statements. Uncertain tax positions may include the characterization of income, such as a characterization of income as passive, a decision to exclude reporting taxable income in a tax return, or a decision to classify a transaction, entity, or other position in a tax return as tax exempt. The tax return benefit from an uncertain tax position is recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. The organization has no unrecognized tax positions as of December 31, 2011 and 2010, and does not expect that unrecognized tax benefits will materially increase within the next 12 months. Tax years 2008 through 2010 are subject to examination by the federal and state taxing authorities, respectively. There are no income tax examinations currently in process. Interest and penalties related to uncertain tax positions, if any, would be recognized in the consolidated financial statements as income tax expense.

SCHEDULE G
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding
Fundraising or Gaming Activities

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

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization
Roper Hospital Inc

Employer identification number
57-0828733

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

1

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

a

☐ Mail solicitations

b

☐ Internet and e-mail solicitations

c

☐ Phone solicitations

d

☐ In-person solicitations

e

☐ Solicitation of non-government grants

f

☐ Solicitation of government grants

g

☐ Special fundraising events

2a

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

☐ Yes ☐ No

b

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

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

3

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

Part II Fundraising Events.

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

Revenue			(a) Event #1 <u>Spirit of Caring Golf</u> (event type)	(b) Event #2 <u>Ryan White Dining Out for Life</u> (event type)	(c) Other Events <u>2</u> (total number)	(d) Total Events (Add col (a) through col (c))
	1	Gross receipts				
	2	Less Charitable contributions				
	3	Gross income (line 1 minus line 2)				
Direct Expenses	4	Cash prizes	3,279			3,279
	5	Non-cash prizes	27,297		4,152	31,449
	6	Rent/facility costs	14,280		34,236	48,516
	7	Food and beverages	12,572		226	12,798
	8	Entertainment	1,000			1,000
	9	Other direct expenses	2,409	8,320	1,061	11,790
	10	Direct expense summary Add lines 4 through 9 in column (d) ▶				(108,832)
	11	Net income summary Combine lines 3 and 10 in column (d) ▶				-108,832

Part III Gaming.

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

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

9 Enter the state(s) in which the organization operates gaming activities _____

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

b If "No," Explain _____

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

b If "Yes," Explain _____

11

Does the organization operate gaming activities with nonmembers?

Yes

No

12

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

Yes

No

13

Indicate the percentage of gaming activity operated in

13a

The organization's facility

13b

An outside facility

14

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

Name

Address

15a

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

Yes

No

b

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

c

If "Yes," enter name and address

Name

Address

16

Gaming manager information

Name

Gaming manager compensation \$

Description of services provided

Director/officer

Employee

Independent contractor

17

Mandatory distributions

a

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

Yes

No

b

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

Part IV

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

Identifier	ReturnReference	Explanation
Fundraising expenses	Form 990, Schedule G	Roper St Francis Foundation (57-1068509), a related organization, holds various fundraising events throughout the year for which Roper Hospital, Inc covers the expense Revenues from the fundraising events are presented on the foundation Schedule G, while related expenses are incurred here on the Schedule G of Roper Hospital, Inc

Schedule G (Form 990 or 990-EZ) 2011

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
Roper Hospital Inc

Employer identification number
57-0828733

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 <input checked="" type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> Generally tailored to individual hospitals <input type="checkbox"/> Applied uniformly to most 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 <i>free</i> care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>299.000000000000 %</u> b Did the organization use FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input checked="" type="checkbox"/> Other <u>399.000000000000 %</u> 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	3a	Yes	
		3b	Yes	
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 eligible for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.			

7

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 Charnty care at cost (from Worksheet 1)			30,200,420	11,772,505	18,427,915	5 390 %
b Medicaid (from Worksheet 3, column a)			24,109,656	22,704,568	1,405,088	0 410 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Charity Care and Means-Tested Government Programs			54,310,076	34,477,073	19,833,003	5 800 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			483,434		483,434	0 140 %
f Health professions education (from Worksheet 5)			2,210,530	165,702	2,044,828	0 600 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)			2,160		2,160	0 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			3,404,568	65,092	3,339,476	0 980 %
j Total Other Benefits			6,100,692	230,794	5,869,898	1 720 %
k Total. Add lines 7d and 7j			60,410,768	34,707,867	25,702,901	7 520 %

Part IICommunity 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
1Physical improvements and housing						
2Economic development						
3Community support						
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building			152,808		152,808	0.040 %
7Community health improvement advocacy						
8Workforce development						
9Other						
10Total			152,808		152,808	0.040 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1	No
2	Enter the amount of the organization's bad debt expense	2	32,415,837
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	12,966,335
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	129,554,130
6	Enter Medicare allowable costs of care relating to payments on line 5	6	151,969,764
7	Subtract line 6 from line 5. This is the surplus or (shortfall).	7	-22,415,634
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input checked="" type="checkbox"/> Other		

Section C. Collection Practices

9a	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 IVManagement 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 %
1Lowcountry Surgery Center (DBA Roper St Francis Eye Surgery Center)	Eye Surgery	50.500 %		49.500 %
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

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

[illegible]

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)

Roper Hospital Inc

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 If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1	
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)	5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>299 0000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>399 000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input checked="" type="checkbox"/> Income level b <input checked="" type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input checked="" type="checkbox"/> Insurance status e <input checked="" type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	Yes	
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? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input checked="" type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input checked="" type="checkbox"/> Other (describe in Part VI)	13	Yes	

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 <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments or arrests e <input type="checkbox"/> 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? If "Yes," check all actions in which the hospital facility or a third party engaged a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Part VI)	16		No
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input type="checkbox"/> Other (describe in Part VI)			

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

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	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> 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	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input type="checkbox"/> Other (describe in Part VI)		
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI	20	No
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? If "Yes," explain in Part VI	21	No

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? 19

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
		Part I, Line 3c In addition to using the federal poverty guidelines to determine free and discounted care (see Part I, Lines 3a and 3b), the hospital system offers a 35% discount for patients who are uninsured A 10% prompt payment discount is offered to all self-pay or self pay-after-insurance-patients who pay the balance at one time Medical indigency adjustments are available to those that meet the established guidelines The Hospital will provide free care for patients with a signed charity care application who have income between 0 - 299% of FPG If a signed charity care application is not obtained, the hospital will use the Health Care Advisory Board's self pay compass program to automatically qualify patients for charity care through the use of an electronic scoring technique The hospital will provide free care for patients who have income of 350% and below of FPG as determined by the self pay compass program The Hospital will provide a 90% discount for patients with a signed charity care application who have income between 300 - 399% of FPG If a signed charity care application is not obtained, the hospital will not provide discounted care

Identifier	ReturnReference	Explanation
		Part I, Line 6a The organization's community benefit report is made available through its corporate parent, CareAlliance Health Services d/b/a Roper St Francis Healthcare

Identifier	ReturnReference	Explanation
		Part I, Line 7 Worksheet 2 of the 2011 Schedule H instructions was used to compute a cost-to-charges ratio used to calculate charity care and unreimbursed Medicaid at cost

Identifier	ReturnReference	Explanation
		Part I, L7 Col(f) The Bad Debt expense included on Form 990, Part IX, Line 25, Column (A), but subtracted for purposes of calculating the percentage in this column is \$ 32,415,837

Identifier	ReturnReference	Explanation
Detail of Community Health Services (net)	Part I, Line 7(e)	Advantage Programs - \$ 7,564 Amputee Support Group - 1,542 Aneurysm Support Group - 3,214 Breastfeeding Support Group - 2,245 Colorectal Cancer Support Group - 123 Community Calendars and Newsletters - 5,293 Diabetes Support Group 82 Enrollment Assistance in Public Programs - 122,141 Expressions of Healing - 2,597 Health Education and Lectures by Staff - 6,966 Health Fairs and Career Days - 26,596 HIV Program and Activities - 11,957 House Calls Magazine - 206,380 WIC - 19,778 Community Benefit Program Oversight Costs - 66,956 Total to Line 7(e), Col (e) - 483,434

Identifier	ReturnReference	Explanation
		Part II In 2011, the hospital provided 52,565 hours of staff time for activities such as health fairs, career days and public programs, in support of community and health related initiatives During this time, the healthcare system served more than 97,490 community residents The hospital further supported the community by providing \$416,478 in sponsorships to several local organizations

Identifier	ReturnReference	Explanation
		<p>Part III, Line 4 Bad debts reported on Part III, Line 2 are reported at gross charges per the organization's audited financial statements Receivables are reported at the net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined The organization provides care to patients who meet certain criteria under its charity care policies without charge or at amount less than its established rates Because the organization does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue During 2010, the organization enhanced its efforts to qualify patients for charity care through the use of an electronic credit scoring technique, which resulted in substantially more charity care and substantially less bad debt expense recognized in future periods For patients who do not turn in a signed charity care application, the organization uses the Health Care Advisory Board's self pay compass program to automatically qualify patients for charity care through the use of an electronic scoring technique The data received through this software is believed to err on the side of denying charity The estimate of bad debt that could have been charity is based on the system error rate Please note that patients who complete a full charity care application and qualify for charity under our policy are granted charity regardless of the score in the self-pay compass system</p>

Identifier	ReturnReference	Explanation
		Part III, Line 8 The entire amount of Medicare shortfall qualifies as community benefit Our treatment of Medicare patients, as described in IRS Rev Rul 69-545, indicates that Roper Hospital operates to promote the health of the community By taking Medicare patients, the hospital promotes access to healthcare services, which is a community benefit The organization uses the Medicare cost report to determine the costs reported on Part III, Line 5 and 6 Had we included revenues and costs from all Medicare programs including Medicare Part C and Physicians Practices this would have resulted in an additional shortfall of \$5,012,307

Identifier	ReturnReference	Explanation
		Part III, Line 9b The hospital uses the Health Care Advisory Board's Self Pay Compass Program to identify a patient's propensity to pay Accounts with an FPL of 350% and below will be identified once the self pay accounts receivable billing process has been completed and prior to the account being referred to a collection agency Accounts with FPL of 350% and below will be given a charity adjustment Once an account has been referred to bad debt, the organization will make every effort to ensure that all self-pay collectors demonstrate consistent, compassionate, and professional service while conducting business on behalf of the health system This will include, but is not limited to guarantor notification and contact/collection attempts, discount opportunities, payment plan arrangements, account balance notifications, face to face meetings, and detailed bill generation An outsourced self-pay billing agency will contact the guarantor to set up payment arrangements Financial assistance discounts are offered to guarantors who meet the charity guidelines Self pay patients receive a 35% discount off total charges They are also eligible for a 10% prompt payment discount if they pay the balance during the discussion Discounts may be combined if all requirements are met In pursuit of collections, the hospital and its agents will not attach liens on property, garnish wages, pursue legal actions (unless recommended by the self pay billing entities), sell accounts, or send bankrupt guarantors to collection agencies

Identifier	ReturnReference	Explanation
Roper Hospital, Inc		Part V, Section B, Line 9 The Hospital will provide free care for patients with a signed charity care application who have income between 0 - 299% of FPG If a signed charity care application is not obtained, the hospital will use the Health Care Advisory Board's self pay compass program to automatically qualify patients for charity care through the use of an electronic scoring technique The hospital will provide free care for patients who have income of 350% and below of FPG as determined by the self pay compass program

Identifier	ReturnReference	Explanation
Roper Hospital, Inc		Part V, Section B, Line 10 The Hospital will provide a 90% discount for patients with a signed charity care application who have income between 300 - 399% of FPG If a signed charity care application is not obtained, the hospital will not provide discounted care

Identifier	ReturnReference	Explanation
Roper Hospital, Inc		Part V, Section B, Line 11h In addition to using the Federal Poverty Guidelines to determine free and discounted care (see Part I, lines 3a and 3b), the hospital offers a 35% discount to all uninsured patients regardless of income A 10% prompt payment discount is also offered to all self-pay patients who pay their balance at one time Medical indigency adjustments are available to those that meet the established guidelines

Identifier	ReturnReference	Explanation
Roper Hospital, Inc		Part V, Section B, Line 13g The patient handbook provided with registration references the policy and includes contact information for patients who need assistance

Identifier	ReturnReference	Explanation
Roper Hospital, Inc		Part V, Section B, Line 19d The hospital's FAP provides a minimum discount of 90% for individuals that qualify under the policy's provisions The hospital has made plans to implement a method of determining Amounts Generally Billed (AGB) per the recently released Proposed Regulations under Section 1 501(r), however given the high level of discount available under the current policy, the organization is confident that its policies are well within guidelines

Identifier	ReturnReference	Explanation
		<p>Part VI, Line 2 The hospital participates in periodic needs assessment projects to assess the healthcare needs of the community The most recent needs assessment titled "Health System Profile for the Tricounty Area of Berkeley, Charleston, & Dorchester Counties" was performed in 2010 This report was a collaboration between the South Carolina Hospital Association and the South Carolina Rural Health Research Senter in the Arnold School of Public Health, University of South Carolina A number of data sets were examined in partnership with the Office of Research and Statistics at the South Carolina Budget and Control Board The majority of the information delineated in this report was drawn from a series of interviews and focus groups with healthcare professionals, community leaders, and uninsured residents The purpose of this report was to assess local healthcare infrastructure including location, service availability, business rules, and workforce issues as well as to describe health service utilization issues such as the types of care uninsured people are seeking, the degree of unmet healthcare needs, and perceived reasons for needs going unmet Data suggests that resources available to uninsured in the Tricounty area are moderately effective in preventing potentially avoidable emergency room visits but lack impact on the same type of inpatient hospitalizations Diabetes, bacterial pneumonia, congestive heart failure, kidney/urinary tract infections, and dental conditions are among the most prevalent reasons for an avoidable hospital visit Dental care remains a significant unmet healthcare need among the uninsured Access to specialty care for the uninsured is unanimously the biggest obstacle for the Tricounty Key Stakeholders The participants in the needs assessment will engage in strategic planning and implementation of activities that will improve access to care for the uninsured A project database will inform on the group's progress The University of South Carolina team will continue to monitor progress as a project evaluator</p>

Identifier	ReturnReference	Explanation
		Part VI, Line 3 The Hospital shall send anyone who requests information on the hospital's financial assistance program a letter outlining required information and a financial assistance application form Requests for financial assistance may be proposed by sources other than the patient, such as the patient's physician, family members, social service organizations, community or religious groups, or hospital personnel Statements to patients from the Hospital outline our charity care policy and our charity care policy is posted on our website If patients indicate they are not able to pay their bill, we will provide the patient with a charity care application Patients can also meet with a member of our financial counseling department to learn about their financial assistance options Brochures are printed in English and Spanish telling patients to contact the financial counseling department The Hospital wants its patients' focus to be on health and recovery and not financial worry There is absolutely no additional cost for our financial counseling assistance Additionally, patients can meet with staff of the Medicaid program The program staff will meet with patients individually to help them apply for publicly supported programs such as Medicaid, Medicare, and disability Counselors meet with patients in the hospital as well as making home visits as appropriate The staff can also help identify resources to help pay for medication All of this information is posted on our website with the appropriate contact information

Identifier	ReturnReference	Explanation
		<p>Part VI, Line 4 The system's primary service area consists of Charleston, Berkeley, and Dorchester counties, and includes the major municipalities of Charleston, North Charleston, Mount Pleasant, and Summerville Approximately 682,000 residents live within the primary service area Population in the primary service area is projected to grow 5.4% between 2010 and 2015 In 2010, income levels in the primary service area were estimated as follows Income less than \$ 15,000 - 14.0% Between \$ 15,000 and \$ 25,000 - 12.0% Between \$ 25,000 and \$ 50,000 - 26.0% Between \$ 50,000 and \$ 75,000 - 18.0% Between \$ 75,000 and \$100,000 - 12.0% Income above \$100,000 - 18.0% Compared to the national averages of 14.0%, 12.0%, 25.0%, 18.0%, 11.0%, and 20.0%, respectively (most recent data available) Within the primary service area, poverty continues to be an issue An estimated 113,131 Tricounty residents lack health insurance There is a vast over-representation of the uninsured living at or below the federal poverty level The US Department of Health and Human Services designated six medically underserved areas and one medically underserved population within our primary service area From April 2011 to April 2012, the unemployment rate in the primary service area decreased from 8.0% to 7.1% This is a lower unemployment rate than the national average, which was 8.7% in April 2011 declining to 7.7% in April 2012 The secondary service area includes Colleton, Orangeburg, Georgetown, Hampton, Beaufort, Williamsburg, and Horry counties In addition to the system's facilities, there are three other non-military hospitals in the primary service area</p>

Identifier	ReturnReference	Explanation
		Part VI, Line 5 In keeping with our mission of healing all people with compassion, faith, and excellence, Roper St Francis Healthcare strives to enrich the health of our community We do this by offering charity care to those in need, reaching out to our neighbors with health fairs and educational materials, sponsoring organizations and events that promote wellness and community well-being, and marshalling our resources to advance the health and dignity of each person with whom we come in contact We are the lowcountry's only non-governmental, not for profit healthcare system With this distinction, we believe it is our responsibility to advocate for and respond to our neighbors needs through community benefit Surplus funds are returned to our community through the development of new facilities to serve population growth, the expansion of existing facilities, subsidizing care for those who are unable to pay, sponsorship of healthcare related activities including outreach clinics and programs for the uninsured, and investing in technology to improve the quality of patient care The organization is committed to the enrichment of healthcare in our community as evidenced by the composition of our Board of Directors and Open Medical Staff Our governing body is comprised of a 13-member Board of Directors At least nine directors must have their primary residence in a community served by the system Five directors must be physicians actively engaged in the full time practice of medicine The hospital extends medical staff privileges to all qualified physicians in the area for most of our departments

Identifier	ReturnReference	Explanation
		Part VI, Line 6 CareAlliance Health Services (d/b/a) Roper St Francis Healthcare (RSFH) is a charitable health care delivery system based in Charleston, South Carolina The 657-bed health system provides services at 90 facilities and doctors' offices conveniently located throughout our region One of these facilities is Roper Hospital, Inc, an acute care hospital with 368 licensed beds CareAlliance was formed effective August 1, 1998, through the execution of an affiliation agreement between the following founding members - The Medical Society of South Carolina, - Bon-Secours Health System, Inc , and - Carolinas Healthcare System CareAlliance is the sole corporate member and, through its by-laws, has the power to control the financial and business affairs of Roper Hospital, Inc

Identifier	ReturnReference	Explanation
Reports Filed With States	Part VI, Line 7	SC

Additional Data

Software ID:
Software Version:
EIN: 57-0828733
Name: Roper Hospital Inc

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

[illegible]

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations,
Governments and Individuals in the United States

Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization
Roper Hospital Inc

Employer identification number
57-0828733

Part I

General Information on Grants and Assistance

- 1

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

☒ Yes ☐ No
- 2

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

Part II

Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. Use Part IV and Schedule I-1 (Form 990) if additional space is needed ▶ ☒

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance

2

Enter total number of section 501(c)(3) and government organizations listed in the line 1 table ▶

3

Enter total number of other organizations listed in the line 1 table ▶

Part III

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

(a)Type of grant or assistance	(b)Number of recipients	(c)Amount of cash grant	(d)Amount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance

Part IV

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

Identifier	Return Reference	Explanation
Form 990, Schedule I	Grants	The majority of the grants expense shown on Page 10 of the 990 is an allocation from the parent company, CareAlliance Health Services. All grants meeting disclosure requirements for 2011 have been listed on CareAlliance Health Service's Form 990.

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization
Roper Hospital Inc

Employer identification number
57-0828733

Part I

Questions Regarding Compensation

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

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.

[illegible]

Part IIISupplemental Information

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

Identifier	Return Reference	Explanation
	Part I, Line 4b	The following participants received compensation through a 457(f) Plan: Matthew Severance - 30,458; Lisa Irvin - 11,130; Allen Carroll - 22,750 (from a related organization); Ellen Brown - 11,430 (from a related organization); Douglas Bowling - 19,760 (from a related organization); Steven Shapiro - 25,831 (from a related organization); Michael Taylor - 14,970 (from a related organization); Pennie Peralta - 9,630 (from a related organization).
	Part I, Line 6	Goals are developed each year to support the organization's strategic initiatives for people, quality, financial, growth and service. The Ad Hoc Compensation Committee approves the system goals annually and reports to the full Board of Directors. Progress on each metric is reported to the board each month on the corporate scorecard. At year end, the Ad Hoc Compensation Committee approves the final scorecard number and reports results to the full board. Annual incentives for the executives are based on 60% on the corporate scorecard and 40% on individual performance. Executives maintain an individual scorecard on the leader evaluation manager and discuss results monthly with the President/CEO. The President/CEO approves the individual executive scorecard. System Vice Presidents and the system CEO are eligible to participate in a long term incentive plan (LTIP). An LTIP typically takes place over a three year period and does not vest until the end of the third year. To receive payment, executives must still be employed by the system at the end of the plan period. Each LTIP has a financial and clinical objective that is aligned with the organization's strategic goals. Threshold, target, and maximum performance ranges are established for these objectives and are measured based on performance against similar organizations or compared to an internal metric such as an improvement over prior performance. These targets and objectives are approved by the Ad Hoc Compensation Committee. The incentive is earned based on the satisfaction of the threshold, target, or maximum performance ranges. The Ad Hoc Compensation Committee also approves the final LTIP performance score and the amount paid to executives under the plan. Results are reported to the full board annually.
	Part I, Line 7	See the response to Line 6 above.
Supplemental Information	Part III	Part II, Line 1: Compensation from unrelated organizations. Carolinas Healthcare System provides the compensation of David L. Dunlap, CEO, CareAlliance Health Services, Bret D. Johnson, CFO, CareAlliance Health Services, and John Sullivan, CEO, Roper St. Francis Mt. Pleasant Hospital. Mr. Dunlap and Mr. Johnson are employees of Carolinas Healthcare System and their compensation is paid by CareAlliance Healthcare Services, a related organization, through a management fee to Carolinas Healthcare System. Mr. Sullivan is also an employee of Carolinas Healthcare System, and his compensation is paid by Roper St. Francis Mt. Pleasant Hospital, a related organization, through a management fee to Carolinas Healthcare System. Additional information: CareAlliance Health Services has board representations from the 3 founding organizations: The Medical Society of SC (6 board members), Bon-Secours Health System, Inc. (6 board members), and Carolinas Healthcare System (1 board member). None of the 13 appointed board members receive compensation for their membership. Additionally, 4 of the 6 board members appointed by the Medical Society of South Carolina also serve on the Board of the Medical Society. None receive compensation for their services as a board member. It is the founding members' intent that the members of the Board of Directors are appointed to such positions because they have a willingness to serve the needs of the system as a whole and not the needs of any individual founding member.

Software ID:
Software Version:
EIN: 57-0828733
Name: Roper Hospital Inc

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
John M Jordan	(i)	0	0	0	0	0	0	0
	(ii)	262,573	70,000	0	12,564	10,603	355,740	0
Stanley Wilson MD	(i)	0	0	0	0	0	0	0
	(ii)	566,497	0	594	29,064	26,786	622,941	0
David Dunlap	(i)	0	0	0	0	0	0	0
	(ii)	511,752	405,684	82,649	157,885	29,918	1,187,888	76,753
Matthew J Severance	(i)	387,609	245,588	26,678	136,108	33,468	829,451	26,369
	(ii)	0	0	0	0	0	0	0
Bret Johnson	(i)	0	0	0	0	0	0	0
	(ii)	291,943	214,879	71,105	132,264	35,918	746,109	65,514
Steven D Shapiro	(i)	0	0	0	0	0	0	0
	(ii)	353,282	203,839	27,407	103,182	7,424	695,134	14,267
Allen Carroll	(i)	0	0	0	0	0	0	0
	(ii)	318,981	212,427	23,119	116,460	25,412	696,399	21,774
John Sullivan	(i)	0	0	0	0	0	0	0
	(ii)	223,463	167,609	30,034	119,147	20,427	560,680	0
Douglas W Bowling	(i)	0	0	0	0	0	0	0
	(ii)	289,576	154,054	19,992	91,212	19,246	574,080	19,605
Michael Taylor	(i)	0	0	0	0	0	0	0
	(ii)	243,327	132,696	26,954	74,164	17,363	494,504	12,605
H Douglas Harrison	(i)	0	0	0	0	0	0	0
	(ii)	230,973	125,475	29,837	62,019	12,055	460,359	10,396
Gregory T Edwards	(i)	0	0	0	0	0	0	0
	(ii)	265,465	92,221	9,915	85,159	24,011	476,771	0
Ellen Brown	(i)	0	0	0	0	0	0	0
	(ii)	181,535	101,955	14,703	26,444	23,868	348,505	11,837
Lisa Irvin	(i)	181,781	101,929	17,140	62,807	10,927	374,584	10,745
	(ii)	0	0	0	0	0	0	0
Father Terence K Fleming	(i)	0	0	0	0	0	0	0
	(ii)	72,625	96,432	11,928	45,252	2,597	228,834	10,628
Pennie Lynn Peralta	(i)	0	0	0	0	0	0	0
	(ii)	156,520	85,568	9,652	45,576	14,332	311,648	9,265
Diana Topjian	(i)	0	0	0	0	0	0	0
	(ii)	125,981	38,662	503	20,145	14,463	199,754	0
Levern Livingston MD	(i)	0	0	0	0	0	0	0
	(ii)	215,460	17,810	387	11,449	20,249	265,355	0

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Peter DiNicola	(i)	0	0	0	0	0	0	0
	(ii)	184,172	30,642	2,437	10,464	5,616	233,331	0
Francis Wyckoff Jr	(i)	117,418	20,880	6,884	19,964	7,736	172,882	0
	(ii)	50,562	8,991	2,964	8,597	3,331	74,445	0
Michael Ricciardone	(i)	56,725	9,427	5,222	4,227	4,477	80,078	0
	(ii)	71,323	11,853	6,565	5,315	5,629	100,685	0
Catherine Landis	(i)	118,009	17,701	750	3,632	19,651	159,743	0
	(ii)	18,260	2,739	116	562	3,041	24,718	0
Wanda Brockmeyer	(i)	102,787	14,721	8,063	7,202	6,572	139,345	0
	(ii)	33,716	4,829	2,645	2,362	2,156	45,708	0
John D Steichen MD	(i)	15,117	0	3	407	347	15,874	0
	(ii)	1,064,687	0	204	28,657	24,465	1,118,013	0
George H Khoury MD	(i)	12,923	0	5	378	342	13,648	0
	(ii)	981,129	0	382	28,686	25,970	1,036,167	0
Stephen E Rawe MD	(i)	14,866	823	91	436	240	16,456	0
	(ii)	976,211	54,034	5,975	28,628	15,758	1,080,606	0
Brian G Cuddy MD	(i)	13,820	0	10	494	396	14,720	0
	(ii)	799,109	0	575	28,570	22,916	851,170	0
Robert Lowery MD	(i)	6,049	0	3	145	170	6,367	0
	(ii)	1,203,681	0	582	28,919	33,796	1,266,978	0

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
Roper Hospital Inc

Employer identification number
57-0828733

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
See Additional Data Table					

Part V

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

Identifier	Return Reference	Explanation
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Additional Data

Software ID:
Software Version:
EIN: 57-0828733
Name: Roper Hospital Inc

Form 990, Schedule L, Part IV - Business Transactions Involving Interested Persons

(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
Charleston Pathology PA	Owned in part by Board member G Frederick Worsham	937,448	Provision of pathology services to organization Amount of transaction indicates the aggregate payment for services performed in 2011		No
Coastal Cardiology	Owned in part by Board member W Blount Ellison, MD	592,206	Provision of cardiology services to organization Amount of transaction indicates the aggregate payment for services performed in 2011		No
Anesthesia Associates of Charleston	Business relationship with Board member Julius Ivester	2,967,046	Provision of anesthesia services to organization Amount of transaction indicates the accrued aggregate payment for services performed in 2011		No
Sonde Smith	Family relationship with Board member Julius Ivester	54,257	Compensation as employee		No
Laurie Pendarvis	Family relationship with Board member Julius Ivester	129,528	Compensation as employee		No
Jennifer Dunlap	Family relationship with Officer David Dunlap	56,102	Compensation as employee		No
Roper St Francis Cancer Center	Owned in part by Board member David Ellison	603,142	Lease payments made to organization		No

SCHEDULE M
(Form 990)

NonCash Contributions

OMB No 1545-0047

2011

Open to Public Inspection

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

Name of the organization
Roper Hospital Inc

Employer identification number
57-0828733

Part I

Types of Property

	(a) Check if applicable	(b) Number of Contributions or items contributed	(c) Contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining contribution amounts
1 Art—Works of art	X	2	17,500	Fair market value
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded				
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other				
15 Real estate—Residential				
16 Real estate—Commercial				
17 Real estate—Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
Rehab				
25 Other ► (<u>equipment</u>)	X	1	24,127	Fair market value
Medical				
26 Other ► (<u>equip</u>)	X	1	21,474	Fair market value
Oncology				
27 Other ► (<u>smocks</u>)	X	1	1,159	Fair market value
28 Other ► (<u> </u>)				

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

29

30a During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?

30a

Yes

No

b If "Yes," describe the arrangement in Part II

31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?

31

32a Does the organization hire or use third parties or related organizations to solicit, process, or sell non-cash contributions?

32a

b If "Yes," describe in Part II

33 If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II

Part III

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

Identifier	Return Reference	Explanation
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SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization Roper Hospital Inc	Employer identification number 57-0828733
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Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 3	Carolinas Healthcare System (CHS), an unrelated organization, provides the compensation of Mr David L Dunlap, CEO, CareAlliance Health Services, Mr Bret D Johnson, CFO, CareAlliance Health Services, and Mr John Sullivan, CEO, Roper St Francis Mt Pleasant Hospital Mr Dunlap and Mr Johnson are employees of CHS and their compensation is paid by CareAlliance Health Services, a related organization, through a management fee to CHS Mr Sullivan is also an employee of CHS, and his compensation is paid through a management fee by Roper St Francis Mt Pleasant Hospital

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 6	<p>The sole member of the corporation is CareAlliance Health Services, a South Carolina nonprofit, nonstock Corporation, d/b/a Roper St Francis Healthcare CareAlliance Health Services is in turn governed by a Board of Directors appointed by the "founding members" Please see the response to Line 7a below The bylaws of the organization specify certain qualifications of the thirteen member Board of Directors At least nine directors must have their primary residence in a community served by the system Five directors must be physicians actively engaged in the full time practice of medicine Five of the directors are appointed to the Board of Directors by virtue of positions held within MSSC, BSHSI and CHS (ex-officio directors) Each of the five ex-officio directors serves as a director of the organization for so long as such person holds his or her respective elected or appointed office in his or her respective founding member organization Directors serve three-year terms and are limited to three consecutive terms After an absence of at least one year, directors are again eligible for appointment to the Board of Directors for two consecutive complete terms</p>

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 7a	The organization is governed by a thirteen member Board of Directors appointed by the founding members. Subject to certain nominating and governance committee approvals, six directors are appointed by the Medical Society of South Carolina (MSSC), Bon Secours Health Systems, Inc (BSHSI) and one director is appointed by Carolinas Healthcare Systems (CHS). It is the founding members' intent that the members of the organization's Board of Directors are appointed to such positions because they have a willingness to serve the needs of the system as a whole and not the needs of any individual founding member.

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 7b	The following actions shall require the unanimous affirmative approval of all of the founding members (a) to amend the Articles of Incorporation or by-laws, including without limitation, any change in the corporation's purposes, provided, however, that, subject to the procedures and voting requirements with respect to the admission of non-founding members, Schedule 3 1 may be amended with the approval of two (2) of the founding members to reflect the admission of a non-founding member, (b) to dissolve or liquidate the corporation and to determine the distribution of assets upon dissolution, (c) to merge or consolidate the corporation or to sell, convey, transfer, lease, or otherwise dispose of all or substantially all of its assets, (d) to appoint the President and Chief Executive Officer of the corporation in a manner other than that established within the by-laws, (e) to alter or amend the corporation's ethical performance standards (defined below), or (f) to enter into any material agreement whereby a third party will (i) become an equity owner in any joint venture with the corporation or any system participant and will not be legally obligated to support the corporation's ethical performance standards, or (ii) manage a substantial part of the facilities, assets, or operations of the system and will not be legally obligated to comply with and support the corporation's ethical performance standards

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 11	The 2011 Form 990 was prepared by an independent accounting firm with assistance and oversight by management. Reviews were then conducted by the Assistant Controller, Director of Finance, and Chief Financial Officer of Carealliance Health Services, the sole member, before presentation and review with the organization's governing body. Highlights of the 2011 Form 990 were presented to the organization's Board of Directors in October 2012. In addition to the organization's executive management, representatives of Dixon Hughes Goodman LLP participated in this review with board members. The October board meeting was held prior to the filing of the Form 990 with the Internal Revenue Service. A final version of the Form 990 was sent to all members of the governing body prior to filing.

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 12c	The directors shall complete and return to the secretary an annual statement that each (a) has received a copy of the conflict of interest policy, (b) has read and understands the policy, (c) agrees to comply with this policy, (d) understands that the policy applies to all committees, and (e) understands that the organization is a charitable organization and must continuously engage primarily in activities which accomplish one or more of its tax-exempt purposes

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 15	<p>An independent company, Towers Perrin, provides research, advice, and guidance to the compensation committee and senior leadership to ensure the organization's compensation programs for executives covered by the "Intermediate Sanctions Legislation" (IRC Section 4958) are aligned with its stated philosophy base salaries are targeted at the 50th percentile of the established comparator market, total cash compensation (base salary plus annual incentive payments) are targeted at the 75th percentile of the established comparator market, total direct compensation (total cash compensation plus long term incentive payments) will not exceed the 90th percentile of the established comparator market, benefits are targeted at market median, and in the aggregate, base salary, total cash compensation, total direct compensation and benefits comprise total compensation for executives The compensation committee ensures that executive total compensation is reflective of the organization's stated compensation philosophy The committee, in this process, authorizes and supports an annual three-step process utilizing Towers Perrin's resources 1) Salary levels, annual bonus targets/payments and long term incentive grants are compared rigorously each year with market data based on comparable positions and organizations A Comparable organizations are typically not-for-profit healthcare systems with similar operating revenues Private sector employer data, when available, are also included in the analysis for "transferable skills positions" B Historically, performance incentive payouts generally track with a normal bonus payout distribution Incentive goals are primarily based on formally defined quantitative goals 2) All recommended pay decisions are tested against these data and the organization's stated compensation philosophy 3) A formal opinion letter is prepared by Towers Perrin, representing that senior executives are compensated within the reasonableness standards mandated by the IRS A similar process is performed by Watson Wyatt (compensation consulting firm) for the CEO and CFO positions This letter provides a "safe harbor" for the organization's "directors" relative to the reasonableness of total executive compensation consistent with IRC Section 4958</p>

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section C, line 18	Photocopies of the Form 990 are available upon request at the organization's administrative office. In addition, recent filings of the Form 990 are available online at www.guidestar.org

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section C, line 19	The organization's audited financial statements are published annually and are available to the public at www.dacbond.com

Identifier	Return Reference	Explanation
Compensation of Board members	Form 990, Part VII, Line 1	The following board members were compensated for services performed for the organization (or a related organization) not in the capacity of their positions on the board. No board member is compensated for his services as a board member. John M. Jordan was compensated by the Medical Society of South Carolina for services as Chief Executive Officer. David M. Ellison was compensated for medical services rendered to the organization. Alison E. Dillon was compensated for medical services rendered to a related organization. Stanley Wilson was compensated for medical services rendered to a related organization.

Identifier	Return Reference	Explanation
GRANTS	Form 990, Part IX, Line 1	The majority of the grants expense shown on Page 10 of the 990 is an allocation from the parent company, CareAlliance Health Services. All grants meeting disclosure requirements for 2011 have been listed on CareAlliance Health Service's Form 990.

Identifier	Return Reference	Explanation
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 5	Donated services and use of facilities 533,209 Funds Released from Foundation 60,298 Intercompany contribution to close LLCs 19,704,572 Pension and benefits expense allocation from CAHS -2,231,081 Total to Form 990, Part XI, Line 5 18,066,998

Identifier	Return Reference	Explanation
	Form 990, Part XII, Line 2C	The process has not changed from the prior year

Identifier	Return Reference	Explanation
		<p>-- 2011 COMMUNITY BENEFIT REPORT -- Dear Friends, The spirit of giving is strong at Roper St Francis. This desire to give back with our time, talent and treasure is something that runs deep within our culture. It is evident in our staff that is always willing to go the extra mile, in our volunteers who serve meals each month at Crisis Ministries and our numerous co-workers reaching out into the community. Even in these challenging economic times and with increasing demands within healthcare, Roper St Francis continues to excel in providing high levels of quality support in the effort to create healthy communities. I am proud to report that as a system we gave back over \$55 million in Community Benefit in 2011. This benefit comes in many forms, including charity care, sponsorships and numerous community outreach programs, many of which are outlined in this Report to Our Community. I hope you enjoy learning about the many ways we touch our community in the year's report. Warm regards, David L. Dunlap, FACHE</p> <p>President and CEO Charity Care \$38,437,116 Unreimbursed Cost of Medicaid \$7,305,167 Community Investment \$706,081 Community Outreach Programs \$8,844,973* Total Community Benefit \$55,293,337</p> <p>*The \$8,844,073 given to community outreach programs went to the following programs - Support Groups - Families for a Healthy Heart - Access Health - Mental Health Grant - Barrier Island Free Clinic - Our Lady of Mercy Outreach Center Prenatal Clinic - Ryan White Program - Education Nursing, CPE, Imaging, PT - Disaster Preparedness</p>

Identifier	Return Reference	Explanation
		<p>CHARITY BEGINS AT HOME Trident United Way Roper St Francis employees continue to show their incredible generosity by donating \$513,647 to the Trident United Way in 2011. This is the highest amount raised by employees at a single company in the Low country. Roper St Francis employees raised \$46,000 for the American Heart Association. Healthfairs Bringing lifesaving screenings and preventive tests out into our community is a large part of our outreach mission. In 2011, we sponsored 45 community healthfairs and participated in over 85 requested community healthfairs and screenings. Our staff hours for these and other community initiatives exceeded 88,354. Community Investment Roper St Francis is proud to support organizations in our community that enhance the overall health and vitality of our community. Monetary donations, contributions of paid employee time and donations of supplies and equipment are just a few of the ways we supported our community. In 2011, we provided \$706,081 in sponsorships. The following are just a sampling of the organizations we partnered with: Achieving Wheelchair Equality Alzheimer's Association American Cancer Society American Foundation for Suicide Prevention American Heart Association American Lung Association Arthritis Foundation Barrier Islands Free Medical Clinic Berkeley County Family YMCA Berkeley Seniors Callen Lacy Center for Children Camp Happy Days Charleston County Medical Society Alliance Charleston Ride for Hope Closing the Gap in Healthcare Coastal Crisis Chaplaincy Crisis Ministries Darkness to Light Down Syndrome Association Low country Dragon Boat Charleston Florence Crittenton Program of SC Franklin C. Fetter Family Health Center Inc. HALOS Hemangioma Treatment Foundation Hospice of Charleston, Inc. ITN of Charleston Leukemia and Lymphoma Society Low country Pregnancy Center Low country Food Bank Make a Wish Foundation SC March of Dimes MedShare International Inc. Metanoia Muscular Dystrophy Association NAACP National Kidney Foundation Our Lady of Mercy Outreach Palmetto Project Palmetto Palace Respite Care Ministries Salvation Army Nearly \$3 million in Grants Supports Community Health Initiatives The Roper St. Francis Foundation has a simple mission: to secure philanthropic support to fund the programs and activities of Roper St. Francis Healthcare. In 2011, the Foundation received more than \$2.9 million in grant support for projects that reach out to help some of the area's most vulnerable residents. These grants provide much-needed support for programs such as: - The Center for Spinal Cord Injury - Ryan White HIV Program - Home Health Telemonitoring TOUCHING COMMUNITIES LOCALLY AND GLOBALLY The Inner City Crisis Ministries Roper St. Francis has been a long time partner of Crisis Ministries, a place where people can go for a warm meal and safe place to sleep. In 2011, our service included many things we have been doing for years and some exciting new partnerships including: - Each month Roper St. Francis employees serve a full, hot dinner at the shelter that has been prepared by the Roper Hospital cafeteria. - The system sponsors an on-site nurse practitioner to care for the homeless. - The system regularly makes in-kind donations of medical equipment, laboratory testing and medication. - In 2011, the Medical Society of South Carolina, one of Roper St. Francis' founding members, completed a \$500,000 challenge grant for Crisis Ministries. The Society donated \$200,000 in matching funds to complement \$300,000 raised by the shelter for its new health clinic.</p>

Identifier	Return Reference	Explanation
		<p>Bringing Hope to Abused and Neglected Children An abused girl receives a surprise birthday party, while a foster child is given clothes for the new school year These are just a few things that happen because of local nonprofit Charleston HALOS and Roper St Francis employees In 2011, Roper St Francis received the first HALOS/Charleston County DSS Organizational Commitment Award The honor, named for HALOS close association with the county's Department of Social Services, recognizes an organization that has greatly assisted HALOS in impacting the lives of maltreated children Throughout the year Roper St Francis employees collected school supplies along with making sure the program's closet is stocked with items such as diapers, formula and soaps On the annual Day of Caring, more than 1,000 Hope Bags were created by employees for the children The Ryan White Program In late 2010, The Ryan White Program opened a new Wellness Center that provides a range of care and support services including vaccines, lab services, medical case management, housing services and physician care in one convenient location Functioning under a clinic model allows for better coordination of care, improved clinical outcomes, cost containment and increased convenience for clients In 2011, the Ryan White Program and Wellness Center served 549, largely uninsured and poor, clients Of these, 117 were newly enrolled The program is committed to addressing the primary goals of the new National HIV/AIDS Strategy to 1 Reduce HIV infection rates 2 Increase access to care and optimizing health outcomes 3 Reduce the HIV-related health outcomes for all of those that are enrolled RURAL AREAS Our Lady of Mercy Outreach Center In August of 2011, Roper St Francis began providing the Pre-natal Clinic at the Wellness House, as part of our on-going relationship with Our Lady of Mercy Outreach Center (OLM) We have partnered with OLM since 1999, providing women access to top quality healthcare including ultrasounds, labs, cultures and vaccines In fact, last year we helped provide 985 services Barrier Island Free Medical Clinic Hundreds of uninsured people were able to receive free medical care, thanks to numerous volunteer physicians and staff Retired Roper St Francis physician, Dr Jim Hayes, is the chairman of the Barrier Island Board of Directors and our system has long been a partner of the clinic, helping them to obtain their seed money with a \$269,000 grant from the Duke Endowment Foundation In 2011, we provided well over 4,000 free lab and imaging tests in areas such as vascular, sleep lab, neuro diagnostics and many more AccessHealth Tri-County Network "I think one of the best examples of community building is our leadership role in AccessHealth Tri-County Network Having served as the Director of the local DHEC district, I have seen many attempts to get healthcare providers to come together to provide our citizens a community-wide system of care With Roper St Francis serving as The Duke Endowment grantee and Trident United Way serving as the coordinating agency for this program, we have made a major step forward in improving the life of our citizens " -Dr Joe Chambers, Roper St Francis Community Health Consultant Since initiated in 2010 with grant funding from The Duke Endowment, AccessHealth Tri-County Network (AHTN) continues to move towards its goal of providing access to a coordinated, sustainable provider network of care for low-income, uninsured residents of Berkeley, Charleston and Dorchester counties Made up of 27 partners, AccessHealth navigates uninsured Tri-county residents into a wide range of healthcare and health-related services, from primary care medical homes to specialty care services to supportive services Roper St Francis continues to play a leading role in establishing the AHTN infrastructure and providing patient-centered, coordinated care for Tri-county residents who otherwise would forego medical care or end up in emergency rooms Staff members participating across the system, from case managers to mission coordinators to doctors and operating room staff, have been essential to the success of this community-based effort</p>

Identifier	Return Reference	Explanation
		<p> GLOBALLY Roper St Francis Supports Medical Missions Around the World for Those Most In Need China Tanya Lott, RN-BC, MSN, professional development specialist, went to Southeast China with a team from ifMissions. During the trip, the group visited schools in remote villages in the rugged mountains of Southeast China. The team conducted health screenings and eye exams, and children were also given antiparasitics and multivitamins. A World Health Organization study found that if children exposed to parasites - such as those common in an unclean water supply - were given just one dose each of an antiparasitic and multivitamin, it could have lifespan-increasing benefits. (Dr Philip McGaha and Dr Taryn Stelter of Plantation Pediatrics provided the antiparasitic and dosing information.) "It was a life-changing, memorable trip," said Lott. </p> <p> Guatemala Kelly Walker, MSN, RNC-MNN, clinical nurse specialist, Women's Services, went to Guatemala on behalf of a national nursing organization to which she belongs. The group had partnered with Save the Children, an international group that supports community health workers in developing countries. Walker and others travelled to remote Central American villages where they saw first hand the challenges that families face in accessing care. </p> <p> Kenya As part of Roper St Francis' Hands Across the Water project, employees, doctors and volunteers came together to raise more than \$27,000. The healthcare system worked with MedShare, an Atlanta-based nonprofit that recovers and redistributes surplus medical supplies to hospitals in developing countries, to send the tractor trailer-sized container of medical supplies and equipment to Kenya. The 1,000 boxes of medical supplies, biomedical equipment and durable medical goods, will support Plateau Mission Hospital's capable professionals and strong leadership by enabling them to provide better healthcare to the community it serves. </p> <p> Scott Broome, director of oncology services, went to Atlanta to see off the shipment. A Shared Statement of Identity for Roper St Francis Healthcare We are the people of Roper St Francis Healthcare, continuing the mission of healing all people with compassion, faith and excellence. As provider, employer, advocate, citizen bringing together people of diverse faiths and backgrounds our work is an enduring sign of healthcare rooted in our belief that every person is a treasure, every life a sacred gift, every human being a unity of body, mind and spirit. We work to bring alive the vision of justice and peace. We answer the call to foster healing, act with compassion and promote wellness for all persons and communities, with special attention to our neighbors who are poor, underserved and most vulnerable. By our service, we strive to transform hurt into hope. In promoting the mission of healthcare, we commit to - Defend Human Dignity - Attend to the Whole Person - Care for Poor and Vulnerable Persons - Promote the Common Good - Act on Behalf of Justice - Work in Solidarity and Collaboration with Each Other </p>

Department of the Treasury
Internal Revenue Service

SCHEDULE R
(Form 990)

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
Roper Hospital Inc

Employer identification number
57-0828733

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) James Island Surgery Center 315 Calhoun Street 107 Charleston, SC 29401 26-3858266	Surgery Center	SC	0	0	N/A

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) CareAlliance Health Services 315 Calhoun Street 107 Charleston, SC 29401 57-0831165	Healthcare	SC	501(c)(3)	Line 3	N/A		No
(2) Bon Secours St Francis Xavier Hospital 315 Calhoun Street 107 Charleston, SC 29401 57-1067254	Healthcare	SC	501(c)(3)	Line 3	CareAlliance Health Services		No
(3) Roper St Francis Mt Pleasant Hospital 315 Calhoun Street 107 Charleston, SC 29401 57-0360499	Healthcare	SC	501(c)(3)	Line 3	CareAlliance Health Services		No
(4) Roper St Francis Hospital - Berkeley 315 Calhoun Street 107 Charleston, SC 29401 26-3710229	Healthcare (Future)	SC	501(c)(3)	Line 3	CareAlliance Health Services		No
(5) Roper St Francis Physicians Network 125 Doughty Street 760 Charleston, SC 29403 26-2946628	Healthcare	SC	501(c)(3)	Line 3	CareAlliance Health Services		No
(6) Roper St Francis Foundation 125 Doughty Street 760 Charleston, SC 29401 57-1068509	Supporting Org	SC	501(c)(3)	Line 11a, I	CareAlliance Health Services		No
(7) The Medical Society Of South Carolina 69-B Barre Street Charleston, SC 29401 57-0288358	Supporting Org/Founding Member	SC	501(c)(3)	Line 11c, III-FI	N/A		No

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) Dispropportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) Lowcountry Surgery Center LLC (dba Roper St Francis Eye Surgery Center) 315 Calhoun Street 107 Charleston, SC 29401 58-1693021	Ambulatory Surgery Center	SC	N/A	Related		252,515		No		Yes		50 500 %

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) CareAlliance Medical Services Organization 225 Doughty Street Charleston, SC 29403 57-1012837	Inactive	SC	N/A	C			

Part V

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

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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by related organization(s)

f

Sale of assets to related organization(s)

g

Purchase of assets from related organization(s)

h

Exchange of assets with related organization(s)

i

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

j

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

k

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

l

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

m

Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

n

Sharing of paid employees with related organization(s)

o

Reimbursement paid to related organization(s) for expenses

p

Reimbursement paid by related organization(s) for expenses

q

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

r

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

1a

No

1b

No

1c

Yes

1d

Yes

1e

Yes

1f

No

1g

No

1h

Yes

1i

No

1j

No

1k

Yes

1l

Yes

1m

Yes

1n

Yes

1o

Yes

1p

Yes

1q

Yes

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) Lowcountry Surgery Center LLC	Q	252,515	CASH
(2)			
(3)			
(4)			
(5)			
(6)			

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

[illegible]

Part VII

Supplemental Information

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

Identifier	Return Reference	Explanation	
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Software ID:
Software Version:
EIN: 57-0828733
Name: Roper 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	
CareAlliance Health Services 315 Calhoun Street 107 Charleston, SC 29401 57-0831165	Healthcare	SC	501(c)(3)	Line 3	N/A		No
Bon Secours St Francis Xavier Hospital 315 Calhoun Street 107 Charleston, SC 29401 57-1067254	Healthcare	SC	501(c)(3)	Line 3	CareAlliance Health Services		No
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The Medical Society Of South Carolina 69-B Barre Street Charleston, SC 29401 57-0288358	Supporting Org/Founding Member	SC	501(c)(3)	Line 11c, III-FI	N/A		No

CareAlliance Health Services

(d/b/a Roper St Francis Healthcare)

Consolidated Financial Statements
as of and for the Years Ended
December 31, 2011 and 2010, and
Independent Auditors' Report

CAREALLIANCE HEALTH SERVICES
(d/b/a Roper St. Francis Healthcare)

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010	
Balance Sheets	2
Statements of Operations	3
Statements of Changes in Net Assets	4
Statements of Cash Flows	5–6
Notes to Consolidated Financial Statements	7–32

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
CareAlliance Health Services
(d/b/a Roper St Francis Healthcare)

We have audited the accompanying consolidated balance sheets of CareAlliance Health Services (d/b/a Roper St Francis Healthcare) ("CareAlliance") as of December 31, 2011 and 2010, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of CareAlliance's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of CareAlliance as of December 31, 2011 and 2010, and the results of its operations, changes in its net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

May 25, 2012

CAREALLIANCE HEALTH SERVICES
(d/b/a Roper St. Francis Healthcare)

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2011 AND 2010

	2011	2010
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 25,200,000	\$ 29,514,000
Patient accounts receivable — less allowances of \$86,810,000 and \$47,720,000 for uncollectible accounts in 2011 and 2010, respectively	103,484,000	96,741,000
Other receivables	15,067,000	8,972,000
Short-term investments	18,040,000	3,093,000
Inventories	11,242,000	11,775,000
Prepaid expenses and other current assets	6,570,000	4,786,000
Total current assets	179,603,000	154,881,000
LONG-TERM INVESTMENTS	134,626,000	177,983,000
ASSETS LIMITED AS TO USE	9,953,000	9,802,000
PROPERTY AND EQUIPMENT — Net	498,510,000	498,169,000
OTHER ASSETS	42,452,000	42,496,000
TOTAL	<u>\$ 865,144,000</u>	<u>\$ 883,331,000</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 18,844,000	\$ 19,176,000
Accounts payable	51,324,000	57,215,000
Accrued expenses	68,358,000	68,112,000
Accrued contribution payable to members — current portion	14,421,000	20,162,000
Total current liabilities	152,947,000	164,665,000
LONG-TERM DEBT — Net	323,290,000	343,944,000
OTHER LIABILITIES	65,070,000	38,968,000
Total liabilities	<u>541,307,000</u>	<u>547,577,000</u>
COMMITMENTS AND CONTINGENCIES (Notes 6, 9, 10, and 16)		
NET ASSETS		
Unrestricted		
CareAlliance Health Services	311,226,000	324,396,000
Noncontrolling interests in Lowcountry Surgery Center, LLC	247,000	
Total unrestricted net assets	311,473,000	324,396,000
Temporarily restricted	7,521,000	6,616,000
Permanently restricted	4,843,000	4,742,000
Total net assets	<u>323,837,000</u>	<u>335,754,000</u>
TOTAL	<u>\$ 865,144,000</u>	<u>\$ 883,331,000</u>

See notes to consolidated financial statements

CAREALLIANCE HEALTH SERVICES
(d/b/a Roper St. Francis Healthcare)

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
UNRESTRICTED REVENUES		
Net patient service revenue	\$ 752,610,000	\$ 670,848,000
Other revenue	<u>14,923,000</u>	<u>10,520,000</u>
Total unrestricted revenues	<u>767,533,000</u>	<u>681,368,000</u>
EXPENSES		
Salaries and employee benefits	373,297,000	327,988,000
Supplies	122,117,000	114,833,000
Purchased services	65,220,000	63,519,000
Provision for uncollectible accounts	58,050,000	37,197,000
Other expenses	69,229,000	61,717,000
Depreciation and amortization	46,877,000	37,454,000
Interest	<u>14,328,000</u>	<u>12,358,000</u>
Total expenses	<u>749,118,000</u>	<u>655,066,000</u>
OPERATING INCOME	18,415,000	26,302,000
NONOPERATING (LOSSES) GAINS		
Investment (losses) gains — net	(1,123,000)	21,153,000
Change in fair value of interest rate swaps	(21,578,000)	(4,348,000)
(Loss) gain on extinguishment of debt	(1,360,000)	2,276,000
Other — net	<u>(2,564,000)</u>	<u>(4,026,000)</u>
(DEFICIT) EXCESS OF REVENUES OVER EXPENSES	<u>(8,210,000)</u>	<u>41,357,000</u>
(DECREASE) INCREASE IN UNRESTRICTED NET ASSETS BEFORE MEMBER TRANSACTIONS	<u>\$ (8,210,000)</u>	<u>\$ 41,357,000</u>

See notes to consolidated financial statements

CAREALLIANCE HEALTH SERVICES
(d/b/a Roper St. Francis Healthcare)

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
UNRESTRICTED NET ASSETS		
(Decrease) increase in unrestricted net assets before member transactions	\$ (8,210,000)	\$ 41,357,000
Contribution accrued to members	(14,421,000)	(20,162,000)
Contribution from member for acquisitions of property and equipment	9,425,000	8,077,000
Release of restricted funds for capital expenditures	<u>283,000</u>	<u>403,000</u>
(Decrease) increase in unrestricted net assets	<u>(12,923,000)</u>	<u>29,675,000</u>
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	4,814,000	4,112,000
Investment (losses) gains — net	(49,000)	463,000
Net assets released from restrictions	(3,577,000)	(2,813,000)
Release of restricted funds for capital expenditures	<u>(283,000)</u>	<u>(403,000)</u>
Increase in temporarily restricted net assets	<u>905,000</u>	<u>1,359,000</u>
PERMANENTLY RESTRICTED NET ASSETS		
Contributions	97,000	652,000
Investment gains (losses) — net	<u>4,000</u>	<u>(7,000)</u>
Increase in permanently restricted net assets	<u>101,000</u>	<u>645,000</u>
(DECREASE) INCREASE IN NET ASSETS	(11,917,000)	31,679,000
NET ASSETS		
Beginning of year	<u>335,754,000</u>	<u>304,075,000</u>
End of year	<u><u>\$323,837,000</u></u>	<u><u>\$335,754,000</u></u>

See notes to consolidated financial statements

CAREALLIANCE HEALTH SERVICES

(d/b/a Roper St. Francis Healthcare)

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) increase in net assets	\$ (11,917,000)	\$ 31,679,000
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities		
Depreciation	46,351,000	36,927,000
Amortization	526,000	527,000
Amortization of bond discount and premium — net	(433,000)	(433,000)
Contribution accrued to members	14,421,000	20,162,000
Contribution accrued from member	(4,244,000)	
Contributions from member and others for acquisitions of property and equipment	(5,930,000)	(9,284,000)
Provision for uncollectible accounts	58,050,000	37,197,000
Realized and unrealized gains on investments and interest rate swap — net	25,863,000	(15,237,000)
Loss on property and equipment disposals	395,000	632,000
Loss (gain) on extinguishment of debt	1,360,000	(2,276,000)
Changes in operating assets and liabilities		
Accounts receivable	(66,644,000)	(50,728,000)
Inventories	533,000	(2,667,000)
Prepaid expenses and other current assets	(1,784,000)	(1,168,000)
Accounts payable, accrued expenses, and other liabilities	580,000	19,415,000
Net cash provided by operating activities	57,127,000	64,746,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments and assets limited as to use	(253,489,000)	(46,078,000)
Sales of investments and assets limited as to use	276,128,000	118,912,000
Purchases of property and equipment	(49,679,000)	(92,058,000)
Cash proceeds from sales of property and equipment	3,015,000	5,000
Net cash used in investing activities	(24,025,000)	(19,219,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	140,330,000	30,000,000
Principal payments on long-term debt and capital lease obligations	(161,527,000)	(56,818,000)
Debt issuance costs	(575,000)	(338,000)
Contribution paid to members	(20,162,000)	(22,063,000)
Contributions from member and others for acquisitions of property and equipment	5,930,000	9,284,000
Other	(1,412,000)	(1,611,000)
Net cash used in financing activities	(37,416,000)	(41,546,000)

(Continued)

CAREALLIANCE HEALTH SERVICES
(d/b/a Roper St. Francis Healthcare)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	\$ (4,314,000)	\$ 3,981,000
CASH AND CASH EQUIVALENTS — Beginning of year	<u>29,514,000</u>	<u>25,533,000</u>
CASH AND CASH EQUIVALENTS — End of year	<u>\$ 25,200,000</u>	<u>\$ 29,514,000</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION —		
Cash paid for interest — net of amounts capitalized	<u>\$ 14,736,000</u>	<u>\$ 13,922,000</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH		
FINANCING AND INVESTING ACTIVITIES		
Capital additions financed through accounts payable	<u>\$ 4,873,000</u>	<u>\$ 10,620,000</u>
Capital lease obligations incurred	<u>\$ 772,000</u>	<u>\$ 6,067,000</u>
Deemed ownership obligations incurred (Note 6)	<u>\$ 4,207,000</u>	<u>\$ 13,840,000</u>

See notes to consolidated financial statements

(Concluded)

CAREALLIANCE HEALTH SERVICES (d/b/a Roper St. Francis Healthcare)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

1. ORGANIZATION

CareAlliance Health Services (d/b/a Roper St. Francis Healthcare (RSFH)) (“CareAlliance”) is a charitable health care delivery system based in Charleston, South Carolina. CareAlliance provides services at more than 90 sites in five counties. These facilities include three acute care hospitals with 657 licensed beds, one specialty hospital, 15 centers for outpatient services, including surgery, diagnostics, and rehabilitation (physical, occupational, and speech therapies), three industrial medicine sites, five emergency rooms, and two urgent care centers. CareAlliance employs approximately 180 physicians, with a large primary care base and a variety of specialties.

CareAlliance was formed effective August 1, 1998, through the execution of an affiliation agreement between the following Founding Members, with each member’s respective initial membership percentage:

The Medical Society of South Carolina (MSSC)	63 %
Bon-Secours Health System, Inc. (BSHSI)	27
Carolinas HealthCare System (CHS)	10

RSFH is governed by a thirteen (13)-member Board of Directors (the “Board of Directors”) appointed by the Founding Members. Subject to certain Nominating Committee approvals, six (6) directors are appointed by each of MSSC and BSHSI, and one (1) director is appointed by CHS. It is the Founding Members’ intent that the members of RSFH’s Board of Directors are appointed to such positions because they have a willingness to serve the needs of the system as a whole and not the needs of any individual Founding Member.

The By-Laws of RSFH specify certain qualifications of the thirteen (13)-member Board of Directors. At least nine (9) directors must have their primary residence in a community served by the system. Five (5) directors must be physicians actively engaged in the full-time practice of medicine. Five (5) of the directors are appointed to the Board of Directors by virtue of positions held within BSHSI, MSSC, and CHS (“Ex-officio Directors”). Each of the five (5) Ex-officio Directors serves as a director of the corporation for so long as such person holds his or her respective elected or appointed office in their respective Founding Member organization. Directors serve three-year terms and are limited to three consecutive terms. After an absence of at least one (1) year, Ex-officio Directors are again eligible for appointment to the Board of Directors for two consecutive complete terms.

CareAlliance is the sole corporate member and, through its By-Laws, has the power to control the financial and business affairs of the following organizations:

- Roper Hospital, Inc. (“Roper Hospital”)

- Bon Secours — St Francis Xavier Hospital, Inc (“St Francis”)
- Roper St Francis Mount Pleasant Hospital, Inc (“Mount Pleasant”)
- Roper St Francis Foundation (“Foundation”)
- Roper St Francis Physicians Network (“Physician Partners”)

Mount Pleasant is a new 85-bed acute care hospital located in Mount Pleasant, South Carolina. CareAlliance began construction of the new Mount Pleasant hospital in 2008. Construction was completed and the hospital opened in November 2010.

CareAlliance, Roper Hospital, St Francis, Mount Pleasant, Foundation, and the Physician Partners are not-for-profit organizations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal and state income taxes.

During 2011, CareAlliance sold a 49.5% noncontrolling interest in the Lowcountry Surgery Center LLC (d/b/a Roper St Francis Eye Surgery Center) (LSC) to participating physicians. Operations at the LSC did not begin until 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation — The consolidated financial statements have been prepared under the accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP) as set forth in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

Principles of Consolidation — The consolidated financial statements of CareAlliance include the accounts of CareAlliance, Roper Hospital (and subsidiaries), St Francis (and subsidiaries), Mount Pleasant, the Foundation, Physician Partners, and LSC.

Use of Estimates — The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions are used for, but not limited to, recognition of net patient service revenue, valuation of accounts receivable, including contractual allowances and provisions for doubtful accounts, liabilities for losses and expenses related to employee health care, workers compensation, and professional and general liability risks, valuation of investments and derivative instruments, depreciation of property and equipment, and estimated third-party settlements. Future events and their effects cannot be predicted with certainty; accordingly, management’s accounting estimates require the exercise of judgment. The accounting estimates used in the preparation of the accompanying consolidated financial statements will change as new events occur, as more experience is acquired, as additional information is obtained and as the operating environment changes. Management regularly evaluates the accounting policies and estimates it uses. In general, management relies on historical experience and on other assumptions believed to be reasonable under the circumstances, and may employ outside experts to assist in the evaluation, as considered necessary. Although management believes all adjustments considered necessary for fair presentation have been included, actual results may vary from those estimates.

Cash and Cash Equivalents — For purposes of the consolidated statements of cash flows, CareAlliance considers all highly liquid investments with an original maturity of three months or less at the time of purchase to be cash equivalents, excluding amounts included in investments and assets limited as to use. At December 31, 2011 and 2010, cash and cash equivalents include a compensating balance of approximately \$4,776,000 and \$4,759,000, respectively, held on deposit with a bank to secure a portion of CareAlliance's other long-term debt.

Receivables — Receivables are reported at the net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Inventories — Inventories are stated at the lower of cost (first-in, first-out method) or market.

Property and Equipment — Property and equipment is stated at cost or, in the case of donated property, at fair market value at the time of donation. Property and equipment held for sale is stated at the lower of cost or fair value. Assets are depreciated using the straight-line method over their estimated useful lives. Expenditures that materially increase values, change capacities, or extend useful lives are capitalized. Routine maintenance, repairs, and replacements are charged to expense when incurred.

CareAlliance capitalizes purchased software that is ready for service and software development costs incurred on significant projects starting from the time that the preliminary project stage is completed and management commits to funding a project until the project is substantially complete and the software is ready for its intended use. Capitalized costs include direct material and service costs and payroll and payroll-related costs. Training and maintenance costs related to software development are expensed as incurred. Capitalized software costs are amortized using the straight-line method over the estimated useful life of the underlying system.

The following is a summary of the estimated useful lives used in computing depreciation:

Buildings	40 years
Building improvements	5–20 years
Equipment and software	3–20 years

Long-Term Investments and Assets Limited as to Use — Long-term investments, including investments classified as assets limited as to use, consist of debt and equity securities held in common collective trust funds, other debt and equity securities and money market funds, and investments in limited partnerships. Investments in common collective trust funds, equity securities with readily determinable fair values, and all investments in debt securities and money market funds are classified as trading securities and measured at fair value at the balance sheet date. Management determined that the trading security category is appropriate based on CareAlliance's investment strategy and policies. Investment managers may execute individual purchases and sales of investments without prior approval from CareAlliance as long as they

comply with CareAlliance's investment strategy and policies. Investment gains or losses on trading securities are included in the (deficit) excess of revenues over expenses, unless the income or loss is restricted by donor or laws.

CareAlliance has elected the fair value option to account for its investments in limited partnerships, which are not readily marketable and are less liquid than CareAlliance's other investments. Management determined the fair value option is appropriate based on CareAlliance's investment strategy and policies with respect to investments in limited partnerships. Management estimates the fair value of its investments in limited partnerships based on information provided by the fund managers. Investment income or loss from investments in limited partnerships is included in the (deficit) excess of revenues over expenses.

Assets limited as to use primarily include assets held by trustees under indenture agreements and designated net assets set aside by the Board of Directors for future capital improvements, over which the Board of Directors retains control and may at its discretion subsequently use for other purposes. The Board of Directors approved the reclassification of net assets designated for funded depreciation from assets limited as to use to long-term investments during 2010.

Short-Term Investments — Short-term investments consist of marketable debt securities, which are intended to be used to meet current liabilities, and, therefore, are reported as current assets in the consolidated balance sheets. Gains and losses on short-term investments are included in the excess of revenues over expenses.

Other Assets — Other assets consist primarily of deferred financing costs incurred during the issuance of revenue bonds, temporarily and permanently restricted assets of the Foundation, and goodwill. Goodwill represents acquisition costs in excess of the fair value of the net identifiable tangible and intangible assets of businesses purchased. Goodwill was \$16,432,000 as of December 31, 2011 and 2010. Effective January 1, 2010, CareAlliance adopted the FASB's amendments to accounting for goodwill by not-for-profit entities. The new guidance requires that CareAlliance subject goodwill to an impairment evaluation on an annual basis thereafter, or more frequently if events or circumstances indicate that assets might be impaired. There was no impairment of goodwill as of or during the years ended December 31, 2011 and 2010.

Contribution Accrued to Members — In accordance with its By-Laws and the terms of the affiliation agreement between its Founding Members, CareAlliance is required to make annual cash contributions to its members, in accordance with their respective membership interest percentages, equal to 50% of System Free Cash Flow as defined in CareAlliance's By-Laws. The determination of System Free Cash Flow and the timing of related cash contributions have been adjusted from time to time by mutual agreement of CareAlliance and its Founding Members. During 2005, the Founding Members agreed to fund \$25,000,000 of the Mount Pleasant hospital facility costs through reductions in System Free Cash Flow contributions, of which \$21,666,000 has been funded through reductions of \$3,333,000, \$3,333,000, \$7,210,000, \$2,790,000, and \$5,000,000 for the years ended December 31, 2011, 2010, 2009, 2008, and 2007, respectively. The remaining \$3,334,000 will be funded through reductions in future System Free Cash Flow distributions through December 31, 2012. During February 2010, the Founding Members agreed via resolution that MSSC will defer any annual contributions above \$12,600,000 beginning in 2010. Such deferrals will continue until CareAlliance achieves

certain balance sheet targets, at which time the cumulative amount of deferred contributions will be payable to MSSC with interest at a rate of 7% per annum. Payments of deferred contributions and related accrued interest are contingent upon CareAlliance maintaining certain liquidity targets. As of December 31, 2011, CareAlliance has recorded a liability for the contribution payable to members of \$14,421,000 related to the System Free Cash Flow for the year ended December 31, 2011.

Derivative Financial Instruments — CareAlliance uses derivative financial instruments primarily to manage its exposure to movements in interest rates. Interest rate swaps are contractual agreements between two parties for the exchange of interest payments on a notional principal amount at agreed-upon fixed or floating rates, for defined periods. Interest rate swaps are stated at fair value in the accompanying consolidated balance sheets, with the change in fair value recorded as realized gains (losses) and included in nonoperating (losses) gains in the accompanying consolidated statements of operations. CareAlliance does not enter into derivative financial instruments for trading purposes.

Donor-Restricted Gifts — Unconditional promises to give cash and other assets to CareAlliance are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported as other revenue in the consolidated statements of operations. Donor-restricted contributions whose restrictions are met within the same year are reported as unrestricted support and are included in other revenue in the consolidated statements of operations.

Net Assets — CareAlliance has three net asset groups as follows:

Unrestricted — Unrestricted net assets consist of all resources of CareAlliance that have no donor-imposed restrictions. Certain of these resources have been designated by CareAlliance's Board of Directors to serve certain long-term program objectives of CareAlliance, or have been limited by contractual agreements with outside parties. These assets are included with assets limited as to use.

Temporarily Restricted — Temporarily restricted net assets consist of contributions and related investment income for which CareAlliance's use is limited through externally imposed stipulations as to a specific time or purpose.

Permanently Restricted — Permanently restricted net assets consist of contributions and related investment income restricted by donors to be maintained by CareAlliance in perpetuity. The portion of a donor-restricted endowment fund that is classified as permanently restricted is not reduced by losses on investments in the fund, except to the extent required by the donor, including losses related to specific investments that the donor requires the organization to hold. Investment income from donor-restricted endowment funds that is not permanently restricted is classified as temporarily restricted until appropriated for expenditure by CareAlliance. Losses on the investments of donor-restricted endowment funds are recorded as a reduction of

temporarily restricted net assets to the extent that donor-imposed temporary restrictions on net appreciation of the fund have not been met before the loss occurs. Any remaining losses reduce unrestricted net assets and are excluded from the excess of revenues over expenses. Gains that restore the fair value of the assets of the endowment fund to the required level are classified as increases in unrestricted net assets and are excluded from the excess of revenues over expenses.

Net Patient Service Revenue — Net patient service revenue is reported at the estimated net realizable amounts due from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Charity Care — CareAlliance provides care to patients who meet certain criteria under its charity care policies without charge or at amounts less than its established rates. Because CareAlliance does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. CareAlliance estimates the direct and indirect costs of providing charity care using a calculated ratio of costs to gross charges for each facility.

Operating Income — Transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as income from operations. Peripheral or incidental transactions are reported as nonoperating gains and losses.

(Deficit) Excess of Revenues over Expenses — The consolidated statements of operations include (deficit) excess of revenues over expenses. Changes in unrestricted net assets, which are excluded from (deficit) excess of revenues over expenses, consistent with industry practice, include contributions restricted for purchases of property and equipment and permanent transfers of assets to and from affiliates for other than goods and services.

Income Taxes — CareAlliance, Roper Hospital, St. Francis, Mount Pleasant, the Foundation, and Physician Partners are not-for-profit organizations as described in Section 501(c)(3) of the Internal Revenue Code and are generally exempt from federal and state income taxes. The LSC is a limited liability company. Under current laws, income or loss of limited liability companies is included in the income tax returns of the members. Accordingly, no provision for income taxes is made in the consolidated financial statements.

Although CareAlliance is generally exempt from federal and state income taxes, it evaluates whether there are any uncertain tax positions that fail to meet the more-likely-than-not threshold for recognition in the consolidated financial statements. Uncertain tax positions may include the characterization of income, such as a characterization of income as passive, a decision to exclude reporting taxable income in a tax return, or a decision to classify a transaction, entity, or other position in a tax return as tax exempt. The tax benefit from an uncertain tax position is recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. CareAlliance had no unrecognized tax positions as of December 31, 2011 and 2010, and does not expect that unrecognized tax benefits will materially increase within the next 12 months. Tax years from 2008 through 2010 are subject to examination by the federal and state taxing authorities, respectively. There are no income tax examinations currently in process.

Interest and penalties related to uncertain tax positions, if any, would be recognized in the consolidated financial statements as income tax expense

Fair Value of Financial Instruments — See Note 15 for classification of the CareAlliance's financial assets and liabilities accounted for at fair value

Risks and Uncertainties — CareAlliance's investments consist of various combinations of equity securities, fixed income securities, money market funds, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect CareAlliance's investment balances reported in the consolidated balance sheets.

The Patient Protection and Affordable Care Act (PPACA), was signed into law on March 23, 2010. In addition, the Health Care and Education Affordability Reconciliation Act ("Reconciliation Act"), which contains a number of amendments to PPACA, was signed into law on March 30, 2010. These health care bills (collectively, the "Reform Legislation") seek to increase the number of persons with access to health insurance in the United States by requiring substantially all U.S. citizens to maintain medical insurance coverage. The Reform Legislation also provides for material reductions in the growth of Medicare program spending, including reductions in Medicare market basket updates and Medicare disproportionate share hospital (DSH) funding. From time to time, CMS revises the reimbursement systems used to reimburse health care providers, which may include additional changes to the Medicare Severity-Diagnosis Related Group system and other payment systems. These changes may result in reduced Medicare payments.

The Reform Legislation also includes provisions aimed at reducing fraud, waste, and abuse in the health care industry. These provisions allocate significant additional resources to federal enforcement agencies and expand the use of private contractors to recover potentially inappropriate Medicare and Medicaid payments. The Reform Legislation amends several existing federal laws, including the Medicare Anti-Kickback Statute and the False Claims Act, making it easier for government agencies and private plaintiffs to prevail in lawsuits brought against health care providers. These amendments also make it easier for potentially severe fines and penalties to be imposed on health care providers accused of violating applicable laws and regulations.

Management cannot predict the impact the Reform Legislation may have on CareAlliance's consolidated financial position, results of operations, or cash flows.

Subsequent Events — CareAlliance has evaluated subsequent events from the end of the most recent fiscal year through May 25, 2012, the date the consolidated financial statements were issued.

Adoption of New Accounting Guidance — In August 2010, the FASB issued amendments to the accounting guidance for the presentation of insurance claims and related insurance recoveries for health care entities effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. The new guidance clarifies that a health care entity

should present insurance claims and insurance recoveries on a gross basis rather than offsetting such amounts against each other for financial reporting purposes. The adoption of this guidance did not have a material impact on CareAlliance's consolidated financial statements.

In August 2010, the FASB issued amendments to the guidance on measuring charity care for disclosure purposes. The new guidance requires that cost be used as the measurement basis for charity care disclosure purposes and that cost be identified as the direct and indirect costs of providing the charity care. The new guidance also requires disclosure of the method used to identify or determine such costs. These amendments are effective for fiscal years beginning after December 15, 2010, and must be applied retrospectively to all periods presented. The adoption of this guidance was limited to the form and content of disclosures, and did not have a material effect on CareAlliance's consolidated financial statements.

Recently Issued Accounting Guidance — In April 2011, the FASB issued amendments to the fair value measurement guidance. The new guidance results in common fair value measurement and disclosure requirements in U.S. GAAP and International Financial Reporting Standards (IFRS). Consequently, the amendments change the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. Some of the amendments clarify the FASB's intent about the application of existing fair value measurement requirements. Other amendments change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. The new guidance is effective for fiscal years beginning after December 15, 2011. CareAlliance has not determined the impact on its consolidated financial statements from the adoption of these amendments.

In July 2011, the FASB issued amendments to the presentation and disclosure guidance related to patient service revenue, the provision for bad debts, and the allowance for doubtful accounts for certain health care entities. The amendments require entities to present patient service revenue net of its provision for bad debts instead of showing bad debts as an operating expense in the statement of operations. The new guidance is effective for fiscal years beginning after December 15, 2011. CareAlliance has not determined the impact on its consolidated financial statements from the adoption of these amendments.

3. CHARITY CARE

In accordance with CareAlliance's mission to improve the health of its communities, CareAlliance facilities accept patients regardless of their ability to pay. CareAlliance offers financial assistance to patients who meet established financial assistance guidelines. Patients with an annual income of 399% or less of the federal poverty guidelines may be eligible for charity adjustments. CareAlliance offers Medical Indigency Adjustments for patients whose medical expenses outweigh their ability to pay, constituting a financial hardship. CareAlliance also offers flexible payment plans, charity adjustments to patients who are homeless, and discounts for uninsured patients who do not qualify for its charity care program.

The estimated cost of traditional charity care provided by CareAlliance under its charity care policy was \$37,778,000 and \$33,516,000 for the years ended December 31, 2011 and 2010, respectively.

In addition to traditional charity care, management estimates the unpaid cost of services provided under the Medicaid program to be \$7,180,000 and \$4,777,000 for the years ended December 31, 2011 and 2010, respectively. CareAlliance also provides community benefit programs and services for the general community, mainly for indigent patients but also for people with chronic health risks. Examples of these programs include health promotion and education, free clinics and screenings, and other community services. Management estimates the unreimbursed costs of community benefit programs and services to be \$9,551,000 and \$9,019,000 for the years ended December 31, 2011 and 2010, respectively.

4. NET PATIENT SERVICE REVENUE

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

Medicare and Medicaid — Inpatient acute care services rendered to program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient nonacute care services, certain outpatient services, and defined capital and medical education costs related to beneficiaries are paid based on a cost reimbursement methodology. Outpatient services are paid at prospectively determined rates. CareAlliance is reimbursed for cost-reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by CareAlliance and audits thereof by the fiscal intermediary. CareAlliance's cost reports have been audited by the Medicare intermediary through December 31, 2006.

Other — CareAlliance has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payments to CareAlliance under these agreements includes prospectively determined rates per day or discharge and discounts from established charges.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Final determination of amounts due from Medicare and Medicaid programs is subject to review by these programs. Changes resulting from final determination are reflected as changes in estimates, generally in the year of determination. In the opinion of management, adequate provision has been made for adjustments, if any, that may result from such reviews. Net patient service revenue increased by approximately \$8,646,000 and \$5,507,000 for the years ended December 31, 2011 and 2010, respectively, due to the effect of settlement adjustments. There were no settlements with commercial payors during the years ended December 31, 2011 and 2010. During the years ended December 31, 2011 and 2010, CareAlliance established liabilities of \$357,000 and \$2,260,000, respectively, for estimated future settlements related to net patient service revenue recognized during those years. These liabilities are included in accrued expenses in the accompanying consolidated balance sheets.

During 2006, the state of South Carolina (the “State”) implemented changes to the method of funding the Medicaid disproportionate share and upper payment limit programs. Under the new plan, providers are assessed a quarterly tax and receive periodic Medicaid disproportionate share and upper payment limit payments from the State. The tax assessment was \$15,333,000 and \$14,271,000 for the years ended December 31, 2011 and 2010, respectively, and is recorded as an operating expense in the accompanying consolidated statements of operations. CareAlliance received approximately \$19,733,000 and \$17,241,000 of disproportionate share and upper payment limit payments from the State in 2011 and 2010, respectively. Funds received under the upper payment limit program may be subject to a retroactive settlement process. Management continues to evaluate the settlement process related to the upper payment limit payment program and has recorded adequate liabilities as of December 31, 2011 and 2010, in accrued expenses in the accompanying consolidated balance sheets. Future receipts of the Medicaid disproportionate share and supplemental payment program reimbursement are not guaranteed.

Payments received or to be received under these and other payment arrangements with third-party payors were less than amounts due at established rates by approximately \$1,260,044,000 and \$1,086,294,000 for the years ended December 31, 2011 and 2010, respectively.

5. INVESTMENTS AND ASSETS LIMITED AS TO USE

Investments and assets limited as to use as of December 31, 2011 and 2010, are summarized as follows:

	2011	2010
Marketable equity securities	\$ 15,162,000	\$ 22,611,000
Debt securities — short-term investments	18,040,000	3,093,000
Debt securities — self-insurance trust	1,006,000	1,007,000
Bond trustee held funds — guaranteed investment contract	8,947,000	8,795,000
Investments in common collective trust funds		
Marketable domestic equity securities	38,866,000	66,122,000
Marketable international equity securities	26,530,000	33,877,000
Marketable debt securities	33,341,000	35,001,000
Investments in limited partnerships		
Private real estate fund	12,001,000	9,629,000
Private hedge fund	19,252,000	19,970,000
Total	<u>\$ 173,145,000</u>	<u>\$ 200,105,000</u>

The investments were included in the captions in the consolidated balance sheets as of December 31, 2011 and 2010, as follows

	2011	2010
Short-term investments	<u>\$ 18,040,000</u>	<u>\$ 3,093,000</u>
Long-term investments	<u>134,626,000</u>	<u>177,983,000</u>
Assets limited as to use		
Board designated — self-insured trust	1,006,000	1,007,000
Bond trustee held funds	<u>8,947,000</u>	<u>8,795,000</u>
Total assets limited as to use	<u>9,953,000</u>	<u>9,802,000</u>
Other assets	<u>10,526,000</u>	<u>9,227,000</u>
Total	<u>\$ 173,145,000</u>	<u>\$ 200,105,000</u>

Investment income from long-term investments and assets limited as to use for the years ended December 31, 2011 and 2010, consists of the following

	2011	2010
Interest and dividend income — net of investment fees	\$ 3,183,000	\$ 1,568,000
Net realized gains on sales of investments	14,417,000	3,480,000
Net change in unrealized gains on investments	<u>(18,723,000)</u>	<u>16,105,000</u>
Total investment (losses) gains — net	<u>\$ (1,123,000)</u>	<u>\$ 21,153,000</u>

CareAlliance had no unfunded commitments with respect to these funds as of December 31, 2011 and 2010

6. PROPERTY AND EQUIPMENT

A summary of property and equipment as of December 31, 2011 and 2010, is as follows

	2011	2010
Land	\$ 37,370,000	\$ 36,953,000
Land improvements	8,928,000	8,748,000
Buildings and improvements	473,787,000	458,451,000
Equipment	271,344,000	258,186,000
Leased equipment under capital lease obligations	<u>14,205,000</u>	<u>13,760,000</u>
	805,634,000	776,098,000
Less accumulated depreciation	<u>323,987,000</u>	<u>288,940,000</u>
	481,647,000	487,158,000
Construction in progress	<u>16,863,000</u>	<u>11,011,000</u>
Total property and equipment — net	<u>\$498,510,000</u>	<u>\$498,169,000</u>

Depreciation expense and capital lease-related amortization expense for the years ended December 31, 2011 and 2010, amounted to approximately \$46,877,000 and \$37,454,000, respectively. Accumulated amortization for equipment under capital lease obligations as of December 31, 2011 and 2010, was \$8,178,000 and \$5,197,000, respectively.

In July 2009, Roper Hospital entered into an agreement with RSFH West Ashley Cancer Center, LLC (WACC) to lease a portion of a medical office building (WACC MOB) located on the St. Francis campus. CareAlliance owns a 22.22% interest in WACC that is accounted for under the equity method and has guaranteed a portion of WACC's construction loan up to 200% of its equity investment in WACC. CareAlliance's equity method investment in WACC was \$297,000 and \$464,000 as of December 31, 2011 and 2010, respectively, and is included in other assets in the consolidated balance sheets. CareAlliance has determined that it is the deemed owner of the WACC MOB under GAAP due to its ownership interest in and continuing involvement with WACC. Accordingly, CareAlliance recorded an asset (included in property and equipment — net) and a corresponding liability (included in other liabilities) for the cost of construction of the WACC MOB amounting to \$16,971,000 and \$17,419,000 at December 31, 2011 and 2010, respectively. Construction of the WACC MOB was completed in 2010.

In June 2011, CareAlliance entered into an agreement with MSSC related to the relocation of CareAlliance's existing data facilities to the land owned by MSSC in the city of North Charleston, South Carolina. MSSC has agreed to borrow up to \$18,000,000 for the acquisition of the land and construction and equipping of the new data center to be leased to CareAlliance upon completion. CareAlliance has determined that it is the deemed owner of the data center.

under GAAP due to its involvement in the construction of the asset. Accordingly, CareAlliance recorded an asset (included in property and equipment — net) and a corresponding liability (included in other liabilities) for the cost of the land and construction of the data center amounting to \$4,207,000 at December 31, 2011. Construction of the data center is expected to be completed in early 2013.

7. ACCRUED LIABILITIES

Accrued liabilities as of December 31, 2011 and 2010, consist of the following

	2011	2010
Accrued compensation	\$43,228,000	\$37,094,000
Self-insurance liabilities	10,658,000	9,752,000
Interest	2,723,000	3,390,000
Estimated third-party liabilities	10,238,000	16,372,000
Other accrued liabilities	<u>1,511,000</u>	<u>1,504,000</u>
Total accrued expenses	<u>\$68,358,000</u>	<u>\$68,112,000</u>

8. LONG-TERM DEBT

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

	2011	2010
Tax-Exempt Fixed Rate Serial Bonds ("Series 1999A"), bearing interest at a rate of 5.125%, maturing in 2015 and 2016	\$ 13,165,000	\$ 35,965,000
Tax-Exempt Fixed Rate Term Bonds ("Series 1999A"), bearing interest at a rate of 5.00%, maturing in 2020 through 2028	49,200,000	71,565,000
Tax-Exempt Variable Rate Bonds ("Series 1999B"), bearing interest at an auction rate of 1.65% at December 31, 2011, maturing in 2021 through 2028	1,125,000	3,075,000
Tax-Exempt Fixed Rate Serial Bonds ("Series 2004A"), bearing interest at rates ranging from 4.25%–5.50%, maturing through 2013	3,870,000	5,940,000
Tax-Exempt Variable Rate Direct Purchase Bonds ("Series 2004B-1"), bearing interest at a rate of 1.03% at December 31, 2011, maturing through 2030	20,475,000	20,475,000
Tax-Exempt Fixed Rate Term Bonds ("Series 2004B-1"), bearing interest at rates ranging from 4.40%–4.50%, maturing in 2010 through 2024	32,410,000	33,235,000
Tax-Exempt Variable Rate Demand Bonds ("Series 2004B-2"), bearing interest at a rate of .05% at December 31, 2011, maturing through 2033	19,000,000	19,000,000
Tax-Exempt Fixed Rate Serial Bonds ("Series 2007A"), bearing interest at a rate of 5.0%, maturing in 2010 through 2017	30,620,000	36,170,000
Tax-Exempt Variable Rate Direct Purchase Bonds ("Series 2007B"), bearing interest at a rate of 1.03% at December 31, 2011, maturing through 2037	80,000,000	80,000,000
Tax-Exempt Variable Rate Revenue Note ("Series 2009"), bearing interest at an adjusted LIBOR rate of 2.26% at December 31, 2011, maturing in 2014	9,687,000	10,937,000
Tax-Exempt Variable Rate Revenue Note ("Series 2010"), bearing interest at an adjusted LIBOR rate of 1.47% at December 31, 2011, maturing in 2021	30,000,000	30,000,000
Tax-Exempt Fixed Rate Serial Bonds ("Series 2011"), bearing interest rates ranging from 1.70%–2.74%, maturing in 2012 through 2019	39,855,000	
Other long-term debt	<u>10,856,000</u>	<u>14,454,000</u>
	340,263,000	360,816,000
Less unamortized discount	(271,000)	(287,000)
Plus unamortized premium	<u>2,142,000</u>	<u>2,591,000</u>
	342,134,000	363,120,000
Less current maturities	<u>(18,844,000)</u>	<u>(19,176,000)</u>
Total long-term debt — net	<u>\$ 323,290,000</u>	<u>\$ 343,944,000</u>

Revenue Bonds — On November 4, 2011, CareAlliance purchased \$1,950,000 of the outstanding Series 1999B bonds, resulting in a loss on extinguishment of debt of \$368,000

On August 31, 2011, the South Carolina Jobs — Economic Development Authority (the "Authority") issued \$39,855,000 Series 2011 tax-exempt fixed rate revenue bonds pursuant to a Note Purchase and Loan Agreement dated August 1, 2011, among the Authority, Wells Fargo Bank, and CareAlliance. The bond proceeds were used for the purpose of refunding that portion of the \$145,910,000 Charleston County, South Carolina Revenue Bonds, Series 1999A maturing on August 15 in the years 2012, 2013, 2014, and 2019. As a result of this refinancing, CareAlliance recorded a loss on extinguishment of debt of \$642,000.

On February 3, 2011, CareAlliance converted \$20,475,000 of the Series 2004B-1 bonds and \$80,000,000 of the Series 2007B bonds from variable rate demand bonds to direct purchase bonds. As a result of the conversions to a bank rate mode, CareAlliance recorded a loss on extinguishment of debt of \$350,000.

On February 3, 2011, the irrevocable, standby letter of credit agreement with a financial institution to provide credit and liquidity support for the Series 2004B-2 bonds was restated and amended. The amended letter of credit expires in February 2014, and is subject to extension at the option of the financial institution. In the event that any or all of the bonds are tendered for purchase and cannot be remarketed, the letter of credit provides that the financial institution will provide funds to purchase the unremarketed bonds. Bonds purchased with letter of credit funds bear interest during a 120-day remarketing period at a variable rate equal to the Prime Rate per annum during the first 90 days, and at the Prime Rate, plus two percent (2%) per annum for days 91 through 120. Bonds that are not remarketed after 120 days (the "Term Loan Conversion Date") convert to a term loan payable to the financial institution with interest at a variable rate equal to the Prime Rate, plus two percent (2%) per annum. Principal payments are due in 24 equal monthly installments commencing on the first day of the month beginning 367 days after the Term Loan Conversion Date. The letter of credit has a fee of 88 basis points per annum based on the available commitment and is generally subject to the same financial and operating covenants provisions contained in the Master Trust Indenture, however, the letter of credit requires the Obligated Group to maintain a debt service coverage ratio of 1.75 to 1.0. CareAlliance was in compliance with all such provisions as of December 31, 2011. In the event that the letter of credit is not extended or replaced prior to expiration, the Master Trust Indenture provides for mandatory tender of the bonds.

On August 10, 2010, the Authority issued a \$30,000,000 Series 2010 tax-exempt variable rate revenue note pursuant to a Note Purchase and Loan Agreement dated August 1, 2010, among the Authority, Branch Banking and Trust Company, and CareAlliance. The note proceeds were loaned to CareAlliance for the purpose of partially refunding the \$41,450,000 Charleston County, South Carolina (the "County") Variable Rate Demand Bonds, Series 1999B (CareAlliance Health Services). The loan bears interest at the Adjusted London InterBank Offered Rate (LIBOR). All outstanding principal and interest are due in full at maturity on August 15, 2021. As a result of this refinancing, CareAlliance recorded a gain on extinguishment of debt of \$2,276,000.

On September 1, 2009, the Authority issued a \$12,500,000 Series 2009 tax-exempt variable rate revenue note pursuant to a Note Purchase and Loan Agreement dated September 1, 2009, among the Authority, Branch Banking and Trust Company, and CareAlliance. The note proceeds were loaned to the CareAlliance, Roper Hospital, St. Francis, and Mount Pleasant (the "Obligated Group") for the purpose of expanding Physician Partners through the acquisition of the assets of Lowcountry Medical Associates. The note bears interest at a variable rate based on LIBOR, with a minimum rate of 2.26%. The principal is payable in fixed monthly installments of \$104,000. All outstanding principal and interest are due in full at maturity on September 15, 2014.

On November 1, 2007, the Authority issued \$130,000,000 of revenue bonds, Series 2007A and 2007B. The bond proceeds were loaned to the Obligated Group for the acquisition, constructing, and equipping of the new 85-bed Mount Pleasant hospital facility in Mount Pleasant, South Carolina.

On July 1, 2004, the County issued \$99,480,000 of Revenue Bonds, Series 2004A, 2004B-1, and 2004B-2. The bond proceeds were loaned to the Obligated Group for construction of a patient care tower and a parking garage at Roper Hospital. The Series 2004B-1 Bonds are subject to mandatory sinking fund payments beginning in 2010. The Series 2004B-2 Bonds are subject to mandatory sinking fund payments beginning in 2030.

On January 26, 1999, the County issued \$187,360,000 of Revenue Bonds, Series 1999A and 1999B. The bond proceeds were loaned to the Obligated Group for hospital construction projects and the defeasance of the outstanding long-term debt of members of the Obligated Group. The Series 1999A term bonds of \$49,200,000 at December 31, 2011, are subject to mandatory sinking fund payments beginning in 2020. The term bonds maturing after 2011 may be redeemed on certain dates prior to maturity at premiums ranging up to 1%. The Series 1999B bonds of \$1,125,000 and \$3,075,000 at December 31, 2011 and 2010, respectively, are subject to mandatory sinking fund payments beginning in 2021 and bear interest at auction rates not to exceed 150% of the index rate on AA rated commercial paper.

All of the bonds outstanding at December 31, 2011 and 2010, are governed by a Master Trust Indenture (the "Master Indenture") and related agreements. Each member of the Obligated Group is jointly and severally liable for the obligation. The bonds are collateralized by a pledge of the Obligated Group's gross revenue and the funds and accounts established under the Master Indenture. Additionally, the periodic payment of interest and principal is unconditionally guaranteed through municipal bond insurance for all obligations, with the exception of the Series 2004A bonds. Among other financial covenants, the Master Indenture requires the Obligated Group to maintain a debt service coverage ratio of not less than 1.1 to 1.0. The Supplemental Master Indenture for the Series 2007A and 2007B bonds (the "2007 Bonds") requires the Obligated Group to maintain a debt service coverage ratio of 1.25 to 1.0. In addition, the supplemental master indentures for each bond series contain certain provisions which provide for establishment of reserve funds, funded by CareAlliance, and collateralization of the bonds through CareAlliance's property and equipment in the event that certain minimum financial covenants and credit ratings are not maintained. The Obligated Group was in compliance with all such provisions of the Master Indenture and related agreements as of and during the year ended December 31, 2011. The net assets of the Obligated Group are in excess of 90% of the net assets of CareAlliance.

The Series 1999A and 1999B, and Series 2004A and 2004B bonds are limited obligations of the County, payable by the County solely from the loan repayments to be made by the Obligated Group. The Series 2007A, 2007B, and 2011 bonds are limited obligations of the Authority, payable by the Authority solely from the loan repayments of the Obligated Group.

Other Long-Term Debt — Other long-term debt consists of notes payable and various capital lease obligations. At December 31, 2011 and 2010, notes payable consists of a 6.3% note payable and a variable rate term loan totaling \$4,804,000 and \$6,167,000, respectively. At

December 31, 2011 and 2010, capital lease obligations, which are collateralized by leased equipment, amount to \$6,052,000 and \$8,287,000, respectively, at an interest rate of approximately 6% CareAlliance's capital lease obligations expire in 2012 through 2016

Scheduled maturities of all long-term debt as of December 31, 2011, are as follows

Years Ending December 31	
2012	\$ 18,844,000
2013	18,757,000
2014	24,309,000
2015	18,689,000
2016	17,998,000
Thereafter	<u>241,666,000</u>
Total	<u>\$ 340,263,000</u>

During 2011, CareAlliance capitalized no interest costs related to borrowings for capital projects During 2010, CareAlliance capitalized \$2,322,000 of interest costs related to borrowings for capital projects, offset by \$162,000 of investment income earned on trustee-held funds

9. DERIVATIVE FINANCIAL INSTRUMENTS

During 2004, CareAlliance entered into an interest rate hedge related to \$19,000,000 of its variable rate debt The effect of this hedge is to convert the variable rate of this amount of the debt to a fixed rate of 3.81% At December 31, 2011 and 2010, the fair value of the hedge was \$(6,535,000) and \$(3,385,000), respectively, and is recorded in other liabilities in the accompanying consolidated balance sheets

During 2006, CareAlliance entered into an interest rate hedge related to \$80,000,000 of the \$130,000,000 debt issued in 2007 The effect of this hedge is to convert the variable rate of this amount of the debt to a fixed rate of 3.56% At December 31, 2011 and 2010, the fair value of the hedge was \$(26,487,000) and \$(10,781,000), respectively, and is recorded in other liabilities in the accompanying consolidated balance sheets

During 2010, CareAlliance entered into an interest rate hedge related to the \$30,000,000 debt issued in 2010 The effect of this hedge is to convert the variable rate of this amount of the debt to a fixed rate of 3.06% At December 31, 2011 and 2010, the fair value of the hedge was \$(1,448,000) and \$428,000, respectively, and is recorded in other liabilities in the accompanying consolidated balance sheets

During 2011, CareAlliance entered into interest rate hedges related to the outstanding fixed rate bonds series 1999A, 2004 B-1, and 2007A The effect of these hedges is to retain the basis risk between paying a tax-exempt floating rate (SIFMA) and receiving a taxable rate (LIBOR) through a basis swap At December 31, 2011, the fair value of these hedges was \$(847,000) and is recorded in other liabilities in the accompanying consolidated balance sheet

The change in fair value of interest rate hedges for the years ended December 31, 2011 and 2010, was \$(21,578,000) and \$(4,348,000), and is recorded as a realized loss and included within nonoperating (losses) gains in the accompanying consolidated statements of operations for the years ended December 31, 2011 and 2010, respectively

Payments of fixed rate interest to be made by CareAlliance under its interest rate hedges are insured by financial guaranty insurance policies issued by Assured Guaranty Ltd (AG). CareAlliance's interest rate hedge agreements contain provisions that require CareAlliance's debt to maintain certain credit ratings from Standard & Poor's Rating Group (S&P) and Moody's Investors Services, Inc ("Moody's"). If the credit ratings for CareAlliance's debt were to fall below "BBB-" for S&P or "Baa3" for Moody's, it would be in violation of these provisions, and the counterparties to the interest rate hedges could demand settlement of the interest rate hedges. In addition, the interest rate hedge agreements contain provisions that require AG to maintain a credit rating of "A-" or higher from S&P or "A3" or higher from Moody's. If AG's credit rating were to fall below these levels, then the counterparties to the interest rate hedges could require CareAlliance to post collateral on interest rate hedges in a net liability position in excess of certain thresholds that are determined based on the credit ratings for CareAlliance's debt. The threshold in effect for each interest rate hedge agreement as of December 31, 2011, is \$5,000,000 based on CareAlliance's credit rating as of December 31, 2011. CareAlliance was not required to post collateral on any of its interest rate hedge agreements as of December 31, 2011 or 2010, based on AG's credit ratings as of those dates.

10. LEASE OBLIGATIONS

CareAlliance leases various equipment and buildings used in its operations. Future lease payments on operating leases that have initial or remaining noncancelable lease terms in excess of one year as of December 31, 2011, are as follows:

Years Ending December 31	Operating Leases	WACC MOB	Total
2012	\$ 13,313,000	\$ 916,000	\$ 14,229,000
2013	10,205,000	916,000	11,121,000
2014	7,798,000	916,000	8,714,000
2015	5,470,000	916,000	6,386,000
2016	4,797,000	916,000	5,713,000
Thereafter	<u>63,703,000</u>	<u>10,834,000</u>	<u>74,537,000</u>
Total minimum future rentals	<u>\$ 105,286,000</u>	<u>\$ 15,414,000</u>	<u>\$ 120,700,000</u>

Rent expense for building space for the years ended December 31, 2011 and 2010, was approximately \$15,390,000 and \$13,472,000, respectively.

The future operating lease payments above include approximately \$13,553,000 payable to MSSC under a 10-year master lease for medical office building space that began in fiscal 2010.

CareAlliance also leases office space to physicians. The rental income from these leases for the years ended December 31, 2011 and 2010, was approximately \$1,731,000 and \$1,764,000, respectively, and is included in other nonoperating income in the consolidated statements of operations.

11. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2011 and 2010, are available for the following purposes:

	2011	2010
Building and equipment	\$4,457,000	\$4,019,000
Indigent care	89,000	155,000
Hospital service lines	1,125,000	939,000
Education	810,000	795,000
Community health improvement	731,000	396,000
Sponsorships	<u>309,000</u>	<u>312,000</u>
Total temporarily restricted	<u>\$7,521,000</u>	<u>\$6,616,000</u>

Net assets were released from temporary restrictions by incurring expenses satisfying the restriction purposes as follows:

	2011	2010
Hospital service lines	\$ 403,000	\$ 118,000
Education	324,000	315,000
Indigent care, community health, and other	2,503,000	1,827,000
Other	<u>347,000</u>	<u>553,000</u>
Total net assets released from restrictions	<u>\$3,577,000</u>	<u>\$2,813,000</u>

12. PERMANENTLY RESTRICTED NET ASSETS AND BOARD-DESIGNATED FUNDS

CareAlliance's endowment funds consist of approximately 30 donor-restricted individual funds established for a variety of purposes and board-designated funds set aside for capital expenditures and self-insurance.

On an annual basis, CareAlliance requests funds from the Foundation for reimbursement of expenditures incurred specifically related to unrestricted or temporarily restricted purposes. The Foundation has developed an investment policy for all its investable assets whose general purpose is to preserve the capital and purchasing power of the Foundation and to produce sufficient investment earnings for current and future spending needs. The Foundation has adopted a total return strategy whose asset allocation is designed to give balance to the overall structure of the Foundation's investment program over a long-term period.

The endowment net asset composition by fund type as of December 31, 2011, is composed of the following

Endowment Net Asset Composition by Fund Type as of December 31, 2011				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board designated				
Self-insurance trust	\$ 1,006,000	\$ -	\$ -	\$ 1,006,000
Donor-restricted				
Undesignated	-	-	403,000	403,000
Building and equipment	-	-	502,000	502,000
Indigent care	-	-	231,000	231,000
Hospital service lines	-	367,000	2,130,000	2,497,000
Education	-	563,000	1,476,000	2,039,000
Community health improvement	-	2,000	101,000	103,000
Transfers	<u>(120,000)</u>	<u>-</u>	<u>-</u>	<u>(120,000)</u>
Total funds	<u>\$ 886,000</u>	<u>\$ 932,000</u>	<u>\$ 4,843,000</u>	<u>\$ 6,661,000</u>

The endowment net asset composition by fund type as of December 31, 2010, is composed of the following

Endowment Net Asset Composition by Fund Type as of December 31, 2010				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board designated				
Self-insurance trust	\$ 1,007,000	\$ -	\$ -	\$ 1,007,000
Donor-restricted				
Undesignated	-	-	420,000	420,000
Building and equipment	-	-	502,000	502,000
Indigent care	-	-	230,000	230,000
Hospital service lines	-	401,000	2,067,000	2,468,000
Education	-	642,000	1,475,000	2,117,000
Community health improvement	-	5,000	48,000	53,000
Transfers	<u>(94,000)</u>	<u>-</u>	<u>-</u>	<u>(94,000)</u>
Total funds	<u>\$ 913,000</u>	<u>\$ 1,048,000</u>	<u>\$ 4,742,000</u>	<u>\$ 6,703,000</u>

Changes in endowment assets for the years ended December 31 2011 and 2010, consisted of the following

Year Ended December 31, 2011	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets — beginning of year	\$ 913,000	\$ 1,048,000	\$ 4,742,000	\$ 6,703,000
Investment loss	(1,000)	(35,000)	(2,000)	(38,000)
Contributions	-	-	97,000	97,000
Appropriations of endowment assets for expenditure	-	(107,000)	-	(107,000)
Other changes — change in value of split-interest agreements	-	-	(14,000)	(14,000)
Transfers	<u>(26,000)</u>	<u>26,000</u>	<u>20,000</u>	<u>20,000</u>
Endowment net assets — end of year	<u>\$ 886,000</u>	<u>\$ 932,000</u>	<u>\$ 4,843,000</u>	<u>\$ 6,661,000</u>

Year Ended December 31, 2010	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets — beginning of year	\$ 29,926,000	\$ 313,000	\$ 4,097,000	\$ 34,336,000
Investment (loss) income	(1,000)	775,000	26,000	800,000
Contributions	-	-	652,000	652,000
Appropriations of endowment assets for expenditure	-	(134,000)	-	(134,000)
Other changes — change in value of split-interest agreements	-	-	(34,000)	(34,000)
Transfers	<u>(29,012,000)</u>	<u>94,000</u>	<u>1,000</u>	<u>(28,917,000)</u>
Endowment net assets — end of year	<u>\$ 913,000</u>	<u>\$ 1,048,000</u>	<u>\$ 4,742,000</u>	<u>\$ 6,703,000</u>

13. RETIREMENT PLANS

CareAlliance has established the FutureSaver 403(b) Retirement Plan, a matching savings plan for all employees who have attained the age of 20-1/2, are paid for 1,000 hours or more, and are employed on December 31 of that plan year. Employer-matching contributions shall be made at a rate equal to 50% of the elective deferrals of each employee, up to 4% of annual compensation, for a total possible matching contribution of 2% of compensation.

In addition, CareAlliance has established the FutureSaver 401(k) Retirement Plan, a defined contribution benefit plan for all employees who have attained the age of 20-1/2, are paid for 1,000 hours or more, and are employed on December 31 of that plan year. Employer-defined contributions shall be made at a rate equal to 2% of annual compensation, plus 2% of compensation above the social security wage base, up to the annual compensation limit under Section 401(a)(17).

The plan administrator for both plans is the Retirement Committee. Beginning with plan year 2003, all contributions were placed in the FutureSaver 403(b) Retirement Plan, under the plan design described above, employee assets in the FutureSaver 401(k) Retirement Plan were frozen as of December 31, 2004, and the plan was terminated on November 30, 2009. Employer contributions for the FutureSaver 403(b) Retirement Plan for the years ended December 31, 2011 and 2010, were approximately \$9,637,000 and \$8,686,000, respectively, and are included in salaries and employee benefits in the accompanying consolidated statements of operations.

14. CONCENTRATION OF CREDIT RISK

Roper Hospital and St Francis provide services primarily to the residents of the greater Charleston, South Carolina, area without collateral or other proof of ability to pay, most of whom are insured by third-party payor agreements

The mix of receivables from patients and third-party payors as of December 31, 2011 and 2010, is as follows

	2011	2010
Medicare	37 %	40 %
Medicaid	5	5
Commercial and others	30	31
Patients	<u>28</u>	<u>24</u>
Total	<u>100 %</u>	<u>100 %</u>

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

In accordance with GAAP, certain assets and liabilities are required to be measured at fair value on a recurring basis. For CareAlliance, the assets and liabilities that are adjusted at fair value on a recurring basis are short- and long-term investments, assets whose use is limited, and interest rate swaps.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 — Valuations based on unadjusted quoted prices for identical instruments in active markets that are available as of the measurement date.

Level 2 — Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 — Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The fair value hierarchy of investments and assets limited as to use as of December 31, 2011 and 2010, is as follows

Fair Value Measurement at Reporting Date Using				
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of December 31, 2011	Fair Value			
Marketable equity securities	\$ 15,162,000	\$ 15,162,000	\$ -	\$ -
Debt securities	19,046,000	1,265,000	17,781,000	-
Bond trustee held funds — guaranteed investment contract	8,947,000	-	8,947,000	-
Investments in common collective trust funds	98,737,000	-	98,737,000	-
Investments in limited partnerships	31,253,000	-	-	31,253,000
Total	<u>\$ 173,145,000</u>	<u>\$ 16,427,000</u>	<u>\$ 125,465,000</u>	<u>\$ 31,253,000</u>

Fair Value Measurement at Reporting Date Using				
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of December 31, 2010	Fair Value			
Marketable equity securities	\$ 22,611,000	\$ 22,611,000	\$ -	\$ -
Debt securities	4,100,000	1,266,000	2,834,000	-
Bond trustee held funds — guaranteed investment contract	8,795,000	-	8,795,000	-
Investments in common collective trust funds	135,000,000	-	135,000,000	-
Investments in limited partnerships	29,599,000	-	-	29,599,000
Total	<u>\$ 200,105,000</u>	<u>\$ 23,877,000</u>	<u>\$ 146,629,000</u>	<u>\$ 29,599,000</u>

CareAlliance estimates the fair value of investments in common collective trust funds, which do not have readily determinable fair values, using the reported net asset value as a practical expedient for fair value. The use of net asset value as a practical expedient for fair value is permitted under GAAP for investments in entities that meet the description of an investment company and whose underlying investments are measured at fair value. The common collective trust funds held by CareAlliance invest primarily in marketable debt and equity securities with readily determinable fair values.

CareAlliance estimates the fair value of its investments in limited partnerships based on information provided by the fund managers. Because CareAlliance's investments in limited partnerships are not readily marketable and do not transact frequently, their estimated fair value is subject to uncertainty and, therefore, may differ from the fair value that would have been used had a ready market for such investments existed. Such differences could be material.

A reconciliation of changes in beginning and ending balances for investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2011 and 2010, is as follows

	Fair Value Measurements Using Significant Unobservable Inputs Level 3 — Limited Partnerships	
	2011	2010
Beginning balance — January 1	\$ 29,599,000	\$ 27,353,000
Purchases	1,255,000	1,186,000
Net change in unrealized gains in limited partnerships	<u>399,000</u>	<u>1,060,000</u>
Ending balance — December 31	<u>\$ 31,253,000</u>	<u>\$ 29,599,000</u>
The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses relating to assets still held at the reporting date		
	<u>\$ 399,000</u>	<u>\$ 1,060,000</u>

The redemption frequency and redemption notice period for investments in common collective trust funds and limited partnerships as of December 31, 2011 and 2010, is as follows

	2011	Redemption Frequency	Redemption Notice Period
Marketable debt and domestic equity securities	\$ 72,207,000	Daily	1–5 days
Marketable international equity securities	26,530,000	Monthly, Semi-Monthly	5 days
Private real estate	12,001,000	Semi-Annual	90 days
Private hedge fund	<u>19,252,000</u>	Quarterly	70 days
Total	<u>\$ 129,990,000</u>		
	2010	Redemption Frequency	Redemption Notice Period
Marketable debt and domestic equity securities	\$ 101,123,000	Daily	1–5 days
Marketable international equity securities	33,877,000	Monthly, Semi-Monthly	5 days
Private real estate	9,629,000	Semi-Annual	90 days
Private hedge fund	<u>19,970,000</u>	Quarterly	70 days
Total	<u>\$ 164,599,000</u>		

Management estimates the fair value of interest rate hedges based primarily on Level 2 inputs. Management also considers the creditworthiness of CareAlliance and its counterparties in estimating the fair value of interest rate hedges; however, the effect of credit valuation adjustments was not significant to the fair value measurements as of December 31, 2011.

As of December 31, 2011 and 2010, the carrying amounts reported in CareAlliance's consolidated balance sheets for cash equivalents, receivables, accounts payable, and accrued expenses approximate fair value. At December 31, 2011 and 2010, the fair value of CareAlliance's long-term debt was approximately \$325,485,000 and \$341,639,000, respectively, and was determined based on quoted market values for CareAlliance's long-term debt.

16. COMMITMENTS AND CONTINGENCIES

CareAlliance is self-insured for professional malpractice claims exposures. The laws of the State currently limit the amount that can be received from certain nonprofit medical facilities for damages for medical services rendered by the facility or the facility's employees to \$300,000 per claim and an aggregate of \$600,000 per occurrence. CareAlliance's provision for estimated medical malpractice claims includes estimates of the ultimate costs for reported claims and claims incurred but not reported. CareAlliance's liability for professional malpractice is based on actuarially projected estimates discounted to present value at a rate of 4% at December 31, 2011.

CareAlliance is also self-insured for employee health insurance claims and employee workers' compensation claims. Liabilities for asserted and unasserted claims under each of these self-insurance programs have been recorded and included in accrued expenses in the consolidated balance sheets.

CareAlliance is involved in litigation arising in the ordinary course of business. It is the opinion of management, based on consultation with legal counsel, that these cases will be resolved without material adverse effect on CareAlliance's financial position, results from operations, or cash flows.

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, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers.

Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that CareAlliance is in compliance with fraud and abuse statutes and regulations, as well as other applicable government laws and regulations.

CareAlliance has entered into an agreement with MSSC which grants CareAlliance the unilateral option, through October 25, 2017, to purchase approximately 66 acres of land in Berkeley County, South Carolina, at an amount equal to the initial purchase price paid by MSSC of \$8,902,700, plus increases of 6% cumulatively on each subsequent anniversary of the purchase date (the "Estimated Projected Value of the Property"). If CareAlliance does not purchase the property by October 25, 2017, MSSC shall have the right to retain or sell the property at its own cost and expense, provided that CareAlliance shall pay MSSC a termination

payment equal to the difference between the actual sales price and the Estimated Projected Value of the Property Management has estimated the value of the termination payment to be approximately \$3,000,000 as of December 31, 2011

17. FUNCTIONAL EXPENSES

CareAlliance provides general health care services to residents within its geographic location. Expenses related to providing these services for the years ended December 31, 2011 and 2010, are as follows

	2011	2010
Health care services	\$681,778,000	\$598,459,000
Supporting services	<u>67,340,000</u>	<u>56,607,000</u>
Total expenses	<u>\$749,118,000</u>	<u>\$655,066,000</u>

18. RELATED-PARTY TRANSACTIONS

Payments to the Founding Members for management fees and services were approximately \$9,050,000 and \$8,404,000 for the years ended December 31, 2011 and 2010, respectively

At December 31, 2011, CareAlliance had other receivables of \$4,244,000 due from MSSC reflecting unpaid member contributions for acquisitions of property and equipment

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