



See a Social Security Number? Say Something!
Report Privacy Problems to <https://public.resource.org/privacy>
Or call the IRS Identity Theft Hotline at 1-800-908-4490



Part III

Statement of Program Service Accomplishments

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

☐

☒

1

Briefly describe the organization’s mission

To provide patient care to our community and to serve as a major TEACHING HOSPITAL FOR EDUCATION AND TRAINING IN MEDICINE, DENTISTRY, NURSING, AND ALLIED HEALTH PROFESSIONS

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 \$ 354,994,161 including grants of \$ 232,663) (Revenue \$ 448,170,035)

University Medical Center operates the University of Louisville Hospital, which is a teaching facility hospital designated as a regional trauma center and provides care to the medically needy regardless of their ability to pay See schedule O for a detailed description

4b

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

4c

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

4d

Other program services (Describe in Schedule O)

(Expenses \$ including grants of \$) (Revenue \$)

4e

Total program service expenses \$ 354,994,161

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)? <i>If "Yes," complete Schedule A.</i> 	1	Yes
2	Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)?	2	No
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I.</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? <i>If "Yes," complete Schedule C, Part II.</i> 	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? <i>If "Yes," complete Schedule C, Part III.</i> 	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? <i>If "Yes," complete Schedule D, Part I.</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? <i>If "Yes," complete Schedule D, Part II.</i> 	7	No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i> 	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? <i>If "Yes," complete Schedule D, Part IV.</i> 	9	No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i> 	10	Yes
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI.</i> 	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? <i>If "Yes," complete Schedule D, Part VII.</i> 	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? <i>If "Yes," complete Schedule D, Part VIII.</i> 	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? <i>If "Yes," complete Schedule D, Part IX.</i> 	11d	Yes
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i> 	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)? <i>If "Yes," complete Schedule D, Part X.</i> 	11f	No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i> 	12a	Yes
b	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i> 	12b	No
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>	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? <i>If "Yes," complete Schedule F, Part I.</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? <i>If "Yes," complete Schedule F, Part II and IV.</i>	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? <i>If "Yes," complete Schedule F, Part III and IV.</i>	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? <i>If "Yes," complete Schedule G, Part I.</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? <i>If "Yes," complete Schedule G, Part II.</i>	18	No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i>	19	No
20a	Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i> 	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	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <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	Yes	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
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		No
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	35a		No
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		No
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		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 ☐				
			Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. .	1a	384	
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	0	
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements filed for the calendar year ending with or within the year covered by this return. .	2a	3,508	
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		
1b	Enter the number of voting members included in line 1a, above, who are independent		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	No
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	No
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	8a	Yes
8b	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
10b	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	No
11b	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
12b	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
12c	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?		
15a	The organization's CEO, Executive Director, or top management official	15a	Yes
15b	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
16b	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 ► KY , NC
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. ☐ Own website ☐ Another's website ☒ Upon request
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization ► Phyllis Downs 530 South Jackson Street Louisville, KY 40202 (502) 562-4151

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)	▼	4,311,952	0	863,086

2 Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization: 146

		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	No

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A)	(B)	(C)
Name and business address	Description of services	Compensation
University of Louisville 323 East Chestnut Street LOUISVILLE, KY 40292	healthcare services	30,255,626
Crothall Healthcare Inc 955 Chesterbrook Blvd Ste 300 WAYNE, PA 19087	Environmental svcs	6,137,285
Morrison Management Specialist PO Box 102289 ATLANTA, GA 303682289	Food Services	4,922,222
UL Research Fund Inc Division of Cardiothoracic Surgery LOUISVILLE, KY 40621	Healthcare Services	4,785,750
Stites and Harbison 400 West Market St Suit 1800 LOUISVILLE, KY 402023352	Legal Services	4,060,171

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 ▶44

Part VIII

Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c					
	d	Related organizations	1d					
	e	Government grants (contributions)	1e					
	f	All other contributions, gifts, grants, and similar amounts not included above	1f					
	g	Noncash contributions included in lines 1a-1f \$ _____						
	h	Total. Add lines 1a-1f			0			
Program Service Revenue			Business Code					
	2a	Patient Service Revenue	621500	431,035,119	431,035,119			
	b	Premier Purchasing Partners K-1	561000	18,853	16,976	1,877		
	c	UHC Patronage Dividend	900099	4,187	4,187			
	d							
	e							
	f	All other program service revenue						
	g	Total. Add lines 2a-2f			431,058,159			
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)						
				354,483			354,483	
	4	Income from investment of tax-exempt bond proceeds . . .			287,065		287,065	
	5	Royalties			0			
	6a	(i) Real		(ii) Personal				
		335,130						
		666,669						
		-331,539						
	d	Net rental income or (loss)			-331,539		-331,539	
	7a	(i) Securities		(ii) Other				
				1,250				
				47,403				
				-46,153				
	d	Net gain or (loss)			-46,153		-46,153	
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18						
	a							
	b	Less direct expenses						
	c	Net income or (loss) from fundraising events . . .			0			
	9a	Gross income from gaming activities See Part IV, line 19						
	a							
	b	Less direct expenses						
	c	Net income or (loss) from gaming activities . . .			0			
10a	Gross sales of inventory, less returns and allowances							
a								
b	Less cost of goods sold							
c	Net income or (loss) from sales of inventory . . .			0				
	Miscellaneous Revenue		Business Code					
11a	Pharmacy		446110	13,886,518	13,886,518			
b	Cafeteria Sales		722210	1,818,884			1,818,884	
c	Reference Lab		621500	889,443	882,638	6,805		
d	All other revenue			2,344,597	2,344,597			
e	Total. Add lines 11a-11d			18,939,442				
12	Total revenue. See Instructions			450,261,457	448,170,035	8,682	2,082,740	

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	232,663	232,663		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	4,161,420	4,161,420		
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	136,830,721	119,207,675	17,623,046	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	1,622,819	1,622,819		
9	Other employee benefits	22,573,905	22,567,405	6,500	
10	Payroll taxes	10,279,538	9,162,050	1,117,488	
11	Fees for services (non-employees)				
a	Management	166,698		166,698	
b	Legal	14,737,909		14,737,909	
c	Accounting	165,000		165,000	
d	Lobbying	44,452	44,452		
e	Professional fundraising See Part IV, line 17	0			
f	Investment management fees	0			
g	Other	88,762,441	45,210,062	43,552,379	
12	Advertising and promotion	2,973,690	12,576	2,961,114	
13	Office expenses	4,381,762	3,980,287	401,475	
14	Information technology	9,333,834	6,459,289	2,874,545	
15	Royalties	0			
16	Occupancy	14,584,616	14,086,636	497,980	
17	Travel	336,284	211,347	124,937	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	429,168	364,920	64,248	
20	Interest	3,420,172		3,420,172	
21	Payments to affiliates	5,500,000	5,500,000		
22	Depreciation, depletion, and amortization	18,489,490	18,299,711	189,779	
23	Insurance	6,996,563		6,996,563	
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	Repairs and Maintenance	8,212,703	7,915,270	297,433	
b	PROVIDER TAXES	7,321,671		7,321,671	
c	Bad Debt	6,230,185	6,230,185		
d	MEDICAL SUPPLIES	88,712,134	88,712,134		
e					
f	All other expenses	2,590,483	1,013,260	1,577,223	
25	Total functional expenses. Add lines 1 through 24f	459,090,321	354,994,161	104,096,160	0
26	Joint costs. Check here ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			44,545,722	1	32,470,412
	2	Savings and temporary cash investments			48,474,244	2	34,884,828
	3	Pledges and grants receivable, net			0	3	0
	4	Accounts receivable, net			70,505,921	4	98,846,254
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L			778,000	5	1,055,500
	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			0	6	0
	7	Notes and loans receivable, net			0	7	0
	8	Inventories for sale or use			7,181,932	8	7,653,772
	9	Prepaid expenses and deferred charges			5,737,045	9	6,345,280
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	231,707,355			
	b	Less: accumulated depreciation	10b	127,075,063	107,162,754	10c	104,632,292
	11	Investments—publicly traded securities			0	11	0
	12	Investments—other securities. See Part IV, line 11			0	12	0
	13	Investments—program-related. See Part IV, line 11			30,429,811	13	32,800,067
	14	Intangible assets			0	14	0
	15	Other assets. See Part IV, line 11			15,614,403	15	20,670,602
	16	Total assets. Add lines 1 through 15 (must equal line 34)			330,429,832	16	339,359,007
Liabilities	17	Accounts payable and accrued expenses			40,056,119	17	64,779,499
	18	Grants payable			0	18	0
	19	Deferred revenue			25,482,623	19	25,598,272
	20	Tax-exempt bond liabilities			65,130,662	20	59,250,501
	21	Escrow or custodial account liability. Complete Part IV of Schedule D			0	21	0
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L			0	22	0
	23	Secured mortgages and notes payable to unrelated third parties			5,021,405	23	3,437,926
	24	Unsecured notes and loans payable to unrelated third parties			0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D			28,886,394	25	28,133,418
	26	Total liabilities. Add lines 17 through 25			164,577,203	26	181,199,616
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here ☒ and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets			165,852,629	27	157,806,754
	28	Temporarily restricted net assets			0	28	352,637
	29	Permanently restricted net assets			0	29	0
	Organizations that do not follow SFAS 117, check here ☐ and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds				30	
	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other funds				32	
	33	Total net assets or fund balances			165,852,629	33	158,159,391
	34	Total liabilities and net assets/fund balances			330,429,832	34	339,359,007

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	450,261,457
2	Total expenses (must equal Part IX, column (A), line 25)	2	459,090,321
3	Revenue less expenses Subtract line 2 from line 1	3	-8,828,864
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	165,852,629
5	Other changes in net assets or fund balances (explain in Schedule O)	5	1,135,626
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	158,159,391

Part XII Financial Statements and Reporting

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

		Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☒ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		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 ☒ Separate basis ☐ Consolidated basis ☐ Both consolidated and separated basis		
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		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 University Medical Center Inc	Employer identification number 61-1293786
---	--

Part I

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

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

1

☐

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

2

☐

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

3

☒

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

4

☐

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

5

☐

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

6

☐

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

7

☐

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

8

☐

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

9

☐

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

10

☐

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

11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

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

(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

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 University Medical Center Inc	Employer identification number 61-1293786
---	--

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?		☐ Yes ☐ No													

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

		(a)		(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		44,452
	j Total lines 1c through 1i			44,452
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
LOBBYING ACTIVITIES INFORMATION	Schedule C, Part II-B, 1i	University Medical Center paid membership dues to the Kentucky Hospital Association and American Hospital Association of which \$18,837 and \$10,373, respectively was related to lobbying activities. Also, University Medical Center paid McBrayer McGinnis \$15,242. McBrayer McGinnis provided representation with legislators for the issues related to the QCCT funding.

SCHEDULE D
(Form 990)

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 University Medical Center Inc	Employer identification number 61-1293786
---	--

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

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

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

1

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

2

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

	Held at the End of the Year
a	Total number of conservation easements
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

► \$ _____

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	

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

2a

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

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

	(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a	Beginning of year balance	14,726,997	14,697,044	14,615,749	17,512,144
b	Contributions				525,000
c	Investment earnings or losses	19,100	29,953	81,295	495,369
d	Grants or scholarships				
e	Other expenditures for facilities and programs				3,916,764
f	Administrative expenses				
g	End of year balance	14,746,097	14,726,997	14,697,044	14,615,749

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶ 100 000 %

b

Permanent endowment ▶ 0 %

c

Term endowment ▶ 0 %

3a

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

(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				
b Buildings	0	102,395,149	42,981,829	59,413,320
c Leasehold improvements	0	2,066,475	1,089,516	976,959
d Equipment	0	122,971,548	83,003,718	39,967,830
e Other	0	4,274,183		4,274,183
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).)				104,632,292

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

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) INVESTMENT IN KMRRRG	300,000	F
(2) INVESTMENT IN PREMIER, INC	558,698	F
(3) MONEY MARKET FUNDS	3,900,615	F
(4) GUARANTEED INVESTMENT CONTRACT	7,663,027	F
(5) UHC PASSPORT	1,313,250	F
(6) SELF INSURANCE TRUST	4,318,382	F
(7) FUNDED DEPRECIATION	14,746,095	F
Total. (Column (b) should equal Form 990, Part X, col (B) line 13)	32,800,067	

(a) Description	(b) Book value
(1) INSURANCE SETTLEMENT	18,665,240
(2) LT PLEDGE RECEIVABLE	-70,383
(3) DEFERRED FINANCING COSTS	519,034
(4) EXECUTIVE BENEFITS	301,612
(5) 457 (b) Plan	456,340
(6) WORKERS COMP SETTLEMENT	798,759
Total. (Column (b) should equal Form 990, Part X, col.(B) line 15.)	20,670,602

1	(a) Description of Liability	(b) Amount
	Federal Income Taxes	0
	RESERVE FOR MALPRACTICE	23,904,578
	RESERVE-WORKERS COMP CLAIMS	2,299,107
	RESERVE - D&O CLAIMS	125,500
	ARBITRAGE FUNDS	157,064
	PASSPORT GRANT REFUND	1,596,000
	ESCHEAT PROPERTY	51,169
	Total. (Column (b) should equal Form 990, Part X, col (B) line 25)	28,133,418

Schedule D (Form 990) 2011

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)	1450,261,457
2	Total expenses (Form 990, Part IX, column (A), line 25)	2459,090,321
3	Excess or (deficit) for the year Subtract line 2 from line 1	3-8,828,864
4	Net unrealized gains (losses) on investments	4678,211
5	Donated services and use of facilities	5
6	Investment expenses	6
7	Prior period adjustments	7
8	Other (Describe in Part XIV)	8104,778
9	Total adjustments (net) Add lines 4 - 8	9782,989
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10-8,045,875

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return		
1	Total revenue, gains, and other support per audited financial statements	1450,926,249
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12	
a	Net unrealized gains on investments2a	
b	Donated services and use of facilities2b	
c	Recoveries of prior year grants2c	
d	Other (Describe in Part XIV)2d	
e	Add lines 2a through 2d	2e
3	Subtract line 2e from line 1	3450,926,249
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 7b4a	
b	Other (Describe in Part XIV)4b-664,792	
c	Add lines 4a and 4b	4c-664,792
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5450,261,457

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return		
1	Total expenses and losses per audited financial statements	1459,756,990
2	Amounts included on line 1 but not on Form 990, Part IX, line 25	
a	Donated services and use of facilities2a	
b	Prior year adjustments2b	
c	Other losses2c	
d	Other (Describe in Part XIV)2d666,669	
e	Add lines 2a through 2d	2e666,669
3	Subtract line 2e from line 1	3459,090,321
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 7b4a	
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)	5459,090,321

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
Intended Use of Organization's endowment funds	Schedule D, Part V, Line 4	The Intended Use of the Endowment funds is for future capital. No specific project has been determined at this time.
Note Regarding ASC 740 (Formerly Fin 48)	Schedule D, Part X, Line 2	University Medical Center, Inc. adopted Fin 48 in 2007. No disclosures were required under GAAP as University Medical Center, Inc. does not have any material tax contingencies that required disclosures in the footnotes.
Reconciliation of Change in Net Assets	Schedule D, Part XI, Line 8	Premier Purchasing Revenue on 990, not on AFS - \$ (1,877) Assets released from restrictions - \$ 106,655 Total - \$ 104,778
Reconciliation of Revenue	Schedule D, Part XII, Line 4b	Rent expense netted with revenue on 990, expensed on AFS - \$(666,669) Premier Purchasing Revenue on 990, not on AFS - \$1,877 Total - \$(664,792)
Reconciliation of Expenses	Schedule D, Part XIII, Line 2d	Rent expense netted with revenue on 990, expensed on AFS \$(666,669)

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
University Medical Center Inc

Employer identification number
61-1293786

Part I

Charity Care and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☐ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year a Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☒ 100% ☐ 150% ☐ 200% ☐ Other _____% 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 ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☒ 400% ☐ Other _____% c If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care 4 Did the organization's policy provide free or discounted care to the "medically indigent"?	3a	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 Charity care at cost (from Worksheet 1)			91,415,583	67,320,518	24,095,065	5 320 %
b Medicaid (from Worksheet 3, column a)			85,050,195	79,424,641	5,625,554	1 240 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Charity Care and Means-Tested Government Programs			176,465,778	146,745,159	29,720,619	6 560 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			9,907,417	83,155	9,824,262	2 170 %
f Health professions education (from Worksheet 5)			90,710,131	42,608,450	48,101,681	10 620 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)			210,708	22,302	188,406	0 040 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			2,354,643	0	2,354,643	0 520 %
j Total Other Benefits			103,182,899	42,713,907	60,468,992	13 350 %
k Total. Add lines 7d and 7j			279,648,677	189,459,066	90,189,611	19 910 %

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						
7Community health improvement advocacy						
8Workforce development						
9Other						
10Total						

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?	1	Yes	
2Enter the amount of the organization's bad debt expense	2	1,460,044	
3Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	1,273	
4Provide 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

5Enter total revenue received from Medicare (including DSH and IME)	5	75,047,471	
6Enter Medicare allowable costs of care relating to payments on line 5	6	66,386,961	
7Subtract line 6 from line 5. This is the surplus or (shortfall).	7	8,660,510	
8Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: ☐ Cost accounting system ☒ Cost to charge ratio ☐ Other			

Section C. Collection Practices

9aDid the organization have a written debt collection policy during the tax year?	9a	Yes	
9bIf "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 %
1NA				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Section A. Hospital Facilities

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

Name and address

Schedule H (Form 990) 2011

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.)

University of Louisville Hospital

Name of Hospital Facility:

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

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply) a ☐ A definition of the community served by the hospital facility b ☐ Demographics of the community c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community d ☐ How data was obtained e ☐ The health needs of the community f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g ☐ The process for identifying and prioritizing community health needs and services to meet those needs h ☐ The process for consulting with persons representing the community's interests i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs j ☐ Other (describe in Part VI)	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 ☐ Hospital facility's website b ☐ Available upon request from the hospital facility c ☐ 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 ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community b ☐ Execution of the implementation strategy c ☐ Development of a community-wide community benefit plan for the facility d ☐ Participation in community-wide community benefit plan e ☐ Inclusion of a community benefit section in operational plans f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA g ☐ Prioritization of health needs in the community h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community i ☐ Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>100</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>200</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 ☒ Income level b ☒ Asset level c ☒ Medical indigency d ☒ Insurance status e ☒ Uninsured discount f ☒ Medicaid/Medicare g ☐ State regulation h ☐ Other (describe in Part VI)	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 ☒ The policy was posted at all times on the hospital facility's web site b ☐ The policy was attached to all billing invoices c ☒ The policy was posted in the hospital facility's emergency rooms or waiting rooms d ☒ The policy was posted in the hospital facility's admissions offices e ☒ The policy was provided, in writing, to patients upon admission to the hospital facility f ☒ The policy was available upon request g ☐ Other (describe in Part VI)	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 ☐ Reporting to credit agency b ☐ Lawsuits c ☐ Liens on residences d ☐ Body attachments or arrests e ☐ Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged a ☐ Reporting to credit agency b ☐ Lawsuits c ☐ Liens on residences d ☐ Body attachments e ☐ Other similar actions (describe in Part VI)	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 ☐ Notified patients of the financial assistance policy upon admission b ☐ Notified patients of the financial assistance policy prior to discharge c ☐ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e ☐ Other (describe in Part VI)			

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

19 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☒ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☐ Other (describe in Part VI)			
20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? 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? _____

Name and address		Type of Facility (Describe)
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI

Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2
- Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
COMMUNITY BENEFIT REPORT	PART I, LINE 6A	The community benefit report is posted to the organizations' web site

Identifier	ReturnReference	Explanation
FINANCIAL ASSISTANCE AND CERTAIN OTHER COMMUNITY BENEFIT AT COST	PART I, LINE 7	The costing methodology is cost-to-charge ratio based on Medicare Cost Report methodology Part I, Line 7, Column (F) Total expenses for the organization as reported on Form 990, Part IX, line 25 is \$459,090,321 The bad debt expense reported on Form 990, Part IX, line 24 is \$6,230,185 but subtracted for purposes of calculating the percentage in this column

Identifier	ReturnReference	Explanation
BAD DEBT FOOTNOTE, COSTING METHODOLOGY, BAD DEBT AS COMMUNITY BENEFIT	PART III, LINE 4	Bad debts are amounts owed on patients' accounts for services rendered by the hospital that were not anticipated as being uncollectible at the time services were rendered. Therefore, such things as policy discounts, charitable services, contractual adjustments, etc. must be allowed to remain as part of the patients' account balance to be written off as bad debt. Such allowances are handled as patient account adjustments in accordance with the provisions of other financial policies. This bad debt expense reported is based on a ratio of patient care cost to charges. This method is more appropriate as revenue amounts have a varying relationship to cost, ranging from cost-plus-margin to cost-minus-discount, depending on the various policies and the individual's income level.

Identifier	ReturnReference	Explanation
SHORTFALL AS COMMUNITY BENEFIT AND ITS COSTING METHODOLOGY	PART III, LINE 8	The Medicare government program consists of individuals on fixed incomes. Shortfalls on services provided are covered by general funds of the organization.

Identifier	ReturnReference	Explanation
COLLECTION POLICY	PART III, LINE 9B	Patients who have qualified for the QCCT (Q uality Charity Care Trust) under the term medically needy based on their income, will be allowed reconsideration for full charity Full charity will be given upon verification that they have since become unemployed or that their income has been permanently reduced and they now fall below the federally published poverty guidelines All other accounts will remain as originally processed Accounts written off to the QCCT will not be reported to the credit bureau Accounts receiving write-off as partial indigent/medically needy will be reported at the time of the bad debt write-off

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT	PART VI, LINE 2	The organization utilizes national and state data sources to assess the needs of the community and state. This data assists the organization in understanding where health care disparities exist for development of programs and partnerships. This analysis is performed on a quarterly basis for specific programs.

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	PART VI, LINE 3	The organization contracts with an outside firm to review the hospital's patient population to determine their possible qualification for indigent care program coverage, interview and complete the application process for the patients eligible For patients who qualify for assistance, applications are prepared and submitted on their behalf The firm also requests hearings for denied applications or claims

Identifier	ReturnReference	Explanation
COMMUNITY INFORMATION	PART VI, LINE 4	The University of Louisville Hospital serves the entire adult population of the Commonwealth of Kentucky, concentrating in the Metro Louisville, Jefferson County area, as it is the only adult level I trauma hospital in this region of the state Population in 2011 Jefferson County- 746,906, Kentucky- 4,369,356 Median age Jefferson County -37 7 years, Kentucky-35 9 years Median household income in 2011 Jefferson County-\$45,440, Kentucky-\$41,236 Percentage of residents living in poverty in 2011 Kentucky-13 6% Unemployment in 2011 Jefferson County-10 6%, Kentucky-10 5% Uninsured population (percent adults under age 65) Jefferson County-14 %, Kentucky-17% Uninsured child population (percent children under age 19) Jefferson County-77 %, Kentucky-9% Prevalence of overweight (percent adults) Jefferson County-34 %, Kentucky-33% Prevalence of smoking (percent adults) Jefferson County-24 %, Kentucky-27 %

Identifier	ReturnReference	Explanation
PROMOTION OF COMMUNITY HEALTH	PART VI, LINE 5	University Medical Center, Inc Board of Directors are comprised of the community's citizens who reside in the organization's primary service area who are neither employees nor contractors of the organization, nor family members thereof University of Louisville Hospital's trauma center is the only level I trauma center in the region and one of the largest trauma facilities in the country With 56,000 square feet, 43 patient bays, 14 trauma/surgical beds, 5 burn unit beds and 49 critical care beds, it can accommodate up to 86 patients simultaneously The center features a dedicated 24-hour operating room and is staffed 24 hours a day by specialized multi-disciplinary trauma teams Education is a key part of the University of Louisville Hospital's mission The Trauma institute at the hospital leads the educational component of the hospital's trauma service In addition to training tomorrow's leading trauma physicians through its residency programs, the Trauma Institute and Burn Unit staff facilitate both community and professional education programs Examples of injury prevention classes Risky Business - A teen drunk-driving prevention program, Straight Talk - A one day educational program for juvenile fire-setters, Boating and Water Safety- Prevention of boating and water accidents and immediate care As the region's leading academic medical center, University of Louisville Hospital is dedicated to advancing treatments and providing rural access to innovative care Amongst the many benefits from the robotic network is a near instant medical consult U of L Physicians work with physicians and nurses in other Kentucky and southern Indiana hospitals to deliver prompt diagnoses and appropriate treatment plans The ultimate goal is for the patient to remain in their hometown hospital without a transfer unless it is deemed necessary

Identifier	ReturnReference	Explanation
AFFILIATED HEALTH CARE SYSTEM	PART VI, LINE 6	N/A

Identifier	ReturnReference	Explanation
STATE FILING OF COMMUNITY BENEFIT REPORT	PART VI, LINE 7	Kentucky

Name of the organization
University Medical Center Inc

Employer identification number
61-1293786

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
(1) American Heart Assn 3455 N High Street Louisville, KY 40202	13-5613797	501c3	31,250				Sponsorships for Heart Walks Sponsorships for Wrapped in Red Gala Sponsorship Red Zone Cycling Sponsorship of Art Show Sponsorship Race for the Cure and Pink Tie Ball Sponsor Oration Lectur/Red Black Ball/Res Olympic Sponsor Depression Conf/Yandell- polk/Mathews Orat
(2) American Red Cross 510 E chestnut Street Louisville, KY 40202	53-0196605	501c3	10,000				Sponsorship for Annual Heroes Gala Event
(3) Red Zone Cycling 2402 Merrick Road Louisville, KY 40207	36-4628129	501c3	6,000				Subsidy for Americana Clinic
(4) St James Court Art Show PO Box 3804 Louisville, KY 40201	61-1063002	501c3	10,000				Sponsorship 2010 Employee participation
(5) Susan G Komen Breast Cancer 2301 Hurstbourne Vlg Dr Louisville Suite 700 Louisville, KY 40299	75-2855046	501c3	25,000				Social services for discharged brain injuury patients
(6) UL Research Foundation 550 S Jackson Street Louisville, KY 40202	61-1014882	501c3	7,000				Sponsorship of Race for the Cure
(7) University of Louisville 323 E Chestnut Street Louisville, KY 40292	61-1029626	501c3	12,000				

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
Description of Organization's Procedures for Monitoring the Use of Grants	Schedule I, Part I, Line 2	Activities that support University Medical Center's (UMC) mission, fundraising events with close relationship to UMC clinical programs, requests that provide positive public awareness of UMC, activities that address and promote health improvement initiative UMC will not contribute to for-profit organizations, individuals, political campaigns/parties, groups that discriminate on the basis of age, race, sex or national origin, activities that do not advance UMC's mission UMC's annual budget will be determined by the Senior Vice President and COO and maintained in the executive offices budget Accounting will not process any payments for contributions to sponsorships unless they have been approved by the Senior Vice President and COO or President and CEO Requests will be entered, tracked and retained for preparing the community benefit report A designated employee will inform requestor of approval/denial Check requests with the President and CEO's or Senior Vice President and COO's approval will be forwarded to Accounting for payment

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
University Medical Center Inc

Employer identification number

61-1293786

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

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use Schedule J-1 if additional space needed.

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

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, columns (D) and (E) for that individual

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) Mary Jane Adams	(i) (ii)	222,178 0	19,789 0	27,804 0	25,976 0	24,190 0	319,937 0	0 0
(2) Robert P Barbier	(i) (ii)	317,272 0	28,368 0	84,066 0	21,186 0	14,511 0	465,403 0	0 0
(3) Kenneth P Marshall	(i) (ii)	251,730 0	21,919 0	0 0	24,393 0	20,484 0	318,526 0	0 0
(4) James H Taylor	(i) (ii)	509,902 0	92,086 0	51,163 0	303,476 0	14,933 0	971,560 0	0 0
(5) Stephen S Amsler	(i) (ii)	143,173 0	14,835 0	9,180 0	7,916 0	18,175 0	193,279 0	0 0
(6) Gary E Bensing	(i) (ii)	245,121 0	27,095 0	56,044 0	25,976 0	19,468 0	373,704 0	0 0
(7) Donald B Kupper	(i) (ii)	188,609 0	19,126 0	46,450 0	19,736 0	18,517 0	292,438 0	0 0
(8) Linda Kay Lloyd	(i) (ii)	179,190 0	18,751 0	23,866 0	22,488 0	13,512 0	257,807 0	0 0
(9) Troy A May	(i) (ii)	229,590 0	25,398 0	50,036 0	25,232 0	19,788 0	350,044 0	0 0
(10) Stephen J McGuire	(i) (ii)	145,428 0	37,513 0	20,471 0	9,544 0	18,430 0	231,386 0	0 0
(11) Patricia Ann Melvin	(i) (ii)	188,199 0	16,525 0	19,720 0	12,199 0	23,153 0	259,796 0	0 0
(12) Timothy C Baize	(i) (ii)	173,192 0	500 0	250 0	16,362 0	12,312 0	202,616 0	0 0
(13) Martha S brewer	(i) (ii)	148,664 0	26,500 0	345 0	16,226 0	7,464 0	199,199 0	0 0
(14) Linda M Hummel	(i) (ii)	144,108 0	26,231 0	0 0	9,522 0	18,189 0	198,050 0	0 0
(15) Paul D Mangino	(i) (ii)	173,538 0	1,000 0	1,141 0	17,093 0	11,858 0	204,630 0	0 0
(16) Walter T Walton	(i) (ii)	146,545 0	26,131 0	1,051 0	17,230 0	18,166 0	209,123 0	0 0

Part III

Supplemental Information

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

Identifier	Return Reference	Explanation
Supplemental Compensation	Schedule J, Part III	The following individuals participate in a 457(f) Plan: Robert P. Barbier \$73,371; Gary E. Bensing \$49,534; Donald B. Kupper \$45,651; Linda K. Lloyd \$25,376; Troy A. May \$52,005; Mary J. Adams \$28,345; Patricia A. Melvin \$20,536; Stephen J. McGuire \$19,012; Stephen S. Amsler \$14,459. These amounts are included in reportable compensation.
Explanation of Deferred Compensation for James H. Taylor, CEO	Schedule J, Part II, Column C	Retirement and other deferred compensation for James H. Taylor includes \$25,976 for employer contribution to a qualified retirement plan and \$277,500 premium payment for planned premiums on split-dollar SERP.

Software ID:
Software Version:
EIN: 61-1293786
Name: University Medical Center 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				
Mary Jane Adams	(i) (ii)	222,178 0	19,789 0	27,804 0	25,976 0	24,190 0	319,937 0	0 0
Robert P Barbier	(i) (ii)	317,272 0	28,368 0	84,066 0	21,186 0	14,511 0	465,403 0	0 0
Kenneth P Marshall	(i) (ii)	251,730 0	21,919 0	0 0	24,393 0	20,484 0	318,526 0	0 0
James H Taylor	(i) (ii)	509,902 0	92,086 0	51,163 0	303,476 0	14,933 0	971,560 0	0 0
Stephen S Amsler	(i) (ii)	143,173 0	14,835 0	9,180 0	7,916 0	18,175 0	193,279 0	0 0
Gary E Bensing	(i) (ii)	245,121 0	27,095 0	56,044 0	25,976 0	19,468 0	373,704 0	0 0
Donald B Kupper	(i) (ii)	188,609 0	19,126 0	46,450 0	19,736 0	18,517 0	292,438 0	0 0
Linda Kay Lloyd	(i) (ii)	179,190 0	18,751 0	23,866 0	22,488 0	13,512 0	257,807 0	0 0
Troy A May	(i) (ii)	229,590 0	25,398 0	50,036 0	25,232 0	19,788 0	350,044 0	0 0
Stephen J McGuire	(i) (ii)	145,428 0	37,513 0	20,471 0	9,544 0	18,430 0	231,386 0	0 0
Patricia Ann Melvin	(i) (ii)	188,199 0	16,525 0	19,720 0	12,199 0	23,153 0	259,796 0	0 0
Timothy C Baize	(i) (ii)	173,192 0	500 0	250 0	16,362 0	12,312 0	202,616 0	0 0
Martha S brewer	(i) (ii)	148,664 0	26,500 0	345 0	16,226 0	7,464 0	199,199 0	0 0
Linda M Hummel	(i) (ii)	144,108 0	26,231 0	0 0	9,522 0	18,189 0	198,050 0	0 0
Paul D Mangino	(i) (ii)	173,538 0	1,000 0	1,141 0	17,093 0	11,858 0	204,630 0	0 0
Walter T Walton	(i) (ii)	146,545 0	26,131 0	1,051 0	17,230 0	18,166 0	209,123 0	0 0

Schedule K (Form 990)	Supplemental Information on Tax Exempt Bonds ▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990). ▶ Attach to Form 990. ▶ See separate instructions.										OMB No 1545-0047	
											2011	
	Department of the Treasury Internal Revenue Service	Name of the organization University Medical Center Inc										Employer identification number 61-1293786

Part I Bond Issues											
(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A LOUISVILLEJEFFERSON COUNTY METRO GOVERNMENT	32-0049006		09-05-2008	16,000,000	See Schedule K Part V		X		X		X

Part III		Proceeds							
		A		B		C		D	
1	Amount of bonds retired	0							
2	Amount of bonds defeased	0							
3	Total proceeds of issue	16,118,030							
4	Gross proceeds in reserve funds	0							
5	Capitalized interest from proceeds	0							
6	Proceeds in refunding escrow	0							
7	Issuance costs from proceeds	0							
8	Credit enhancement from proceeds	0							
9	Working capital expenditures from proceeds	0							
10	Capital expenditures from proceeds	16,000,000							
11	Other spent proceeds	0							
12	Other unspent proceeds	0							
13	Year of substantial completion	2009							
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X						
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

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

Part III

Private Business Use (Continued)

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

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X						
2	Is the bond issue a variable rate issue?		X						
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X						
b	Name of provider	0							
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		X						
b	Name of provider	0							
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X						
6	Did the bond issue qualify for an exception to rebate?		X						

Part V

Procedures To Undertake Corrective Action

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

Part VI

Supplemental Information

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

Identifier	Return Reference	Explanation
Description of Bond Purpose	0	Schedule K, Part I Essential use of Medical Equipment with depreciable life of 5 or 7 years, as confirmed by the American Hospital Association's Guide for depreciable life, and/or any other essential use medical equipment approved by the lessor

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
University Medical Center Inc

Employer identification number
61-1293786

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
(1) JAMES H TAYLOR SPLITDOLLAR LIFE INS		X	277,500	778,000		No	Yes		Yes	
Total ▶ \$ 778,000										

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

Part V

Supplemental Information

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

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

SCHEDULE 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 University Medical Center Inc	Employer identification number 61-1293786
---	--

Identifier	Return Reference	Explanation
Program Service Accomplishments	Form 990, Part III, Question 4	UNIVERSITY OF LOUISVILLE HOSPITAL HERE AT UNIVERSITY OF LOUISVILLE HOSPITAL AND THE JAMES GRAHAM BROWN CANCER CENTER, WE HAVE A CLEAR VISION TO BE THE HEALTH CARE PROVIDERS OF CHOICE FOR THE MOST ADVANCED, SAFE, COMPREHENSIVE, AND COMPASSIONATE PATIENT- AND FAMILY- CENTERED HEALTH CARE IN THE REGION EACH ONE OF OUR NEARLY 3,000 EMPLOYEES, AS WELL AS THE UNIVERSITY FACULTY PHYSICIANS WHO PRACTICE AND TEACH HERE, ARE DEDICATED TO PROVIDING THE BEST POSSIBLE CARE FOR TODAY'S PATIENTS IN THAT PROCESS, WE ARE ALSO TRAINING PHY SICIANS AND CREATING NEW TREATMENTS THAT WILL BENEFIT TOMORROW'S PATIENTS WE ARE PROUD TO PROVIDE STATE-OF-THE-ART CARE FOR EVERY PATIENT, EVERY TIME, REGARDLESS OF THEIR ABILITY TO PAY WHILE PROVIDING THIS EXCEPTIONAL CARE FOR ALL IN OUR COMMUNITY, WE CONTINUE TO BUILD ON A LEGACY OF EXCELLENCE OUR TRAUMA CENTER - THE FIRST TRAUMA SERVICE IN THE COUNTRY - SETS THE STANDARD OF CARE PROVIDED FOR THIS COMPLEX TREATMENT TO ALL IN ADDITION, THE BROWN CANCER CENTER CONTINUES TO DELIVER THE LATEST MEDICAL ADVANCES WITH COMPASSION AND RESPECT WHILE STRIVING TO BE A LEADER IN ADVANCING CANCER RESEARCH AND TREATMENT FINALLY, WE ARE DEDICATED TO IMPROVING OUR COMMUNITY'S FUTURE HEALTH BEYOND DIRECT PATIENT CARE THIS DEDICATION COMES IN MANY FORMS, SUCH AS INTERVENTION CLASSES FOR AT-RISK YOUTH THROUGH OUR TRAUMA INSTITUTE, INNOVATIVE EDUCATIONAL OPPORTUNITIES FOR CURRENT AND FUTURE PHY SICIANS AND NURSES, AND INCREASED PUBLIC ACCESS TO SCREENINGS THROUGH COMMUNITY OUTREACH ACCESS TO HIGH QUALITY HEALTH CARE IS AT THE HEART OF A HEALTHY COMMUNITY WE HOPE THIS REPORT HELPS YOU UNDERSTAND OUR HISTORIC COMMITMENT AND PLEDGE TO CONTINUE SERVING ALL PATIENTS IN THE FUTURE IT IS OUR PRIVILEGE

Identifier	Return Reference	Explanation
Describe the process used by management &/or governing body to review 990	Form 990, Part VI, Question 11	NO REVIEW WAS OR WILL BE CONDUCTED BEFORE FILING THE BOARD WILL REVIEW THE 990 AFTER IT HAS BEEN FILED

Identifier	Return Reference	Explanation
Description of Process to monitor transactions for conflicts of Interest	Form 990, Part VI, Question 12C	IT IS THE POLICY OF THE HOSPITAL THAT AN INTERESTED PERSON WHO KNOWS THAT HE OR SHE HAS AN ACTUAL OR APPARENT CONFLICT OF INTEREST SHALL DISCLOSE IT PROMPTLY AND FULLY TO ALL NECESSARY PARTIES WHENEVER IT OCCURS. INTERESTED PERSONS ARE: A. VOTING MEMBERS OF THE HOSPITAL'S BOARD OF DIRECTORS AND VOTING MEMBERS OF COMMITTEES THAT EXERCISE BOARD-DELEGATED AUTHORITY; B. OFFICERS OF THE HOSPITAL ELECTED OR APPROVED BY THE BOARD OF DIRECTORS; C. A "CONTROLLED ENTITY" IN WHICH AT LEAST 35% OF THE CONTROL OR BENEFICIAL INTEREST IS HELD BY ANY ONE OR COMBINATION OF INDIVIDUALS DESCRIBED IN A AND B. AN INTERESTED PERSON MUST DISCLOSE THE EXISTENCE AND NATURE OF HIS OR HER KNOWN INTEREST IN A PROPOSED TRANSACTION TO THE DIRECTORS AND MEMBERS OF COMMITTEES WITH BOARD DELEGATED POWERS, CONSIDERING THE TRANSACTION OR ARRANGEMENT. WHEN A CONFLICT OF INTEREST IS DECLARED, THE CHAIRPERSON OF THE BOARD OR COMMITTEE SHALL APPOINT A DISINTERESTED PERSON OR COMMITTEE TO INVESTIGATE THE PROPOSED TRANSACTION. The Interested person shall leave the meeting and does not vote on any transaction involving the conflict of interest. THE MINUTES OF THE BOARD WILL CONTAIN THE NAMES OF THE PERSONS WHO DISCLOSE OR OTHERWISE WERE FOUND TO HAVE INTEREST IN CONNECTION WITH A CONFLICT OF INTEREST, THE NATURE OF THE INTEREST AND ANY ACTION TAKEN TO DETERMINE THE CONFLICT.

Identifier	Return Reference	Explanation
Offices & Positions for which process was used, & year process was begun	Form 990, Part VI, Questions 15a & 15b	COMPENSATION FOR THE CEO IS DETERMINED BY THE BOARD THROUGH A YEARLY PROCESS. FOR ALL OTHER EXECUTIVE DIRECTORS, TOP MANAGEMENT OFFICIALS, OFFICERS AND KEY EMPLOYEES, THE FOLLOWING PROCESS IS USED: 1) HUMAN RESOURCES (HR) HAS AN INDEPENDENT COMPANY DO A COMPARISON OF LIKE POSITIONS WITHIN THE COMMUNITY AND COME UP WITH A RANGE. THEY PREPARE A PROPOSAL THAT IS SUBMITTED TO HR FOR REVIEW. 2) A SALARY IS DETERMINED WITHIN THAT RANGE BASED ON YEARS OF SERVICE, EDUCATION AND OTHER FACTORS, SUCH AS ADDITIONAL RESPONSIBILITIES. HR PREPARES A PROPOSAL TO SUBMIT TO THE CEO. 3) THE PROPOSAL, CONTAINING THE POSITION, RANGE AND FINAL COMPENSATION IS TURNED OVER TO THE CEO FOR REVIEW. 4) AFTER REVIEW, THE CEO TAKES THE PROPOSAL INFORMATION AND PRESENTS IT TO THE FINANCE COMMITTEE. 5) THE FINANCE COMMITTEE DECIDES AND VOTES ON THE COMPENSATION. THE LAST TIME THIS ANALYSIS WAS PERFORMED WAS OCTOBER 2011.

Identifier	Return Reference	Explanation
Avail of Gov Docs, conflict of interest policy & fin stmts to gen public	Form 990, Part VI, Question 19	THE GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS ARE ALL AVAILABLE ON THE ORGANIZATION'S WEB SITE THE INFORMATION CAN ALSO BE REQUESTED VIA EMAIL

Identifier	Return Reference	Explanation
Other Changes in Net Assets or Fund Balances	Form 990, Part XI, Line 5	OTHER CHANGES IN NET ASSETS OR FUND BALANCES CONSIST OF THE FOLLOWING CHANGE IN FAIR MARKET VALUE OF GOVERNMENT AND AGENCY SECURITIES 678,211 ASSETS RELEASED FROM RESTRICTED FUNDS 459,292 PREMIER PURCHASING-UNRELATED REVENUE (INCL IN TOTAL REVENUE) (1,877) TOTAL \$1,135,626

Additional Data

Software ID:

Software Version:

EIN: 61-1293786

Name: University Medical Center 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			
Gerard J Anderson Director / Board of Directors	1 0	X								
Phillip Bond Director / Board of Directors	1 0	X								
Joan Coleman Director / Board of Directors	1 0	X								
Martha Neal Cooke Director / Board of Directors	1 0	X								
Keith Davis Director / Board of Directors	1 0	X								
David L Dunn MD PhD Director / Board of Directors	1 0	X								
Edward Halperin MD Director / Board of Directors	1 0	X								
J Blaine Hudson PhD Director / Board of Directors	1 0	X								
Robert C Hughes MD Director / Board of Directors	1 0	X								
Charlie Johnson Director / Board of Directors	1 0	X								
Kelly M McMasters MD PhD Director / Board of Directors	1 0	X								
Debra M Murphy Director / Board of Directors	1 0	X								
Robert W Rounsavall III Director / Board of Directors	1 0	X								
Sandy Metts Snowden Director / Board of Directors	1 0	X								
Lindy B Street Director / Board of Directors	1 0	X								
LARRY N COOK MD UNTIL 62011 DIRECTOR / BOARD OF DIRECTORS	1 0	X						0	0	0
JAMES R RAMSEY PHD UNTIL 62011 DIRECTOR / BOARD OF DIRECTORS	1 0	X								
Mary Jane Adams Senior VP & CNO	40 0			X				269,771	0	50,166
Robert P Barbier Senior VP & CFO	40 0			X				429,706	0	35,697
Kenneth P Marshall Senior VP & COO	40 0			X				273,649	0	44,877
Norma Racine Secretary	40 0			X				112,159	0	15,381
James H Taylor President & CEO	40 0			X				653,151	0	318,409
Stephen S Amsler VP Facilities & Planning	40 0				X			167,188	0	26,091
Gary E Bensing VP Human Resources	40 0				X			328,260	0	45,444
Donald B Kupper VP Supply Chain	40 0				X			254,185	0	38,253

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			
Linda Kay Lloyd VP Operations Improvement	40 0				X			221,807	0	36,000
Troy A May Chief Information officer	40 0				X			305,024	0	45,020
Stephen J McGuire VP Compliance & Ethics	40 0				X			203,412	0	27,974
Patricia Ann Melvin VP JGBCC Operations	40 0				X			224,444	0	35,352
Timothy C Baize Staff Pharmacist	51 0					X		173,942	0	28,674
Martha S brewer Administrator/Director OR	40 0					X		175,509	0	23,690
Linda M Hummel Director Quality	40 0					X		170,339	0	27,711
Paul D Mangino PHARMACY MANAGER	51 0					X		175,679	0	28,951
Walter T Walton Director Mgmt Engineerin	40 0					X		173,727	0	35,396

FINANCIAL STATEMENTS

University Medical Center, Inc
Years Ended December 31, 2011 and 2010
With Report of Independent Auditors

Ernst & Young LLP



University Medical Center, Inc.

Financial Statements

Years Ended December 31, 2011 and 2010

Contents

Report of Independent Auditors	1
Financial Statements	
Balance Sheets	2
Statements of Operations and Changes in Net Assets	4
Statements of Cash Flows	6
Notes to Financial Statements	7

Report of Independent Auditors

The Board of Directors
University Medical Center, Inc

We have audited the accompanying balance sheets of University Medical Center, Inc (the Corporation) as of December 31, 2011 and 2010, and the related statements of operations and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on the financial statements based on our audits.

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

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

Ernst & Young LLP

May 31, 2012

University Medical Center, Inc.

Balance Sheets

	December 31	
	2011	2010
	<i>(In Thousands)</i>	
Assets		
Current assets		
Cash and cash equivalents	\$ 32,471	\$ 44,546
Short-term investments	34,885	48,474
Patient accounts receivable, less allowance for uncollectible accounts of \$4,586 in 2011 and \$5,489 in 2010	71,173	61,860
Other receivables	24,627	5,254
Estimated amounts due from third-party payors	3,048	3,393
Inventories	7,654	7,182
Prepaid expenses and other	6,344	5,737
Assets limited as to use which are available for certain current liabilities	1,795	1,707
Total current assets	181,997	178,153
Assets limited as to use		
Debt service funds – under bond indenture agreements	11,564	10,550
Self-insurance	4,318	4,310
Funded depreciation – by Board of Directors	14,746	14,727
Total assets limited as to use	30,628	29,587
Less amount classified as a current asset	(1,795)	(1,707)
	28,833	27,880
Property, plant, and equipment, net of accumulated depreciation and amortization	104,632	107,163
Other assets		
Investment in joint ventures	2,172	842
Deferred financing costs, net of accumulated amortization of \$1,934 in 2011 and \$1,830 in 2010	519	623
Long-term receivables	19,394	14,215
Other	1,813	1,554
Total other assets	23,898	17,234
Total assets	\$ 339,360	\$ 330,430

	December 31	
	2011	2010
	<i>(In Thousands)</i>	
Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 23,540	\$ 10,278
Accrued salaries	10,216	11,802
Accrued expenses	29,629	16,492
Accrued interest	1,395	1,484
Deferred revenue	25,598	25,483
Affiliation agreement payable	—	11,000
Current portion of long-term debt	8,187	8,452
Total current liabilities	98,565	84,991
Other noncurrent liabilities	28,134	17,886
Long-term debt, net of current portion	54,501	61,701
Total liabilities	181,200	164,578
Net assets		
Unrestricted net assets	157,807	165,852
Temporarily restricted	353	—
Total net assets	158,160	165,852
 Total liabilities and net assets	 \$ 339,360	 \$ 330,430

See accompanying notes.

University Medical Center, Inc.

Statements of Operations and Changes
in Net Assets

	Year Ended December 31	
	2011	2010
	<i>(In Thousands)</i>	
Unrestricted revenue		
Net patient service revenue	\$ 431,036	\$ 429,833
Other revenue	19,629	18,947
Total net revenue	450,665	448,780
Expenses		
Salaries and wages	141,691	139,272
Employee benefits	34,476	37,032
Supplies	61,809	62,464
Drugs	29,224	28,209
Contract services – UofL	55,362	52,754
Contract services – other	37,574	30,158
Rent and leases	13,400	14,212
Repairs and maintenance	10,015	9,847
Insurance	6,997	5,620
Provision for bad debts	6,230	4,477
Other	28,248	13,722
Interest	3,420	3,815
Provider tax	7,322	5,909
Depreciation and amortization	18,490	17,791
Total expenses	454,258	425,282
Operating income	(3,593)	23,498
Nonoperating gains (losses), net		
UofL affiliation agreement surplus cash flow	(5,500)	(11,000)
Nonoperating income	287	179
Other contributions, gains, and (losses), net	(24)	97
Total nonoperating losses, net	(5,237)	(10,724)
Excess of (expenses over revenue) revenue over expenses	\$ (8,830)	\$ 12,774

Continued on next page.

University Medical Center, Inc.

Statements of Operations and Changes
in Net Assets (continued)

	Year Ended December 31	
	2011	2010
	<i>(In Thousands)</i>	
Unrestricted net assets		
Excess of (expenses over revenue) revenue over expenses	\$ (8,830)	\$ 12,774
Unrealized gains on investments	678	601
Net assets released from restrictions for purchase of property, plant, and equipment	107	182
(Decrease) increase in unrestricted net assets	<u>(8,045)</u>	<u>13,557</u>
Temporarily restricted net assets		
Contributions, grants, and bequests	460	182
Net assets released from restrictions for purchase of property, plant, and equipment	(107)	(182)
Increase in temporarily restricted net assets	<u>353</u>	<u>—</u>
(Decrease) increase in net assets	(7,692)	13,557
Net assets at beginning of year	165,852	152,295
Net assets at end of year	<u>\$ 158,160</u>	<u>\$ 165,852</u>

See accompanying notes.

University Medical Center, Inc.

Statements of Cash Flows

	Year Ended December 31	
	2011	2010
	<i>(In Thousands)</i>	
Operating activities		
(Decrease) increase in net assets	\$ (7,692)	\$ 13,557
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities		
Provision for bad debts	6,230	4,477
Depreciation and amortization	18,490	17,791
Contributions, grants, and bequests	(460)	(182)
Changes in operating assets and liabilities		
Patient accounts receivable	(15,543)	(2,939)
Other receivables	(19,373)	12,352
Accounts payable	13,262	(2,543)
Accrued expenses	13,137	2,715
Deferred revenue	115	(10,945)
Affiliation agreement payable	(11,000)	68
Other current and noncurrent assets and liabilities	2,245	3,527
Estimated amounts due to third-party payors	345	(1,894)
Net cash (used in) provided by operating activities	(244)	35,984
Investing activities		
Purchase of property, plant, and equipment, net	(15,090)	(14,654)
Investment in joint venture	(1,330)	(76)
Net change in assets limited as to use and investments	12,548	7,596
Net cash used in investing activities	(3,872)	(7,134)
Financing activities		
Repayment of debt	(8,419)	(8,371)
Issuance of new debt	—	—
Contributions, grants, and bequests	460	182
Net cash used in financing activities	(7,959)	(8,189)
(Decrease) increase in cash and cash equivalents	(12,075)	20,661
Cash and cash equivalents at beginning of year	44,546	23,885
Cash and cash equivalents at end of year	\$ 32,471	\$ 44,546
Noncash investing and financing activities		
Property acquired through capital lease	\$ 869	\$ —

See accompanying notes

University Medical Center, Inc.

Notes to Financial Statements

December 31, 2011

1. Organization

The financial statements include the accounts of University Medical Center, Inc d/b/a University of Louisville Hospital/James Graham Brown Cancer Center (UMC)

UMC is a nonprofit corporation incorporated on June 27, 1995. Norton Healthcare, Inc (Norton), a Kentucky nonprofit corporation, Jewish Hospital & St Mary's Healthcare, Inc (formerly known as Jewish Hospital HealthCare Services, Inc (Jewish)), a Kentucky nonprofit corporation, and the University of Louisville (UofL) were the original members of the Corporation. Effective July 1, 2007, Norton and Jewish resigned from the Board and UMC reverted to a nonmember, nonprofit corporation under KRS Chapter 273. The business and affairs of UMC are conducted by its Board of Directors. The Board of Directors consists of 16 directors. The President of the UofL or his designee is the ex-officio Chairman of the Board. The Chairman appoints the UofL directors. The remaining directors (Community Directors) are in the majority, with none being a trustee, officer, or employee of UofL.

An affiliation agreement between the Commonwealth of Kentucky, UofL, and UMC (the Affiliation Agreement) grants UMC the right to lease and operate the Hospital through February 2011, with three five-year renewal options. The lease automatically renewed for the first renewal option which will expire in February 2016. The Affiliation Agreement's purposes include operating and maintaining the Hospital, providing educational activities and scientific research related to rendering care to the sick and injured, and providing services for the care and treatment of persons who are acutely ill or who otherwise require medical care and related services.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

University Medical Center, Inc.

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Corporation considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents

Investments

Short-term investments are those with maturities less than one year and are comprised of certificates of deposit account registry service deposits and money market accounts All short-term investments are stated at market value The Corporation has no long-term investments or foreign investments

Patient Accounts Receivable

Patient accounts receivable consist of amounts due from government programs (e g , Medicare and Medicaid) and nongovernmental payors (e g , self-pay and commercial payors) Management believes there are no credit risks associated with the receivables from governmental programs Nongovernmental receivables are from various payors that are subject to differing economic conditions Such nongovernment receivables do not represent any significant concentration risks to the Corporation Management continually monitors and adjusts the allowance for uncollectible accounts associated with the credit risk of patient accounts receivable The mix of hospital gross receivables from patients and third-party payors at December 31 is as follows

	2011	2010
Medicare	11%	10%
Medicaid	9	10
Blue Cross	7	7
Patients	57	58
Other third-party payors	16	15
	100%	100%

Inventories

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

University Medical Center, Inc.

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, if purchased, or at fair market value at the date of gift, if donated. Depreciation and amortization, which includes amortization related to capital leases, is provided by the straight-line method over the estimated useful lives of the related assets. Estimated useful lives by asset category are as follows: land improvements – 3 to 5 years, buildings and building improvements – 20 to 35 years, and equipment – 8 to 10 years. Depreciation expense was \$18,301,000 in 2011 and \$17,596,000 in 2010. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Assets Limited as to Use

Assets limited as to use include designated amounts set aside by the Board of Directors for funded depreciation and other expenses, over which the Board retains control and may at its discretion subsequently use for other purposes. The self-insurance trusts are set aside for self-insurance. Amounts required to meet current liabilities of the Corporation have been classified as current in the balance sheets.

Deferred Financing Costs

Deferred financing costs are amortized over the life of the bonds using the effective interest method.

Tax-Exempt Status

UMC is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code and its related income is exempt from federal income tax under Internal Revenue Code Section 501(a). As required by the Income Tax Topic of the Financial Accounting Standards Board Accounting Standards Codification, the Corporation completed an analysis of its tax positions and determined that no material amounts were required to be recognized under pronouncements in the financial statements at December 31, 2011 or 2010.

University Medical Center, Inc.

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Statement of Operations

For purposes of presentation, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as revenue and expenses. Peripheral or incidental transactions are reported as nonoperating gains and losses.

Net Patient Service Revenue

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

Excess of Revenue Over Expenses (Expenses Over Revenue)

The statements of operations include excess of revenue over expenses (expenses over revenue). Changes in unrestricted net assets that are excluded from excess of revenue over expenses (expenses over revenue), consistent with industry practice, include changes in unrealized gains and losses on investments deemed to be temporary and contributions of long-lived assets.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the Corporation 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. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of operations and changes in net assets as net assets released from restrictions.

Donor-restricted contributions whose restrictions are met within the same year as received are reported as other unrestricted contributions and gains in the accompanying financial statements.

University Medical Center, Inc.

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Charity Care

The Corporation provides medical services, without charge or at amounts less than established rates, to patients who qualify under its charity care policies. Eligibility for charity care is determined based on federal poverty guidelines. Charity services are defined as those for which no payment is anticipated. The Corporation does not pursue collection of amounts determined to qualify as charity care. Charity care costs were \$103,000,000 in 2011 and \$99,000,000 in 2010. These costs are calculated using the cost to charge ratio.

Reclassifications

Certain prior year amounts were reclassified to conform to current year presentation.

Fair Value

The Corporation follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 820 (ASC 820), which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a framework for measuring fair value. ASC 820 defines a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

ASC 820 emphasizes that fair value is a market-based measurement, not an entity specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing an asset or liability. As a basis for considering market participant assumption in fair value measurements, and as noted above, ASC 820 defines a three-level fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity and the reporting entity's own assumptions about market participants. The fair value hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

University Medical Center, Inc.

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

The Corporation's valuation methodology for assets and liabilities is as follows

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets
- Level 2 – inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement

The Corporation has an established and documented process for determining fair values. Fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments include amounts to reflect counterparty credit quality constraints on liquidity, and unobservable parameters that are applied consistently over time.

Recently Issued Accounting Pronouncements

The FASB has issued Accounting Standards Update (ASU) 2010-23, *Health Care Entities (Topic 954): Measuring Charity Care for Disclosure*. ASU 2010-23 is intended to reduce the diversity in practice regarding the measurement basis used in the disclosure of charity care. ASU 2010-23 requires that cost, identified as the direct and indirect costs of providing the charity care, be used as the measurement basis for disclosure purposes. ASU 2010-23 also requires disclosure of the method used to identify such costs. This ASU is effective for fiscal years beginning after December 15, 2010 and was adopted by University Medical Center, Inc. in the 2011 financial statements.

The FASB has issued ASU No 2010-24, *Health Care Entities (Topic 954): Presentation of Insurance Claims and Related Insurance Recoveries*. The amendments in ASU 2010-24 clarify that a health care entity may not net insurance recoveries against related claim liabilities. In addition, the amount of the claim liability must be determined without consideration of insurance recoveries. The ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2010. University Medical Center, Inc. adopted ASU 2010-24 in fiscal 2011. The adoption of this ASU resulted in an increase of long-term receivables and other noncurrent liabilities of \$11,172,000.

University Medical Center, Inc.

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

The FASB has issued ASU No 2011-04, *Fair Value Measurements (Topic 820), Amendments to Achieve Common Fair Value Measurement and Disclosures Requirements in U.S. GAAP and IFRS*. The amendments in ASU 2011-04 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. The ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2011. University Medical Center, Inc. is currently evaluating the impact of adoption and will make all required disclosures upon adoption.

The FASB has issued ASU No 2011-07, *Health Care Entities (Topic 954): Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*. ASU 2011-07 is intended to provide financial statement users with greater transparency about a health care entity's net patient service revenue and the related allowance for doubtful receivables. ASU 2011-07 requires certain health care entities to change the presentation of their statement of operations and changes in net assets by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue. Additionally, those health care entities are required to provide enhanced disclosure about their policies for recognizing revenue and assessing bad debts. The ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2011. University Medical Center, Inc. is currently evaluating the impact of adoption and will adjust the presentation of the statement of operations and changes in net assets, as well as make disclosure as required upon adoption.

3. Net Patient Service Revenue

A summary of the payment arrangements with major third-party payors is described in the following paragraphs.

Medicare and Medicaid

Inpatient hospital services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The diagnosis upon which payment is based is subject to review by Medicare representatives. Medicare payments for most outpatient services are made based upon the patient's procedures and diagnosis. Medicare payments for graduate medical education (GME), indirect medical education (IME), and certain bad debts for

University Medical Center, Inc.

Notes to Financial Statements (continued)

3. Net Patient Service Revenue (continued)

beneficiary deductible and coinsurance are made based upon reimbursable costs subject to caps. Such reimbursable costs were determined from annual cost reports filed, which are subject to audit. Provision has been made for the estimated effects of reviews and audits. Medicare revenue was approximately 23% and 21% of net patient service revenue for the years ended December 31, 2011 and 2010. The Hospital increased net patient service revenue by approximately \$2,663,000 in 2011 and \$2,900,000 in 2010, as a result of changes in estimates related to prior year cost report statements and other payor issues.

The Medicaid program reimburses the Corporation on a prospectively determined rate per patient day for inpatient services and on a combination of fee for services and on the basis of cost, as defined, for outpatient services. Provision has been made for the estimated effects of reviews and audits by Medicaid. Medicaid revenue was approximately 16% and 16% of net patient service revenue for the years ended December 31, 2011 and 2010, respectively.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. The Corporation believes it is in substantial compliance with all applicable laws and regulations, and that no pending or threatened investigations will have a material adverse effect on the financial position of the Corporation. However, compliance with health care industry laws and regulations can be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties and exclusion from the Medicare and Medicaid programs. As a result, there is at least a possibility that recorded estimates will change by a material amount in the near term.

Disproportionate Share Hospital

The Corporation's high Medicaid utilization allows it to be designated as a disproportionate share hospital. It is party to intergovernmental transfers made by UofL on the Corporation's behalf, and receives amounts from Medicaid as a disproportionate share hospital. The disproportionate share payments are received in a lump sum and are amortized over the federal fiscal year (October – September). The Corporation included the amortization of these payments in net patient service revenue in the statements of operations and changes in net assets. Unamortized amounts under these programs are included in deferred revenue on the balance sheets.

University Medical Center, Inc.

Notes to Financial Statements (continued)

3. Net Patient Service Revenue (continued)

Passport Health Plan

Passport Health Plan (Passport) is a comprehensive risk-based entity that contracts with the Commonwealth of Kentucky's Medicaid program to provide comprehensive medical services to patients in its region. Passport also has a Medicare replacement insurance product.

The Corporation received \$1,330,000 of charity care grants from Passport in 2008 and 2009. Such amounts were recorded as net patient service revenue in the statements of operations and changes in net assets in the year received. In 2011 it was determined that the total received (\$2,660,000) should be returned to Passport in equal installments through the year 2015. Net patient service revenue was reduced for the \$2,660,000 in 2011. The payable to Passport is recorded in accrued expenses and other noncurrent liabilities as of December 31, 2011.

Urban Trauma Payment

Urban Trauma payment is a Kentucky Medicaid payment for hospitals designated as disproportionate share hospitals. Urban Trauma payments are received monthly by the Corporation from Passport and are recognized over the state fiscal year (July – June). Urban Trauma payment is included in net patient service revenue in the statements of operations and changes in net assets.

Quality and Charity Care Trust Agreement

The Revised Quality and Charity Care Trust Agreement between UMC, UofL, the Commonwealth of Kentucky, and the Louisville Metro government (QCCT Agreement) provides limited funding for the health care needs of economically disadvantaged persons of Jefferson County, Kentucky. The term of the QCCT Agreement is equal to the term of the Affiliation Agreement. The "Trust Year" begins on the first day of July and ends on the last day of June.

Funding under the QCCT Agreement is provided by the Louisville Metro government, the Commonwealth of Kentucky, and UofL and is an annual fixed amount which is not related to volume. Annual increases from local governments are based on the lesser of 1) the prior fiscal year's percentage increase in the Consumer Price Index or 2) the government entity's prior fiscal year's percentage increase in the tax revenue.

University Medical Center, Inc.

Notes to Financial Statements (continued)

3. Net Patient Service Revenue (continued)

In consideration of the funding to the Corporation under the QCCT Agreement, the Corporation provides medically necessary services to medically needy persons, as defined in the QCCT Agreement. The Corporation can attempt to bill and collect for certain amounts, such as co-payments, from those defined as medically needy. QCCT payments are included in net patient service revenue.

Other

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

The Corporation recognized net revenue from the following programs during the years ended December 31:

	2011	2010
	<i>(In Thousands)</i>	
Disproportionate share	\$ 36,034	\$ 36,996
QCCT	34,478	34,713
Urban Trauma payment	19,847	14,974
Passport charity grant	(2,660)	—
	<u>\$ 87,699</u>	<u>\$ 86,683</u>

Deferred revenue related to the following programs is as follows at December 31:

	2011	2010
	<i>(In Thousands)</i>	
Disproportionate share	\$ 25,557	\$ 25,426
	<u>\$ 25,557</u>	<u>\$ 25,426</u>

University Medical Center, Inc.

Notes to Financial Statements (continued)

4. Property, Plant, and Equipment

Property, plant, and equipment at December 31 consists of

	2011	2010
	<i>(In Thousands)</i>	
Land and land improvements	\$ 2,066	\$ 2,069
Buildings and building improvements	102,395	97,708
Equipment	122,972	119,922
	227,433	219,699
Accumulated depreciation and amortization	(127,075)	(115,085)
	100,358	104,614
Construction-in-progress	4,274	2,549
Property, plant, and equipment, net	\$ 104,632	\$ 107,163

5. Assets Limited as to Use and Investments

Assets limited as to use and investments are recorded at fair market value and consist of the following at December 31

	2011			
	Level 1	Level 2	Level 3	Fair Value
	<i>(In Thousands)</i>			
Cash and cash equivalents	\$ 4,969	\$ —	\$ —	\$ 4,969
Money market funds	3,250	46,626	—	49,876
Government and agency securities	7,663	—	—	7,663
Certificate of Deposit and Account Registry Service	—	3,005	—	3,005
	\$ 15,882	\$ 49,631	\$ —	\$ 65,513

University Medical Center, Inc.

Notes to Financial Statements (continued)

5. Assets Limited as to Use and Investments (continued)

	2010			Fair
	Level 1	Level 2	Level 3	Value
	<i>(In Thousands)</i>			
Cash and cash equivalents	\$ 4,623	\$ —	\$ —	\$ 4,623
Money market funds	3,252	46,566	—	49,818
Government and agency securities	6,985	—	—	6,985
Certificate of Deposit and Account Registry Service	—	16,635	—	16,635
	<u>\$ 14,860</u>	<u>\$ 63,201</u>	<u>\$ —</u>	<u>\$ 78,061</u>

The Corporation's investments and assets limited as to use are generally classified within Level 1 or Level 2 of the fair value hierarchy because they are valued using quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency

U S Government-backed securities consist of Federal Farm Credit Bank and Federal National Mortgage Association bonds and callable notes with maturities ranging from 2021 through 2022

Investment income from borrowed funds is included as nonoperating income and all other investment income is included in other operating revenue in the accompanying financial statements. Investment income is comprised of the following for the years ended December 31

	2011	2010
	<i>(In Thousands)</i>	
Investment income – operating	\$ 264	\$ 698
Investment income – nonoperating	91	91
	<u>\$ 355</u>	<u>\$ 789</u>

University Medical Center, Inc.

Notes to Financial Statements (continued)

6. Investment in Joint Ventures

The following is a summary of the investment in joint ventures at December 31

	2011	2010
	<i>(In Thousands)</i>	
Kentuckiana Medical Reciprocal Risk Retention Group	\$ 300	\$ 300
Passport Health Plan (Passport)	1,313	—
Premier Purchasing Partners, LP	559	542
Total investment in joint ventures	\$ 2,172	\$ 842

The investment in Kentuckiana Medical Reciprocal Risk Retention Group (KMRRRG) represents 6% ownership in the company that provides professional liability coverage to its subscribers, which includes the Corporation and certain University of Louisville Medical School Practice Association members, on a claims-made basis through KMR LLC

The investment in Passport represents a 13% ownership in the company that receives the premiums and pays the claims for the Medicaid managed care program in Louisville and the surrounding area. The Corporation received a 100% return of its initial capital investment of \$1,313,000 in 2008, however, in 2011 it was determined the investment should be returned to Passport.

The investment in Premier Purchasing Partners, LP (Premier) represents a limited partnership interest in the company that provides purchasing services for its members.

KMRRRG, UHC, and Premier are accounted for using the cost basis of accounting.

University Medical Center, Inc.

Notes to Financial Statements (continued)

7. Long-Term Debt

Long-term debt is summarized as follows

	2011	2010
	<i>(In Thousands)</i>	
County of Jefferson, Kentucky Hospital Facilities Revenue Bonds, Series 1997	\$ 52,130	\$ 55,545
Less unamortized bond discount	(902)	(987)
Facilities Revenue Bonds, Series 2008 7-Year	6,077	7,566
Facilities Revenue Bonds, Series 2008 5-Year	1,945	3,007
	59,250	65,131
Other long-term debt	3,438	5,022
Total long-term debt	62,688	70,153
Current portion of long-term debt	(8,187)	(8,452)
Long-term debt, net of current portion	\$ 54,501	\$ 61,701

The Series 1997 Bonds were issued by the County of Jefferson and the proceeds were loaned to the Corporation under the terms of a Note and Master Trust Indenture dated June 15, 1997. The proceeds from the Series 1997 Bonds were used to reimburse the Corporation for the costs of buying equipment and other capital expenditures, provide funds for the purchase of new equipment and new construction, fund a debt service reserve fund, and provide working capital for the Corporation.

The Series 1997 Bonds are insured by a financial guaranty insurance policy with MBIA Insurance Corporation and are secured by a pledge of the revenue of the Corporation. The Series 1997 Bonds are subject to optional redemption by the Corporation. There is no call premium for bonds redeemed after July 1, 2008. Interest rates on Series 1997 Bonds range from 3.90% to 5.67%.

Under the terms of the Series 1997 Bonds, the Corporation has agreed to certain covenants that, among other things, limit additional indebtedness and guarantees, and require the Corporation to maintain specified financial ratios and minimum days cash on hand. At December 31, 2011, the Corporation is in compliance with these provisions.

University Medical Center, Inc.

Notes to Financial Statements (continued)

7. Long-Term Debt (continued)

The Series 2008 Bonds were issued by the County of Jefferson and the proceeds were loaned to the Corporation under the terms of a Note and Master Trust Indenture dated September 5, 2008. The proceeds from the Series 2008 Bonds were used to reimburse the Corporation for the costs of buying equipment and other capital expenditures and provide funds for new construction for the Corporation. The bonds are secured by a pledge of the equipment purchased by the Corporation. Bonds are subject to optional redemption by the Corporation on or after October 5, 2009. There is no call premium for the bonds redeemed after October 5, 2008. Interest rates on the Series 2008 Bonds range from 3.32% to 3.55%.

The maturities and interest payments on long-term debt, over the next five years are as follows:

Fiscal Year	Principal	Interest	Total
	<i>(In Thousands)</i>		
2012	\$ 8,187	\$ 3,101	\$ 11,288
2013	7,268	2,711	9,979
2014	5,942	2,378	8,320
2015	5,627	2,080	7,707
2016	4,440	1,820	6,260
Thereafter	32,126	5,318	37,444

The Corporation has a line of credit with Republic Bank and Trust totaling \$8 million available for additional borrowings at December 31, 2011. The interest on this line of credit is stated at the prime rate as defined in the agreement. No amounts were outstanding on this line at December 31, 2011 or 2010. The line of credit expires on October 1, 2012 unless extended or provided in the agreement.

The Corporation paid interest of approximately \$3,511,000 and \$3,939,000, which is net of capitalized interest costs of approximately \$91,000 and \$112,000 during 2011 and 2010, respectively.

The carrying amount of debt outstanding at December 31, 2011 under the Series 1997 Bonds, Series 2008 Bonds 7-Year, and Series 2008 Bonds 5-Year approximates fair value.

The other long-term debt amount consists of various capital leases related to equipment used in operations.

University Medical Center, Inc.

Notes to Financial Statements (continued)

8. Leases

The Corporation has entered into various agreements with UofL and its affiliates to lease the Hospital. Future minimum annual rental payments under these operating leases of December 31, 2011 are as follows (in thousands):

2012	\$ 8,853
2013	8,924
2014	8,996
2015	9,071
2016	9,596
Thereafter	78,714
	<u>\$ 124,154</u>

In addition to the above, the Corporation has entered into various lease agreements with unrelated parties, primarily for the use of equipment. Future minimum annual rental payments under these operating leases as of December 31, 2011 are as follows (in thousands):

2012	\$ 1,944
2013	936
2014	49
2015	—
2016	—
	<u>\$ 2,929</u>

Total rental expense for all lease agreements was approximately \$13,400,000 and \$14,212,000, respectively, for the years ended December 31, 2011 and 2010.

9. Retirement Plans

The Corporation has a defined contribution 403(b) plan available to all employees that allows them to contribute, from their first day of employment, up to the limits imposed by the Internal Revenue Service.

University Medical Center, Inc.

Notes to Financial Statements (continued)

9. Retirement Plans (continued)

The Corporation also has a defined contribution 401(a) retirement plan available to all employees with at least one year of employment that work more than 1,000 hours in a year. Under terms of this plan, the Corporation contributes a percentage (as defined by the plan document) of each participant's annual compensation for those participants employed on December 31. In addition, this plan provides for a 50% matching contribution of participants' 403(b) contributions up to a maximum of 4% of annual compensation. Vesting of the Corporation match requires 1,000 annual work hours.

In 2004, a deferred compensation 457 plan became available for certain employees. This plan allows employees to voluntarily defer compensation that otherwise would be paid currently. The Corporation makes no contributions to the 457 plan.

Total pension expense was approximately \$6,230,000 in 2011 and \$5,823,000 in 2010.

10. Functional Expenses

The Corporation provides general health care services to residents within its geographic location. Expenses related to providing these services are as follows for the years ended December 31:

	2011	2010
	<i>(In Thousands)</i>	
Health care and education services	\$ 379,633	\$ 364,805
General and administrative	74,625	60,477
	<u>\$ 454,258</u>	<u>\$ 425,282</u>

University Medical Center, Inc.

Notes to Financial Statements (continued)

11. Related-Party Transactions

In addition to payments required under the Affiliation Agreement (see Note 12), the Corporation has entered into various contracts with UofL and its affiliates to provide support services for the Corporation. The following is a summary of expenses incurred related to UofL and its affiliates for the years ended December 31:

	2011	2010
	<i>(In Thousands)</i>	
Professional fees	\$ 52,983	\$ 50,527
Ancillary services	2,379	2,227
Rent expense and other	8,733	8,077
	\$ 64,095	\$ 60,831

Professional fees relate primarily to support for the residency programs, ambulatory care building support, physician services and chairmanships. Ancillary services include dialysis, lab testing, mammography and other services. Rent expense relates to the lease of the hospital and the outpatient center.

The Corporation has recorded receivables from UofL of \$21,096,000 as of December 31, 2011.

The Corporation, in conjunction with other medical center institutions, is contractually responsible for the operating costs and the debt service requirements of two organizations owned and operated by the Medical Center Commission (a public agency) which provide laundry service and steam and chilled water service to the Corporation and other institutions. The principal amount of the long-term debt outstanding as of December 31, 2011 related to the laundry service organization is approximately \$3,275,000 while that related to the steam and chilled water service organization is approximately \$24,915,000. Payments made by the Corporation to the two organizations included in operating expenses for the years ended December 31 were:

	2011	2010
	<i>(In Thousands)</i>	
Laundry service	\$ 1,312	\$ 1,287
Steam and chilled water service	2,007	2,006
	\$ 3,319	\$ 3,293

University Medical Center, Inc.

Notes to Financial Statements (continued)

12. Affiliation Agreement

The Affiliation Agreement (Note 1) states that the Corporation will pay to UofL its Surplus Cash Flow, as defined. Surplus Cash Flow is recorded as an operating expense in the statements of operations and changes in net assets.

At December 31, 2011 and 2010, the Corporation has \$0 and \$11,000,000, respectively, payable to UofL related to this commitment. The Corporation recognized \$5,500,000 and \$11,000,000 of expense in 2011 and 2010, respectively, related to this agreement.

As part of the Affiliation Agreement, the Corporation has also agreed to support the operations of the Ambulatory Care Building (ACB) Clinics. ACB Clinic support of \$1,799,000 and \$1,790,000 in 2011 and 2010 is included in contract services – UofL in the statements of operations and changes in net assets.

13. Commitments and Contingencies

The Corporation is insured for professional and general liability claims through a claims-made policy that, in the opinion of management, is adequate to cover losses, if any. Should the current claims-made policy not be renewed or replaced with equivalent insurance, claims based upon occurrence during the term of the present policy, but reported subsequently, will be uninsured.

There may be other claims from unreported incidents arising from services provided to patients, however, because the annual excess insurance policy covers only claims that have been asserted and incidents reported to the insurance carrier, these unknown incidents are not yet covered by excess insurance. The Corporation's Board of Directors has established a trust with certain funds that are set aside (\$4,318,000 and \$4,310,000 at December 31, 2011 and 2010, respectively) to pay for deductibles related to uninsured malpractice claims. The amounts recorded for the professional and general liability include an actuarial determined estimate for claims and related legal expenses for both reported and unreported incidents.

The Corporation is self-insured up to certain reinsurance limits for employee health insurance and workers' compensation.

The Corporation is subject to claims and suits arising in the ordinary course of business. In the opinion of management, the ultimate resolution of pending legal proceedings will not have a material effect on the Corporation's financial position.

University Medical Center, Inc.

Notes to Financial Statements (continued)

14. Subsequent Events

The Corporation has evaluated and disclosed any subsequent events through May 31, 2012 which is the date the financial statements were issued and made publicly available. No non-recognized subsequent events were identified for disclosure in the financial statements.

About Ernst & Young

Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 152,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve their potential.

For more information, please visit www.ey.com

Ernst & Young refers to the global organization of member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. This Report has been prepared by Ernst & Young LLP, a client serving member firm located in the United States.

