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Form 990

Return of Organization Exempt From Income Tax

2011

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

► The organization may have to use a copy of this return to satisfy state reporting requirements

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

B Check if applicable

Address change

Name change

Initial return

Terminated

Amended return

Application pending

C Name of organization
HOSPITAL DE LA CONCEPCION INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) Room/suite
PO BOX 285City or town, state or country, and ZIP + 4
SAN GERMAN
Puerto RicoF Name and address of principal officer
GUSTAVO A ALMDOVAR
PO BOX 285
SAN GERMAN, PR 006830285D Employer identification number
66-0227304E Telephone number
(787) 892-1860

G Gross receipts \$ 64,134,415

I Tax-exempt status 501(c)(3) 501(c) () (insert no) 4947(a)(1) or 527H(a) Is this a group return for affiliates? Yes NoH(b) Are all affiliates included? Yes No
If "No," attach a list (see instructions)

H(c) Group exemption number ►

J Website: ► N/A

K Form of organization Corporation Trust Association Other ►

L Year of formation 1956

M State of legal domicile PR

Part I Summary

1 Briefly describe the organization's mission or most significant activities

THE ORGANIZATION HAS THE MISSION TO PROVIDE HIGH QUALITY HEALTH CARE SERVICES WHICH SATISFY THE PHYSICAL AND SPIRITUAL NEEDS OF THE PATIENTS, IN ACCORDANCE WITH THE CHRISTIAN MORAL

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

3 Number of voting members of the governing body (Part VI, line 1a)

3 9

4 Number of independent voting members of the governing body (Part VI, line 1b)

4 9

5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)

5 834

6 Total number of volunteers (estimate if necessary)

6

7a Total unrelated business revenue from Part VIII, column (C), line 12

7a 0

b Net unrelated business taxable income from Form 990-T, line 34

7b

		Prior Year		Current Year	
		3	9	3	9
8	Contributions and grants (Part VIII, line 1h)				0
9	Program service revenue (Part VIII, line 2g)	60,592,727		61,616,304	
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	132,017		61,044	
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	2,497,632		2,457,067	
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	63,222,376		64,134,415	

		Prior Year		Current Year	
		3	9	3	9
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9	Program service revenue (Part VIII, line 2g)	60,592,727		61,616,304	
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	132,017		61,044	
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	2,497,632		2,457,067	
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	63,222,376		64,134,415	
13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)				0
14	Benefits paid to or for members (Part IX, column (A), line 4)				0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	24,831,102		25,600,348	
16a	Professional fundraising fees (Part IX, column (A), line 11e)				0
b	Total fundraising expenses (Part IX, column (D), line 25) ► 0				0
17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	34,894,376		35,815,828	
18	Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	59,725,478		61,416,176	
19	Revenue less expenses Subtract line 18 from line 12	3,496,898		2,718,239	

		Beginning of Current Year		End of Year	
		3	9	3	9
20	Total assets (Part X, line 16)	72,123,339		75,523,573	
21	Total liabilities (Part X, line 26)	45,230,485		45,794,860	
22	Net assets or fund balances Subtract line 21 from line 20	26,892,854		29,728,713	

Part II Signature Block

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

Sign Here	***** Signature of officer	2012-11-13	
	GUSTAVO A ALMODOVAR EXECUTIVE DIRECTOR Type or print name and title	Date	

Paid Preparer's Use Only	Preparer's signature ►	Date 2012-11-13	Check if self-employed ►	Preparer's taxpayer identification number (see instructions)
	Firm's name (or yours if self-employed), address, and ZIP + 4 ►	FPV & GALINDEZ CPAS PSC PO BOX 364152 SAN JUAN, PR 009364152	EIN ►	Phone no ►

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

Part III Statement of Program Service Accomplishments

Statement of Program Service Accomplishments
Check if Schedule Q contains a response to any question in this Part III

1 Briefly describe the organization's mission

THE ORGANIZATION HAS THE MISSION TO PROVIDE HIGH QUALITY HEALTH CARE SERVICES WHICH SATISFY THE PHYSICAL AND SPIRITUAL NEEDS OF THE PATIENTS, IN ACCORDANCE WITH THE CHRISTIAN MORAL

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

If "Yes," describe these new services on Schedule C.

Yes No

3 Did the organization cease conducting, or make significant changes in how it conducts, any programs or 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 \$ 33,771,618 including grants of \$) (Revenue \$

DURING THE YEAR ENDED DECEMBER 31, 2011 THE ORGANIZATION PROVIDED IN- PATIENT, OUT-PATIENT AND EMERGENCY SERVICES PRIMARILY TO RESIDENTS OF THE SOUTHWESTERN AREA OF PUERTO RICO. THE ORGANIZATION SERVICES CONSISTED OF 8,838 ADMISSIONS, 49,393 PATIENT DAYS AND 39,777 EMERGENCY VISITS, AMONG OTHER

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 **\$ 33,771,618**

Part IV Checklist of Required Schedules

1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A

2 Is the organization required to complete Schedule B, *Schedule of Contributors* (see instructions)?

3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I

4 **Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II

5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III

6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I

7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II

8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III

9 Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV

10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V

11 If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable

a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI

b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII

c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII

d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX

e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X

f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X

12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII

b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional

13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E

14a Did the organization maintain an office, employees, or agents outside of the United States?

b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Part I

15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U.S.? If "Yes," complete Schedule F, Part II and IV

16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U.S.? If "Yes," complete Schedule F, Part III and IV

17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I

18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II

19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III

20a Did the organization operate one or more hospitals? If "Yes," complete Schedule H

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

	Yes	No
1	Yes	
2		No
3		No
4		No
5		No
6		No
7		No
8		No
9		No
10		No
11a	Yes	
11b		No
11c		No
11d	Yes	
11e	Yes	
11f		No
12a	Yes	
12b		No
13		No
14a		No
14b		No
15		No
16		No
17		No
18		No
19		No
20a	Yes	
20b	Yes	

Part IV Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to line 25	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? If "Yes," complete Schedule L, Part III	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)	28a		No
a	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b		No
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28c		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? If "Yes," complete Schedule L, Part IV	29		No
30	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M	30		No
31	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M	31		No
32	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	32		No
33	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	33		No
34	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? If "Yes," complete Schedule R, Part I	34		No
35a	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1	35a		No
b	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2	35b		No
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a	0
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	No
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return	2a	834
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	2b	Yes
Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	No
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b	
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).	7a	
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?	7b	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7c	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7d	
d	If "Yes," indicate the number of Forms 8282 filed during the year	7e	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7f	
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7g	
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7h	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	8	
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?	9a	
9	Sponsoring organizations maintaining donor advised funds.	9b	
a	Did the organization make any taxable distributions under section 4966?		
b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter	10a	
a	Initiation fees and capital contributions included on Part VIII, line 12	10b	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
11	Section 501(c)(12) organizations. Enter	11a	
a	Gross income from members or shareholders	11b	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12b	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.	13a	
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	13b	
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	13c	
c	Enter the aggregate amount of reserves on hand		
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14b	No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O		

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

1a Enter the number of voting members of the governing body at the end of the tax year

1a	9
1b	9

b 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?

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?

4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?

5 Did the organization become aware during the year of a significant diversion of the organization's assets?

6 Did the organization have members or stockholders?

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?

b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?

8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following

a The governing body?

b Each committee with authority to act on behalf of the governing body?

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

	Yes	No
1a		
1b		
2		No
3		No
4		No
5		No
6	Yes	
7a	Yes	
7b		No
8a	Yes	
8b	Yes	
9		No

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

10a Did the organization have local chapters, branches, or affiliates?

b If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?

11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?

b Describe in Schedule O the process, if any, used by the organization to review the Form 990

12a Did the organization have a written conflict of interest policy? If "No," go to line 13

b Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?

c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done

13 Did the organization have a written whistleblower policy?

14 Did the organization have a written document retention and destruction policy?

15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?

a The organization's CEO, Executive Director, or top management official

b Other officers or key employees of the organization

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?

b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?

	Yes	No
10a		No
10b		
11a	Yes	
12a	Yes	
12b	Yes	
12c	Yes	
13		No
14	Yes	
15a		No
15b		No
16a		No
16b		

Section C. Disclosure

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

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

THE ENTITY
ROAD 2 KM 173
SAN GERMAN 00683-0000
RQ
(787) 892-1680

Part VII: Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

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

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons.

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

Part VII: Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **►3**

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

Section B. Independent Contractors

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

(A)	Name and business address	(B)	Description of services	(C)	Compensation
SOUTHWEST EMERGENCY CORPORATION					
40 MUOZ RIVERA ST					
SABANA GRANDE	00637				1,490,000
RQ					
AIREKO CONSTRUCTION CORP					
PO BOX 2128					
SAN JUAN	00922				1,286,422
RQ					
AMS RADIOLOGOS CSP					
262 RIALTO ENSANCHE RAMIREZ					
MAYAGEZ	00682				
RQ					
QUEST DIAGNOSTIC					
12436 COLLECTION CENTER DRIVE					
AVE DE DIEGO SUITE 103					
CHICAGO	60693-2436				
RQ					
SECURITAS SECURITY SERVICES OD PR					
PO BOX 714468					
SAN JUAN	00936-8568				416,616
RQ					
2	Total number of independent contractors (including but not limited to those listed above) who received more than				

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. 5

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	
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						
Program Service Revenue	Business Code						
			2a		61,616,304	61,616,304	
			b				
			c				
			d				
			e				
			f All other program service revenue				
	g Total. Add lines 2a-2f		61,616,304				
Other Revenue	3 Investment income (including dividends, interest and other similar amounts)						
			61,044		61,044		
	4 Income from investment of tax-exempt bond proceeds						
	5 Royalties						
	6a Gross rents	(I) Real	(II) Personal				
	b Less rental expenses						
	c Rental income or (loss)						
	d Net rental income or (loss)						
7a Gross amount from sales of assets other than inventory	(I) Securities	(II) Other					
b Less cost or other basis and sales expenses							
c Gain or (loss)							
d Net gain or (loss)							
8a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18							
b Less direct expenses	b						
c Net income or (loss) from fundraising events							
9a Gross income from gaming activities See Part IV, line 19							
b Less direct expenses	b						
c Net income or (loss) from gaming activities							
10a Gross sales of inventory, less returns and allowances							
b Less cost of goods sold	b						
c Net income or (loss) from sales of inventory							
Miscellaneous Revenue	Business Code						
11a OTHER REVENUE		2,457,067	2,457,067				
b							
c							
d All other revenue							
e Total. Add lines 11a-11d		2,457,067					
12 Total revenue. See Instructions		64,134,415	64,073,371		61,044		

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				
2 Grants and other assistance to individuals in the United States See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	21,440,721	13,226,246	8,214,475	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)				
9 Other employee benefits	1,945,771	141,352	1,804,419	
10 Payroll taxes	2,213,856	637,414	1,576,442	
11 Fees for services (non-employees)				
a Management				
b Legal	239,463		239,463	
c Accounting	37,268		37,268	
d Lobbying				
e Professional fundraising See Part IV, line 17				
f Investment management fees				
g Other				
12 Advertising and promotion	775,472		775,472	
13 Office expenses				
14 Information technology				
15 Royalties				
16 Occupancy				
17 Travel	53,297	2,654	50,643	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	2,106,310		2,106,310	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	3,504,506		3,504,506	
23 Insurance	668,943		668,943	
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 MEDICAL SUPPLIES	13,323,287	12,671,994	651,293	
b OTHER EXPENSE	10,938,391	6,819,219	4,119,172	
c UTILITIES	2,679,673		2,679,673	
d REPAIRS	745,297	219,294	526,003	
e				
f All other expenses	743,921	53,445	690,476	
25 Total functional expenses. Add lines 1 through 24f	61,416,176	33,771,618	27,644,558	0
26 Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

		(A) Beginning of year	(B) End of year
Assets	1 Cash—non-interest-bearing	3,645,214	1 3,503,615
	2 Savings and temporary cash investments	2	
	3 Pledges and grants receivable, net	3	
	4 Accounts receivable, net	10,008,467	4 11,105,377
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L	5	
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L	6	
	7 Notes and loans receivable, net	7	
	8 Inventories for sale or use	2,309,614	8 2,458,405
	9 Prepaid expenses and deferred charges	880,520	9 1,126,366
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	87,054,625
	b Less accumulated depreciation	10b	38,143,301
		47,593,357	10c 48,911,324
	11 Investments—publicly traded securities	1,890,287	11 2,007,907
	12 Investments—other securities See Part IV, line 11	12	
	13 Investments—program-related See Part IV, line 11	13	
	14 Intangible assets	14	
	15 Other assets See Part IV, line 11	5,795,880	15 6,410,579
	16 Total assets. Add lines 1 through 15 (must equal line 34)	72,123,339	16 75,523,573
Liabilities	17 Accounts payable and accrued expenses	9,151,816	17 9,838,246
	18 Grants payable	18	
	19 Deferred revenue	19	
	20 Tax-exempt bond liabilities	20	
	21 Escrow or custodial account liability Complete Part IV of Schedule D	21	
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L	22	
	23 Secured mortgages and notes payable to unrelated third parties	23	
	24 Unsecured notes and loans payable to unrelated third parties	24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D	36,078,669	25 35,956,614
	26 Total liabilities. Add lines 17 through 25	45,230,485	26 45,794,860
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.		
	27 Unrestricted net assets	26,892,854	27 29,728,713
	28 Temporarily restricted net assets	28	
	29 Permanently restricted net assets	29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.		
	30 Capital stock or trust principal, or current funds	30	
	31 Paid-in or capital surplus, or land, building or equipment fund	31	
	32 Retained earnings, endowment, accumulated income, or other funds	32	
	33 Total net assets or fund balances	26,892,854	33 29,728,713
	34 Total liabilities and net assets/fund balances	72,123,339	34 75,523,573

Part XI Reconciliation of Net AssetsCheck 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	64,134,415
2 Total expenses (must equal Part IX, column (A), line 25)	2	61,416,176
3 Revenue less expenses Subtract line 2 from line 1	3	2,718,239
4 Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	26,892,854
5 Other changes in net assets or fund balances (explain in Schedule O)	5	117,620
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	29,728,713

Part XII Financial Statements and ReportingCheck if Schedule O contains a response to any question in this Part XII

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

2011

Open to Public
Inspection**SCHEDULE A**
(Form 990 or 990EZ)**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.

Department of the Treasury
Internal Revenue Service
Name of the organization
HOSPITAL DE LA CONCEPCION INC

Employer identification number

66-0227304

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

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 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 D
(Form 990)**Supplemental Financial Statements****2011****Open to Public
Inspection**Department of the Treasury
Internal Revenue Service

► 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.

Name of the organization
HOSPITAL DE LA CONCEPCION INC**Employer identification number**

66-0227304

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
2a	
2b	
2c	
2d	

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

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

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

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

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

► \$ _____

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

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

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

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

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

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

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

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

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

► b Assets included in Form 990, Part X ► \$ _____

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

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

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

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

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

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

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

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

	Amount
1c	
1d	
1e	
1f	

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

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

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

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

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

a Board designated or quasi-endowment ►
 b Permanent endowment ►
 c Term endowment ►

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

	Yes	No
3a(i) unrelated organizations		No
3a(ii) related organizations		No
3b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?		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		570,702			570,702
b Buildings					
c Leasehold improvements		44,108,277	9,183,130		34,925,147
d Equipment		40,306,403	28,960,171		11,346,232
e Other		2,069,243			2,069,243
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).)					48,911,324

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

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

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

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

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

(a) Description	(b) Book value
(1) OTHER RECEIVABLE	5,706,797
(2) DEBT ISSUANCE COSTS	468,158
(3) ASSETS ASIDE UNDER INDENTURE AGREED	235,624
Total. (Column (b) should equal Form 990, Part X, col.(B) line 15.)	6,410,579

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

(a) Description of Liability	(b) Amount
Federal Income Taxes	
LONG TERM DEBT	33,589,880
RESERVE FOR CLAIM LOSSES	1,926,196
NOTES PAYABLE	440,538
Total. (Column (b) should equal Form 990, Part X, col (B) line 25.)	35,956,614

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

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

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	64,134,415
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	61,416,176
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	2,718,239
4	Net unrealized gains (losses) on investments	4	117,620
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	117,620
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	2,835,859

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

1	Total revenue, gains, and other support per audited financial statements	1	64,252,035
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	117,620
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV)	2d	
e	Add lines 2a through 2d	2e	117,620
3	Subtract line 2e from line 1	3	64,134,415
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5	64,134,415

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

1	Total expenses and losses per audited financial statements	1	61,416,176
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIV)	2d	
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	61,416,176
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)	5	61,416,176

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

2011

Open to Public
InspectionSCHEDULE 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.Name of the organization
HOSPITAL DE LA CONCEPCION INC

Employer identification number

66-0227304

Part I Charity Care and Certain Other Community Benefits at Cost

1a Did the organization have a charity care policy? If "No," skip to question 6a

b If "Yes," is it a written policy?

2 If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals

Applied uniformly to all hospitals Applied uniformly to most hospitals
 Generally tailored to individual hospitals

3 Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year

a Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care

100% 150% 200% Other _____%

b Did the organization use FPG to determine eligibility for providing *discounted* care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care

200% 250% 300% 350% 400% Other _____%

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"?

5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?

b If "Yes," did the organization's charity care expenses exceed the budgeted amount?

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?

6a Did the organization prepare a community benefit report during the tax year?

6b If "Yes," did the organization make it available to the public?

Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H

	Yes	No
1a	Yes	
1b		No
3a		No
3b		No
4		No
5a		No
5b		
5c		
6a		No
6b		

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)						
b Medicaid (from Worksheet 3, column a)						
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Charity Care and Means-Tested Government Programs						
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j Total Other Benefits						
k Total. Add lines 7d and 7j						

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

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15? **1** Yes

2 Enter the amount of the organization's bad debt expense **2** 1,471,592

3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy **3**

4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit

Section B. Medicare

5 Enter total revenue received from Medicare (including DSH and IME) **5** 8,564,969

6 Enter Medicare allowable costs of care relating to payments on line 5 **6** 4,866,109

7 Subtract line 6 from line 5. This is the surplus or (shortfall) **7** 3,698,860

8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used

Cost accounting system

Cost to charge ratio

Other

Section C. Collection Practices

9a Did the organization have a written debt collection policy during the tax year? **9a** Yes

b If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI **9b** No

Part IV Management Companies and Joint Ventures (see instructions)

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

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

Name and address

Other (Describe)

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)

HOSPITAL DE LA CONCEPCIN INC

Name of Hospital Facility: _____

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

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

Part V Facility Information (continued)

	Yes	No
10 Used FPG to determine eligibility for providing discounted care?	10	No
If "Yes," indicate the FPG family income limit for eligibility for discounted care ____% If "No," explain in Part VI the criteria the hospital facility used		
11 Explained the basis for calculating amounts charged to patients?	11	No
If "Yes," indicate the factors used in determining such amounts (check all that apply)		
a <input type="checkbox"/> Income level		
b <input type="checkbox"/> Asset level		
c <input type="checkbox"/> Medical indigency		
d <input type="checkbox"/> Insurance status		
e <input type="checkbox"/> Uninsured discount		
f <input type="checkbox"/> Medicaid/Medicare		
g <input type="checkbox"/> State regulation		
h <input type="checkbox"/> Other (describe in Part VI)		
12 Explained the method for applying for financial assistance?	12	No
13 Included measures to publicize the policy within the community served by the hospital facility?	13	No
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		
a <input type="checkbox"/> The policy was posted at all times on the hospital facility's web site		
b <input type="checkbox"/> The policy was attached to all billing invoices		
c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility		
f <input type="checkbox"/> The policy was available upon request		
g <input type="checkbox"/> Other (describe in Part VI)		
Billing and Collections		
14 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	No
15 Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP		
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments or arrests		
e <input type="checkbox"/> Other similar actions (describe in Part VI)		
16 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16	No
If "Yes," check all actions in which the hospital facility or a third party engaged		
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Part VI)		
17 Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)		
a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission		
b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge		
c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills		
d <input type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy		
e <input type="checkbox"/> Other (describe in Part VI)		

Part V Facility Information (continued)**Policy Relating to Emergency Medical Care**

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

- 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)

	Yes	No
18	Yes	

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 its 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		No
21		No

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

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

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, 6l, 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
ADDITIONAL INFORMATION	PART VI	PART I LINE 1A ALTHOUGH THE HOSPITAL DID NOT HAVE A FINANCIAL ASSISTANCE POLICY DURING YEAR 2011 A POLICY WILL BE PREPARED IN THE UPCOMING MONTHS IN ORDER TO COMPLY WITH THE REQUIREMENT PART III LINE 8 BAD DEBT EXPENSE THE HOSPITAL MAKES JUDGMENTS AS TO THE COLLECTABILITY OF ACCOUNTS RECEIVABLES BASED ON HISTORICAL TRENDS AND FUTURE EXPECTATIONS MANAGEMENT ESTIMATES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS WHICH REPRESENTS THE COLLECTABILITY OF PATIENT SERVICE ACCOUNTS RECEIVABLES THIS ALLOWANCE ADJUSTS GROSS PATIENT SERVICE ACCOUNTS RECEIVABLE DOWNWARD TO THEIR ESTIMATED NET REALIZABLE VALUE TO DETERMINE THE ALLOWANCE FOR DOUBTFUL ACCOUNTS MANAGEMENT REVIEWS SPECIFIC CUSTOMER RISK FOR ACCOUNTS OVER 365 DAYS USING THE HOSPITALS ACCOUNTS RECEIVABLE AGING

Schedule J
(Form 990)**Compensation Information**

OMB No 1545-0047

2011Department of the Treasury
Internal Revenue Service

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.

Open to Public Inspection**Name of the organization**

HOSPITAL DE LA CONCEPCION INC

Employer identification number

66-0227304

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

<input type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use
<input type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence
<input type="checkbox"/> Tax indemnification and gross-up payments	<input type="checkbox"/> Health or social club dues or initiation fees
<input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)

b If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement 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

<input type="checkbox"/> Compensation committee	<input type="checkbox"/> Written employment contract
<input type="checkbox"/> Independent compensation consultant	<input type="checkbox"/> Compensation survey or study
<input type="checkbox"/> Form 990 of other organizations	<input checked="" type="checkbox"/> Approval by the board or compensation committee

4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization

a Receive a severance payment or change-of-control payment?
b Participate in, or receive payment from, a supplemental nonqualified retirement plan?
c Participate in, or receive payment from, an equity-based compensation arrangement?
 If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III

Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.

5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of

a The organization?

b Any related organization?

If "Yes," to line 5a or 5b, describe in Part III

6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of

a The organization?

b Any related organization?

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

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

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

1b		
2		
4a		No
4b		No
4c		No
5a		No
5b		No
6a		No
6b		No
7		No
8		No
9		

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

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

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

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
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SCHEDULE O
(Form 990 or 990-EZ)Department of the Treasury
Internal Revenue Service**Supplemental Information to Form 990 or 990-EZ**

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

2011**Open to Public
Inspection**Name of the organization
HOSPITAL DE LA CONCEPCION INC**Employer identification number**

66-0227304

Identifier	Return Reference	Explanation
CLASSES OF MEMBERS OR STOCKHOLDERS	FORM 990, PAGE 6, PART VI, LINE 6	THE ORGANIZATION MEMBERS CONSIST OF THE TRUSTEES WHICH COMPOSE THE GOVERNING BOARD
ELECTION OF MEMBERS AND THEIR RIGHTS	FORM 990, PAGE 6, PART VI, LINE 7A	THE BISHOP OF THE DIOCESE OF MAYAGUEZ, AS PRESIDENT OF THE BOARD OF TRUSTEES SELECTS THE MEMBERS OF THE BOARD, THE MEMBERS ARE SELECTED BASED ON THEIR EXPERIENCE IN DIFFERENT BUSINESS AREAS. THE POSITION'S TERM IS THREE YEARS
ORGANIZATIONS PROCESS USED TO REVIEW FORM 990	FORM 990, PAGE 6, PART VI, LINE 11B	THE FINANCE DIRECTOR REVIEW AND COMPARED THE FORM ACCORDING WITH AUDITED FINANCIAL STATEMENTS. THEN THE RETURN IS DISCUSSED WITH THE EXECUTIVE DIRECTOR AND MEMBERS OF THE FINANCE COMMITTEE
ENFORCEMENT OF CONFLICTS POLICY	FORM 990, PAGE 6, PART VI, LINE 12C	THE BOARD OF DIRECTORS HAS A COMMITTEE WHICH, THROUGH THE EXECUTIVE DIRECTOR AND THE ADMINISTRATOR, ENFORCES AND MONITORS COMPLIANCE WITH THE POLICY. THE ORGANIZATION'S DIRECTORS ARE REQUIRED TO DOCUMENT AND DISCLOSE ANNUALLY ANY CONDITIONS THAT MAY RESULT IN A CONFLICT OF INTEREST
GOVERNING DOCUMENTS DISCLOSURE EXPLANATION	FORM 990, PAGE 6, PART VI, LINE 19	THE ORGANIZATION UPON REQUEST BY VENDORS AND PUBLIC IN GENERAL PROVIDES COPY OF ANY OF ITS FINANCIAL STATEMENTS, GOVERNING DOCUMENTS OR ANY OTHER POLICY

Hospital de la Concepción, Inc.

Financial Statements

December 31, 2011 and 2010

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Hospital de la Concepcion, Inc

We have audited the accompanying balance sheets of Hospital de la Concepcion, Inc. as of December 31, 2011 and 2010, and the related statements of operations and changes in unrestricted net assets and cash flows for the years then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hospital de la Concepción, Inc. at December 31, 2011 and 2010, and the results of its operations and changes in unrestricted net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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San Juan, Puerto Rico
April 2, 2012

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Hospital de la Concepción, Inc.

Balance Sheets

December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 3,503,615	\$ 3,645,214
Assets set aside under indenture agreement	235,625	235,490
Patient accounts receivable, net of allowance for doubtful accounts of \$3,894,115, in 2011 and \$6,001,037 in 2010	11,002,556	10,008,467
Estimated third-party payor settlements - Medicare	102,820	-
Inventory of supplies	2,458,405	2,309,614
Prepaid expenses	<u>1,126,366</u>	<u>880,520</u>
Total current assets	18,429,387	17,079,305
Investments	2,007,907	1,890,287
Due from related parties, net	5,706,797	5,066,868
Property, plant and equipment, net	48,911,324	47,593,357
Debt issuance costs	<u>468,158</u>	<u>493,522</u>
Total assets	<u>75,523,573</u>	<u>72,123,339</u>
Liabilities and Unrestricted Net Assets		
Current liabilities		
Note payable	1,278,001	-
Current portion of bonds payable and long-term debt	943,784	888,784
Current portion of capital lease obligations	375,642	353,116
Accounts payable	5,958,126	6,240,071
Accrued expenses	3,880,119	2,911,745
Estimated third-party payor settlements - Medicare	-	162,639
Reserve for claim losses	<u>-</u>	<u>20,941</u>
Total current liabilities	12,435,672	10,577,296
Bonds payable and long-term debt, net of current portion	31,368,095	32,307,395
Capital lease obligations, net of current portion	64,897	440,539
Reserve for claim losses	<u>1,926,196</u>	<u>1,905,255</u>
Total liabilities	45,794,860	45,230,485
Unrestricted net assets	<u>29,728,713</u>	<u>26,892,854</u>
Total liabilities and unrestricted net assets	<u>\$ 75,523,573</u>	<u>\$ 72,123,339</u>

See notes to financial statements

Hospital de la Concepción, Inc.
 Statements of Operations and Changes in Unrestricted Net Assets
 Years ended December 31, 2011 and 2010

	2011	2010
Unrestricted revenues and other support		
Net patient service revenue	\$ 61,616,304	\$ 60,592,727
Other revenue	<u>2,457,067</u>	<u>2,497,632</u>
Total revenues and other support	<u>64,073,371</u>	<u>63,090,359</u>
 Expenses		
Salaries	21,440,721	20,581,354
Fringe benefits	4,159,627	4,249,752
Contracted services	7,598,697	7,526,455
Professional services	1,020,653	999,427
Drugs	4,697,142	4,406,023
Supplies	8,626,144	8,509,775
Food and diets	397,033	338,216
Maintenance and repairs	745,298	711,384
Utilities	2,679,673	2,117,021
Insurance	668,943	623,962
Interest	2,106,310	2,172,545
Provision for claim losses	-	69,980
Provision for bad debts	1,471,592	1,500,000
Depreciation and amortization	3,504,506	3,025,280
Other	<u>2,299,837</u>	<u>2,894,304</u>
Total expenses	<u>61,416,176</u>	<u>59,725,478</u>
 Operating income	 2,657,195	 3,364,881
 Non operating income		
Interest and dividend income	<u>61,044</u>	<u>132,017</u>
 Excess of revenues over expenses	 2,718,239	 3,496,898
Change in unrealized gain on available-for-sale securities	117,620	52,617
 Increase in unrestricted net assets	 2,835,859	 3,549,515
 Unrestricted net assets, at beginning of year	 <u>26,892,854</u>	 <u>23,343,339</u>
 Unrestricted net assets, at end of year	 <u>\$ 29,728,713</u>	 <u>\$ 26,892,854</u>

See notes to financial statements

Hospital de la Concepción, Inc

Statements of Cash Flows

Years ended December 31, 2011 and 2010

	2011	2010
Cash flows from operating activities		
Change in unrestricted net assets	\$ 2,835,859	\$ 3,549,515
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities		
Depreciation and amortization	3,504,506	3,025,280
Provision for bad debts	1,471,592	1,500,000
Provision for claim losses	-	69,980
Estimated uncollectible balance from related party (disclosed as other expenses in the statements of operations)	-	1,019,140
Change in unrealized (gain) loss on available-for-sale securities	(117,620)	(52,617)
(Increase) decrease in:		
Patient accounts receivable	(2,465,681)	(1,609,698)
Estimated third-party payor settlements - Medicare	(265,459)	(17,019)
Inventory of supplies	(148,791)	(169,704)
Prepaid expenses and other assets	(220,482)	241,909
Increase (decrease) in:		
Accounts payable, accrued expenses and reserve for claim losses	686,429	(838,061)
Total adjustments	<u>2,444,494</u>	<u>3,169,210</u>
Net cash provided by operating activities	<u>5,280,353</u>	<u>6,718,725</u>
Cash flows from investing activities		
Purchase of property and equipment	(4,822,473)	(1,467,338)
Advances to related party	(739,929)	(774,701)
Collections from related party	100,000	-
Net (increase) in investments and assets set aside under indenture agreement	(135)	(77,872)
Net cash (used in) investing activities	<u>(5,462,537)</u>	<u>(2,319,911)</u>
Cash flows from financing activities		
Proceeds from notes payable	1,278,001	-
Payments on notes payable	-	(1,178,525)
Payments on bonds payable, long-term debts and capital lease obligations	(1,237,416)	(1,218,551)
Net cash provided by (used in) financing activities	<u>40,585</u>	<u>(2,397,076)</u>
Net increase (decrease) in cash and cash equivalents	<u>(141,599)</u>	<u>2,001,738</u>
Cash and cash equivalents, at beginning of year	<u>3,645,214</u>	<u>1,643,476</u>
Cash and cash equivalents, at end of year	<u>\$ 3,503,615</u>	<u>\$ 3,645,214</u>
Supplemental disclosures of cash flow information		
Cash paid for interest	<u>\$ 2,096,313</u>	<u>\$ 2,172,545</u>

See notes to financial statements

Hospital de la Concepción, Inc.

Notes to Financial Statements

December 31, 2011 and 2010

Note 1 - Organization and summary of significant accounting policies

Organization

Hospital de la Concepción, Inc. (the Hospital), located at San Germán, Puerto Rico, is a not-for-profit acute care hospital. The Hospital provides inpatient, outpatient and emergency care services for residents of the southwestern area of Puerto Rico. Admitting physicians are primarily practitioners in the local area. The Hospital was incorporated under the laws of the Commonwealth of Puerto Rico in 1956 and is affiliated to the Diocese of Mayagüez of the Catholic Church of Puerto Rico.

Use of estimates

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

Cash equivalents

For purposes of the statement of cash flows, the Hospital considers all highly liquid debt instruments with maturity of three months or less to be cash equivalents.

Valuation of accounts receivable

The Hospital makes judgments as to the collectability of accounts receivables based on historical trends and future expectations. Management estimates an allowance for doubtful accounts, which represents the collectability of patient service accounts receivables. This allowance adjusts gross patient service accounts receivable downward to their estimated net realizable value. To determine the allowance for doubtful accounts, management reviews specific customer risk for accounts over 365 days using the Hospital's accounts receivable aging.

Inventory of supplies

Inventory of supplies, consisting of drugs, medicines, food and other is stated at the lower of cost or market on first-in, first-out basis.

Hospital de la Concepción, Inc.

Notes to Financial Statements (continued)

December 31, 2011 and 2010

Note 1 - Organization and summary of significant accounting policies (continued)

Investments and assets set aside under indenture agreement

Investments and assets set aside under indenture agreement are reported at fair value. Fair value is 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.

The Hospital adopted the requirements of the *Fair Value Measurements Topic of the FASB Accounting Standards Codifications*, which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under the above mentioned standard are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Hospital has the ability to access.

Level 2 Inputs to the valuation methodology include

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for investments and assets set aside under indenture agreement, which are the assets measured at fair value in the accompanying financial statements:

Money market funds, municipal bonds and mutual funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Hospital de la Concepción, Inc.

Notes to Financial Statements (continued)

December 31, 2011 and 2010

Note 1 - Organization and summary of significant accounting policies – (continued)

Investments and assets set aside under indenture agreement – (continued)

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Hospital believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Premiums and discounts, if any, are amortized as an adjustment to interest income over the life of the related securities using a method that approximates the interest method. When computing realized gains or losses, the cost of securities is determined by the specific identification method.

Income or loss on investments and assets set aside under indenture agreement (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law.

Unrealized gains and losses on investments and assets set aside under indenture agreement are excluded from the excess of revenues over expenses unless the investments are trading securities

Assets set aside under indenture agreement include assets held by trustee under indenture agreement (see Note 3). Amounts if any, required to meet current liabilities of the Hospital are reclassified in the balance sheets as current assets.

Property, plant and equipment

Property, plant and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset (ranging from 3 to 40 years) and is computed using the straight-line method. Equipment under capital lease obligations is amortized under the straight-line method over the shorter period between the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements.

The Hospital periodically reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. No evidence of impairment is evident as a result of such review.

Hospital de la Concepción, Inc.

Notes to Financial Statements (continued)

December 31, 2011 and 2010

Note 1 - Organization and summary of significant accounting policies (continued)

Performance indicator

The performance indicator is excess of revenues over expenses. Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers of assets to and from affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets).

Net patient service revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Revenue under certain third-party payor agreements is subject to audit, retroactive adjustments, and significant regulatory actions. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

Non-operating gains and losses

Peripheral or incidental transactions to the provision of health care services are disclosed in the statement of operations and changes in unrestricted net assets.

Debt issuance costs

Debt issuance costs are deferred and amortized, using the straight-line method, over the term of the related debt.

Unrestricted net assets

Unrestricted net assets include the results of transactions that arise from Hospital's operations without a specified use.

Hospital de la Concepción, Inc.

Notes to Financial Statements (continued)

December 31, 2011 and 2010

Note 1 - Organization and summary of significant accounting policies (continued)

Provision for claim losses

The provision of estimated medical malpractice costs claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

Income taxes

The Hospital is a not-for-profit corporation and has been recognized as tax-exempt pursuant to Chapter 10, Subchapter A, Section 1101.01(a)(2)(A) of the Puerto Rico Internal Revenue Code. Also, the Hospital enjoys tax exemption under the Sec. 501 (c) 3 of the U.S. Internal Revenue Code.

Note 2 - Revenues

Net patient service revenue

The Hospital has an agreement with the Medicare program that provides for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangement with Medicare follows:

Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient capital costs related to Medicare beneficiaries are paid based on a fully prospective method. Medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost report by the Hospital and audits thereof by the Medicare fiscal intermediary. The cost reimbursement report for the year ended December 31, 2011 will be submitted to the Medicare fiscal intermediary no later than May 31, 2012. The cost reimbursement report for the year ended December 31, 2010 is been subject to examination by the fiscal intermediary. Laws and regulations governing the Medicare program are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term, but management believes those changes will not be material.

Hospital de la Concepción, Inc.

Notes to Financial Statements (continued)

December 31, 2011 and 2010

Note 2 - Revenues – (Continued)

Net patient service revenue – (continued)

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

A summary of gross and net patient service revenue for the years ended December 31, 2011 and 2010 follows:

	<u>2011</u>	<u>2010</u>
Gross patient service revenue	\$85,126,551	\$83,833,905
Less provision for:		
Contractual adjustments under third-party reimbursement programs, charity allowances and policy discounts	<u>23,510,247</u>	<u>23,241,178</u>
Net patient service revenue	<u>\$61,616,304</u>	<u>\$60,592,727</u>

Other revenues

Other revenues derived from operations, other than those related to patient care, for the years ended December 31, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Pharmacy	\$ 728,210	\$753,791
Cafeteria	838,762	869,793
Parking	383,914	345,880
Rent income	50,000	60,000
Telephone and TV rentals	88,330	81,329
Unrestricted donations	38,244	38,244
Other miscellaneous income	<u>329,607</u>	<u>348,595</u>
	<u>\$2,457,067</u>	<u>\$ 2,497,632</u>

Hospital de la Concepción, Inc.

Notes to Financial Statements (continued)

December 31, 2011 and 2010

Note 3 - Investments and assets set aside under indenture agreement

Investments at December 31, 2011 and 2010 are summarized as follows:

	<u>2011</u>	<u>2010</u>
At fair value:		
Money market account	\$ 11,957	\$ -
Municipal bonds	1,450,880	1,317,850
Mutual funds	<u>545,070</u>	<u>572,437</u>
	<u>\$2,007,907</u>	<u>\$1,890,287</u>
	<u>2011</u>	<u>2010</u>
Carrying amount	\$1,894,383	\$1,894,383
Market value	<u>2,007,907</u>	<u>1,890,287</u>
Unrealized gain (loss)	<u>\$ 113,524</u>	<u>\$ (4,096)</u>

Interest and dividend income on investments was \$60,961 and \$131,972 during the years 2011 and 2010, respectively, and is included as interest and dividend income in the accompanying statements of operations. Changes in unrealized gains (losses) on other than trading securities were \$117,620 and \$52,617 for the years ended December 31, 2011 and 2010, respectively.

Assets set aside under indenture agreement at December 31 2011 and 2010, consist of interest deposits. Investment income on assets set aside under indenture agreement during the years 2011 and 2010 was approximately \$80 and \$90, respectively, and is included as interest and dividend income in the accompanying statements of operations.

As of December 31, 2011 and 2010 the Hospital measured the fair value of the above investments and assets set aside under indenture agreement based on Level 1, within the fair value hierarchy.

Hospital de la Concepción, Inc.

Notes to Financial Statements (continued)

December 31, 2011 and 2010

Note 4 - Property, plant and equipment

A summary of property, plant and equipment at December 31, 2011 and 2010 follows:

	<u>2011</u>	<u>2010</u>
Land	\$ 570,702	\$ 570,702
Building and improvements	44,108,277	43,739,051
Equipment	38,623,086	35,746,261
Equipment under capital lease obligations	<u>1,683,317</u>	<u>1,841,437</u>
	84,985,382	81,897,451
Less: accumulated depreciation and amortization	<u>38,143,301</u>	<u>34,638,794</u>
	46,842,081	47,258,657
Construction in progress	<u>2,069,243</u>	<u>334,700</u>
Property, plant and equipment, net	<u>\$48,911,324</u>	<u>\$47,593,357</u>

Depreciation and amortization expense for the years ended December 31, 2011 and 2010 amounted to approximately \$3,504,000 and \$3,025,000, respectively.

At December 31, 2011, the Hospital had an agreement with a contractor for the construction of a rehabilitation unit in the Hospital's premises. The remaining commitment on the construction contract amounted to approximately \$1,304,000 at December 31, 2011.

Note 5 - Note payable, bonds payable, long-term debts and capital lease obligations

A summary of note payable, bonds payable, long-term debts and capital lease obligations at December 31, 2011 and 2010 follows:

Note payable

	<u>2011</u>	<u>2010</u>
Non-revolving interim construction convertible credit advances bearing interest at an interest rate per annum equal to the 30-days LIBOR rate (approximately .27% at December 31, 2011), but in no event less than 1.00% plus 3.50%. The interest is payable monthly. The principal outstanding should be repaid on August 18, 2012. The proceeds were used for the development and construction of a rehabilitation unit within the Hospital's premises. (a)	<u>\$1,278,001</u>	<u>\$ _____ -</u>

Hospital de la Concepción, Inc.

Notes to Financial Statements (continued)

December 31, 2011 and 2010

Note 5 - Note payable, bonds payable, long-term debts and capital lease obligations – (continued)

Bonds payable and long-term debts

	<u>2011</u>	<u>2010</u>
5.29% to 6.25% 2000 Series A Hospital Tax-Exempt Revenue Bonds, principal maturing in varying annual amounts due on November 15, 2030. The payment of the principal and interest on the bonds is guaranteed by Ascension Health Obligated Group. (b)	\$31,075,000	\$31,910,000
Note, payable to bank in three-hundred sixty principal monthly installments of \$4,482 plus interest at prime rate (3.25% at December 31, 2010) less 0.625% through May 2035. The note is collateralized with real estate.	<u>1,236,879</u>	<u>1,286,179</u>
Total bonds payable and long-term debts	32,311,879	33,196,179
Less: current portion	<u>943,784</u>	<u>888,784</u>
Bonds payable and long-term debts, net of current portion	<u>\$31,368,095</u>	<u>\$32,307,395</u>

Capital lease obligations

Capital lease obligation at varying rates of imputed interest from 6% to 8% collateralized by leased equipment with an amortized cost of \$392,774 and \$729,437 at December 31, 2011 and 2010, respectively.	\$ 440,539	\$ 793,655
Less: current portion	<u>375,642</u>	<u>353,116</u>
Capital lease obligations, net of current portion	<u>\$ 64,897</u>	<u>\$ 440,539</u>

Hospital de la Concepción, Inc.

Notes to Financial Statements (continued)

December 31, 2011 and 2010

Note 5 - Note payable, bonds payable, long-term debts and capital lease obligations – (continued)

Scheduled principal repayments on bonds payable, long-term debts and capital lease obligations are as follows:

	<u>Bonds Payable and Long-Term Debts</u>	<u>Capital Lease Obligations</u>
2012	\$ 943,784	\$ 392,400
2013	998,784	65,400
2014	1,058,784	-
2015	1,123,784	-
2016	1,193,784	-
Thereafter	<u>26,992,959</u>	<u>—</u>
	<u>\$ 32,311,879</u>	457,800

Less: amount representing interest under capital lease obligations	<u>17,261</u>
	<u>\$440,539</u>

Additional information on the aforementioned capital leases follows:

	<u>2011</u>	<u>2010</u>
Amortization	\$ 336,663	\$ 409,135
Interest expense	\$ 36,852	\$ 61,954
Accumulated amortization	<u>\$1,290,543</u>	<u>\$1,112,000</u>

(a) Note Payable

Subject to certain provisions, the non-revolving interim construction convertible credit advances could be converted on August 18, 2012 into a term loan in an aggregate principal amount not to exceed \$2,500,000 payable in fifty-nine (59) equal monthly installments of principal of 1.67% of the converted amount plus accrued interest commencing on September 1, 2012 and a final installment for the then outstanding balance plus accrued interest due in August 2017. The credit agreement also provides for an additional revolving credit facility for \$3,000,000 to finance the general corporate and working capital requirements of the Hospital. At December 31, 2011, no advances have been received from the revolving credit facility. The credit agreement requires the Hospital to comply with certain financial and operating covenants.

Hospital de la Concepción, Inc.

Notes to Financial Statements (continued)

December 31, 2011 and 2010

Note 5 - Note payable, bonds payable, long-term debts and capital lease obligations – (continued)

(b) Bonds Payable

On May 15, 2000, the Puerto Rico Industrial, Medical, Higher Education and Environmental Pollution Control Facilities Financing Authority (AFICA), issued on behalf of Hospital de la Concepción, Inc., Hospital Revenue Bonds, 2000 Series A for \$37,215,000.

On the date of the issuance of the Bonds, Ascension Health Obligated Group (as Guarantor) and Hospital de la Concepción, Inc. executed a Reimbursement Agreement, in favor of AFICA and the Trustee to guarantee the payment of the principal and interest on the bonds. In consideration of the issuance of the guaranty, the Hospital pledged a security interest to the Guarantor of all now owned or hereafter acquired gross revenues, accounts receivable, inventory, contract rights, rights under Deed of Trust, equipment and general intangibles of the Hospital, together with proceeds and products thereof to secure the performance by the Hospital of its obligations under the Reimbursement Agreement.

In addition and in consideration of the guaranty issued by Ascension Health, the Hospital created a Trust, constituted on the real estate property and on new construction developed on such property as part of the construction of the new hospital facilities, for the benefit of Ascension Health in the event of default by the Hospital on the Reimbursement Agreement mentioned above.

Under the terms of the revenue bond indentures, the Hospital is required to maintain certain deposits with a trustee. Such deposits are included in assets set aside under indenture agreement in the accompanying financial statements. The revenue bond indenture also places limits on the incurrence of additional borrowings and requires that the Hospital satisfies certain measures of financial performance as long as the bonds are outstanding.

Scheduled sinking fund requirements on bonds payable as of December 31, 2011, follow:

<u>Fiscal Year</u>	<u>Sinking Fund Requirements</u>
<u>Ending September 30,</u>	
2012	\$ 890,000
2013	945,000
2014	1,005,000
2015	1,070,000
2016	1,140,000
Thereafter	<u>26,025,000</u>
	<u>\$31,075,000</u>

Hospital de la Concepción, Inc.

Notes to Financial Statements (continued)

December 31, 2011 and 2010

Note 5 - Note payable, bonds payable, long-term debts and capital lease obligations – (continued)

The bonds, at the time outstanding and maturing after November 15, 2010 are subject to redemption, at the option of the Hospital, in whole or in part, at the redemption prices set forth in the table below, plus accrued interest at the redemption date:

<u>Period During which Redeemed</u> (Both Dates Inclusive)	<u>Redemption Price</u>
November 15, 2010 through November 14, 2011	101%
November 15, 2011 and thereafter	100%

Note 6 - Concentration of credit risk

Cash and cash equivalents, and investments

The Hospital maintains its cash and cash equivalents in bank accounts at various financial institutions. At December 31, 2011 and 2010 accounts at each institution were insured by the Federal Deposit Insurance Corporation up to \$250,000. As of certain dates during the years ended December 31, 2011 and 2010, cash balances exceeded federal insured limits. The Hospital has not experienced any losses in such accounts.

Investments at December 31, 2011 and 2010, represent financial instruments that potentially subject the Hospital to concentration of credit risk. The Hospital invests in a variety of financial instruments which by policy limits the amount of credit exposure with any one financial institution or commercial issuer. The Hospital has not experienced material credit losses on its investments.

Patient accounts receivable

The Hospital grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The Hospital maintains allowances for potential credit losses which, when realized, have been within the range of management expectations.

Hospital de la Concepción, Inc.

Notes to Financial Statements (continued)

December 31, 2011 and 2010

Note 6 - Concentration of credit risk

Patient accounts receivable – (continued)

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

	<u>2011</u>	<u>2010</u>
Medical Card System	21%	28%
International Medical Card	5%	9%
Preferred Medicare Choice	16%	13%
Medicare	7%	9%
Triple S & Triple C	16%	10%
MMM Healthcare	11%	8%
Other third-party payors	<u>24%</u>	<u>23%</u>
	<u>100%</u>	<u>100%</u>

Note 7 - Related party transactions

Salus Infirmorum, Inc. (Salus), also affiliated to the Diocese of Mayagüez of the Catholic Church of Puerto Rico, is the owner and in charge of the operation of the medical office building adjacent to the new Hospital's facilities. During 2011 and 2010, the Hospital incurred expenditures for \$739,930 and \$774,701, respectively, on behalf of Salus in the development and administration of the office building.

Patronato de la Inmaculada Concepción (Patronato), a trust organized by the Diocese of Mayagüez, is the owner of certain real estate facilities which were transferred by the Hospital. Such facilities consist of land, buildings and equipments of the old hospital's facilities. Up to December 31, 2009, the Hospital incurred in expenditures on behalf of the Patronato related to Patronato's operations in the transferred facilities.

At December 31, 2011 and 2010 significant related party transactions are reported in the Hospital's financial statements as follows:

	<u>2011</u>	<u>2010</u>
Due from related parties		
Salus Infirmorum, Inc.	\$5,205,285	\$4,465,355
Patronato de la Inmaculada Concepción, Inc.	<u>1,520,652</u>	<u>1,620,653</u>
	6,725,937	6,086,008
Less: estimated uncollectible balance	<u>1,019,140</u>	<u>1,019,140</u>
	<u><u>\$5,706,797</u></u>	<u><u>\$5,066,868</u></u>

Hospital de la Concepción, Inc.

Notes to Financial Statements (continued)

December 31, 2011 and 2010

Note 7 - Related party transactions – (continued)

At December 31, 2011 and 2010, the Hospital estimated as uncollectible amount \$1,019,140 of the amounts due from related parties, as disclosed above. Such estimate was accounted for as other expense in the statement of operations for the year ended December 31, 2010.

The above balances are unsecured, non-interest bearing and there are no specified repayment terms.

Note 8 - Commitments and contingencies

Commitments

Employee Benefit Plan

The Hospital has a non-contributory defined retirement plan that covers substantially all the Hospital's employees after one year of employment. The Hospital's maximum contribution for any participant is determined by the Board of Trustees at December 31 of every year on the basis of the employee's compensation and the investment results of the Retirement Trust. During 2011 and 2010, the Hospital incurred \$312,557 and \$344,213, respectively, of expenses related to the retirement plan.

Primary supplier and purchase agreement

As part of its routine operations, the Hospital has entered into various supply agreements with several companies for the purchase of medical-surgical and medical-pharmaceutical products. Under the terms of such agreements, the Hospital must use the contracted companies as its first supplier option and must purchase a minimum monthly dollar amount of supplies.

Contingencies

As part of its operations, the Hospital is defendant in several lawsuits related to malpractice cases. It is the opinion of the Hospital's legal counsel and management that the ultimate liability in excess of insurance coverage will not exceed the reserves recognized on books. Based on a review of the current facts and circumstances, management has provided for what is believed to be a reasonable estimate of the exposure to loss associated with pending or threatened litigation. The Hospital has established a reserve for malpractice claims losses in the amount of \$1,926,196 at December 31, 2011 and 2010. The provision for claims losses for the years ended December 31, 2011 and 2010 was nil and \$69,980, respectively.

The Hospital has malpractice policy insurance with coverage of \$300,000 per case and \$1,000,000 in the aggregate.

Hospital de la Concepción, Inc.

Notes to Financial Statements (continued)

December 31, 2011 and 2010

Note 8 - Commitments and contingencies- (continued)

Regulatory issues

The healthcare industry is subject to numerous laws and regulations which include, among other things, matters such as government healthcare participation requirements, various license and accreditations, reimbursement for patient services and Medicare and Medicaid fraud and abuse. Government action has increased with respect to investigations and/or allegations concerning possible violations of fraud and abuse and false claims statutes and/or regulations by healthcare providers. Providers that are found to have violated these laws and regulations may be excluded from participating in government healthcare programs, subjected to fines or penalties or required to repay amounts received from government for previously billed patient services. While management of the Hospital believes its policies, procedures and practices comply with governmental regulations, no assurance can be given that the Hospital will not be subjected to governmental inquiries or actions.

HIPAA

The Health Insurance Portability and Accountability Act (HIPAA) was enacted in August 1996 to assure health insurance portability, reduce healthcare fraud and abuse, guarantee security and privacy of health information and enforce standards for health information. Organizations are subject to significant fines and penalties if found not to be compliant with the provisions outlined in the regulations. The Hospital's management believes to be in compliance.

Cumulative rebate liability on bonds

According to Part E Section 4 of the Tax Certificate of the 2000 Series A Bonds, the Hospital is entitled to perform the calculation necessary to comply with the rebate requirement as set forth in Section 148(f) of the Internal Revenue Code and the Treasury Regulation. This rebate calculation is required for each 5 anniversary of such bonds.

The last calculation was due on June 15, 2010. The Hospital was required to pay any accumulated rebate requirements to the IRS not later than 60 days after June 15, 2010. The bond and redemption funds are not taken into account in determining cumulative rebate liability for a bond year if aggregate earnings on these funds do not exceed \$100,000 in that bond year. Since the last computation date and through June 15, 2010, aggregate earnings of these funds did not exceed \$100,000 in any of the bond years. Also, the bond and redemption funds comprised the assets set aside under indenture agreement during such period. Therefore, no calculation was required to be performed at June 15, 2010. The next rebate liability calculation, if applicable, should be made for the end of the fifteen bond year ending June 15, 2015. The noncompliance with the above mentioned requirement could affect the tax-exempt status of the bonds.

Hospital de la Concepción, Inc.

Notes to Financial Statements (continued)

December 31, 2011 and 2010

Note 9 - Functional expenses

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

	<u>2011</u>	<u>2010</u>
Health care services	\$33,771,618	\$32,856,400
General and administrative	<u>27,644,558</u>	<u>26,869,078</u>
	<u><u>\$61,416,176</u></u>	<u><u>\$59,725,478</u></u>

Note 10 - Reclassifications

Certain reclassifications have been made to the 2010 financial statements to conform them to the 2011 presentation.

Note 11 - Subsequent Events

The Hospital evaluated subsequent events through April 2, 2012, which is the date the financial statements were available to be issued. No events have occurred subsequent to the balance sheet date and to the date the financial statements were available to be issued, that would require additional adjustment to, or disclosure in, the financial statements.

Additional Data

Software ID:

Software Version:

EIN: 66-0227304

Name: HOSPITAL DE LA CONCEPCION INC

Form 990, Special Condition Description:

Special Condition Description
