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Form **990**
 Department of the Treasury
 Internal Revenue Service

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

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

OMB No 1545-0047
2011
Open to Public Inspection

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

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

C Name of organization
 MADISON ST JOSEPH HEALTH CENTER

Doing Business As

Number and street (or P O box if mail is not delivered to street address) Room/suite
 2801 FRANCISCAN DRIVE

City or town, state or country, and ZIP + 4
 BRYAN, TX 778022544

D Employer identification number
 74-2761145

E Telephone number
 (979) 776-3777

G Gross receipts \$ 14,313,114

F Name and address of principal officer
 ODETTE BOLANO
 2801 FRANCISCAN DR
 BRYAN, TX 778022544

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

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

H(c) Group exemption number ▶

I Tax-exempt status 501(c)(3) 501(c) () (Insert no) 4947(a)(1) or 527

J Website: ▶ WWW ST-JOSEPH ORG/MADISON/DEFAULT HTM

K Form of organization Corporation Trust Association Other ▶

L Year of formation 1995 **M** State of legal domicile TX

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities IN THE FRANCISCAN TRADITION, OUT OF REVERENCE FOR THE DIGNITY OF EVERY PERSON, THE HOSPITAL'S MISSION IS TO PROVIDE EXCELLENT HEALTH CARE AND TO PROMOTE WELLNESS THROUGHOUT THE BRAZOS VALLEY		
	2 Check this box <input type="checkbox"/> 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	8
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	6
	5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	0
	6 Total number of volunteers (estimate if necessary)	6	20
	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		
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	940	55,550
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	13,669,655	14,123,573
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	0	0
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	135,339	133,991
		13,805,934	14,313,114
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	6,059,540	6,315,505
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶ ⁰		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	7,525,490	7,551,608
18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	13,585,030	13,867,113	
19 Revenue less expenses Subtract line 18 from line 12	220,904	446,001	
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	2,693,587	4,688,145
	21 Total liabilities (Part X, line 26)	1,342,372	2,611,698
22 Net assets or fund balances Subtract line 21 from line 20	1,351,215	2,076,447	

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: _____ Date: 2012-11-13

Odette Bolano Acting President & CEO
 Type or print name and title

Paid Preparer's Use Only

Preparer's signature: _____ Date: _____ Check if self-employed

Firm's name (or yours if self-employed), address, and ZIP + 4: ERNST & YOUNG US LLP
 201 MAIN STREET SUITE 1100
 FT WORTH, TX 76102

Preparer's taxpayer identification number (see instructions): _____ EIN ▶ _____ Phone no ▶ (817) 335-1900

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

IN THE FRANCISCAN TRADITION, OUT OF REVERENCE FOR THE DIGNITY OF EVERY PERSON, THE HOSPITAL'S MISSION IS TO PROVIDE EXCELLENT HEALTH CARE AND TO PROMOTE WELLNESS THROUGHOUT THE BRAZOS VALLEY

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses \$ 1,541,340 including grants of \$) (Revenue \$ 671,879)
PROVIDED INPATIENT CARE TO 518 PATIENTS AND A TOTAL OF 3,581 PATIENT DAYS

4b (Code) (Expenses \$ 1,451,396 including grants of \$) (Revenue \$ 3,307,990)
PROVIDED EMERGENCY CARE TO 9,325 PATIENTS

4c (Code) (Expenses \$ 920,460 including grants of \$) (Revenue \$ 4,201,283)
PROVIDED 81,465 LAB PROCEDURES TO INPATIENTS, OUTPATIENTS, AND EMERGENCY DEPARTMENT PATIENTS

4d Other program services (Describe in Schedule O)
(Expenses \$ 5,851,950 including grants of \$) (Revenue \$ 5,942,421)

4e Total program service expenses \$ 9,765,146

Part IV Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A.</i>	Yes	
2	Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)?		No
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I.</i>		No
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II.</i>	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III.</i>		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I.</i>		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? <i>If "Yes," complete Schedule D, Part II.</i>		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i>		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV.</i>		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i>		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI.</i>	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII.</i>		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII.</i>		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX.</i>	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i>	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X.</i>	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i>		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i>	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?		No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Part I.</i>		No
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U.S.? <i>If "Yes," complete Schedule F, Part II and IV.</i>		No
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U.S.? <i>If "Yes," complete Schedule F, Part III and IV.</i>		No
17	Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I.</i>		No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II.</i>		No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i>		No
20a	Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i>	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. All Form 990 filers that operated one or more hospitals must attach audited financial statements.	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		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? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to line 25</i>	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	35a	Yes	
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

Table with columns for question number, question text, sub-questions (1a, 1b, etc.), and Yes/No columns. Includes questions 1a-14a regarding Form 1096, W-2G, Form W-3, and other IRS filings.

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year		
1b	Enter the number of voting members included in line 1a, above, who are independent		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		No
6	Did the organization have members or stockholders?	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	Yes	
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	Yes	
8b	Each committee with authority to act on behalf of the governing body?	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		No

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

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?		No
10b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	Yes	
11b	Describe in Schedule O the process, if any, used by the organization to review the Form 990		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	Yes	
12b	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	Yes	
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	Yes	
13	Did the organization have a written whistleblower policy?	Yes	
14	Did the organization have a written document retention and destruction policy?	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
15a	The organization's CEO, Executive Director, or top management official		No
15b	Other officers or key employees of the organization		No
	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?		No
16b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		

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
 LISA MCNAIR
 2801 FRANCISCAN DR
 BRYAN, TX 778022544
 (979) 776-2553

Part VIII Statement of Revenue

			(A)	(B)	(C)	(D)	
			Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns 1a					
	b	Membership dues 1b					
	c	Fundraising events 1c					
	d	Related organizations 1d	54,750				
	e	Government grants (contributions) 1e					
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	800				
	g	Noncash contributions included in lines 1a-1f \$ _____					
	h	Total. Add lines 1a-1f		55,550			
Program Service Revenue	2a	LAB	Business Code	4,201,283	4,201,283		
	b	EMERGENCY DEPARTMENT	622110	3,307,990	3,307,990		
	c	DIAGNOSTIC IMAGING	622110	2,875,943	2,875,943		
	d	PHARMACY	622110	1,018,919	1,018,919		
	e	INPATIENT CARE	622110	671,879	671,879		
	f	All other program service revenue		2,047,559	2,047,559		
	g	Total. Add lines 2a-2f		14,123,573			
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)		0			
	4	Income from investment of tax-exempt bond proceeds		0			
	5	Royalties		0			
	6a		(i) Real				
			(ii) Personal				
		b	Gross rents	105,936			
		c	Less rental expenses				
	d	Net rental income or (loss)		105,936		105,936	
	7a		(i) Securities				
			(ii) Other				
		b	Gross amount from sales of assets other than inventory				
		c	Less cost or other basis and sales expenses				
	d	Net gain or (loss)		0			
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18					
	b	Less direct expenses					
c	Net income or (loss) from fundraising events		0				
9a	Gross income from gaming activities See Part IV, line 19						
b	Less direct expenses						
c	Net income or (loss) from gaming activities		0				
10a	Gross sales of inventory, less returns and allowances						
b	Less cost of goods sold						
c	Net income or (loss) from sales of inventory		0				
	Miscellaneous Revenue	Business Code					
11a	MEDICAL RECORD COPIES	900099	12,193		12,193		
b	CAFETERIA MEAL SALES	900099	10,441		10,441		
c	VENDING MACHINE	900099	2,618		2,618		
d	All other revenue		2,803		2,803		
e	Total. Add lines 11a-11d		28,055				
12	Total revenue. See Instructions		14,313,114	14,123,573		133,991	

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21	0			
2	Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	168,677		168,677	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	4,798,629	3,310,599	1,488,030	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	359,289		359,289	
9	Other employee benefits	628,996		628,996	
10	Payroll taxes	359,914	244,502	115,412	
11	Fees for services (non-employees)				
a	Management	0			
b	Legal	0			
c	Accounting	27,274		27,274	
d	Lobbying	0			
e	Professional fundraising See Part IV, line 17	0			
f	Investment management fees	0			
g	Other	917,484	864,589	52,895	
12	Advertising and promotion	11,969		11,969	
13	Office expenses	1,742,591	1,273,409	469,182	
14	Information technology	13,419	5,898	7,521	
15	Royalties	0			
16	Occupancy	127,551		127,551	
17	Travel	21,421	13,285	8,136	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	0			
20	Interest	0			
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	181,337		181,337	
23	Insurance	89,110		89,110	
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	PROVISION FOR BAD DEBTS	4,052,864	4,052,864		
b	ASSESSMENT FEE	200,088		200,088	
c	SVCS PROVIDED BY RELATED ORG	166,500		166,500	
d					
e					
f	All other expenses				
25	Total functional expenses. Add lines 1 through 24f	13,867,113	9,765,146	4,101,967	0
26	Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

		(A)		(B)
		Beginning of year		End of year
Assets	1 Cash—non-interest-bearing	24,572	1	3,612
	2 Savings and temporary cash investments	0	2	0
	3 Pledges and grants receivable, net	0	3	0
	4 Accounts receivable, net	1,486,738	4	2,058,135
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L	0	5	0
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L	0	6	0
	7 Notes and loans receivable, net	0	7	0
	8 Inventories for sale or use	153,399	8	164,303
	9 Prepaid expenses and deferred charges	29,680	9	34,449
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	3,454,114		
	b Less accumulated depreciation	2,465,493	10c	988,621
	11 Investments—publicly traded securities	0	11	0
	12 Investments—other securities See Part IV, line 11	0	12	0
	13 Investments—program-related See Part IV, line 11	0	13	0
	14 Intangible assets	0	14	0
	15 Other assets See Part IV, line 11	101,725	15	1,439,025
16 Total assets. Add lines 1 through 15 (must equal line 34)	2,693,587	16	4,688,145	
Liabilities	17 Accounts payable and accrued expenses	289,871	17	433,060
	18 Grants payable	0	18	0
	19 Deferred revenue	0	19	0
	20 Tax-exempt bond liabilities	0	20	0
	21 Escrow or custodial account liability Complete Part IV of Schedule D	0	21	0
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L	0	22	0
	23 Secured mortgages and notes payable to unrelated third parties	0	23	0
	24 Unsecured notes and loans payable to unrelated third parties	0	24	0
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D	1,052,501	25	2,178,638
	26 Total liabilities. Add lines 17 through 25	1,342,372	26	2,611,698
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	1,249,490	27	1,911,991
	28 Temporarily restricted net assets	101,725	28	164,456
	29 Permanently restricted net assets	0	29	0
	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	1,351,215	33	2,076,447	
34 Total liabilities and net assets/fund balances	2,693,587	34	4,688,145	

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	14,313,114
2	Total expenses (must equal Part IX, column (A), line 25)	2	13,867,113
3	Revenue less expenses Subtract line 2 from line 1	3	446,001
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	1,351,215
5	Other changes in net assets or fund balances (explain in Schedule O)	5	279,231
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	2,076,447

Part XII Financial Statements and Reporting

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

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

SCHEDULE A
(Form 990 or 990EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2011

Open to Public Inspection

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
MADISON ST JOSEPH HEALTH CENTER

Employer identification number

74-2761145

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

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

- 1 A church, convention of churches, or association of churches **section 170(b)(1)(A)(i).**
- 2 A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state

- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 8 A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9 An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10 An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h
 a Type I b Type II c Type III - Functionally integrated d Type III - Other
- e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)
- f If the organization received a written determination from the IRS that it is a Type I, Type II or Type III supporting organization, check this box
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
 (i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?
 (ii) a family member of a person described in (i) above?
 (iii) a 35% controlled entity of a person described in (i) or (ii) above?
- h Provide the following information about the supported organization(s)

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

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

Part II Support Schedule for Organizations Described in IRC 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public Support. Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income (Explain in Part IV.) Do not include gain or loss from the sale of capital assets						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (See instructions)					12	

13 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** **Section C. Computation of Public Support Percentage**

14 Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f))	14	
15 Public Support Percentage for 2010 Schedule A, Part II, line 14	15	
16a 33 1/3% support test—2011. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
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 <input type="checkbox"/>		
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 <input type="checkbox"/>		
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 <input type="checkbox"/>		
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 <input type="checkbox"/>		

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 <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

- 19a 33 1/3% support tests—2011.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization
- b 33 1/3% support tests—2010.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization
- 20 Private Foundation** If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions

Part IV **Supplemental Information.** Supplemental Information. Complete this part to provide the explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

SCHEDULE C (Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No 1545-0047

2011

Open to Public Inspection

For Organizations Exempt From Income Tax Under section 501(c) and section 527

Complete if the organization is described below.

Attach to Form 990 or Form 990-EZ. See separate instructions.

Department of the Treasury Internal Revenue Service

If the organization answered "Yes," to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C
Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B
Section 527 organizations Complete Part I-A only

If the organization answered "Yes," to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

If the organization answered "Yes," to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, line 35c (Proxy Tax), then

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

Name of the organization MADISON ST JOSEPH HEALTH CENTER

Employer identification number

74-2761145

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

1 Provide a description of the organization's direct and indirect political campaign activities on behalf of or in opposition to candidates for public office in Part IV

2 Political expenditures

3 Volunteer hours

Part I-B Complete if the organization is exempt under section 501(c)(3).

1 Enter the amount of any excise tax incurred by the organization under section 4955

2 Enter the amount of any excise tax incurred by organization managers under section 4955

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year?

Yes No

4a Was a correction made?

Yes No

b If "Yes," describe in Part IV

Part I-C Complete if the organization is exempt under section 501(c) except section 501(c)(3).

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities

3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b

4 Did the filing organization file Form 1120-POL for this year?

Yes No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

Table with 5 columns: (a) Name, (b) Address, (c) EIN, (d) Amount paid from filing organization's funds, (e) Amount of political contributions received and promptly and directly delivered to a separate political organization.

Part II-A Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).

- A** Check if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B** Check if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing Organization's Totals	(b) Affiliated Group Totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)														
b Total lobbying expenditures to influence a legislative body (direct lobbying)														
c Total lobbying expenditures (add lines 1a and 1b)														
d Other exempt purpose expenditures														
e Total exempt purpose expenditures (add lines 1c and 1d)														
f Lobbying nontaxable amount Enter the amount from the following table in both columns														
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">If the amount on line 1e, column (a) or (b) is:</th> <th style="width: 50%;">The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000</td> </tr> </tbody> </table>	If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:													
Not over \$500,000	20% of the amount on line 1e													
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000													
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000													
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000													
Over \$17,000,000	\$1,000,000													
g Grassroots nontaxable amount (enter 25% of line 1f)														
h Subtract line 1g from line 1a If zero or less, enter -0-														
i Subtract line 1f from line 1c If zero or less, enter -0-														
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input type="checkbox"/> No												

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

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

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

	(a)		(b)
	Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a Volunteers?		No	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c Media advertisements?		No	
d Mailings to members, legislators, or the public?		No	
e Publications, or published or broadcast statements?		No	
f Grants to other organizations for lobbying purposes?	Yes		1,992
g Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i Other activities? If "Yes," describe in Part IV		No	
j Total lines 1c through 1i			1,992
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b If "Yes," enter the amount of any tax incurred under section 4912			
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?		No	

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
MEMBERSHIP DUES TO AHA AND THA	SCHEDULE C, PART II-B	MSJHC PAID \$6,233.00 TO AHA AND \$3,322.00 TO THA IN 2011. THE PORTION OF THE DUES THAT WERE USED FOR LOBBYING PURPOSES WAS 24.42% FOR AHA AND 14.15% FOR THA. TOTAL DUES PAID FOR LOBBYING ACTIVITIES WERE (6,233.00 x 24.42%) + (3,322.00 x 14.15%) = \$1,992.00

SCHEDULE D (Form 990)

OMB No 1545-0047

Supplemental Financial Statements

2011

Open to Public Inspection

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.

Department of the Treasury Internal Revenue Service

Name of the organization MADISON ST JOSEPH HEALTH CENTER

Employer identification number 74-2761145

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.

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows 1-4: Total number at end of year, Aggregate contributions to (during year), Aggregate grants from (during year), 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?
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?

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, Protection of natural habitat, Preservation of open space, Preservation of an historically important land area, Preservation of a certified historic structure.

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

Table with 2 columns: Description, Held at the End of the Year. Rows 2a-2d: Total number of conservation easements, Total acreage restricted by conservation easements, Number of conservation easements on a certified historic structure included in (a), Number of conservation easements included in (c) acquired after 8/17/06.

- 3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year
4 Number of states where property subject to conservation easement is located
5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?
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)?
9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

- 1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items
b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items: (i) Revenues included in Form 990, Part VIII, line 1; (ii) Assets included in Form 990, Part X
2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items: a Revenues included in Form 990, Part VIII, line 1; b Assets included in Form 990, Part X

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

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

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

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

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

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

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

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

	Amount
1c Beginning balance	
1d Additions during the year	
1e Distributions during the year	
1f Ending balance	

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

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

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance					
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
(i) unrelated organizations	3a(i)	
(ii) related organizations	3a(ii)	
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b	

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		40,013		40,013
b Buildings				
c Leasehold improvements				
d Equipment				
e Other		3,413,701	2,465,493	948,208
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).)				988,221

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

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

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

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
ASC 740 FOOTNOTE TO FINANCIAL STATEMENT	SCHEDULE D, PART X, LINE 2	There are no material unrecorded tax liabilities as of December 31, 2011 or 2010

SCHEDULE H (Form 990)

Hospitals

OMB No 1545-0047

2011

Open to Public Inspection

Complete if the organization answered "Yes" to Form 990, Part IV, question 20. Attach to Form 990. See separate instructions.

Department of the Treasury Internal Revenue Service

Name of the organization MADISON ST JOSEPH HEALTH CENTER

Employer identification number 74-2761145

Part I Charity Care and Certain Other Community Benefits at Cost

1a Did the organization have a charity care policy? 1b If "Yes," is it a written policy? 2 If the organization had multiple hospitals... 3 Answer the following based on the charity care eligibility criteria... 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... 5b If "Yes," did the organization's charity care expenses exceed the budgeted amount? 5c If "Yes" to line 5b... 6a Did the organization prepare a community benefit report... 6b If "Yes," did the organization make it available to the public?

7 Charity Care and Certain Other Community Benefits at Cost

Table with 6 columns: (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. Rows include Charity Care and Means-Tested Government Programs and Other Benefits.

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

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?		Yes	
2 Enter the amount of the organization's bad debt expense	2 4,052,864		
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 6,024,351		
6 Enter Medicare allowable costs of care relating to payments on line 5	6 5,965,454		
7 Subtract line 6 from line 5. This is the surplus or (shortfall)	7 58,897		
8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other			

Section C. Collection Practices

9a Did the organization have a written debt collection policy during the tax year?	9a Yes	
b If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b Yes	

Part 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

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	MADISON ST JOSEPH HEALTH CENTER 2801 FRANCISCAN DRIVE BRYAN, TX 77802	X				X		X		

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

MADISON ST JOSEPH HEALTH CENTER

Name of Hospital Facility: _____

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

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply)	1	
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? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	5	
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		
8 Did the hospital facility have in place during the tax year a written financial assistance policy that explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>200</u> % If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V Facility Information *(continued)*

		Yes	No
10 Used FPG to determine eligibility for providing discounted care?	10	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>250</u> %			
If "No," explain in Part VI the criteria the hospital facility used			
11 Explained the basis for calculating amounts charged to patients?	11	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a <input checked="" type="checkbox"/> Income level			
b <input checked="" type="checkbox"/> Asset level			
c <input type="checkbox"/> Medical indigency			
d <input checked="" type="checkbox"/> Insurance status			
e <input checked="" type="checkbox"/> Uninsured discount			
f <input checked="" type="checkbox"/> Medicaid/Medicare			
g <input checked="" type="checkbox"/> State regulation			
h <input checked="" type="checkbox"/> Other (describe in Part VI)			
12 Explained the method for applying for financial assistance?	12	Yes	
13 Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a <input checked="" 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 checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility			
f <input checked="" type="checkbox"/> The policy was available upon request			
g <input 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	Yes	
15 Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a <input checked="" 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	Yes	
If "Yes," check all actions in which the hospital facility or a third party engaged			
a <input checked="" 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 checked="" type="checkbox"/> Notified patients of the financial assistance policy upon admission			
b <input checked="" 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 checked="" 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 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

20		No
21		No

Part V Facility Information *(continued)*

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

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

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

Part VI Supplemental Information

Complete this part to provide the following information

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 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
Schedule H, Part VI, Supplemental Information		<p>SCHEDULE H, PART I, LINE 6A NO, NOT A FORMAL DOCUMENT, HOWEVER, IN 2011 MADISON ST JOSEPH HEALTH CENTER (MSJHC) REPORTED CHARITY CARE AND COMMUNITY BENEFITS INFORMATION VIA THE 20 11 TEXAS STATE SUPPLEMENT THE TEXAS STATE SUPPLEMENT IS A SERIES OF QUESTIONS PROVIDED BY THE STATE OF TEXAS FOR ELECTRONIC SUBMISSION TO THE DEPARTMENT OF STATE HEALTH SERVICES, CENTER FOR HEALTH STATISTICS SCHEDULE H, PART I, LINE 7 CHARITY CARE - RCC OTHER GOVERNMENT PROGRAMS - RCC COMMUNITY HEALTH IMPROVEMENT SERVICE - ACTUAL GENERAL LEDGER EXPENSE HEALTH PROFESSIONS EDUCATION - ACTUAL GENERAL LEDGER EXPENSE CONTRIBUTIONS - ACTUAL GENERAL LEDGER EXPENSE SCHEDULE H, PART I, LINE 7, COLUMN F BAD DEBT EXPENSES OF \$4,052,864 INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN A, WERE SUBTRACTED FROM TOTAL EXPENSES FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN SCHEDULE H, PART I, LINE 7G MADISON ST JOSEPH HEALTH CENTER IS PART OF A HEALTH SYSTEM WHICH INCLUDES FIVE RURAL CLINICS, FOUR EXPRESS CARE CLINICS AND FOUR ACUTE CARE FACILITIES, ONE FREE-STANDING EMERGENCY ROOM, AS WELL AS PARTNERING WITH BRAZOS VALLEY COMMUNITY ACTION AGENCY ON FIVE FEDERALLY QUALIFIED HEALTH CLINICS PRENATAL CARE WAS PROVIDED IN RURAL COMMUNITIES BY REFERRAL TO THE DELIVERY SITE AT ST JOSEPH REGIONAL HEALTH CENTER THIS DELIVERY SITE PROVIDES MORE COMPREHENSIVE AND COORDINATED CARE THAN IS AVAILABLE LOCALLY SCHEDULE H, PART III, LINE 4 NOTE NO FOOTNOTE IN AUDITED FINANCIAL STATEMENTS PREPARED BY ERNST & YOUNG DESCRIPTION OF BAD DEBT EXPENSE IS AS FOLLOWS BASED ON HISTORICAL COLLECTION DATA, BAD DEBT IS ESTIMATED ON MONTH END ACCOUNTS RECEIVABLE FOR AR BALANCES FOR PATIENTS WITHOUT INSURANCE, WE ESTIMATE THAT 93% OF THE BALANCE IS UNCOLLECTIBLE FOR THOSE PATIENTS WHO HAVE INSURANCE, WE ESTIMATE THAT 50% OF THE CO-INSURANCE AND DEDUCTIBLES ARE UNCOLLECTIBLE SCHEDULE H, PART III, LINE 9B IN ACCORDANCE WITH ST JOSEPH HEALTH SYSTEM POLICY #17 ST JOSEPH HEALTH SYSTEM HAS ESTABLISHED THE FOLLOWING PAYMENT OPTIONS TO ASSIST GUARANTORS OF PATIENT ACCOUNTS IN DISCHARGING THEIR FINANCIAL RESPONSIBILITIES TO THE HOSPITAL A COMPLETED FINANCIAL ASSISTANCE (UNCOMPENSATED SERVICES) APPLICATION ACCOMPANIED BY THE REQUIRED DOCUMENTATION WHICH ESTABLISHES THE QUALIFICATIONS FOR A FINANCIAL ASSISTANCE (CHARITY) DISCOUNT AT OR PRIOR TO THE DELIVERY OF HEALTH CARE SERVICES IF THE SERVICES ARE SCHEDULED IF UNSCHEDULED SERVICES ARE PROVIDED, THE FINANCIAL ASSISTANCE (UNCOMPENSATED SERVICES) APPLICATION AND DOCUMENTATION MUST BE COMPLETED AND PROVIDED TO A SJHS TEAM MEMBER AT THE DATE DETERMINED BY THE SJHS TEAM MEMBER FINANCIAL ASSISTANCE (UNCOMPENSATED CARE) COLLECTION PROCESS - UNTIL FINANCIAL ASSISTANCE (CHARITY CARE/UNCOMPENSATED CARE) HAS BEEN DETERMINED EITHER BY A COMPLETED AND APPROVED FINANCIAL ASSISTANCE APPLICATION OR BY THE PATIENT/RESPONSIBLE PARTY'S RESIDENCE BEING IN AN IMPOVERISHED ZIP CODE WHICH QUALIFIES FOR FINANCIAL ASSISTANCE PER THE SYSTEM FINANCIAL ASSISTANCE POLICY (SJHS #70), THE STANDARD COLLECTION PROCESS REQUIRING PAYMENT FOR THE ACCOUNT WILL BE ENFORCED LASTLY, A PATIENT MAY QUALIFY AS AN UNINSURED PATIENT AND RECEIVE A DISCOUNT FROM BILLED CHARGES IF THEY ARE NOT CURRENTLY RECEIVING ASSISTANCE UNDER SJHS'S FINANCIAL ASSISTANCE POLICY, AND EITHER THE PATIENT MUST NOT HAVE ANY HEALTH INSURANCE COVERAGE, OR, THE PROCEDURE TO THE PATIENT MUST NOT BE COVERED BY THE HEALTH INSURANCE BENEFITS, AS CONFIRMED BY THE HEALTH BENEFITS PLAN NEEDS ASSESSMENT IN SERVING THE COMMUNITY, MADISON ST JOSEPH HEALTH CENTER (MSJHC) REVIEWS COMMUNITY HEALTH NEEDS ON AN ON-GOING BASIS USING A VARIETY OF INFORMATION, ALTHOUGH THE PRIMARY ASSESSMENT TOOL IS THE BRAZOS VALLEY HEALTH ASSESSMENT SURVEY USING INFORMATION FROM NEEDS ASSESSMENTS, WE WORK TO IMPROVE THE HEALTH OF OUR COMMUNITY THROUGH THE DELIVERY OF CHARITY AND UNREIMBURSED INDIGENT HEALTH CARE, ACCESS TO PRIMARY CARE THROUGH NETWORK DEVELOPMENT IN OUR REGION, AND COMMUNITY-BASED HEALTH EDUCATION AWARENESS AND PREVENTION PROGRAMS COMMUNITY HEALTH INITIATIVES COMPLETED BY BURLESON ST JOSEPH IN 2011 WERE BASED ON RESULTS FROM THE 2010 BRAZOS VALLEY HEALTH STATUS ASSESSMENT, AS WELL AS STATE AND NATIONAL DATA THESE SOURCES IDENTIFIED THE LEADING CAUSES OF DEATH IN THE BRAZOS VALLEY AS CORONARY HEART DISEASE, CANCER, STROKE, CHRONIC OBSTRUCTIVE PULMONARY DISEASE, AND DIABETES THE MOST FREQUENTLY REPORTED CHRONIC DISEASES AND CONDITIONS INCLUDED OBESITY, HYPERTENSION, HIGH CHOLESTEROL, ARTHRITIS, RHEUMATISM, DIABETES, CONGESTIVE HEART FAILURE, EMPHYSEMA AND COPD ST JOSEPH REGIONAL HEALTH CENTER REPRESENTATIVES, THROUGH THE BRAZOS VALLEY HEALTH PARTNERSHIP, WERE INVOLVED IN THE UPDATED HEALTH STATUS ASSESSMENT OF THE BRAZOS VALLEY, WHICH WAS COMPLETED IN SEPTEMBER, 2010 PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE INFORMATION CONCERNING FINANCIAL ASSISTANCE FOR PATIENTS IS COMMUNICATED VIA CONSENT FOR ADMISSION AND REGISTRATION COMPLETION, SIGNAGE POSTED IN EMERGENCY ROOMS AND OTHER</p>

Identifier	ReturnReference	Explanation
Schedule H, Part VI, Supplemental Information		<p>R CONSPICUOUS PATIENT TRAFFIC AREAS, FINANCIAL COUNSELORS, PATIENT COMMUNICATIONS, PATIENT BILLS AND ST JOSEPH HEALTH SYSTEM WEBSITE COMMUNITY INFORMATION MADISON ST JOSEPH HEALTH CENTER'S PRIMARY MISSION IS TO PROVIDE HEALTH CARE SERVICES TO THE CITIZENS OF MADISON COUNTY, TEXAS, THROUGH ITS ACUTE CARE AND SPECIALTY CARE FACILITIES PROMOTION OF COMMUNITY HEALTH COMMUNITY BUILDING ACTIVITIES-MADISON ST JOSEPH HEALTH CENTER (MSJHC) FIRST QUARTER AFFECTED 367 LIVES THROUGH CHARITY, BLOOD DRIVES, SUPPORT FOR BRAZOS VALLEY HEALTH PARTNERSHIP AND EDUCATION PROGRAMS PROVIDED BY THE STAFF SECOND QUARTER TOTAL LIVES SERVED BY BLOOD DRIVES WERE 78 240 PEOPLE RECEIVED EDUCATIONAL NEWSLETTERS AND/OR ATTENDED CPR, FIRST AID OR ADVANCED CARE LIFE SUPPORT SEMINARS THIRD QUARTER TOTAL LIVES SERVED THROUGH SCREENINGS FOR FINANCIAL ASSISTANCE/CHARITY CARE AND OTHER RESOURCE ACTIVITIES AND HEALTH EDUCATION SEMINARS FOR THIS QUARTER WERE 347 FOURTH QUARTER THE LARGEST OF THE COUNTY FAIRS WAS HELD IN MADISON COUNTY WITH 412 LIVES AFFECTED BY THE FAIR DURING THE FAIR THERE WERE 58 CHOLESTEROL SCREENINGS DURING THIS QUARTER THERE WERE 598 EDUCATIONAL AND SENIOR MEAL NEWSLETTERS SENT TO COMMUNITY RESIDENCES 19 LIVES WERE SERVED BY MEDICATION ASSISTANCE PROGRAM, 56 SENIOR MEALS PROGRAM CLIENTS RECEIVED GROCERIES IN DECEMBER AND 331 COMMUNITY RESIDENTS RECEIVED HEALTH EDUCATION SEMINARS, RESOURCE ACTIVITIES OR CPR/FIRST AID SEMINARS IN 2011 MSJHC PROVIDED RENT, UTILITIES, SALARIES AND BENEFITS IN THE AMOUNT OF \$49,600 FOR THE MADISON HEALTH RESOURCE CENTER (MHRC) THE MISSION OF MHRC IS TO IMPROVE ACCESS TO CARE AND THE HEALTH STATUS OF MADISON COUNTY RESIDENTS THROUGH COLLABORATION AND COORDINATION OF SERVICES THE MHRC IS A PLACE WHERE MANY DIFFERENT KINDS OF SERVICES ARE OFFERED AND MANY KINDS OF HELP CAN BE FOUND SOME OF THE SERVICES AND PARTNERS ARE BRAZOS VALLEY COMMUNITY ACTION AGENCY - ENERGY HOUSING - PROVIDES ENERGY ASSISTANCE, WEATHERIZATION, AND AFFORDABLE HOUSING, MADISON COUNTY COMMUNITY CENTER - PROVIDES PRIMARY CARE TO PEOPLE WITH MEDICARE, MEDICAID, AND NO INSURANCE, BRAZOS VALLEY COUNCIL ON ALCOHOL & SUBSTANCE ABUSE - SUBSTANCE ABUSE PREVENTION, INTERVENTION, EDUCATION, SCREENING AND REFERRAL SERVICES, BRAZOS VALLEY AREA AGENCY ON AGING - PROVIDES RIDES FOR HEALTH-RELATED NEEDS, CHILD CARE MANAGEMENT SERVICES - HELPS WITH CHILD CARE EXPENSES, COUNTY INDIGENT HEALTH CARE - FINANCIAL ASSISTANCE FOR PHYSICIAN VISITS AND PRESCRIPTIONS, LONE STAR LEGAL AID - FREE CIVIL LEGAL ASSISTANCE FOR LOW INCOME INDIVIDUALS AND FAMILIES WHO HAVE IMMEDIATE NEEDS AND CAN'T AFFORD AN ATTORNEY, MEDICATION ASSISTANCE PROGRAM - PROVIDES ASSISTANCE IN OBTAINING PRESCRIPTIONS AT A REDUCED COST-BASED ON INCOME, MHMR EARLY CHILDHOOD INTERVENTION - MENTAL HEALTH SERVICES TO CHILDREN UNDER 3 YEARS OLD, PHOEBE'S HOME - PROVIDES SERVICES FOR VICTIMS OF DOMESTIC VIOLENCE AND THEIR CHILDREN, PROJECT UNITY - CASE MANAGEMENT ADDRESSING FAMILY NEEDS INCLUDING HEALTH, MEDICATION ASSISTANCE, EMPLOYMENT, HOUSING AND CHILD CARE, RONNY BAKER, AUDIOLOGIST - SCREENING AND CARE FOR HEARING NEEDS, SENIOR MEALS - PROVIDES NUTRITIOUS LUNCH FOR ELIGIBLE SENIORS OVER THE AGE OF 60 THAT ARE HOMEBOUND, SEXUAL ASSAULT RESOURCE CENTER - PROVIDES SUPPORT SERVICES FOR ALL VICTIMS OF SEXUAL ASSAULT, TEXAS DEPARTMENT OF STATE HEALTH SERVICES - CHILDREN WITH SPECIAL HEALTH CARE NEEDS, PUBLIC HEALTH NURSING, TEXAS HEALTH STEPS, TWIN CITY MISSION YOUTH AND FAMILY SERVICES - PROVIDES COUNSELING SERVICES TO AT-RISK YOUTH AGES 0-17, UNITED WAY OF THE BRAZOS VALLEY - 2-1-1 - DIAL 211 FROM YOUR TELEPHONE FOR INFORMATION AND REFERRAL SERVICE IN 2011, 1,784 RESIDENTS RECEIVED THE ABOVE SERVICE OR SERVICE COORDINATION MSJHC ALSO COLLECTED AND DISTRIBUTED TOYS IN PARTNERSHIP WITH THE N ZULCH 4H CLUB FOR 179 CHILDREN AFFILIATED HEALTH CARE SYSTEM MADISON ST JOSEPH HEALTH CENTER (MSJHC) IS A 25-BED CRITICAL ACCESS HOSPITAL IN MADISONVILLE, TEXAS OFFERING A LEVEL IV TRAUMA CENTER, INPATIENT</p>

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

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Department of the Treasury
Internal Revenue Service

Name of the organization
MADISON ST JOSEPH HEALTH CENTER

Employer identification number

74-2761145

Part I Questions Regarding Compensation

	Yes	No								
<p>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.</p> <table border="0"> <tr> <td><input type="checkbox"/> First-class or charter travel</td> <td><input type="checkbox"/> Housing allowance or residence for personal use</td> </tr> <tr> <td><input type="checkbox"/> Travel for companions</td> <td><input type="checkbox"/> Payments for business use of personal residence</td> </tr> <tr> <td><input type="checkbox"/> Tax indemnification and gross-up payments</td> <td><input type="checkbox"/> Health or social club dues or initiation fees</td> </tr> <tr> <td><input type="checkbox"/> Discretionary spending account</td> <td><input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)</td> </tr> </table>	<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)		
<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)									
<p>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.</p>	1b									
<p>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?</p>	2									
<p>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.</p> <table border="0"> <tr> <td><input type="checkbox"/> Compensation committee</td> <td><input type="checkbox"/> Written employment contract</td> </tr> <tr> <td><input type="checkbox"/> Independent compensation consultant</td> <td><input type="checkbox"/> Compensation survey or study</td> </tr> <tr> <td><input type="checkbox"/> Form 990 of other organizations</td> <td><input type="checkbox"/> Approval by the board or compensation committee</td> </tr> </table>	<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 type="checkbox"/> Approval by the board or compensation committee				
<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 type="checkbox"/> Approval by the board or compensation committee									
<p>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:</p>										
<p>a Receive a severance payment or change-of-control payment?</p>	4a	No								
<p>b Participate in, or receive payment from, a supplemental nonqualified retirement plan?</p>	4b	No								
<p>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.</p>	4c	No								
<p>Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.</p>										
<p>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:</p>										
<p>a The organization?</p>	5a	No								
<p>b Any related organization? If "Yes," to line 5a or 5b, describe in Part III.</p>	5b	No								
<p>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:</p>										
<p>a The organization?</p>	6a	No								
<p>b Any related organization? If "Yes," to line 6a or 6b, describe in Part III.</p>	6b	No								
<p>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.</p>	7	No								
<p>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.</p>	8	No								
<p>9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?</p>	9									

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

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) ANTHONY PFITZER	(i)	0	0	0	0	0	0	0
	(ii)	483,312	52,058	8,622	21,952	11,692	577,636	0
(2) REED EDMUNDSON	(i)	0	0	0	0	0	0	0
	(ii)	167,648	17,794	2,228	13,446	11,413	212,529	0

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
Supplemental Compensation Information		ANY COMPENSATED OFFICERS LISTED ARE EMPLOYEES OF ST JOSEPH REGIONAL HEALTH CENTER (SJRHC) AND ALL COMPENSATION INFORMATION IS REPORTED UNDER EIN 74-1282696 MSJHC RELIES ON SJRHC WHICH USES (A) COMPENSATION COMMITTEE, (B) WRITTEN EMPLOYMENT CONTRACT, (C) INDEPENDENT COMPENSATION CONSULTANT, (D) COMPENSATION SURVEY OR STUDY, AND (E) APPROVAL BY THE BOARD OR COMPENSATION COMMITTEE TO ESTABLISH THE COMPENSATION OF TOP MANAGEMENT OFFICIALS

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

**Open to Public
Inspection**

Name of the organization
MADISON ST JOSEPH HEALTH CENTER

Employer identification number

74-2761145

Identifier	Return Reference	Explanation
Description of Other Program Services	Form 990, Part III, Line 4d	PROVIDED RADIOLOGY SERVICES GENERATING \$2,875,943 IN REVENUE AT A COST OF \$546,115, PROVIDED CARDIOPULMONARY SERVICES GENERATING \$1,145,610 IN REVENUE AT A COST OF \$390,113, PROVIDED PHARMACEUTICAL SERVICES GENERATING \$1,018,919 IN REVENUE AT A COST OF \$386,153, PROVIDED PHYSICAL THERAPY SERVICES GENERATING REVENUE OF \$443,773 AT A COST OF \$231,668, PROVIDED SUPPLIES TO PATIENTS GENERATING REVENUE OF \$388,296 AT A COST OF \$105,578, PROVIDED MISCELLANEOUS SERVICES GENERATING \$69,880 AT A COST OF \$139,459

Identifier	Return Reference	Explanation
Description of Classes of Members or Stockholders	Form 990, Part VI, Question 6	BYLAWS SECTION 1 MEMBERSHIP THE MEMBERSHIP OF THE CORPORATION SHALL CONSIST OF ONE (1) CLASS AND THE ONLY MEMBER OF THE CORPORATION SHALL BE ST JOSEPH SERVICES CORPORATION, D/B/A ST JOSEPH HEALTH SYSTEM, A TEXAS NONPROFIT CORPORATION (HEREINAFTER REFERRED TO AS "ST JOSEPH HEALTH SYSTEM" OR "SJHS" OR THE "MEMBER")

Identifier	Return Reference	Explanation
Description of Classes of Persons and the Nature of Their Rights	Form 990, Part VI, Question 7A & 7B	<p>BYLAWS SECTION 2 RESERVED POWER EXERCISABLE BY MEMBER ALONE IN ADDITION TO, AND NOT IN LIMITATION OF, THE POWERS RESERVED TO MEMBERS OF NONPROFIT CORPORATIONS BY LAW AND PURSUANT TO THE ARTICLES OF INCORPORATION AND OTHER PROVISIONS OF THESE BYLAWS, ACTION BY ST. JOSEPH HEALTH SYSTEM IN ITS CAPACITY AS SOLE MEMBER OF THE CORPORATION (AND SUBJECT TO APPROVAL BY THE MEMBER OF SJHS, FRANCISCAN SERVICES CORPORATION ("FSC") WHEN REQUIRED BY ITS ARTICLES OF INCORPORATION OR BYLAWS) SHALL BE REQUIRED AND SHALL BE SUFFICIENT A) TO ADOPT OR CHANGE THE PHILOSOPHY, OBJECTIVES, PURPOSES, OR ETHICAL OR RELIGIOUS STANDARDS OF THE CORPORATION AND OF ORGANIZATIONS CONTROLLED BY THE CORPORATION, B) TO APPOINT THE GOVERNANCE COUNCIL MEMBERS AND TO REMOVE THEM AT WILL, WITH OR WITHOUT CAUSE, AS PROVIDED IN ARTICLE IV, SECTION 2 AND 4 OF THESE BYLAWS, C) TO APPOINT AND REMOVE THE CEO AS PROVIDED IN ARTICLE VI, SECTION 6 OF THESE BYLAWS, D) TO AMEND OR REPEAL THE ARTICLES OF INCORPORATION, E) TO AMEND OR REPEAL THE BYLAWS OF THE CORPORATION AS PROVIDED IN ARTICLE XIV OF THESE BYLAWS, F) TO DISSOLVE OR TERMINATE THE EXISTENCE OF THE CORPORATION AND TO DETERMINE THE DISTRIBUTION OF ASSETS UPON SUCH DISSOLUTION OR TERMINATION IN ACCORDANCE WITH THE ARTICLES OF INCORPORATION, AND G) TO TAKE ANY ACTION NECESSARY TO CONFORM THE PURPOSES AND ACTIVITIES OF THE CORPORATION WITH THE TRADITIONS, TEACHINGS AND CANON LAW OF THE ROMAN CATHOLIC CHURCH AS MAY BE IN EFFECT FROM TIME TO TIME.</p>

Identifier	Return Reference	Explanation
DESCRIPTION OF PROCESS USED BY MANAGEMENT/GOVERNING BODY TO REVIEW 990	FORM 990, PART VI, QUESTION 11	2011 FORM 990 AND ACCOMPANYING SCHEDULES WERE MADE AVAILABLE TO ALL TRUSTEES EITHER ELECTRONICALLY OR BY HARD COPY, DEPENDING UPON THE TRUSTEE'S PREFERENCE, BEFORE THE COMPANY FINALIZED AND SENT THE DOCUMENTS TO IRS. THIS DRAFT WAS ALSO AVAILABLE AT THE ADMINISTRATIVE OFFICES OF THE REPORTING ENTITY FOR TRUSTEES REVIEW BEFORE THE FINAL 2011 FORM 990 AND ACCOMPANYING SCHEDULES WERE FINALIZED AND SENT TO THE IRS. THE REVIEW WAS UNDER THE DIRECTION OF THE CFO AND/OR TAX RETURN PREPARERS, ERNST & YOUNG, IF REQUESTED BY TRUSTEES.

Identifier	Return Reference	Explanation
PROCESS TO MONITOR TRANSACTIONS FOR CONFLICTS OF INTEREST	FORM 990, PART VI, QUESTION 12C	<p>In accordance with St Joseph Health System Policy No 38, "Conflict of Interest," Section 6 Disclosure Statement " A Conflict of Interest Statement shall be executed by all Designated Persons, which will be retained by the Corporation in its administrative office This Statement shall be renewed at least annually at the request of the Corporation and at any time that a Conflict of Interest may arise " To help ensure that Disclosure Statements are completed annually by all Board of Trustee members, the CEO's office summarizes all conflicts of interest disclosed by each entity's trustees In 2011, the summary was presented as an agenda item at each entity's Board of Trustees meeting held in April 2011 The review is performed by the office of the CEO where Disclosure Statements are also filed for trustees Other designated persons' disclosure statements are filed in individual personnel files if employed by SJRHC</p> <p>WHISTLEBLOWER POLICY AND DOCUMENT RETENTION AND DESTRUCTION POLICY Form 990, Part VI, Line 13 and 14 The organization follows the policies of the St Joseph Health System to which it is an affiliate The policy in that includes the whistleblower policy and the document retention and destruction policy are documented and are approved by the President and CEO of the System The bylaws of St Joseph Health System state " The President/CEO shall have all authority and responsibility necessary to operate the Corporation in all its activities and departments, subject only to such policies as may be issued by the board The President/CEO shall act as a duly authorized representative of the Board and of the Corporation in all matters in which the Board has not formally designated some other person to act "</p> <p>Therefore, the President/CEO by the authority granted to him in the above paragraph approves the policies The two policies were approved by the St Joseph Health System Board at the last 2011 Board Meeting</p>

Identifier	Return Reference	Explanation
AVAIL OF GOV DOCS, CONFLICT OF INTEREST POLICY & FIN STMTS TO GEN PUBLIC	FORM 990, PART VI, QUESTION 19	NOT MADE AVAILABLE TO THE PUBLIC

Identifier	Return Reference	Explanation
OTHER CHANGES IN NET ASSETS	FORM 990, PART XI RECONCILIATION OF NET ASSETS-LINE 5	GRANT FROM OFFICE OF RURAL COMMUNITY AFFAIRS \$ 50,000 00 INCREASE IN SHARE OF FOUNDATION ASSETS \$ 62,731 00 SERVICES PROVIDED BY RELATED ORGANIZATION \$166,500 00 ----- TOTAL \$279,231 00

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME ANTHONY PFITZER TITLE GOV COUNCIL MEMBER HOURS 45

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME GEORGE NELSON TITLE GOV COUNCIL MEMBER HOURS 6

SCHEDULE R (Form 990)

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2011

Open to Public Inspection

Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37. Attach to Form 990. See separate instructions.

Department of the Treasury Internal Revenue Service

Name of the organization MADISON ST JOSEPH HEALTH CENTER

Employer identification number

74-2761145

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

Table with 6 columns: (a) Name, address, and EIN of disregarded entity; (b) Primary activity; (c) Legal domicile (state or foreign country); (d) Total income; (e) End-of-year assets; (f) Direct controlling entity.

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

Table with 7 columns: (a) Name, address, and EIN of related organization; (b) Primary activity; (c) Legal domicile (state or foreign country); (d) Exempt Code section; (e) Public charity status (if section 501(c)(3)); (f) Direct controlling entity; (g) Section 512(b)(13) controlled organization (Yes/No).

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) ST LEONARD CTR LIM 88E BROAD ST COLUMBUS, OH 43215 31-1481761	LOW INCOME RENTAL		NA	INVESTMENT				No		Yes		

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) ALLIANCE HEALTH PROVIDERS 2801 FRANCISCAN DRIVE BRYAN, TX 77802 74-2466914	COORD INSURANCE	TX	NA	CORPORATION			
(2) TAU ENTERPRISES 2801 FRANCISCAN DRIVE BRYAN, TX 77802 74-2544009	OFFICE RENTAL	TX	NA	CORPORATION			
(3) ST LEONARD CENTER 1 INC 8100 CLYO RD CENTERVILLE, OH 45458 31-1481764	LOW INCOME RENTAL	OH	NA	CORPORATION			

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

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

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

- a** Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity
- b** Gift, grant, or capital contribution to related organization(s)
- c** Gift, grant, or capital contribution from related organization(s)
- d** Loans or loan guarantees to or for related organization(s)
- e** Loans or loan guarantees by related organization(s)

- f** Sale of assets to related organization(s)
- g** Purchase of assets from related organization(s)
- h** Exchange of assets with related organization(s)
- i** Lease of facilities, equipment, or other assets to related organization(s)

- j** Lease of facilities, equipment, or other assets from related organization(s)
- k** Performance of services or membership or fundraising solicitations for related organization(s)
- l** Performance of services or membership or fundraising solicitations by related organization(s)
- m** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- n** Sharing of paid employees with related organization(s)

- o** Reimbursement paid to related organization(s) for expenses
- p** Reimbursement paid by related organization(s) for expenses

- q** Other transfer of cash or property to related organization(s)
- r** Other transfer of cash or property from related organization(s)

	Yes	No
1a		No
1b		No
1c	Yes	
1d		No
1e		No
1f		No
1g		No
1h		No
1i		No
1j		No
1k		No
1l		No
1m		No
1n	Yes	
1o	Yes	
1p	Yes	
1q		No
1r		No

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) ST JOSEPH REGIONAL HEALTH CENTER	O	7,365,000	FMV
(2) ST JOSPEH FOUNDATION	C	54,750	FMV
(3) ST JOSEPH REGIONAL HEALTH CENTER	N	79,860	FMV
(4) ST JOSEPH PHYSICIAN ASSOCIATES	O	166,500	FMV
(5) BURLESON ST JOSEPH HEALTH CENTER	P	244,921	FMV
(6)			

Part VII Supplemental Information

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

Identifier**Return Reference****Explanation****Schedule R (Form 990) 2011**

Software ID:
Software Version:
EIN: 74-2761145
Name: MADISON ST JOSEPH HEALTH CENTER

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

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity	(g) Section 512 (b)(13) controlled organization	
						Yes	No
ST JOSEPH SERVICES CORPORATION 2801 FRANCISCAN DRIVE BRYAN, TX 77802 74-2455161	GOVERNANCE	TX	501(c)(3)	11-TYPE I	FSC		No
ST JOSEPH REGIONAL HEALTH CENTER 2801 FRANCISCAN DRIVE BRYAN, TX 77802 74-1282696	HEALTH CARE	TX	501(c)(3)	3	SJSC	Yes	
BURLESON ST JOSEPH HEALTH CENTER 2801 FRANCISCAN DRIVE BRYAN, TX 77802 74-2759890	HEALTH CARE	TX	501(c)(3)	3	SJSC	Yes	
ST JOSEPH MANOR 2801 FRANCISCAN DRIVE BRYAN, TX 77802 74-2847594	NURSING CARE	TX	501(c)(3)	9	SJSC	Yes	
BURLESON ST JOSEPH MANOR 2801 FRANCISCAN DRIVE BRYAN, TX 77802 74-2913931	NURSING CARE	TX	501(c)(3)	9	SJSC	Yes	
ST JOSEPH FOUNDATION 2801 FRANCISCAN DRIVE BRYAN, TX 77802 74-2351158	FUND RAISING	TX	501(c)(3)	11-TYPE I	SJSC	Yes	
ST JOSEPH PHYSICIAN ASSOCIATES 2801 FRANCISCAN DRIVE BRYAN, TX 77802 20-3159302	PHY PRACTICE	TX	501(c)(3)	3	SJSC		No
FRANCISCAN SERVICES CORP 6832 CONVENT BLVD SYLVANIA, OH 43560 34-1412964	CHURCH ORG	OH	501(c)(3)	1	NA		No
FRANCISCAN CARE CENTER SYLVANIA 4111 HOLLAND SYLVANIA RD TOLEDO, OH 43623 34-1931806	LT CARE FCLT	OH	501(c)(3)	9	FLC	Yes	
FRANCISCAN LIVING COMMUNITIES 6832 CONVENT BLVD SYLVANIA, OH 43560 34-1892096	MGT SUPPORT	OH	501(c)(3)	11-TYPE I	FSC	Yes	
FRANCISCAN PROPERTIES INC 6832 CONVENT BLVD SYLVANIA, OH 43560 34-1412966	SR HOUSING	OH	501(c)(3)	9	FLC	Yes	
MADONNA MANOR 2344 AMSTERDAM RD VILLA HILLS, KY 41017 61-0654635	LT CARE FCLT	KY	501(c)(3)	9	FLC	Yes	
PROVIDENCE CARE CENTER 2025 HAYES AVE SANDUSKY, OH 44870 34-1658625	LT CARE FCLT	OH	501(c)(3)	9	FLC		No
PROVIDENCE RESIDENTIAL COMM CORP 5055 PROVIDENCE DR SANDUSKY, OH 44870 34-1896807	INDEPNDT LIV	OH	501(c)(3)	9	PCC	Yes	
THE COMMONS OF PROVIDENCE 5000 PROVIDENCE DR SANDUSKY, OH 44870 34-1826097	ASSISTED LIV	OH	501(c)(3)	9	PCC	Yes	
ROSARY CARE CENTER 6832 CONVENT BLVD SYLVANIA, OH 43560 34-1931795	LT CARE FCLT	OH	501(c)(3)	9	FLC	Yes	
ST LEONARD 8100 CLYO RD CENTERVILLE, OH 45458 34-1940863	LT CARE FCLT	OH	501(c)(3)	9	FLC	Yes	
ST LEONARD FOUNDATION 8100 CLYO RD CENTERVILLE, OH 45458 32-0102715	FUND RAISING	OH	501(c)(3)	7	FLC	Yes	
FRANCISCAN SHELTERS DBA BETHANY HOUSE 6832 CONVENT BLVD SYLVANIA, OH 43560 34-1612437	D V SHELTER	OH	501(c)(3)	1	FSC	Yes	
SOPHIA CENTER 6832 CONVENT BLVD SYLVANIA, OH 43560 34-1761656	MENTAL HLTH	OH	501(c)(3)	9	FSC	Yes	

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

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity	(g) Section 512 (b)(13) controlled organization	
SISTERS OF ST FRANCIS 6832 CONVENT BLVD SYLVANIA, OH 43560 34-4450609	RELIGIOUS	OH	501(c)(3)	RELIGIOUS	NA		No
FRANCISCAN SERVICES CORP SELF INSURANCE 6832 CONVENT BLVD SYLVANIA, OH 43560 34-6895492	SELF INSUR	OH	501(c)(3)	11-TYPE II	FSC	Yes	
ST CLARE COMMONS 6832 CONVENT BLVD SYLVANIA, OH 43560 27-0163752	LT CARE FCLT	OH	501(c)(3)	9	FLC	Yes	
PROVIDENCE CARE CENTERS 2025 HAYES AVE SANDUSKY, OH 44870 34-1826099	FIN SUPPORT	OH	501(C)(3)	7	FLC	Yes	
TRINITY HOSPITAL TWIN CITY 819 NORTH FIRST STREET DENNISON, OH 44621 27-5401105	HEALTH CARE	OH	501(C)(3)	3	SFH	Yes	
TRINITY HEALTH SYSTEM 380 SUMMIT AVE STEUBENVILLE, OH 43952 34-1818681	MGT SUPPORT	OH	501(C)(3)	11-TYPE I	NA		No
TRINITY HOSPITAL HOLDING COMPANY 380 SUMMIT AVE STEUBENVILLE, OH 43952 34-1842025	HEALTH CARE	OH	501(C)(3)	3	THS	Yes	
TRINITY MEDICAL CENTER EAST 380 SUMMIT AVE STEUBENVILLE, OH 43952 34-0714474	HEALTH CARE	OH	501(C)(3)	3	THS	Yes	
TRINITY MEDICAL CENTER WEST 4000 JOHNSON RD STEUBENVILLE, OH 43952 34-0875691	HEALTH CARE	OH	501(C)(3)	3	THS	Yes	
TRINITY HEALTH SYSTEM FOUNDATION 380 SUMMIT AVE STEUBENVILLE, OH 43952 31-1329423	FUND RAISING	OH	501(C)(3)	11-TYPE I	THS	Yes	



CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

St Joseph Services Corporation
(dba St Joseph Health System and Subsidiaries)
Years Ended December 31, 2011 and 2010
With Report of Independent Auditors

Ernst & Young LLP

 **ERNST & YOUNG**

St. Joseph Services Corporation
(dba St Joseph Health System and Subsidiaries)

Consolidated Financial Statements
and Supplementary Information

Years Ended December 31, 2011 and 2010

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Report of Independent Auditors

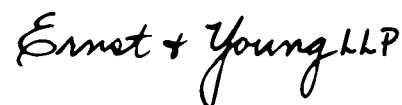
Board of Trustees
St Joseph Services Corporation
(dba St Joseph Health System and Subsidiaries)

We have audited the accompanying consolidated balance sheets of St Joseph Services Corporation (dba St Joseph Health System and Subsidiaries) (the System) as of December 31, 2011 and 2010, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended. These consolidated financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the System's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System'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 consolidated financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of St Joseph Services Corporation (dba St Joseph Health System and Subsidiaries) at December 31, 2011 and 2010, and the consolidated results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

As discussed in Note 1 to the financial statements, during 2011 the System adopted authoritative guidance issued by the Financial Accounting Standards Board related to presentation and disclosure of the provision for doubtful accounts and professional liability losses.



May 7, 2012

St. Joseph Services Corporation
(dba St Joseph Health System and Subsidiaries)

Consolidated Balance Sheets

	December 31	
	2011	2010
Assets		
Current assets		
Cash	\$ 4,112,090	\$ 4,769,266
Investments	5,000,000	5,000,000
Accounts receivable		
Patient and third-party payors, net of allowance for uncollectible accounts (2011 – \$31,862,882, 2010 – \$18,430,000)	50,745,927	47,418,670
Pledges, net of allowance for uncollectible accounts (2011 – \$55,297, 2010 – \$44,000)	963,601	819,928
Other receivables	7,019,800	3,512,706
Supplies	6,786,082	6,262,548
Prepaid expenses	3,722,808	3,803,416
Current portion of assets limited as to use	4,297,777	6,473,217
Total current assets	82,648,085	78,059,751
Pledges receivable, net of current portion	182,023	102,403
Investments	138,785,752	124,412,460
Assets limited as to use		
Under indenture agreements, less current portion	11,791,413	16,287,843
Property, plant, and equipment, net	183,766,165	188,309,729
Other assets		
Deferred costs, net of amortization	3,421,255	3,723,655
Other	6,519,752	1,271,195
	9,941,007	4,994,850
Total assets	\$ 427,114,445	\$ 412,167,036

	December 31	
	2011	2010
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 18,296,880	\$ 15,721,593
Payroll and related accruals	10,220,804	9,852,845
Accrued interest	3,686,263	3,866,662
Payable to health insurance programs, net	8,194,377	5,945,056
Current maturities of long-term debt	1,321,302	3,391,025
Total current liabilities	<u>41,719,626</u>	38,777,181
Other long-term liabilities	21,487,598	15,046,584
Long-term debt, less current portion	142,886,040	148,335,112
Total liabilities	<u>206,093,264</u>	202,158,877
Net assets		
Unrestricted	218,150,599	207,688,137
Board-designated endowments	215,585	215,585
Total unrestricted	<u>218,366,184</u>	207,903,722
Temporarily restricted	2,654,997	2,104,437
Total net assets	<u>221,021,181</u>	210,008,159
Total liabilities and net assets	<u><u>\$ 427,114,445</u></u> <u><u>\$ 412,167,036</u></u>	

See accompanying notes.

St. Joseph Services Corporation
(dba St Joseph Health System and Subsidiaries)

Consolidated Statements of Operations and Changes in Net Assets

	Year Ended December 31	
	2011	2010
Unrestricted revenue, gains, and other support		
Patient service revenue, net of contractual allowances and discounts	\$ 361,169,204	\$ 345,275,206
Less provision for bad debts	39,557,673	38,952,765
Net patient service revenue, less provision for bad debts	321,611,531	306,322,441
Other revenue	5,830,626	6,605,198
Total unrestricted revenue, gains, and other support	327,442,157	312,927,639
Expenses		
Salaries and wages	134,300,900	129,614,180
Employee benefits	33,489,889	33,417,389
Professional fees	11,555,892	12,192,385
Supplies and pharmaceuticals	49,001,025	47,388,159
Purchased services, utilities, and other	59,849,387	54,109,874
Provision for bad debts	151,896	113,002
Depreciation and amortization	18,035,005	15,945,151
Interest	7,724,325	8,175,047
Management fees	1,829,392	1,901,475
Fundraising and grants	211,795	210,304
Total operating expenses	316,149,506	303,066,966
Income from operations	11,292,651	9,860,673
Nonoperating (losses) gains		
Investment (loss) income	(1,912,591)	8,548,437
Gains (losses) under interest rate swap agreements	551,616	(2,448,097)
Gain (loss) on disposal of assets	86,871	(220,997)
Unrestricted contributions	800	940
Total nonoperating (losses) gains, net	(1,273,304)	5,880,283
Revenues in excess of expenses	10,019,347	15,740,956

St. Joseph Services Corporation
(dba St Joseph Health System and Subsidiaries)

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

	Year Ended December 31	
	2011	2010
Other changes in unrestricted net assets		
Effect of change in accounting for goodwill	\$ –	\$ (995,023)
Net assets released from restriction for property and equipment	393,115	375,644
Grant proceeds received and used in the current year for property and equipment	50,000	–
Increase in unrestricted net assets	10,462,462	15,121,577
Temporarily restricted		
Restricted contributions and grant proceeds	1,201,697	845,312
Restricted investment income	8,601	15,161
Net assets released from restrictions	(659,738)	(679,463)
Increase in temporarily restricted net assets	550,560	181,010
Increase in net assets	11,013,022	15,302,587
Net assets, beginning of year	210,008,159	194,705,572
Net assets, end of year	\$ 221,021,181	\$ 210,008,159

See accompanying notes.

St. Joseph Services Corporation
(dba St Joseph Health System and Subsidiaries)

Consolidated Statements of Cash Flows

	Year Ended December 31	
	2011	2010
Operating activities		
Increase in net assets	\$ 11,013,022	\$ 15,302,587
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Unrealized loss (gain) on investments, net	5,185,925	(1,096,234)
Effect of change in accounting for goodwill	—	995,023
(Gain) loss on disposal of assets	(86,871)	220,997
Depreciation and amortization	18,035,005	15,945,151
Provision for bad debts	39,709,569	39,065,767
Change in value of interest rate swap agreements	968,356	4,783,242
Restricted contributions and investment income received	(1,210,298)	(860,473)
Changes in operating assets and liabilities		
Accounts receivable, patient, and third-party payors	(43,015,355)	(34,934,519)
Investments	(19,559,217)	(16,976,359)
Other receivables	(3,751,858)	(385,753)
Supplies and prepaid expenses	(442,926)	(678,457)
Other assets	(5,234,956)	16,334
Accounts payable and accrued expenses, payroll and related accruals, and accrued interest	2,762,847	(831,136)
Other long-term liabilities	5,457,938	185,531
Payable to health insurance programs	2,249,321	(1,320,690)
Net cash provided by operating activities	12,080,502	19,431,011
Investing activities		
Change in assets limited as to use	6,671,870	2,989,023
Purchases of property, plant, and equipment	(12,895,889)	(20,858,487)
Net cash used in investing activities	(6,224,019)	(17,869,464)

St. Joseph Services Corporation
(dba St Joseph Health System and Subsidiaries)

Consolidated Statements of Cash Flows (continued)

	Year Ended December 31	
	2011	2010
Financing activities		
Repayment of long-term debt, including extinguishment	\$ (7,723,957)	\$ (3,268,228)
Restricted contributions and investment income received	1,210,298	860,473
Net cash used in financing activities	(6,513,659)	(2,407,755)
Decrease in cash	(657,176)	(846,208)
Cash at beginning of year	4,769,266	5,615,474
Cash at end of year	\$ 4,112,090	\$ 4,769,266
Supplemental cash flow information		
Interest paid	\$ 8,152,758	\$ 8,315,361

See accompanying notes.

St. Joseph Services Corporation
(dba St Joseph Health System and Subsidiaries)

Notes to Consolidated Financial Statements

December 31, 2011

1. Organization and Significant Accounting Policies

Organization

St Joseph Services Corporation (dba St Joseph Health System and Subsidiaries) (the System) is a nonprofit corporation engaged in providing health care and related services to a 12-county service area in the Brazos Valley. The System is affiliated with Sylvania Franciscan Health (fka Franciscan Services Corporation), the Sisters of St Francis of Sylvania, Ohio (the Sisters), and the corporate entities affiliated with these organizations.

Sylvania Franciscan Health is the formal expression of the sponsored health and human services ministry of the Sisters. Among the member organizations in Ohio, Kentucky, and Texas are six hospitals, seven long-term care facilities, four assisted living facilities, independent senior housing facility, a counseling center, a domestic violence shelter, and other supporting organizations.

The accounting principles followed by the System and the methods of applying those principles that materially affect the determination of financial position, results of operations, and cash flows are summarized below.

Mission and Business Statement

The mission of St Joseph Health System is to steward the health ministry of the Sisters of St Francis in the Brazos Valley by providing governance and direction to all the system organizations that endeavor to be responsive to community health needs.

The System provides health care services to the citizens of Bryan and College Station, Texas, and the 12 counties in the System's Brazos Valley service area through its acute care and specialty care facilities. Only those activities directly associated with the furtherance of this purpose are considered to be operating activities. Other activities that result in gains or losses unrelated to the System's primary mission are considered to be nonoperating. Nonoperating gains and losses include investment income (loss), the gains and losses on interest rate swap agreements, gains and losses on disposals of assets, unrestricted contributions, and fundraising expenses.

St. Joseph Services Corporation
(dba St Joseph Health System and Subsidiaries)

Notes to Consolidated Financial Statements (continued)

1. Organization and Significant Accounting Policies (continued)

Consolidation

All significant intercompany accounts and transactions have been eliminated in consolidation. The consolidated financial statements of the System include the accounts of the following entities:

Entity	System's Relationship to Entity
St Joseph Regional Health Center of Bryan, Texas (the Hospital)	Sole member
St Joseph Foundation of Bryan, Texas (the Foundation)	Sole member
Burleson St Joseph Health Center (Burleson)	Sole member
Madison St Joseph Health Center (Madison)	Sole member
St Joseph Manor (SJM)	Sole member
Burleson St Joseph Manor (BSJM)	Sole member
St Joseph Physician Network (SJPN)	Sole member
St Joseph Physician Associates (SJPA)	Sole member
Tau Enterprises, Inc (Tau)	Sole shareholder
Alliance Health Providers of Brazos Valley, Inc (Alliance)	Sole shareholder

Use of Estimates

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

Cash

Cash consists of currency on hand and demand deposits held at financial institutions. Assets limited as to use by board designation or other arrangements under trust agreements are excluded from cash in the consolidated statements of cash flows.

St. Joseph Services Corporation
(dba St Joseph Health System and Subsidiaries)

Notes to Consolidated Financial Statements (continued)

1. Organization and Significant Accounting Policies (continued)

Charity Care

A patient is classified as a charity patient by reference to certain established policies. Essentially, these policies define charity services as those for which no payment is anticipated. When assessing a patient's inability to pay, the System utilizes the generally recognized poverty income levels and certain other measures of poverty, and also assesses certain cases where charges incurred are significant in comparison to income. Charity care is not reported as revenue in the consolidated statements of operations and changes in net assets.

Income Taxes

The System, the Hospital, the Foundation, SJM, Burluson, BSJM, Madison, and SJPA are not-for-profit organizations as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. SJPN is a not-for-profit health corporation under 177.1 of the Texas State Board of Medical Examiners rules and Section 162.001 of the Texas Occupations Code. Alliance and Tau are for-profit corporations incorporated under the Texas Business Corporation Act. Federal income tax returns are filed on a separate-entity basis.

There are no material unrecorded tax liabilities as of December 31, 2011 or 2010.

Investments and Investment Income

Investments, including assets limited as to use, consisting of U.S. government securities, corporate bonds, mortgage-backed securities, equities (domestic and international), mutual funds, and money market funds are carried at fair market value, based on quoted market prices, with gains and losses reported in the consolidated statements of operations and changes in net assets. Cash equivalents are primarily money market funds. Investments are classified as noncurrent assets in the consolidated balance sheets, net of amounts required to meet current obligations and cash flow requirements, which are classified as current assets.

Investment (loss) income on proceeds of borrowings held by a trustee, to the extent not capitalized, is reported as other operating revenue. Investment income from all other investments, including unrealized gains and losses on investments, is reported as nonoperating (losses) gains.

St. Joseph Services Corporation
(dba St. Joseph Health System and Subsidiaries)

Notes to Consolidated Financial Statements (continued)

1. Organization and Significant Accounting Policies (continued)

Supplies

Supplies are stated at the lower of cost, using the first-in, first-out method, or market

Operating Indicator

For purposes of display, transactions deemed by management to be ongoing and major or central to the missions of the System and its subsidiaries are reported as unrestricted revenue and expenses. Unrestricted revenue includes that generated from direct patient care, related support services, and interest income on trustee-held funds required by bond indenture. Peripheral or incidental transactions are reported as nonoperating gains and losses.

Assets Limited as to Use

Certain funds are trustee-held for retirement of revenue bonds or funding of capital projects. Accordingly, these assets have been classified as noncurrent, except for amounts held for current payments on revenue bonds and payments for capital-related expenditures. The resulting interest and investment income accrues to the funds. Cash equivalents consist primarily of money market funds.

Property, Plant, and Equipment

Property, plant, and equipment acquisitions are recorded at cost or fair value at date of donation. Property, plant, and equipment donated to the System for operations are recorded as unrestricted support. Depreciation is provided over the estimated useful life of each class of depreciable assets based on expected productive life, and is computed using the straight-line method. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

When events, circumstances, or operating results indicate that the carrying values of certain long-lived assets that are expected to be held and used might be impaired, the System prepares projections of the undiscounted future cash flows expected to result from the use of the assets and their eventual disposition. If the projections indicate that the recorded amounts are not expected to be recoverable, such amounts are reduced to estimated fair value. Fair value may be

St. Joseph Services Corporation
(dba St Joseph Health System and Subsidiaries)

Notes to Consolidated Financial Statements (continued)

1. Organization and Significant Accounting Policies (continued)

estimated based upon internal evaluations of each market that include quantitative analyses of revenues and cash flows, reviews of recent sales of similar facilities, and independent appraisals. For the year ended December 31, 2011 and 2010, no impairments were recognized.

Patient Receivables and Net Patient Service Revenue

Patient receivables consist of amounts due from third-party payors, including federal and state indemnity and managed care programs, managed care health plans and commercial insurance companies, and individual patients for health care services rendered. The System does not require collateral or other security on its patient receivables. Patient accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the System analyzes its historical and expected net collections considering business and economic conditions, trends in health care coverage, and other collection indicators for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Periodically throughout the year, management assesses the adequacy of the allowance for doubtful accounts based upon specific accounts, historical write-off experience, and current market conditions. The results of this review are then used to make any modifications to the provision for bad debts to establish an appropriate allowance for uncollectible receivables.

For receivables associated with services provided to patients who have third-party coverage, the System analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make realization of amounts due unlikely. For receivables associated with self-pay patients, which includes both patients without insurance and patients with deductibles and copayment balances due for which third-party coverage exists for part of the bill, the System records a provision for bad debts on the basis of its past experience. The difference between the standard rates and the amount actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The System's allowance for doubtful accounts and charity allowance for self-pay patients increased from 66% of self-pay accounts receivable at December 31, 2010, to 80% of self-pay accounts receivable at December 31, 2011. In addition, the System's self-pay bad debt write-offs decreased 21.3% from \$45,679,284 for fiscal year 2010 to \$35,950,087 for fiscal year 2011.

St. Joseph Services Corporation
(dba St Joseph Health System and Subsidiaries)

Notes to Consolidated Financial Statements (continued)

1. Organization and Significant Accounting Policies (continued)

These changes were the result of the timing of write-offs in 2011 compared to 2010, and these amounts are fully allowed. The System has not changed its charity care or uninsured discount policies during fiscal years 2010 or 2011. The System does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant bad debt write-offs from third-party payors.

The System recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. Net patient service revenue is reported on the accrual basis in the period in which services are provided and 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 (included as payable to health insurance programs in the accompanying financial statements). 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. During fiscal years 2011 and 2010, the System recognized adjustments related to prior years that increased net patient service revenue by \$3,507,486 and \$471,600, respectively. It is at least reasonably possible that the estimated adjustments could change by material amounts in the near term.

For uninsured patients that do not qualify for charity care, the System recognizes revenue on the basis of its standard rates for services provided, or on the basis of discounted rates, if negotiated. On the basis of historical experience, a significant portion of the System's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the System records a significant provision for bad debts related to uninsured patients in the period the services are provided. Patient service revenue, net of contractual allowances and discounts, recognized in the period from these major payor sources, approximates as follows:

	Medicare	Medicaid	Commercial	Self-Pay	Other	Total All Payors
Patient service revenue (net of contractual allowances)	\$ 135,000,000	\$ 25,000,000	\$ 122,000,000	\$ 65,000,000	\$ 14,000,000	\$ 361,000,000

St. Joseph Services Corporation
(dba St Joseph Health System and Subsidiaries)

Notes to Consolidated Financial Statements (continued)

1. Organization and Significant Accounting Policies (continued)

Significant concentrations of accounts receivable from patient and third-party payors include 42% and 41% from government-related programs at December 31, 2011 and 2010, respectively, and 30% and 35% from commercial insurers and managed care organizations at December 31, 2011 and 2010, respectively, with the remaining accounts receivable due directly from patients

Net revenues from the Medicare and Medicaid programs accounted for approximately 42% and 35% of the System's net patient service revenue for the years ended December 31, 2011 and 2010, respectively

Deferred Costs

Deferred costs represent costs incurred to issue debt obligations or other financial instruments, net of amortization. Deferred costs are amortized over the period the obligation or financial instrument is outstanding, using the interest method.

Professional Liability Insurance

The Hospital, Burleson, Madison, SJM, and BSJM are participants in the Franciscan Services Self-Insurance Program (the Program) for professional and general liability insurance coverage. Payments of claims in any one year from the Franciscan Services Self-Insurance Fund (the Self-Insurance Fund) and from excess insurance coverage also purchased under the Program are subject to certain limitations. Payments to the Self-Insurance Fund for excess insurance coverage are amortized over the coverage period or program year. Any liabilities for claims exceeding coverage limits are recorded at the time these become probable and estimable.

Contributions and Pledges Receivable

Contributions and pledges receivable are recorded at fair value at the date the pledge is received. Contributions not restricted by donor are included in unrestricted net assets. Contributions and pledges receivable that are received with donor stipulations that limit the use of donated assets are recorded as temporarily restricted net assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions. Allowances for uncollectible pledges are provided for as deemed necessary.

St. Joseph Services Corporation
(dba St Joseph Health System and Subsidiaries)

Notes to Consolidated Financial Statements (continued)

1. Organization and Significant Accounting Policies (continued)

Net Assets

Unrestricted net assets generally result from revenues from providing services, receiving unrestricted contributions, and receiving dividends or interest from investing in income-producing assets, less expenses incurred in providing services, producing and delivering goods, raising contributions, and performing administrative functions. Temporarily restricted net assets are those whose use has been limited by grant agreements and donors to a specific time period or purpose.

Adoption of New Accounting Pronouncements

In April 2009, the Financial Accounting Standards Board (FASB) issued a new accounting pronouncement regarding mergers and acquisitions for not-for-profit entities (formerly Statement of Financial Accounting Standards (SFAS) No. 164, *Not-for-Profit Entities: Mergers and Acquisitions, including an amendment of FASB Statement No. 142*). The pronouncement, found under Accounting Standards Codification (ASC) Topic 958, establishes principles and requirements for how a not-for-profit entity accounts for mergers and acquisitions. The pronouncement also makes FASB Statement No. 142, *Goodwill and Other Intangible Assets*, found under ASC Topic 350, and FASB Statement No. 160, *Noncontrolling Interests in Consolidated Financial Statements*, found under ASC Topic 810, fully applicable to not-for-profit entities. The pronouncement was effective for fiscal years beginning after December 15, 2009. The System adopted the guidance in this pronouncement effective January 1, 2010. As a result of adopting this guidance, the System wrote off \$995,023 of goodwill in 2010, which is reported as the cumulative effect of a change in accounting principle in the statement of operations and changes in net assets.

In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2010-06, *Improving Disclosures about Fair Value Measurements*, which clarifies certain existing fair value measurement disclosure requirements and requires additional fair value measurement disclosures. Specifically, assets and liabilities must be leveled by major class of asset or liability. Additional disclosures are required about valuation techniques and the inputs to those techniques for those assets or liabilities designated as Level 2 or Level 3 instruments. Disclosures regarding transfers between Level 1 and Level 2 assets and liabilities are also required, as well as certain disaggregation of activity in the reconciliation of fair value measurements using significant unobservable inputs (Level 3 assets and liabilities). Certain

St. Joseph Services Corporation
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Notes to Consolidated Financial Statements (continued)

1. Organization and Significant Accounting Policies (continued)

provisions in this pronouncement were effective for fiscal years beginning after December 15, 2009, with the remaining provisions effective for fiscal years beginning after December 31, 2010. As a result, certain of the required provisions in ASU 2010-06 were adopted in the prior year's footnote disclosures and the remaining provisions were adopted effective January 1, 2011, and have been reflected in the footnote disclosures included in the consolidated financial statements.

In August 2010, the FASB issued ASU 2010-23, *Measuring Charity Care for Disclosure*, which requires that cost be used as the measurement basis for charity care disclosure purposes and that cost be identified as the direct and indirect costs of providing the charity care. The pronouncement also requires disclosure of the method used to identify or determine such costs. The pronouncement was effective for fiscal years beginning after December 15, 2010. The System adopted the guidance in this pronouncement effective January 1, 2011. The adoption of ASU 2010-23 has been reflected in the footnote disclosures included in the consolidated financial statements.

In August 2010, the FASB issued ASU 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*, which clarifies that a health care entity should not net insurance recoveries against a related claim liability. Additionally, the amount of the claim liability should be determined without consideration of insurance recoveries. The pronouncement was effective for fiscal years beginning after December 15, 2010. The adoption of this standard increased assets by \$6,795,018, current liabilities by \$1,359,003, and long-term liabilities by \$5,436,015 in the consolidated balance sheet as of December 31, 2011, as compared to December 31, 2010.

In July 2011, the FASB issued ASU 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*. The amendments in the ASU require certain health care entities to change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts). Additionally, health care entities are required to provide enhanced disclosure about their policies for recognizing revenue and assessing bad debts. The amendments also require disclosures of patient service revenue (net of contractual allowances and discounts) as well as qualitative and quantitative information about changes in the allowance for doubtful accounts. This ASU is effective for fiscal years ending after December 15, 2011, however the System elected to early adopt this pronouncement.

St. Joseph Services Corporation
(dba St Joseph Health System and Subsidiaries)

Notes to Consolidated Financial Statements (continued)

1. Organization and Significant Accounting Policies (continued)

effective January 1, 2011. As a result of adopting this pronouncement, the provisions for bad debts associated with patient service revenue have been reclassified from an operating expense to a deduction from patient service revenue for the year ending December 31, 2011 and 2010 in the statements of operations and changes in net assets and expanded footnote disclosures have been included in the financial statements.

In September 2011, the FASB issued ASU 2011-09, *Disclosures about an Employer's Participation in a Multiemployer Plan*, which requires enhanced disclosures in the annual financial statements of employers that participate in multiemployer pension plans. This ASU is effective for fiscal years ending after December 15, 2012. This pronouncement, when adopted in 2012, will expand the System's footnote disclosures.

Reclassification

Certain amounts in 2010 have been reclassified to conform to the 2011 presentation.

2. Net Patient Service Revenue

Government-Sponsored Programs

The Hospital, Burlison, Madison, SJM, and BSJM have agreements with third-party payors that provide for payments at amounts different from their established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare

For the Hospital, inpatient services rendered to Medicare program beneficiaries are primarily paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services are paid based on a prospective payment system. The Hospital is reimbursed for certain services at a tentative rate, with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been settled by the Medicare fiscal intermediary through 2006.

St. Joseph Services Corporation
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Notes to Consolidated Financial Statements (continued)

2. Net Patient Service Revenue (continued)

Burleson, Madison, and the Grimes unit of the Hospital received the Critical Access Hospital (CAH) designation from the Centers for Medicare and Medicaid Services. The CAH designation increases Medicare reimbursement by allowing hospitals to receive cost-based reimbursement on inpatient discharges and outpatient services, rather than prospectively determined rates per discharge, among other reimbursement changes. These facilities are reimbursed at a tentative rate, with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. The Madison and Burleson Medicare cost reports through 2009 have been settled by the Medicare fiscal intermediary.

Medicaid

Inpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates per discharge. Outpatient services are reimbursed under fee schedules and a cost reimbursement methodology. The Hospital, Burleson, and Madison are reimbursed at a tentative rate, with final settlement determined after submission of annual cost reports and audits thereof by the Medicaid fiscal intermediary. The Hospital Medicaid cost report has been settled through 2006 by the Medicaid fiscal intermediary. Madison and Burleson Medicaid cost reports have been settled through 2008 by the Medicaid fiscal intermediary.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The System believes that it is in compliance with all applicable laws and regulations and is not aware of any significant pending or threatened investigations involving allegations of potential wrongdoing. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Commercial Insurance, Managed Care, and Other Payors

The Hospital, Burleson, Madison, and SJPA have also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates per discharge, discounts from established charges, fee-for-service, and prospectively determined daily rates.

St. Joseph Services Corporation
(dba St Joseph Health System and Subsidiaries)

Notes to Consolidated Financial Statements (continued)

2. Net Patient Service Revenue (continued)

Effective July 2010, the Hospital, Burluson, and Madison have adopted an uninsured discount policy whereby patients without insurance coverage receive discounts from established charges. The resulting adjustment is recorded as revenue deductions from gross charges to arrive at net patient service revenue. The Hospital, Burluson, and Madison recorded uninsured discounts of \$46,740,300 and \$18,703,700 during the year ended December 31, 2011 and six months ended December 31, 2010, respectively.

3. Charity Care

The Hospital, Burluson, Madison, SJPA, SJM, and BSJM maintain records to identify and monitor the level of charity care they provide. These records include the amount of costs forgone for services and supplies furnished under its charity care policy and equivalent service statistics. The costs of providing care is estimated using the System's internal cost data and is calculated in compliance with guidelines established by both the Catholic Health Association and the Internal Revenue Service. The amount of traditional charity care provided, determined on the basis of estimated cost, was \$14,742,277 and \$13,207,171 for the years ended December 31, 2011 and 2010, respectively.

4. Investments

Investments at December 31 consisted of the following

	Unrestricted Investments		Assets Limited as to Use	
	2011	2010	2011	2010
Cash equivalents	\$ 8,751,045	\$ 12,889,358	\$ 3,824,075	\$ 16,283,188
Mutual funds	109,590,195	93,462,249	-	-
Domestic equity securities	19,353,764	14,445,029	-	-
International equity securities	6,019,523	8,540,849	-	-
U S government securities	71,225	74,975	507,091	1,006,380
Mortgage-backed securities	-	-	9,442,537	4,504,254
Corporate debt securities	-	-	2,315,487	967,238
Total	143,785,752	129,412,460	16,089,190	22,761,060
Less current portion	5,000,000	5,000,000	4,297,777	6,473,217
Noncurrent portion	\$ 138,785,752	\$ 124,412,460	\$ 11,791,413	\$ 16,287,843

St. Joseph Services Corporation
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Notes to Consolidated Financial Statements (continued)

4. Investments (continued)

Investment return consists of the following for the years ended December 31

	2011	2010
Operating investment income	\$ 350,984	\$ 557,088
Nonoperating investment (loss) income	(1,912,591)	8,548,437
Restricted income	8,601	15,161
	\$ (1,553,006)	\$ 9,120,686

Nonoperating investment income includes net realized gains of \$3,273,334 and \$7,452,203 for the years ended December 31, 2011 and 2010, respectively, and net unrealized losses of \$5,185,925 for the year ended December 31, 2011 and net unrealized gains of \$1,096,234 for the year ended December 31, 2010

5. Property, Plant, and Equipment

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

	2011	2010
Land and improvements	\$ 19,358,534	\$ 18,911,245
Buildings and improvements	204,450,340	199,956,231
Fixed equipment	17,052,877	16,983,534
Major movable equipment	107,621,359	96,774,841
Allowance for depreciation and amortization	(167,279,114)	(153,477,455)
	181,203,996	179,148,396
Construction in progress	2,562,169	9,161,333
	\$ 183,766,165	\$ 188,309,729

Estimated costs to complete construction projects approximate \$7,367,500 at December 31, 2011. The System capitalized interest cost of \$51,000 and \$280,000 during 2011 and 2010, respectively.

St. Joseph Services Corporation
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Notes to Consolidated Financial Statements (continued)

6. Long-Term Debt

Long-term debt consists of the following as of December 31

	2011	2010
Brazos County Health Facilities Development Corporation Franciscan Services Corporation Revenue Refunding Bonds, Series 1993B (St Joseph Regional Health Center of Bryan, Texas)	\$ 17,057,800	\$ 23,532,800
Brazos County Health Facilities Development Corporation Franciscan Services Corporation Obligated Group Revenue Bonds, Series 1997A (St Joseph Regional Health Center of Bryan, Texas)	47,672,000	47,672,000
Brazos County Health Facilities Development Corporation Franciscan Services Corporation Obligated Group Revenue Bonds, Series 1997B (St Joseph Manor)	13,895,000	13,895,000
Brazos County Health Facilities Development Corporation Franciscan Services Corporation Obligated Group Revenue Bonds, Series 2002 (St Joseph Regional Health Center of Bryan, Texas)	27,500,000	27,500,000
Brazos County Health Facilities Development Corporation Franciscan Services Corporation Obligated Group Revenue Bonds, Series 2008 (St Joseph Regional Health Center of Bryan, Texas)	28,610,000	29,110,000
Brazos County Health Facilities Development Corporation Burleson St Joseph Manor Revenue Bonds, Series 2009	7,445,000	7,740,000
Notes payable to financial institutions, payable monthly, interest 3.75%, collateralized by certain property	2,879,248	3,304,803
Charitable gift annuity liability	171,404	191,417
	145,230,452	152,946,020
Less current maturities	1,321,302	3,391,025
Less discounts on bonds	1,023,110	1,219,883
Long-term debt, less current portion	\$ 142,886,040	\$ 148,335,112

St. Joseph Services Corporation
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Notes to Consolidated Financial Statements (continued)

6. Long-Term Debt (continued)

The Hospital, SJM, and the corporate office of Sylvania Franciscan Health are members of the Sylvania Franciscan Health Obligated Group (the Obligated Group), which has adopted a common plan of financing under a master trust indenture. The Obligated Group has issued several series revenue bonds through Brazos County Health Facilities Development Corporation in connection with various financing and construction projects. Under a master trust indenture, each member of the Obligated Group is jointly and severally liable for payment of Series 1993B, 1997A, 1997B, 2002, and 2008 Bonds as a result of each having pledged to meet the principal and interest on each note for so long as any bonds are outstanding. In addition, the Obligated Group has agreed to certain operational and financial restrictions to limit additional indebtedness and guarantees, maintain specific financial ratios, and fulfill sinking fund requirements in various trustee accounts, among other covenants. The total amount of Obligated Group bonds outstanding at December 31, 2011 is \$134,734,800. Additionally, the Obligated Group has guaranteed the debt of certain affiliates. The total amount of debt outstanding at December 31, 2011 guaranteed by the Obligated Group is \$108,964,100.

The Series 1993B Bonds consist of term bonds that mature in varying amounts through January 1, 2019, with interest ranging from 4.875% to 6% payable semiannually. Bonds outstanding may be redeemed at par. During 2011, the Hospital executed an early redemption of \$4,355,000 of the Series 1993B Bonds.

The Series 1997A Bonds consist of term bonds that mature in varying amounts annually through January 1, 2028, and bear interest ranging from 4.30% to 5.37% payable semiannually. Outstanding bonds maturing on or after January 1, 2017, are subject to optional redemption equal to the principal plus accrued interest, if any, to the redemption date.

The Series 1997B Bonds consist of term bonds that mature in varying amounts beginning January 1, 2020, and bear interest at 5.37% payable semiannually. Outstanding bonds maturing on or after January 1, 2022, are subject to optional redemption equal to the principal plus accrued interest.

The Series 2002 Bonds consist of term bonds that mature in varying amounts annually beginning January 1, 2029, and bear interest at 5.38% payable semiannually. Outstanding bonds maturing on or after January 1, 2013, are subject to optional redemption at a premium of 1% plus accrued interest. Bonds outstanding on or after January 1, 2014, may be redeemed at par plus accrued interest.

St. Joseph Services Corporation
(dba St Joseph Health System and Subsidiaries)

Notes to Consolidated Financial Statements (continued)

6. Long-Term Debt (continued)

The Series 2008 Bonds consist of term bonds that mature in varying amounts annually through January 1, 2038, and bear interest at a fixed rate ranging from 4.00% to 5.50%

In February 2009, BSJM executed a refinancing of Series 1999 Bonds which consisted of term bonds that matured in varying amounts annually through July 1, 2029, and bore interest at 8.25% payable semiannually. In conjunction with the refinancing, BSJM issued the Series 2009 Bonds, which mature July 2029. The Series 2009 Bonds were issued pursuant to a trust indenture between the Brazos County Health Facilities Development Corporation, as issuer, and Wells Fargo Bank, N.A. (Wells Fargo), as trustee. The proceeds from the sale of the Series 2009 Bonds were borrowed by BSJM, pursuant to a loan agreement with the issuer under which BSJM agrees to make payments sufficient to pay the principal and interest as they become due. The Hospital is named as a guarantor pursuant to the loan agreement. The Series 2009 Bonds are supported by a letter of credit issued by Wells Fargo. The letter of credit expires on February 26, 2015. As of December 31, 2011, there have been no draws on the letter of credit. The interest rate for the 2009 Bonds, which is determined weekly, averaged approximately 0.29% for 2011, and was 0.19% at December 31, 2011. BSJM may select other interest rate modes for the 2009 Bonds, subject to certain limitations. Outstanding bonds are subject to optional redemption at a price equal to par plus accrued interest to the date of redemption.

In 2002, the Hospital received an office building and land valued at \$400,000 in exchange for an annuity with monthly payments of \$2,376 through 2018, bearing interest at 4.6%

The following is a schedule of future minimum payments at December 31, 2011, by year and in the aggregate, under long-term debt agreements:

2012	\$ 1,321,302
2013	1,788,044
2014	3,875,820
2015	3,720,826
2016	3,615,609
Thereafter	<u>130,908,851</u>
Total	<u>\$ 145,230,452</u>

The estimated fair value of the System's outstanding revenue bonds is approximately \$143,966,092 and \$145,887,000 at December 31, 2011 and 2010, respectively, based on broker quoted market prices.

St. Joseph Services Corporation
(dba St Joseph Health System and Subsidiaries)

Notes to Consolidated Financial Statements (continued)

7. Other Financial Instruments and Obligations

The System has an interest rate swap program that utilizes swap transactions to improve the Hospital's capital structure, potentially including net interest cost reduction, hedging, cash flow performance, enhancement of fixed income, and other direct and indirect benefits

Effective February 3, 2004, the Hospital and Merrill Lynch Capital Services, Inc (MLCS), entered into a basis swap agreement (the 2004 Swap) The 2004 Swap provides that the Hospital will receive from MLCS a variable amount of interest based upon the BMA Municipal Bond Index and pay to MLCS a variable rate of interest at a rate of 76.75% of the London Interbank Offered Rate (LIBOR) on the notional amount of \$13,750,000

Effective August 30, 2005, the Hospital and MLCS entered into two fixed receiver swap agreements (the 2005 Swaps) The 2005 Swaps provide that the Hospital will receive from MLCS a fixed amount of interest of 5.35% and pay to MLCS a variable rate of interest based upon the BMA Municipal Bond Index on the initial notional amounts of \$15,665,000 and \$16,555,000 These notional amounts decline each year by the same amount as the amortization of the Series 1993B Bonds

Effective August 16, 2007, the Hospital and MLCS entered into five total return swaps and one fixed-payor swap (the 2007 Swaps) related to the outstanding 1997A and 1997B Bonds The total return swaps provide that the Hospital will receive from MLCS a fixed amount of interest of 4.945% and pay to MLCS a variable rate of interest based upon the SIFMA Index on each notional amount The fixed payor swap provides that the Hospital will receive from MLCS a variable rate of interest of three-month LIBOR and pay to MLCS a fixed rate of interest of 3.864% on the notional amount of \$48,500,000 The value of the 2007 Swaps and related income activity is allocated between the Hospital and SJM based on the percentage of the 1997A and 1997B Bonds held

Effective March 12, 2008, the Hospital and MLCS entered into a fixed spread basis swap related to the outstanding 2008 Bonds (the 2008 Swap) The 2008 Swap provides that the Hospital will receive from MLCS a variable rate of interest based upon LIBOR and pay to MLCS a variable rate of interest based upon the BMA Municipal Bond Index on the initial notional amount of \$30,000,000

St. Joseph Services Corporation
(dba St Joseph Health System and Subsidiaries)

Notes to Consolidated Financial Statements (continued)

7. Other Financial Instruments and Obligations (continued)

Effective September 21, 2009, BSJM and Wells Fargo entered into a fixed-payor swap related to the outstanding 2009 Bonds (the 2009 Swap). The 2009 Swap provides that BSJM will receive from Wells Fargo a variable rate of interest based upon the SIFMA Municipal Swap Index and pay to Wells Fargo a fixed rate of interest of 2.427% on the initial notional amount of \$8,025,000. The notional amount of the swap is reduced each year consistent with the principal payments made on the 2009 Bonds, and the notional amount at December 31, 2011 is \$7,445,000.

Interest rate swap contracts between the System and the swap counterparties expose the System to market risk and credit risk. Credit risk is the risk that contractual obligations of the counterparty will not be fulfilled. Counterparty credit risk is managed by requiring high credit standards for the System's counterparty. The counterparty to these contracts is a financial institution that carries investment-grade credit ratings. The interest rate swap contracts contain certain collateral provisions applicable to both parties to mitigate credit risk. The System has complied with these provisions as required. The System was not required to post collateral at December 31, 2011 and 2010, respectively. The System may be required to post additional collateral to secure obligations that would be owed to the counterparty under the agreements if terminated, regardless of whether the agreements are actually terminated. The System does not anticipate nonperformance by its counterparty. Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest rate changes is managed by establishing and monitoring parameters that limit the types and degrees of market risk that may be undertaken. Management also mitigates risk through periodic reviews of its derivative positions in the context of its blended cost of capital.

St. Joseph Services Corporation
(dba St Joseph Health System and Subsidiaries)

Notes to Consolidated Financial Statements (continued)

7. Other Financial Instruments and Obligations (continued)

The following table summarizes the fair value of the System's interest rate swaps at December 31

Description	Termination Date	Notional Amount	Fair Value at December 31	
			2011	2010
Variable Basis	Feb 2014	\$ 13,750,000	\$ (9,541)	\$ (56,620)
Total Return	Oct 2013	3,610,000	(104,901)	(103,181)
Total Return	Feb 2018	13,985,000	(400,268)	(474,614)
Total Return	Feb 2022	30,077,000	(860,840)	(3,134,205)
Total Return	May 2018	3,870,000	(110,764)	(131,338)
Total Return	Feb 2022	10,025,000	(286,928)	(1,044,666)
Fixed Payer	Jan 2028	48,500,000	(10,680,597)	(6,490,776)
Fixed Payer	Sep 2014	7,445,000	(345,281)	—
Fixed Spread Basis	Mar 2028	30,000,000	(468,545)	(863,909)
		<u>\$ 161,262,000</u>	<u>\$ (13,267,665)</u>	<u>\$ (12,299,309)</u>

At December 31, 2011 and 2010, the market value of all the interest rate swap agreements was a liability of \$13,267,665 and \$12,299,309, respectively, which is included in other long-term liabilities in the accompanying consolidated financial statements. The change in the value of the interest rate swap agreements as of December 31, 2011 and 2010, was an unrealized loss of \$968,356 and \$4,783,242, respectively. The activity related to the interest rate swap agreement as of December 31, 2011 and 2010, was a net gain of \$1,519,972 and \$2,335,145, respectively. These amounts are included as a component of nonoperating (losses) gains in the accompanying consolidated financial statements.

8. Fair Value Measurements

The System discloses information about its financial assets and liabilities using a fair value hierarchy that is intended to increase consistency and comparability in fair value measurements and related disclosures. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value, that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market

St. Joseph Services Corporation
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Notes to Consolidated Financial Statements (continued)

8. Fair Value Measurements (continued)

data obtained from independent sources, while unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions. The fair value hierarchy consists of the following three levels:

Level 1 – Inputs are quoted prices in active markets for identical assets or liabilities

Level 2 – Inputs are quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities that are not active, inputs other than quoted prices that are observable, and market-corroborated inputs that are derived principally from, or corroborated by, observable market data

Level 3 – Inputs are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable

The following table represents the System's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2011, and the basis for that measurement:

	Total Fair Value Measurement at December 31, 2011	Fair Value Measurement at December 31, 2011, Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Cash equivalents	\$ 12,575,120	\$ 12,575,120	\$ –	\$ –
Mutual funds	109,590,195	109,590,195	–	–
Domestic equity securities	19,353,764	19,353,764	–	–
International equity securities	6,019,523	6,019,523	–	–
U S government securities	578,316	–	578,316	–
Mortgage-backed securities	9,305,307	–	9,442,537	–
Corporate debt securities	2,315,487	–	2,315,487	–
	<u>\$ 159,874,942</u>	<u>\$ 147,538,602</u>	<u>\$ 12,336,340</u>	<u>\$ –</u>
Interest rate swaps	\$ (13,267,665)	\$ –	\$ (13,267,665)	\$ –

St. Joseph Services Corporation
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Notes to Consolidated Financial Statements (continued)

8. Fair Value Measurements (continued)

	Fair Value Measurement at December 31, 2010, Using:			
	Total Fair Value Measurement at December 31, 2010	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Cash equivalents	\$ 29,172,546	\$ 29,172,546	\$ —	\$ —
Mutual funds	93,462,249	93,462,249	—	—
Domestic equity securities	14,445,029	14,445,029	—	—
International equity securities	8,540,849	8,540,849	—	—
U S government securities	1,081,355	—	1,081,355	—
Mortgage-backed securities	4,364,509	—	4,504,254	—
Corporate debt securities	967,238	—	967,238	—
	<u>\$ 152,173,517</u>	<u>\$ 145,620,670</u>	<u>\$ 6,552,847</u>	<u>\$ —</u>
Interest rate swaps	\$ (12,299,309)	\$ —	\$ (12,299,309)	\$ —

The valuation methodologies used for instruments measured at fair value as presented in the table above are as follows

Investments

Investments valued at quoted prices available in an active market are classified within level 1 of the valuation hierarchy. Investments valued based on evaluated bid prices provided by third-party pricing services where quoted market prices are not available are classified within level 2 of the valuation hierarchy.

Interest Rate Swap Agreements

The fair values of interest rate swap agreements are determined based on the present value of expected future cash flows using discount rates appropriate with the risks involved and are classified within level 2 of the valuation hierarchy.

St. Joseph Services Corporation
(dba St Joseph Health System and Subsidiaries)

Notes to Consolidated Financial Statements (continued)

9. Commitments and Contingencies

The System is involved in litigation arising in the course of business. In the opinion of management, the liability, if any, arising from such litigation is adequately covered by the Self-Insurance Fund or other insurance as mentioned in Note 1 and is not expected to have a material adverse effect on the System's consolidated financial position.

On October 5, 1995, Burleson executed an operating lease agreement with Burleson County Hospital District to lease substantially all of the property, plant, and equipment of the acute care facility located in Caldwell, Texas, for five years with three renewal terms of five years each. The lease agreement was renewed for a five-year term effective October 1, 2000. Effective October 1, 2005, the Hospital executed a second lease renewal that extended the lease for eight years with one renewal option for an additional period of eight years.

On March 17, 1996, the Hospital executed an operating lease agreement with Grimes County to lease substantially all the plant, property, and equipment of the acute care facility located in Navasota, Texas, for seven years with two renewal terms of seven years each. The lease was renewed for a seven-year term effective September 17, 2010.

The following is a schedule of future minimum payments at December 31, 2011, by year and in the aggregate, under noncancelable operating leases and medical agreements:

2012	\$ 15,172,378
2013	11,354,741
2014	8,120,797
2015	5,731,061
2016	2,994,079
Total	<u>\$ 43,373,056</u>

Expense for operating leases and medical agreements for the years ended December 31, 2011 and 2010, was \$18,771,915 and \$14,585,175, respectively.

St. Joseph Services Corporation
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Notes to Consolidated Financial Statements (continued)

10. Retirement Plans

Defined Benefit Plan

The System participates with other affiliated organizations in the Sisters of St. Francis Lay Employees' Retirement Plan (the Sisters' Plan), which is a noncontributory defined benefit retirement plan covering eligible lay employees. The Sisters' Plan provides for retirement and disability retirement benefits based on years of service and an employee's highest consecutive three-year average earnings. The Sisters and the System intend that this will be a permanent plan for the exclusive benefit of their participants, the joint annuitants, and beneficiaries. Additionally, the Sisters and the System intend, but do not guarantee, to make annual contributions to the fund in an amount not less than the minimum requirements set forth in the actuary's valuation report for the applicable period of time.

The Sisters' Plan is accounted for as a multiemployer pension plan. Accordingly, the System records its required contributions to the Sisters' Plan as net period pension expense. Participating employers contribute an amount equal to a percentage of projected covered compensation.

The System recognized net periodic pension expense of \$7,597,142 and \$8,549,549 for the years ended December 31, 2011 and 2010, respectively, based on amounts funded to the Sisters' Plan. The projected and accumulated benefit obligation exceeded the fair value of plan assets by approximately \$166,100,000 and \$100,100,000, respectively, at December 31, 2011, using a weighted-average discount rate of 4.92%, an expected long-term rate of return on plan assets of 8.0%, and an expected rate of compensation increase of 4.50%.

Defined Contribution Plan

The Hospital has also established the St. Joseph Regional Health Center 403(b) Matching Plan, a single-employer defined contribution employee benefit plan. All employees of the Hospital are eligible to participate upon the date of employment. The System may elect to make discretionary matching contributions of \$ 50 for every \$1 00 of an employee's elective deferrals, up to 2% of an employee's compensation. Employees become 100% vested in the employer's contribution after three years of service. The System contributed approximately \$551,925 and \$516,000 during the years ended December 31, 2011 and 2010, respectively.

St. Joseph Services Corporation
(dba St Joseph Health System and Subsidiaries)

Notes to Consolidated Financial Statements (continued)

11. Rental Income

Tau leases substantially all of its office space to physicians and other members of the medical profession under noncancelable operating leases having a term of one to 10 years. The space is rented out at fair market value. The following represents the future minimum rentals on noncancelable operating leases for each of the next five years ending December 31:

2012	\$ 1,287,679
2013	927,579
2014	732,697
2015	223,282
2016	86,529
Total	<u>\$ 3,257,766</u>

12. Transactions With Affiliates

The System paid Sylvania Franciscan Health approximately \$2,909,800 and \$1,901,000 for various expenses during 2011 and 2010, respectively. Additionally, under the Franciscan Services Self-Insurance Program (see Note 1), the System paid premiums of \$3,530,495 and \$1,800,850 to the Self-Insurance Fund for professional and general liability insurance coverage during 2011 and 2010, respectively. The System has recorded a receivable from Sylvania Franciscan Health at December 31, 2011 of \$1,389,000, which is included in other receivables in the accompanying financial statements. This receivable represents a refund of premiums paid and is recorded as a reduction of premium expense.

St. Joseph Services Corporation
(dba St Joseph Health System and Subsidiaries)

Notes to Consolidated Financial Statements (continued)

13. Functional Expenses

The System and its subsidiaries provide general health care services to residents within their geographic locations. Expenses related to providing these services at December 31 are as follows:

	<u>2011</u>	<u>2010</u>
Fundraising	\$ 101,511	\$ 76,165
Grants	110,284	134,139
General and administrative	128,345,553	123,791,617
Health care	187,592,158	179,065,045
	<u>\$ 316,149,506</u>	<u>\$ 303,066,966</u>

14. Subsequent Events

The System evaluated events and transactions occurring subsequent to December 31, 2011 through May 7, 2012, the date of issuance of the consolidated financial statements. During this period, there were no subsequent events requiring recognition in the consolidated financial statements. Additionally, there were no non-recognized subsequent events requiring disclosure.

Additional Data

Software ID:

Software Version:

EIN: 74-2761145

Name: MADISON ST JOSEPH HEALTH CENTER

Form 990, Special Condition Description:

Special Condition Description