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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
Holy Rosary Healthcare

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
2600 WILSON STREET

City or town, state or country, and ZIP + 4
MILES CITY, MT 59301

D Employer identification number
81-0231792

E Telephone number
(406) 237-3318

G Gross receipts $ 39,712,173

F Name and address of principal officer
RON WEBB
2600 WILSON STREET
MILES CITY, MT 59301

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 ▶ 0928

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

J Website: ▶ WWW HRH-MT ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1997 | **M** State of legal domicile MT

Part I Summary

1 Briefly describe the organization's mission or most significant activities
WE WILL, IN THE SPIRIT OF THE SISTERS OF CHARITY, REVEAL GOD'S HEALING LOVE BY IMPROVING THE HEALTH OF THE INDIVIDUALS AND COMMUNITIES WE SERVE, ESPECIALLY THOSE WHO ARE POOR OR VULNERABLE

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	13
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	11
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	446
6	Total number of volunteers (estimate if necessary)	**6**	69
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	117,610
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-3,941

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	472,754	180,948
9	Program service revenue (Part VIII, line 2g)	36,138,027	39,089,244
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	-46,267	-17,832
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	487,877	459,813
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	37,052,391	39,712,173
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	46,119	46,193
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)	20,682,130	20,522,665
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)	17,921,156	19,642,049
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	38,649,405	40,210,907
19	Revenue less expenses Subtract line 18 from line 12	-1,597,014	-498,734

		Beginning of Current Year	End of Year
Net Assets or Fund Balances			
20	Total assets (Part X, line 16)	21,970,302	21,832,173
21	Total liabilities (Part X, line 26)	3,029,198	3,406,568
22	Net assets or fund balances Subtract line 21 from line 20	18,941,104	18,425,605

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 — 2013-01-16 Date

▶ PAUL LEWIS CEO
Type or print name and title

Paid Preparer's Use Only

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

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ ERNST & YOUNG US LLP
190 CARONDELET PLAZA SUITE 1300
CLAYTON, MO 63105

EIN ▶

Phone no ▶ (314) 290-1000

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

WE WILL, IN THE SPIRIT OF THE SISTERS OF CHARITY, REVEAL GOD'S HEALING LOVE BY IMPROVING THE HEALTH OF THE INDIVIDUALS AND COMMUNITIES WE SERVE, ESPECIALLY THOSE WHO ARE POOR OR VULNERABLE

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 $ 26,894,305 including grants of $) (Revenue $ 32,581,410)

HOLY ROSARY HEALTHCARE PROVIDES INPATIENT AND OUTPATIENT HOSPITAL SERVICES TO THE POPULATIONS OF EASTERN MONTANA THESE SERVICES INCLUDE SURGICAL, ONCOLOGY, AND MATERNITY SERVICES, AS WELL AS 24- HOUR EMERGENCY ROOM AND DIAGNOSTIC AND THERAPUTIC SERVICES

4b (Code) (Expenses $ 2,858,128 including grants of $) (Revenue $ 3,757,714)

HOLY ROSARY HEALTHCARE'S EXTENDED CARE UNIT PROVIDES SHORT-TERM TRANSITIONAL CARE AFTER ILLNESS, INJURY, OR SURGERY, AS WELL AS, LONG-TERM CARE FOR THOSE UNABLE TO LIVE INDEPENDENTLY

4c (Code) (Expenses $ 3,894,587 including grants of $) (Revenue $ 3,207,586)

HOLY ROSARY HEALTHCARE CLINIC PROVIDES PRIMARY CARE SERVICES THE CLINIC ALSO MAKES AVAILABLE VARIOUS SPECIALTY SERVICES OFFERED BY VISITING PROVIDERS

(Code) (Expenses $ 46,193 including grants of $) (Revenue $)

Mission expenses

4d Other program services (Describe in Schedule O)

(Expenses $ 46,193 including grants of $) (Revenue $)

4e **Total program service expenses** ▶ $ 33,693,213

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		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? *If "Yes," complete Schedule D, Part IX.*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e		No
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Part I*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Part II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Part III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** All Form 990 filers that operated one or more hospitals must attach audited financial statements	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	**1a**	80		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1c** Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	446		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b** Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a** Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b** Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?			**4a**	No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**	No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**	
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**	
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**	No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**	No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**	
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**	
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?			**9a**	
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**	
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	**11a**			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			**13a**	
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**			
c	Enter the aggregate amount of reserves on hand	**13c**			
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**	No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**	

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	13		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	11		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2			No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3		Yes	
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5			No
6	Did the organization have members or stockholders?	6		Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a		Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b		Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	8a		Yes	
b	Each committee with authority to act on behalf of the governing body?	8b		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9			No

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

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

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 ▶

MARK PETESCH DIR OF FINANCE
PO BOX 35200
BILLINGS, MT 591075200
(406) 237-3318

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) MONTY LESH BOARD CHAIR	2 0	X		X				0	0	0
(2) SISTER MARIE DAMIAN GLATT BOARD MEMBER	2 0	X						0	0	0
(3) DR J R GRIERSON BOARD VICE CHAIR	2 0	X		X				0	0	0
(4) JANETTE JONES BOARD SECRETARY	2 0	X		X				0	0	0
(5) SISTER JUDITH JACKSON BOARD MEMBER	2 0	X						0	0	0
(6) TRACI SCHELL BOARD MEMBER	2 0	X						0	0	0
(7) RON WEBB CEO EX-OFFICIO	40 0	X		X				0	240,215	348,323
(8) PAUL LEWIS CEO EX-OFFICIO	40 0	X		X				0	134,939	35,911
(9) BILL OFTEDAL BOARD MEMBER	2 0	X						0	0	0
(10) RACHEL ARMSTRONG BOARD MEMBER	2 0	X						0	0	0
(11) THOMAS BEESON MD BOARD MEMBER	2 0	X						0	0	0
(12) SISTER KATHERINE FRANCHETT BOARD MEMBER	2 0	X						0	0	0
(13) STEFANI HICSWA MD BOARD MEMBER	2 0	X						0	0	0
(14) JASON BARKER EX-OFFICIO CEO SVB	40 0	X		X				0	437,097	52,347
(15) Steve Ballock Regional CFO	40 0			X				0	245,842	33,952
(16) CALVIN CAREY CFO	40 0			X				0	3,920	17
(17) JAMES MACMILLIAN PHYSICIAN	40 0					X		307,250	0	6,288

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) JEFF WILLIAMS PHYSICIAN	40 0					X		294,685	0	22,632
(19) DORTHY BRADBURY PHYSICIAN	40 0					X		225,368	0	8,157
(20) DANIEL TAILLEUR PHYCICIAN	40 0					X		210,943	0	15,884
(21) CHRISTOPHER LIEB PHYCICIAN	40 0					X		197,296	0	27,862
(22) JAMES T PAQUETTE REGIONAL CEO							X	0	738,527	123,111
(23) RICHARD LOPES FORMER CHIEF TRANSFORMA OFFIC							X	0	420,106	43,091
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								1,235,542	2,220,646	717,575

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 14

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
ARAMARK CORPORATION PO BOX 651009 CHARLOTTE, NC 282651009	FOOD SERVICES	724,198
MEDEFIS INC 10826 OLD MILL ROAD SUITE 101 OMAHA, NE 68154	TEMPORARY STAFFING	646,577
CONIFER HEALTH SOLUTIONS 1500 SOUTH DOUGLASS ROAD ANAHEIM, CA 92806	PATIENT BILLING SERV	1,601,142
ROCKY MOUNTAIN HEALTH NETWORK 315 NORTH 25TH STREET BILLINGS, MT 59101	PATIENT BILLING SERV	247,777
HOSPITAL LAUNDRY SERVICES 45 SOUTH 7TH STREET WEST BILLINGS, MT 59102	LAUNDRY SERVICE	181,391

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 10

Part VIII Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d	180,948			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		180,948			
Program Service Revenue			Business Code				
	2a	NET PATIENT SERVICE	900099	38,973,981	38,973,981		
	b	PROGRAM SERVICE RENTAL INCOME	532000	115,263		115,263	
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		39,089,244			
	3	Investment income (including dividends, interest and other similar amounts)		-30,774			-30,774
	4	Income from investment of tax-exempt bond proceeds		0			
	5	Royalties		0			
			(i) Real	(ii) Personal			
	6a	Gross rents					
	b	Less rental expenses					
	c	Rental income or (loss)					
	d	Net rental income or (loss)					
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	12,942				
	b	Less cost or other basis and sales expenses					
	c	Gain or (loss)	12,942				
	d	Net gain or (loss)			12,942			12,942
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events			0			
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities			0			
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory			0			
		Miscellaneous Revenue	Business Code				
	11a	NON-PATIENT FOOD SERVICES	722320	343,636	341,289	2,347	
	b	DEPARTMENT OTHER OPERATING REVENUE	900099	102,295	102,295		
	c	MANAGEMENT FEES	900099	12,422	12,422		
	d	All other revenue		1,460	1,460		
	e	**Total.** Add lines 11a–11d		459,813			
	12	**Total revenue.** See Instructions		39,712,173	39,431,447	117,610	-17,832

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	46,193	46,193		
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	1,532,563		1,532,563	
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	15,082,980	14,764,771	318,209	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	726,595	726,595		
9	Other employee benefits	2,092,203	2,092,203		
10	Payroll taxes	1,088,324	976,253	112,071	
11	Fees for services (non-employees)				
a	Management	3,681,476	2,165,426	1,516,050	
b	Legal	87,243		87,243	
c	Accounting	0			
d	Lobbying	1,656		1,656	
e	Professional fundraising *See Part IV, line 17* . .	0			
f	Investment management fees	1,699		1,699	
g	Other	3,486,245	2,895,075	591,170	
12	Advertising and promotion	131,019		131,019	
13	Office expenses	1,153,451	934,814	218,637	
14	Information technology	1,078,607		1,078,607	
15	Royalties . .	0			
16	Occupancy	654,152	605,857	48,295	
17	Travel	205,858	95,750	110,108	
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	2,099,619	2,099,619		
23	Insurance	321,007	321,007		
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	BAD DEBTS	1,830,714	1,830,714		
b	MEDICAID PROVIDER TAXES	409,659		409,659	
c	RECRUITING EXPENSES	173,129	48,792	124,337	
d	MEDICAL EXPENSES	4,010,038	4,009,350	688	
e					
f	All other expenses	316,477	80,794	235,683	
25	**Total functional expenses.** Add lines 1 through 24f	40,210,907	33,693,213	6,517,694	0
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		-1,603,867	1	-754,125
	2	Savings and temporary cash investments		217,457	2	219,612
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		5,578,927	4	4,565,306
	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	22,783
	8	Inventories for sale or use		816,603	8	902,468
	9	Prepaid expenses and deferred charges		376,160	9	436,985
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 40,188,110			
	b	Less accumulated depreciation	10b 26,745,928	14,967,086	10c	13,442,182
	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		780,897	13	662,381
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		837,039	15	2,334,581
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		21,970,302	16	21,832,173
Liabilities	17	Accounts payable and accrued expenses		3,029,198	17	3,406,568
	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		0	25	0
	26	**Total liabilities.** Add lines 17 through 25		3,029,198	26	3,406,568
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		18,941,104	27	18,425,605
	28	Temporarily restricted net assets		0	28	0
	29	Permanently restricted net assets		0	29	0
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		18,941,104	33	18,425,605
	34	Total liabilities and net assets/fund balances		21,970,302	34	21,832,173

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	39,712,173
2	Total expenses (must equal Part IX, column (A), line 25)	2	40,210,907
3	Revenue less expenses Subtract line 2 from line 1	3	-498,734
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	18,941,104
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-16,765
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	18,425,605

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Holy Rosary Healthcare

Employer identification number
81-0231792

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

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

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

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

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

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

_____

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

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

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

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

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

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

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

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Other

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

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

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

	Yes	No
(i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization? **11g(i)**		
(ii) a family member of a person described in (i) above? **11g(ii)**		
(iii) a 35% controlled entity of a person described in (i) or (ii) above? **11g(iii)**		

h Provide the following information about the supported organization(s)

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

Part II **Support Schedule for Organizations Described in IRC 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

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

Section B. Total Support

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

12 Gross receipts from related activities, etc (See instructions) **12**

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

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2010 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2011.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization

b **33 1/3% support test—2010.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization

17a **10%-facts-and-circumstances test—2011.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization

b **10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization

18 **Private Foundation** If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions

Part III **Support Schedule for Organizations Described in IRC 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public Support** (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support** (Add lines 9, 10c, 11 and 12)						

14 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

19a **33 1/3% support tests—2011.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2010.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private Foundation** If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions ▶☐

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

Facts And Circumstances Test

Explanation

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ **Complete if the organization is described below.**

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

OMB No 1545-0047

2011

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
Holy Rosary Healthcare	81-0231792

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities ▶ $ _____

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

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

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

(a) Name	**(b)** Address	**(c)** EIN	**(d)** Amount paid from filing organization's funds If none, enter -0-	**(e)** Amount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0-

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

A Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

B Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing Organization's Totals	(b) Affiliated Group Totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ **Yes** ☐ **No**

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

Lobbying Expenditures During 4-Year Averaging Period

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

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

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		1,656
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			1,656
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
Schedule C, Part II-B	Lobbying Activity Explanation	Holy Rosary Healthcare pays dues to the Montana Hospital Association, of which $1,656 is charged for lobbying

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Holy Rosary Healthcare

Employer identification number
81-0231792

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

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate contributions to (during year)		
3	Aggregate grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit ☐ Yes ☐ No

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

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

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

		Held at the End of the Year
a	Total number of conservation easements	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06	2d

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b Assets included in Form 990, Part X ▶ $ _____

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

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

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

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

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

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

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

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

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

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

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

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

		(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a	Beginning of year balance	152,032	170,256	126,507	152,571	
b	Contributions					
c	Investment earnings or losses	8,504	-15,721	46,785	-23,564	
d	Grants or scholarships	2,500	2,500	3,000	2,500	
e	Other expenditures for facilities and programs					
f	Administrative expenses	600	3	36		
g	End of year balance	157,436	152,032	170,256	126,507	

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶ 100 000 %
- 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)		No
(ii) related organizations	3a(ii)	Yes	

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

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

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

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		135,511		135,511
b Buildings		13,590,797	6,522,937	7,067,860
c Leasehold improvements				
d Equipment		24,745,590	18,882,109	5,863,481
e Other		1,716,212	1,340,882	375,330
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				13,442,182

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

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

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

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

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

(a) Description	(b) Book value
(1) OTHER RECEIVABLES	2,162,851
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	2,162,851

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
See Additional Data Table	
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	

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

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

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

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

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
SCH D, PART V, LINE 4	ENDOWMENT FUNDS	THE INTENDED USE FOR THE KENNETH HOM TRUST ENDOWMENT FUND IS TO PROVIDE NURSING SCHOLARSHIPS EACH YEAR A SCHOLARSHIP IS AWARDED TO AN INDIVIDUAL WITH EASTERN MONTANA TIES WHO IS PURSUING HIS OR HER NURSING EDUCATION IN 2011, ONE SCHOLARSHIP WAS AWARDED Endowment funds are held by the Holy Rosary Healthcare Foundation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Holy Rosary Healthcare

Employer identification number
81-0231792

Part I Charity Care and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☐ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☐ 150% ☑ 200% ☐ Other _____ %	3a	Yes	
b	Did the organization use FPG to determine eligibility for providing *discounted* care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☑ 400% ☐ Other _____ %	3b	Yes	
c	If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's policy provide free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Did the organization prepare a community benefit reportduring the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)		393	1,699,001		1,699,001	4 430 %
b Medicaid (from Worksheet 3, column a)						
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs		393	1,699,001		1,699,001	4 430 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)	30	3,980	257,277	22,762	234,515	0 610 %
f Health professions education (from Worksheet 5)	13	428	171,081		171,081	0 450 %
g Subsidized health services (from Worksheet 6)	2		151,249		151,249	0 390 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)	11	2,208	31,904		31,904	0 080 %
j **Total** Other Benefits	56	6,616	611,511	22,762	588,749	1 530 %
k **Total.** Add lines 7d and 7j	56	7,009	2,310,512	22,762	2,287,750	5 960 %

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	1	1	149		149	
3	Community support	3	164	1,357		1,357	
4	Environmental improvements	1		960		960	
5	Leadership development and training for community members						
6	Coalition building	3	17	781		781	
7	Community health improvement advocacy	1	7	143		143	
8	Workforce development	2	116	111,741		111,741	0 290 %
9	Other	1	588	6,811		6,811	0 020 %
10	**Total**	12	893	121,942		121,942	0 310 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1			No
2	Enter the amount of the organization's bad debt expense	2	1,159,888		
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	11,329,749
6	Enter Medicare allowable costs of care relating to payments on line 5	6	15,793,030
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-4,463,281
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures (see instructions)

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1					
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	Holy Rosary Healthcare 2600 Wilson Street Miles City, MT 59301	X	X			X		X		

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

Holy Rosary Healthcare

Name of Hospital Facility:

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

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	1		
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☐ A definition of the community served by the hospital facility			
b ☐ Demographics of the community			
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☐ How data was obtained			
e ☐ The health needs of the community			
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☐ The process for identifying and prioritizing community health needs and services to meet those needs			
h ☐ The process for consulting with persons representing the community's interests			
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ___			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		
5 Did the hospital facility make its Needs Assessment widely available to the public?	5		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a ☐ Hospital facility's website			
b ☐ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☐ Execution of the implementation strategy			
c ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in community-wide community benefit plan			
e ☐ Inclusion of a community benefit section in operational plans			
f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☐ Prioritization of health needs in the community			
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	9	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 %			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

		Yes	No
10 Used FPG to determine eligibility for providing discounted care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 %			
If "No," explain in Part VI the criteria the hospital facility used			
11 Explained the basis for calculating amounts charged to patients?	**11**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☑ Medical indigency			
d ☑ Insurance status			
e ☑ Uninsured discount			
f ☑ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Other (describe in Part VI)			
12 Explained the method for applying for financial assistance?	**12**	Yes	
13 Included measures to publicize the policy within the community served by the hospital facility?	**13**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted at all times on the hospital facility's web site			
b ☑ The policy was attached to all billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☑ The policy was posted in the hospital facility's admissions offices			
e ☑ The policy was provided, in writing, to patients upon admission to the hospital facility			
f ☑ The policy was available upon request			
g ☐ Other (describe in Part VI)			

Billing and Collections

14 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**14**	Yes	
15 Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments or arrests			
e ☐ Other similar actions (describe in Part VI)			
16 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	**16**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
a ☑ Notified patients of the financial assistance policy upon admission			
b ☑ Notified patients of the financial assistance policy prior to discharge			
c ☑ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
d ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

19 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☑ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☐ Other (describe in Part VI)			
20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	**20**		No
If "Yes," explain in Part VI			
21 Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient?	**21**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

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

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

	Name and address	Type of Facility (Describe)
1	POWDER RIVER MEDICAL CLINIC 507 NORTH LINCOLN AVENUE BROADUS,MT 59317	AMBULATORY CARE CLINIC
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

2 **Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
SCHEDULE H, PART VI	SUPPLEMENTAL INFORMATION	PART I, LINE 3C ELIGIBILITY IS BASED ON FEDERAL POVERTY GUIDELINES PART I, LINE 6A THE AN NUAL COMMUNITY BENEFIT REPORT IS INCLUDED IN THE SISTERS OF CHARITY OF LEAVENWORTH HEALTH SYSTEM REPORT TO THE COMMUNITY WE SUBMIT COMMUNITY BENEFIT ACTIVITIES AS NEWS TO LOCAL ME DIA AND REPORT THEM ON OUR WEBSITE AS THEY OCCUR A SEPARATE PUBLICATION SPECIFICALLY DEDI CATED TO COMMUNITY BENEFIT WAS NOT RELEASED IN 2011 PART I, LINE 7G PHYSICIAN CLINICS ACC OUNT FOR $31,649 OF TOTAL SUBSIDIZED SERVICE EXPENSE, THIS IS A CLINIC IN A REMOTE RURAL A REA WITH NO OTHER ACCESS TO HEALTHCARE WITHIN AN 80 MILE RADIUS PART I, LINE 7, COLUMN F THE AMOUNT OF BAD DEBT EXPENSE DELETED FROM THE DENOMINATOR BEFORE CALCULATING PERCENTAGES IN COLUMN (F) IS $1,830,714 PART I, LINE 7 COST TO CHARGE RATIO IS USED FOR ALL REMAININ G CATEGORIES OF COMMUNITY BENEFIT THE COST TO CHARGE RATIO USED WAS DERIVED FROM WORKSHEE T 2 PART II THE MOST SIGNIFICANT EXPENSE IN COMMUNITY BUILDING ACTIVITIES IS THE COST OF PHYSICIAN RECRUITMENT TO OUR MEDICALLY UNDERSERVED AREA PART III, LINE 4 DISCOUNTS AND PA YMENTS APPLIED TO ACCOUNTS REDUCE BAD DEBT EXPENSE NO METHOD IS USED TO DETERMINE THE AMO UNT THAT REASONABLY COULD BE ATTRIBUTABLE TO PATIENTS WHO WOULD LIKELY QUALIFY FOR FINANCI AL ASSISTANCE, HOWEVER, THE ORGANIZATION'S FINANCIAL ASSISTANCE POLICY ALLOWS FINANCIAL AS SISTANCE AWARDS TO BE MADE PRESUMPTIVELY TO INDIVIDUALS WHO HAVE NOT ADEQUATELY COMPLETED THE APPLICATION PROCESS IF THE INDIVIDUAL IS HOMELESS OR IF THE INDIVIDUAL IS NON-RESPONSI VE AND HAS A CREDIT SCORE LESS THAN 600 BAD DEBT EXPENSES INCLUDE ACTUAL WRITE OFFS AND A NY ASSOCIATED ACCRUAL BASED ON ACCOUNTS RECEIVABLE THE COSTING METHODOLOGY USED TO CALCUL ATE THE COST OF BAD DEBT INCLUDED ON PART III LINE 2 WAS THE COST TO CHARGE RATIO DERIVED USING THE METHODOLOGY FROM WORKSHEET 2 PART III, LINE 8 THE ORGANIZATION DOES NOT BELIEVE THAT MEDICARE SHORTFALLS SHOULD BE INCLUDED AS COMMUNITY BENEFIT MEDICARE ALLOWABLE COST S WERE DERIVED FROM THE MEDICARE COST REPORT'S SCHEDULE D PART V, PART VI AND SCHEDULE D-1 PART III, 9B AN INTEGRAL COMPONENT OF OUR MISSION IS TO BE GOOD FINANCIAL STEWARDS THIS REQUIRES US TO DETERMINE WHICH PATIENTS ARE IN NEED OF CHARITY CARE AND WHICH ARE ABLE TO CONTRIBUTE SOME PAYMENT FOR CARE RECEIVED WE MAINTAIN A BALANCE THAT ENABLES US TO CONTI NUE TO PROVIDE CHARITY CARE TO THOSE WHO NEED IT MOST, AND TO ENSURE THAT WE MANAGE OUR RE SOURCES SO THAT WE CAN CONTINUE TO BE HERE WHEN PEOPLE NEED US MOST HOLY ROSARY HEALTHCAR E NOTIFIES PATIENTS OF FINANCIAL ASSISTANCE POLICY UPON ADMISSION, DISCHARGE AND IN COMMUN ICATION REGARDING PATIENT BILLS PATIENTS ARE CONTACTED MULTIPLE TIMES ABOUT UNPAID BALANC ES PRIOR TO INITIATING ANY COLLECTION ACTION IF A PATIENT IS DETERMINED TO BE ELIGIBLE FO R FINANCIAL ASSISTANCE AT ANY TIME DURING THE COLLECTION PROCESS, THE ACCOUNT IS RECLASSIF IED AS FINANCIAL ASSISTANCE AND DEBT COLLECTION EFFORTS ARE CEASED NEEDS ASSESSMENT AS P ART OF OUR ORGANIZATIONAL MISSION TO RESPOND TO THE HEALTH NEEDS OF THE PEOPLE AND COMMUNI TIES SERVED, WE TAKE STEPS TO DETERMINE WHERE THERE IS THE MOST NEED IN ORDER TO PROVIDE T HE GREATEST GOOD HOLY ROSARY HEALTHCARE HAS REGULARLY PARTICIPATED IN COMMUNITY HEALTH NE EDS ASSESSMENT SURVEYS TO IDENTIFY THE ONGOING AND CHANGING NEEDS OF THE COMMUNITY THE MO ST RECENT SURVEY WAS CONDUCTED IN 2011 THIS ASSESSMENT STUDIED MILES CITY, MONTANA, AND T HE NINE-COUNTY SURROUNDING AREA SERVED BY HOLY ROSARY HEALTHCARE THE ASSESSMENT, COMPLETE D BY A THIRD-PARTY RESEARCH FIRM SPECIALIZING IN RURAL COMMUNITY RESEARCH, INCLUDES COLLAB ORATIVE PARTNERSHIPS WITH LOCAL GOVERNMENT AND SOCIAL AGENCIES, COMBINING EFFORTS WITH OTH ER LOCAL HOSPITALS AND HEALTH CARE ORGANIZATIONS, AND CONDUCTING SURVEYS, FOCUS GROUPS, AN D ASSESSMENTS WITH THE ASSISTANCE OF THE OFFICE OF RURAL HEALTH COMMUNITY EDUCATION WAS C OMPLETED UTILIZING THE MEDIA, INTERNET, AND MAILINGS TO BUILD AWARENESS AND ENCOURAGE PART ICIPATION IN THIS PROJECT RESULTS WERE RECEIVED IN EARLY 2012, INFORMATION SHARED WITH KE Y STAKEHOLDER GROUPS IN THE COMMUNITY AND REGION, AND RESPECTIVE PRIORITIES IDENTIFIED AND ACTION PLANS PURSUED IN 2011, WE ADDED A NEW APPROACH TO IDENTIFY COMMUNITY HEALTH NEEDS BY CREATING THE CONSENSUS BUILDING FORUM IDENTIFYING PRIORITIES IN HEALTHCARE DELIVERY I N EASTERN MONTANA THIS IS PROVING TO BE AN INFORMATIVE APPROACH TO IDENTIFYING ISSUES AND PRIORITIZING SOLUTIONS WE ALSO CONTINUOUSLY ASSESS THE NEEDS OF THE COMMUNITY THROUGH CL OSE WORKING RELATIONSHIPS AND PARTNERSHIPS WITH SERVICE AGENCIES IN THE COMMUNITY, AND BY EVALUATING STATE AND COUNTY HEALTH STATISTICS PATIENT EDUCATION OF ELIGIBILITY FOR ASSIST ANCE HOLY ROSARY HEALTHCARE TREATS PATIENTS WITH RESPECT AND DIGNITY REGARDLESS OF THEIR ABILITY TO PAY HOLY ROSARY HEALTHCARE HAS A WRITTEN FINANCIAL ASSISTANCE POLICY THAT EXPL AINS ELIGIBILITY CRITERIA FOR FINANCIAL ASSISTANCE AT VARIOUS LEVELS, INCLUDING A 100% DIS COUNT, AND IS BASED ON FEDERAL POVERTY GUIDELINES

Identifier	ReturnReference	Explanation
SCHEDULE H, PART VI	SUPPLEMENTAL INFORMATION	WE WORK WITH PATIENTS TO HELP THEM UNDERSTAND THEIR FINANCIAL RESPONSIBILITY FOR CARE REC EIVED, FINANCIAL ASSISTANCE AVAILABLE TO THEM, AND TO ESTABLISH PAYMENT PROGRAMS IN DEMONS TRATION OF OUR CORE VALUE OF RESPECT AS PART OF OUR RESPONSIBILITY TO EDUCATE, WE INFORM OUR PATIENTS AND THEIR FAMILIES OF THE AVAILABILITY OF ASSISTANCE, INCLUDING GOVERNMENT PR OGRAMS WE COMMUNICATE THIS IN A VARIETY OF WAYS TO ENSURE THAT MESSAGES REACH MULTIPLE AU DIENCES BEFORE, DURING AND/OR AFTER ADMISSION, WE ENCOURAGE OUR SELF PAY PATIENTS TO VISI T WITH A FINANCIAL COUNSELOR TO DISCUSS QUALIFICATIONS FOR FINANCIAL ASSISTANCE THE FINAN CIAL COUNSELOR WORKS WITH THE PATIENT TO COMPLETE A FINANCIAL ASSISTANCE FORM TO DETERMINE THE LEVEL OF DISCOUNT FOR WHICH THE PATIENT MAY BE ELIGIBLE WE POST FINANCIAL ASSISTANCE INFORMATION IN EMERGENCY AND ADMISSIONS AREAS, ON BILLING INVOICES, IN VARIOUS AREAS AROU ND THE HOSPITAL AND CLINIC SITES AND ON THE HOSPITAL WEBSITE WE PROVIDE WRITTEN MATERIALS TO PATIENTS THAT DETAIL OUR FINANCIAL ASSISTANCE POLICY AND HOW IT IS ADMINISTERED THIS COVERS ELIGIBILITY, STEPS TO FOLLOW TO DETERMINE IF A PATIENT QUALIFIES FOR ASSISTANCE, TY PICAL CHARGES A PATIENT MAY EXPECT FOR ROUTINE PROCEDURES, AND ASSISTANCE AVAILABLE BASED ON A PATIENT'S INCOME LEVEL WE PROVIDE MATERIALS AND EDUCATION WHEN PATIENTS ARE DISCHARG ED, AND INCLUDE INFORMATION IN BILLING STATEMENTS, INCLUDING PHONE NUMBERS AND OTHER METHO DS TO CONTACT US WITH QUESTIONS WE ENSURE THAT OUR FINANCIAL COUNSELORS, ADMISSION EMPLOY EES, SOCIAL WORKERS AND OTHER EMPLOYEES UNDERSTAND OUR POLICIES TO BE ABLE TO ASSIST PATIE NTS IN THE MOST APPROPRIATE WAY COMMUNITY INFORMATION HOLY ROSARY HEALTHCARE - THE LARGE ST HEALTHCARE FACILITY BETWEEN BILLINGS, MONTANA, AND BISMARCK, NORTH DAKOTA - PROVIDES A COMPLETE CONTINUUM OF CARE THROUGH OUR 25-BED ACUTE CARE HOSPITAL, 87-BED EXTENDED CARE LI VING COMMUNITY, OUTPATIENT MEDICAL ARTS CENTER, AND HOSPICE AND PALLIATIVE CARE PROGRAMS WHILE THE ORGANIZATION DRAWS PATIENTS FROM A 13-COUNTY REGION IN THE STRONGEST SERVICE-LIN ES, HOLY ROSARY HEALTHCARE'S PRIMARY AND SECONDARY SERVICE AREAS INCLUDE A NINE-COUNTY COR E REGION WITH APPROXIMATELY 45,000 PEOPLE THE DEMOGRAPHIC MAKE-UP OF OUR PRIMARY AND SECO NDARY SERVICE AREAS INCLUDES - OVERALL DECLINING POPULATION OF 3% IN MOST COUNTIES WIH TH E EXCEPTION OF TWO, ROSEBUD AND FALLON COUNTIES - LARGE GEOGRAPHIC AREA WITH SPARSE POPUL ATION, AVERAGING 1 4 PEOPLE/SQUARE MILE - AGING POPULATION WITH AVERAGE AGE OF 43 AND AVE RAGE LIFE EXPECTANCY OF 79, EXCEPTION IS ROSEBUD COUNTY WITH AVERAGE AGE OF 36 - PRIMARY INDUSTRIES ARE AGRICULTURE, STATE/LOCAL GOVERNMENT, AND RETAIL AVERAGE HOUSEHOLD INCOME I S $49,000, $20,000 BELOW THE NATIONAL AVERAGE PROMOTION OF COMMUNITY HEALTH WE EXTEND OU R CARE BEYOND OUR HOSPITAL'S WALLS IN ORDER TO IMPROVE THE HEALTH OF OUR COMMUNITY OUR CO MMUNITY BUILDING ACTIVITIES DEMONSTRATE THIS COMMITMENT IN 2011, THE MOST SIGNIFICANT EXP ENSE IN COMMUNITY BUILDING ACTIVITIES IS THE COST OF PHYSICIAN RECRUITMENT TO OUR MEDICALL Y UNDERSERVED AREA WE ARE ALSO INVOLVED IN MANY COMMUNITY ORGANIZATIONS THAT VARY IN SCOP E INCLUDING CRITICAL INCIDENT STRESS MANAGEMENT, COMMUNITY HEALTH ALLIANCE (WHICH PARTNERS WITH ALL LOCAL HEALTH ORGANIZATION TO CREATE COMMUNITY HEALTH IMPROVEMENT), AND OTHER CIV IC MINDED ORGANIZATIONS WE ARE AN IMPORTANT PART OF OUR COMMUNITY AND SERVE IN MANY WAYS, FROM DELIVERING CORE HEALTH CARE TO PREVENTIVE CARE TO SUPPORT OF OTHER CIVIC GROUPS OUR BOARD OF DIRECTORS REPRESENTS MEDICAL AND BUSINESS PROFESSIONALS, AND ALL PROVIDE HOURS O F SERVICE IN SUPPORT OF OUR HOSPITAL THEY ARE DEEPLY INVOLVED IN OUR NEEDS ASSESSMENT PRO CESS, BUILDING PROGRAMS AND SERVICES, AND COMMUNITY OUTREACH TO ENSURE THAT PEOPLE KNOW AB OUT SERVICES AVAILABLE TO THEM THROUGH OUR HOSPITAL WHEN HOLY ROSARY HEALTHCARE HAS EXCES S REVENUE OVER OPERATING EXPENSES, WE USE THOSE FUNDS TO OBTAIN CURRENT HEALTH CARE TECHNO LOGIES AND EQUIPMENT, IMPROVE PATIENT CA

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Holy Rosary Healthcare

Employer identification number
81-0231792

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . ☑ Yes ☐ No

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

Part II Grants and Other Assistance to Governments and Organizations in the United States.

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) HOLY ROSARY FOUNDATION2600 WILSON MILES CITY,MT 59301	20-2270238	501(C)(3)	34,466				ASSIST IN CHARITABLE EXEMPT PURPOSE

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

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

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

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

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

Identifier	Return Reference	Explanation
Description of Organization's Procedures for Monitoring the Use of Grants	Form 990, Schedule I, Part I, Line 2	GRANTS ARE MONITORED THROUGH THE HOLY ROSARY HEALTHCARE FOUNDATION THE FOUNDATION FOLLOWS A TWO-STEP PROCESS IN PREPARING THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA) THE GRANT PROJECT DIRECTOR IS RESPONSIBLE TO SUBMIT THE INVOICES FOR EACH MONTH'S ACTIVITY TO THE FOUNDATION DIRECTOR THESE ARE THEN REVIEWED FOR COMPLIANCE WITH FEDERAL STANDARDS AND GUIDELINES AND ARE SUBMITTED TO THE FEDERAL GOVERNMENT FOR REIMBURSEMENT OR APPLIED TO GRANT IF AWARDED UPFRONT THE AMOUNTS ARE THEN DRAWN DOWN BY THE FOUNDATION ADMINISTRATOR AND THE MONEY IS WIRED TO THE FOUNDATION'S BANK ACCOUNT OR REIMBURSED TO THE HOSPITAL IF THE EXPENDITURES WERE PAID BY THE HOSPITAL AND THE FUNDS MADE AVAILABLE TO THE FOUNDATION IN ADVANCE THIS INFORMATION IS COMPILED QUARTERLY BY THE DIRECTOR OF FINANCE AND IS TRACKED BY GRANT NAME AND CEDA NUMBER THE FOUNDATION DIRECTOR ALSO PROVIDES THE FINANCE DIRECTOR WITH THE AWARD LETTER AND ANY COMMUNICATIONS RELATED TO THE GRANT AS WELL AS SUPPORTING INVOICES AND EXPENDITURES AT THE END OF THE YEAR, QUARTERLY WORKSHEETS ARE USED TO PREPARE THE SEFA THE SEFA IS PREPARED BY THE DIRECTOR OF FINANCE, REVIEWED BY THE GRANTS ADMINISTRATOR AND FORWARDED TO THE SYSTEM OFFICE AND ERNST AND YOUNG CPA FIRM

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Holy Rosary Healthcare

Employer identification number
81-0231792

Part I Questions Regarding Compensation

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

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

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) RON WEBB	(i)	0	0	0	0	0	0	0
	(ii)	187,500	0	52,715	337,237	11,086	588,538	0
(2) PAUL LEWIS	(i)	0	0	0	0	0	0	0
	(ii)	134,023	0	916	20,458	15,453	170,850	0
(3) JASON BARKER	(i)	0	0	0	0	0	0	0
	(ii)	408,132	0	28,965	42,237	10,110	489,444	0
(4) Steve Ballock	(i)	0	0	0	0	0	0	0
	(ii)	214,525	0	31,317	18,210	15,742	279,794	0
(5) JAMES T PAQUETTE	(i)	0	0	0	0	0	0	0
	(ii)	418,351	0	320,176	107,885	15,226	861,638	0
(6) RICHARD LOPES	(i)	0	0	0	0	0	0	0
	(ii)	304,166	0	115,940	36,475	6,616	463,197	0
(7) JAMES MACMILLIAN	(i)	307,250	0	0	6,145	143	313,538	0
	(ii)	0	0	0	0	0	0	0
(8) JEFF WILLIAMS	(i)	294,685	0	0	17,093	5,539	317,317	0
	(ii)	0	0	0	0	0	0	0
(9) DORTHY BRADBURY	(i)	196,798	28,570	0	4,507	3,650	233,525	0
	(ii)	0	0	0	0	0	0	0
(10) DANIEL TAILLEUR	(i)	112,405	98,538	0	4,219	11,665	226,827	0
	(ii)	0	0	0	0	0	0	0
(11) CHRISTOPHER LIEB	(i)	196,496	800	0	12,232	15,630	225,158	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
FORM 990, SCHEDULE J, PART I, LINE 3		SEE FORM 990, SCHEDULE O DISCLOSURE FOR FORM 990, PART VI, LINES 15A & B REGARDING THE PROCESS USED BY SCLHS TO DETERMINE EXECUTIVE COMPENSATION WHICH IS RELIED UPON BY THIS ORGANIZATION
FORM 990, SCHEDULE J, PART I, LINE 4A	SEVERANCE PAYMENTS	THE AMOUNTS PAID FOR SEVERANCE IN 2011 WERE RONALD W WEBB-$40,000
FORM 990, SCHEDULE J, PART I, LINE 4B	PAYMENTS FROM NONQUALIFIED RETIREMENT PLAN	OTHER REPORTABLE COMPENSATION SHOWN IN SCHEDULE J PART II COLUMN (B)(III) CONTAINS AN ANNUAL REPORTING ADJUSTMENT FOR CERTAIN EMPLOYEES WHO PARTICIPATE IN THE SUPPLEMENTAL NONQUALIFIED RETIREMENT PLANS SCLHS PROVIDES NONQUALIFIED RETIREMENT PLANS FOR EXECUTIVES TO COMPENSATE FOR IRS IMPOSED LIMITATIONS IN QUALIFIED RETIREMENT PLANS AND TO PROVIDE A BENEFIT CONSISTENT WITH OTHER NOT FOR PROFIT HEALTH SYSTEMS THESE PLANS ENABLE THE EXECUTIVE TO EARN BENEFITS DURING EACH YEAR THAT THEY PARTICIPATE ON THE ADVICE OF COUNSEL, SCLHS HAS DETERMINED THAT THESE BENEFITS SHOULD BE SUBJECT TO TAXATION AS THEY ARE EARNED AND VESTED RATHER THAN WHEN THEY ARE RECEIVED AS A RESULT, THE TOTAL NONQUALIFIED RETIREMENT PLAN BENEFITS, WHICH WERE ACCRUED AND VESTED IN THE CURRENT YEAR, ARE NOW CONSIDERED TAXABLE AND THUS WERE TAXED TO THE PARTICIPANTS AN AMOUNT EQUAL TO THE PARTICIPANT'S EXPECTED INCOME TAX LIABILITY WAS WITHDRAWN FROM THE PARTICIPANT'S ACCOUNT AND REMITTED TO THE IRS AS WITHHOLDING ON THE TAXABLE BENEFIT THE AMOUNTS WITHDRAWN FROM THE PLAN FOR TAXES IN 2011 WERE JAMES T PAQUETTE-$105,270 STEVEN A BALLOCK-$9,198 RICHARD T LOPES-$27,413
FORM 990, SCHEDULE J, PART I, LINE 7 (NON-FIXED PAYMENTS)		SCLHS HAS MANAGEMENT INCENTIVE PLANS WHICH ARE BASED ON A COMBINATION OF MEASURES MANAGEMENT AND SENIOR LEADERSHIP ARE ELIGIBLE FOR THE INCENTIVE COMPENSATION PERFORMANCE CATEGORIES ARE MADE UP OF A COMBINATION OF CLINICAL QUALITY MEASURES AND OPERATING INCOME THE OPERATING INCOME CATEGORY IS GENERALLY RELATED TO THE NET EARNINGS OF THE CARE SITE IN WHICH THE INDIVIDUAL WORKS, OR IN THE CASE OF SCLHS SENIOR MANAGEMENT, THE NET EARNINGS OF SCLHS
FORM 990 SCHEDULE J, PART II AND FORM 990 PART VII		THE SISTERS OF CHARITY OF LEAVENWORTH HEALTH SYSTEM, INC (SCLHS) CONSISTS OF ELEVEN HOSPITALS AND FOUR CLINICS (AFFILIATES) IN FOUR STATES INCLUDING HOLY ROSARY HEALTHCARE (HOLY ROSARY) IN MILES CITY, MONTANA SCLHS AND ITS AFFILIATES ADHERE TO GOVERNANCE EXCELLENCE STANDARDS INCLUDING TRANSPARENCY AND ACCOUNTABILITY JASON L BARKER IS PRESIDENT AND CHIEF EXECUTIVE OFFICER FOR ST VINCENT HEALTHCARE HE FORMERLY SERVED AS A MEMBER OF HOLY ROSARY HEALTHCARE'S BOARD STEVEN A BALLOCK IS VICE PRESIDENT, CHIEF FINANCIAL OFFICER FOR ST VINCENT HEALTHCARE THEY ALSO SERVE AS MEMBERS OF HOLY ROSARY HEALTHCARE'S BOARD THE COMPENSATION REFLECTED IS THAT OF MR BARKER'S AND MR BALLOCK'S POSITIONS AS ST VINCENT HEALTHCARE EXECUTIVES AND IS NOT RELATED TO HOLY ROSARY HEALTHCARE JAMES T PAQUETTE IS A SYSTEM PROJECT LEADER OF SCLHS IN DENVER, COLORADO HE FORMERLY SERVED AS PRESIDENT AND CHIEF EXECUTIVE OFFICER OF ST VINCENT HEALTHCARE AND ON THE HOLY ROSARY HEALTHCARE BOARD THE COMPENSATION REFLECTED IS THAT OF MR PAQUETTE'S POSITION AS AN SCLHS SYSTEM PROJECT LEADER AND IS NOT RELATED TO HOLY ROSARY HEALTHCARE RICHARD T LOPES IS SENIOR VICE PRESIDENT AND CHIEF TRANSFORMATION OFFICER AT SCLHS AS A FORMER OFFICER OF HOLY ROSARY HEALTHCARE, THIS DISCLOSURE IS REQUIRED FOR 990 REPORTING PURPOSES ONLY THE COMPENSATION REFLECTED IS THAT OF MR LOPES' POSITION AS AN SCLHS EXECUTIVE AND IS NOT RELATED TO HOLY ROSARY HEALTHCARE IN KEEPING WITH SCLHS' CORE VALUE OF STEWARDSHIP, NO BOARD MEMBER SERVING ON SCLHS OR AFFILIATE BOARDS IS COMPENSATED FOR THAT SERVICE

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Holy Rosary Healthcare

Employer identification number
81-0231792

Identifier	Return Reference	Explanation
DISCLOSURES		REASON FOR AMENDING THE HOLY ROSARY HEALTHCARE 2011 FORM 990 IS BEING AMENDED TO CORRECT THE INFORMATION REPORTED ON SCHEDULE R, PART II, COLUMN G SCHEDULE H, PART V WAS ALSO UPDATED TO INCLUDE CRITICAL ACCESS HOSPITAL FORM 990, PART III, LINE 4D PROGRAM SERVICE ACCOMPLISHEMENTS HOLY ROSARY HEALTHCARE (HOSPITAL) PROVIDES QUALITY MEDICAL HEALTHCARE REGARDLESS OF RACE, CREED, SEX, NATIONAL ORIGIN, HANDICAP, OR ABILITY TO PAY THE HOSPITAL PROVIDES CARE TO INDIVIDUALS COVERED BY GOVERNMENTAL PROGRAMS, OTHER BENEFITS, AND ACCOMPLISHMENTS INCLUDE -ASSISTING EDUCATORS BY WORKING WITH HEALTHCARE INTERNS -PRESENT SPEAKING ENGAGEMENTS TO THE COMMUNITY COVERING HEALTHCARE ISSUES SUCH AS TELEMEDICINE, ARTHRITIS, HOSPICE PROGRAM, SLEEP DISORDERS, ETHICS, JOINT SEMINARS, EAR, NOSE, AND THROAT ISSUES, PSYCHOLOGY, AND DIABETES -PARTICIPATED IN HEALTH FAIRS TO PROMOTE HEALTH EDUCATION AND FOSTER PREVENTION TECHNIQUES -PROVIDE HOSPICE PROGRAM TO COMMUNITY -PROVIDE DENTAL CARE FOR CHILDREN THROUGH SMILE SAVERS -PROVIDE HEALTH RELATED ARTICLES TO LOCAL PRESS TO EDUCATE PUBLIC ON VARIOUS TOPICS -PROVIDE WELLNESS SCREENS TO SCHOOL DISTRICT AT DISCOUNTED RATE -PROVIDE FREE TOURS TO AREA SCHOOL CHILDREN AND OTHER COMMUNITY GROUPS TO TEACH THEM ABOUT THE HOSPITAL -PROVIDE MEDICAL EXPLORERS PROGRAM TO PROMOTE CAREERS IN HEALTHCARE -SPONSOR AFFORDABLE ACCESS ADVANTAGE FOR OUR EMPLOYEES -SPONSOR BLOOD DRIVES, CHARITY WALKS, 55 ALIVE, SCHOOL NURSE PROGRAM, AND OTHER GROUPS FORM 990 PART VI, SEC A, LINE 3 MANAGEMENT COMPANIES MANAGEMENT DUTIES DELEGATED BY HOLY ROSARY HEALTHCARE TO MANAGEMENT COMPANIES WERE IN THE FOLLOWING AREAS (1) CONIFER HEALTH SOLUTIONS REVENUE CYCLE SERVICES THAT INCLUDES PATIENT ACCESS, CHARGE CAPTURE AND ACCOUNTS RECEIVABLE MANAGEMENT (2) ARAMARK CORPORATION FOOD SERVICES (3) BROADLANE SUPPLY CHAIN MANAGEMENT FORM 990 PART VI, SEC A, LINES 6, 7A & 7B CLASS OF MEMBER, NATURE OF RIGHTS, ELECTION OF BOARD MEMBERS, DECISIONS SUBJECT TO APPROVAL THE SOLE MEMBER AND CONTROLLING MEMBER OF THE HOLY ROSARY HEALTHCARE (HRH) CORPORATION IS THE SISTERS OF CHARITY OF LEAVENWORTH HEALTH SYSTEM, INC (SCLHS), A KANSAS NON-FOR-PROFIT CORPORATION SOME OF THE EXCLUSIVE POWERS OF SCLHS INCLUDE - TO APPOINT, AFTER CONSULTATION WITH THE HRH CORPORATE BOARD, THE BOARD OF DIRECTORS OF HRH AND APPOINT MEMBERS OF SCLHS TO THE HRH BOARD OF DIRECTORS, - TO REMOVE, WITH OR WITHOUT CAUSE, AFTER CONSULTATION WITH THE HRH CORPORATE BOARD, ANY MEMBER OF THE HRH BOARD OF DIRECTORS, - TO APPOINT OR REMOVE, WITH OR WITHOUT CAUSE, THE CHIEF EXECUTIVE OFFICER AND THE CHIEF ADMINISTRATIVE OFFICER OF HRH, - TO IMPLEMENT CORPORATE GOALS, POLICIES, AND PROCEDURES OF HRH, - TO APPROVE FOR HRH THE ACQUISITION OF ASSETS, THE INCURRENCE OF INDEBTEDNESS, OR THE LEASE, SALE, TRANSFER, ASSUMPTION, OR ENCUMBERING OF HRH ASSETS, - TO APPROVE THE MERGER, DISSOLUTION, OR CORPORATE RESTRUCTURING OF HRH, AND - TO APPROVE HRH ANNUAL STRATEGIC PLANS AND OPERATING AND CAPITAL BUDGETS THE HRH BOARD OF DIRECTORS HAVE THE POWERS TO EXERCISE GENERAL MANAGEMENT AND CONTROL OF THE BUSINESS AFFAIRS OF HRH WITH DUE REGARD FOR THE POWERS RESERVED BY SCLHS THE POWERS OF THE HRH BOARD OF DIRECTORS INCLUDE NOMINATION OF BOARD MEMBERS FOR APPOINTMENT BY SCLHS FORM 990 PART VI, SEC B, LINE 11B PROCESS THE ORGANIZATION USES TO REVIEW FORM 990 THE 990 FOR HOLY ROSARY HEALTHCARE WILL BE REVIEWED AT SISTERS OF CHARITY OF LEAVENWORTH HEALTH SYSTEM AND THE HOLY ROSARY HEALTHCARE BOARD MEETINGS BEFORE THE RETURN IS FILED WITH THE IRS THE 990 TAX RETURN IS REVIEWED BY AN INDEPENDENT ACCOUNTING FIRM FORM 990, PART VI, SEC B, LINE 12C DESCRIPTION OF PROCESS TO MONITOR TRANSACTIONS FOR CONFLICTS OF INTEREST ALL HOLY ROSARY HEALTHCARE EXECUTIVES, DIRECTORS, AND MANAGERS, BOARD MEMBERS AND BOARD COMMITTEE MEMBERS, MEDICAL EXECUTIVE COMMITTEE (MEC) MEMBERS AND OTHER PHYSICIANS IN DECISION MAKING ROLES OR SERVING ON HRH COMMITTEES, COMPLETE A NEW CONFLICT OF INTEREST (COI) DISCLOSURE FORM ANNUALLY A COPY OF THE POLICY IS DISTRIBUTED ALONG WITH THE COI FORMS IN THE EVENT OF A CHANGE OF CIRCUMSTANCE, EACH INDIVIDUAL WHO HAS ALREADY SIGNED A COI IS EXPECTED TO NOTIFY THE ORGANIZATION OF THE CHANGE AND UPDATE THE CONFLICT OF INTEREST INFORMATION THE STATEMENTS ARE REVIEWED AND COI ISSUES ARE ADDRESSED BY THE ORGANIZATION RESPONSIBILITY OFFICER (ORO) AND LEADERSHIP AT THE APPROPRIATE LEVEL - BOARD BY BOARD CHAIR - PHYSICIANS BY THE MEC PRESIDENT - HRH DIRECTORS AND MANAGERS BY THE HRH ADMINISTRATION - HRH EXECUTIVES BY THE SISTERS OF CHARITY OF LEAVENWORTH HEALTH SYSTEM THE SIGNED COI FORMS ARE MAINTAINED IN HRH ADMISTRATION THE CONFLICT OF INTEREST DISCLOSURE STATEMENTS FOR HRH EXECUTIVES ARE MAINTAINED AT SISTERS OF CHARITY OF LEAVENWORTH HEALTH SYSTEM, INC AT THE BEGINNING OF BOARD AND BOARD COMMITTEE MEETINGS, THE QUESTION OF COI IS ASKED OF THOSE IN ATTENDANCE. WHEN AN ACTUAL CONFLICT IS IDENTIFIED, THE INDIVIDUAL ASKS TO BE EXCUSED FROM PARTICIPATING IN THE DISCUSSIONS AND DECISION-MAKING FORM 990, PART VI, LINES 15A & B SCLHS EMPLOYS THE EXECUTIVE TEAM AT EACH OF ITS HOSPITAL AFFILIATES AS PART OF ITS ANNUAL REVIEW PROCESS, SCLHS USES THE FOLLOWING IN ESTABLISHING THE COMPENSATION OF THOSE IN THESE POSITIONS -COMPENSATION COMMITTEE - INDEPENDENT COMPENSATION CONSULTANT -FORM 990 OF OTHER ORGANIZATIONS -WRITTEN EMPLOYMENT CONTRACTS -COMPENSATION SURVEYS AND STUDIES -APPROVAL BY THE BOARD OR COMPENSATION COMMITTEE THE ABOVE SUPPORT THE COMPENSATION COMMITTEE'S EFFORTS TO ENSURE THAT THE LEVEL OF COMPENSATION PROVIDED TO ITS EXECUTIVES (OFFICERS, KEY EMPLOYEES, ETC) IS CONSISTENT WITH MARKET VALUE AND THE PAY PHILOSOPHY SET BY THE BOARD THE PAY PHILOSOPHY SET BY THE BOARD IS TO PAY AT THE MIDDLE OF THE MARKET FOR EXECUTIVES OF SIMILAR SIZED ORGANIZATIONS OVERALL SCLHS' EXECUTIVE COMPENSATION IS COMPARABLE TO THAT PROVIDED IN SIMILAR, NOT-FOR-PROFIT HEALTHCARE SYSTEMS AND HOSPITALS FORM 990 PART VI, SEC C, LINE 19 AVAIL OF GOV DOCS, CONFLICT OF INTEREST POLICY, & FIN STMTS TO GEN PUBLIC THE CONFLICT OF INTEREST POLICY AND GOVERNING DOCUMENTS ARE AVAILABLE AT HOSPITAL ADMINISTRATION UPON REQUEST THE SISTERS OF CHARITY CONSOLIDATED AUDITED FINANCIAL STATEMENTS ARE AVAILABLE ON THE SISTERS OF CHARITY WEBSITE WWW SCLHEALTHSYSTEM ORG FORM 990, PART VII AND SCHEDULE J, PART II AVERAGE HOURS PER WEEK DEVOTED TO RELATED ORGANIZATIONS ESTIMATE OF AVERAGE HOURS PER WEEK, IF ANY, DEVOTED TO RELATED ORGANIZATIONS FOR WHICH COMPENSATION WAS REPORTED IN COLUMNS (E) OR (F) OF PART VII - JAMES PAQUETTE 36 HOURS/WEEK ON RELATED ORGANIZATIONS - STEVE BALLOCK 35 HOURS/WEEK ON RELATED ORGANIZATIONS - RON WEBB 1 HOUR/WEEK ON WORK FOR HRH FOUNDATION - RICHARD LOPES 1 HOUR/WEEK ON WORK FOR HRH FOUNDATION - PAUL LEWIS 1 HOUR/WEEK ON WORK FOR HRH FOUNDATION FORM 990, PART XI, LINE 5 RECONCILIATION OF NET ASSETS THE CHANGES IN NET ASSETS SHOWN ON LINE 5 OF PART XI ($16,765) STEM FROM THE UNREALIZED LOSS ON INVESTMENTS NOT RECORDED IN THE TAX RETURN STATEMENT OF CONTROLLED FOREIGN CORPORATION HOLY ROSARY HEALTHCARE, PARTICIPATION CORPORATION EIN 81-0231792 FOR THE TAX YEAR ENDED DECEMBER 31, 2011 THIS STATEMENT IS BEING FILED PURSUANT TO TREAS REG 1 6038-2(J)(3) HOLY ROSARY HEALTHCARE'S FILING REQUIREMENT FOR FORM 5471 FOR THE CONTROLLED FOREIGN CORPORATIONS LISTED BELOW HAS BEEN SATISFIED BY SISTERS OF CHARITY OF LEAVENWORTH HEALTH SYSTEM (FEIN 23-7379161) SISTERS OF CHARITY OF LEAVENWORTH HEALTH SYSTEM HAS INCLUDED THE FORM 5471 WITH ITS FORM 990 WHICH WAS FILED ELECTRONICALLY LEAVEN INSURANCE COMPANY, LTD 98-0370522 23 LIMETREE BAY AVE, PO BOX 1051 GEORGE TOWN, GRAND CAYMAN KY1-1102 CJ RIVERVIEW MULTI-SERIES FUND SPC, LTD 510 THORNALL STREET, SUITE 220 EDISON, NJ 08837 AUSTIN CAPITAL SAFE HARBOR OFFSHORE FUND, LTD PO BOX 31106, 89 NEXUS WAY, 2ND FLOOR CAMANA BAY GEORGE TOWN, GRAND CAYMAN KY1-1205 CJ JP MORGAN HEDGE FUND SPC-ACCESS MAR09 SEGREGATED 98-0680591 %INT'L FUND SVCS LTD, 78 SIR JOHN ROGERSON'S QUAY DUBLIN, IRELAND 2 EI JP MORGAN HEDGE FUND SPC-ACCESS JUN09 SEGREGATED 98-0680582 %INT'L FUND SVCS LTD, 78 SIR JOHN ROGERSON'S QUAY DUBLIN, IRELAND 2 EI %INT'L FUND SVCS LTD, 78 SIR JOHN ROGERSON'S QUAY DUBLIN, IRELAND 2 EI

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Holy Rosary Healthcare

Employer identification number
81-0231792

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

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

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) PAVILION IMAGING LLC 750 WELLINGTON GRAND JUNCTION, CO 81501 03-0516198	RADIOLOGY	CO	NA	N/A								
(2) GRAND VALLEY SURGICAL CENTER LLC 710 WELLINGTON GRAND JUNCTION, CO 81501 84-1505075	OP SURGERY	CO	NA	N/A								
(3) SAN JUAN CANCER CENTER LLC 600 SOUTH 5TH STREET MONTROSE, CO 81401 20-2856331	OP CANCER	CO	NA	N/A								
(4) BILLINGS MRI CENTER LLC 1041 NORTH 29TH STREET BILLINGS, MT 59101 81-0450943	MRI-PET SCAN	MT	NA	N/A								
(5) LUTHERAN CAMPUS ASC LLC 3455 LUTHRN PKW SUITE 150 WHEATRIDGE, CO 800336028 02-0749532	OP SURGERY	CO	NA	N/A								
(6) COLORADO SURGICAL VENTURES LLC 30 S WACKER DR SUITE 2302 CHICAGO, IL 60605 20-8038915	OP SURGERY	CO	NA	N/A								
(7) COLORADO SURGICAL HOSPITAL LLC 30 S WACKER DR SUITE 2302 CHICAGO, IL 60605 20-8038977	OP SURGERY	CO	NA	N/A								

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) CARITAS INC AND SUBSIDIARIES 9801 RENNER BOULEVARD SUITE 100 LENEXA, KS 66219 48-0941069	OTHER MEDICAL	KS		C CORP			
(2) LEAVEN INSURANCE COMPANY LTD 23 LIME TREE BAY AVE PO BOX 1051 GEORGETOWN, GRAND CAYMAN KY1-1102 CJ 98-0370522	INSURANCE	CJ					

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

		Yes	No
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity	1a		No
b Gift, grant, or capital contribution to related organization(s)	1b	Yes	
c Gift, grant, or capital contribution from related organization(s)	1c	Yes	
d Loans or loan guarantees to or for related organization(s)	1d		No
e Loans or loan guarantees by related organization(s)	1e		No
f Sale of assets to related organization(s)	1f		No
g Purchase of assets from related organization(s)	1g		No
h Exchange of assets with related organization(s)	1h		No
i Lease of facilities, equipment, or other assets to related organization(s)	1i		No
j Lease of facilities, equipment, or other assets from related organization(s)	1j		No
k Performance of services or membership or fundraising solicitations for related organization(s)	1k		No
l Performance of services or membership or fundraising solicitations by related organization(s)	1l		No
m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1m		No
n Sharing of paid employees with related organization(s)	1n		No
o Reimbursement paid to related organization(s) for expenses	1o	Yes	
p Reimbursement paid by related organization(s) for expenses	1p		No
q Other transfer of cash or property to related organization(s)	1q		No
r Other transfer of cash or property from related organization(s)	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 VINCENT HEALTHCARE	O	156,160	FMV
(2) HOLY ROSARY HEALTHCARE FOUNDATION	C	180,948	FMV
(3)			
(4)			
(5)			
(6)			

Part VI Unrelated Organizations Taxable as a Partnership (Complete if the organization answered "Yes" on Form 990, Part IV, line 37.)

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Schedule R (Form 990) 2011

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 81-0231792
Name: Holy Rosary Healthcare

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 CHARITY LEAVENWORTH HLTH SYST 2420 WEST 26TH AVE STE 100-D DENVER, CO 80211 23-7379161	SUPPORT MMBRS	KS	501(C)(3)	11B-TYPE II	NA		No
CARITAS CLINICS INC 818 NORTH 7TH STREET LEAVENWORTH, KS 66048 48-1009910	CLINIC SVCS	KS	501(C)(3)	3	SCLHS	Yes	
MARIAN CLINIC INC 1001 SW GARFIELD TOPEKA, KS 66604 48-1046905	CLINIC SVCS	KS	501(C)(3)	3	SCLHS	Yes	
MARILLAC CLINIC INC 2333 N 6TH STREET GRAND JUNCTION, CO 81501 84-1085822	CLINIC SVCS	CO	501(C)(3)	3	SCLHS	Yes	
PROVIDENCE MEDICAL CENTER 8929 PARALLEL PARKWAY KANSAS CITY, KS 66112 48-0784446	HEALTHCARE	KS	501(C)(3)	3	SCLHS	Yes	
ST JOHN HOSPITAL INC 3500 SOUTH FOURTH STREET LEAVENWORTH, KS 66048 48-0543768	HEALTHCARE	KS	501(C)(3)	3	PMC	Yes	
BETHANY COMMUNITY PLAZA INC 15 NORTH 12TH STREET KANSAS CITY, KS 66102 48-1207407	HEALTHCARE	KS	501(C)(3)	3	PMC	Yes	
PROVIDENCEST JOHN FOUNDATION INC 8929 PARALLEL PARKWAY KANSAS CITY, KS 66112 48-0925688	SUPPORT 501C3	KS	501(C)(3)	7	PMC	Yes	
ST FRANCIS HEALTH CENTER INC 1700 SW 7TH STREET TOPEKA, KS 66606 48-0547719	HEALTHCARE	KS	501(C)(3)	3	SCLHS	Yes	
ST FRANCIS HEALTH CENTER FOUNDATION 1700 SW 7TH STREET TOPEKA, KS 66606 48-1092520	SUPPORT 501C3	KS	501(C)(3)	11A-TYPE I	SFHC	Yes	
ST MARYS HOSPITAL & MEDICAL CENTER INC 2635 N 7TH STREET GRAND JUNCTION, CO 81502 84-0425720	HEALTHCARE	CO	501(C)(3)	3	SCLHS	Yes	
ST MARYS HOSPITAL FOUNDATION 2635 N 7TH STREET GRAND JUNCTION, CO 81502 23-7001007	SUPPORT 501C3	CO	501(C)(3)	11A-TYPE I	SMHMC	Yes	
SAINT JOSEPH HOSPITAL FOUNDATION 1835 FRANKLIN STREET DENVER, CO 80218 84-0735096	SUPPORT 501C3	CO	501(C)(3)	11A-TYPE I	SJH	Yes	
HOLY ROSARY HEALTHCARE FOUNDATION INC 2600 WILSON MILES CITY, MT 59301 20-2270238	SUPPORT 501C3	MT	501(C)(3)	11A-TYPE I	HRHC	Yes	
ST VINCENT HEALTHCARE 1233 NORTH 30TH BILLINGS, MT 59101 81-0232124	HEALTHCARE	MT	501(C)(3)	3	SCLHS	Yes	
ST VINCENT HEALTHCARE FOUNDATION PO BOX 35200 BILLINGS, MT 59107 81-0468034	SUPPORT 501C3	MT	501(C)(3)	7	SVHC	Yes	
NORTHWEST RESEARCH & EDUCATION INSTITUTE 315 NORTH 25TH STREET BILLINGS, MT 59101 20-1343024	COMM HLTH RES	MT	501(C)(3)	9	SVHC	Yes	
ST JAMES HEALTHCARE 400 SOUTH CLARK STREET BUTTE, MT 59701 81-0231785	HEALTHCARE	MT	501(C)(3)	3	SCLHS	Yes	
ST JAMES HEALTHCARE FOUNDATION 400 SOUTH CLARK STREET BUTTE, MT 59701 65-1202190	SUPPORT 501C3	MT	501(C)(3)	11A-TYPE I	SJHC	Yes	
SAINT JOHN'S HEALTH CENTER 2121 SANTA MONICA BLVD SANTA MONICA, CA 90404 95-1684082	HEALTHCARE	CA	501(C)(3)	3	SCLHS	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	
JOHN WAYNE CANCER INSTITUTE 2000 SANTA MONICA BLVD SANTA MONICA, CA 90404 95-4291515	CANCER R&D	CA	501(C)(3)	4	SJHHC	Yes	
SAINT JOHNS HOSPITAL & HLTH CENTER FNDTN 2121 SANTA MONICA BLVD SANTA MONICA, CA 90404 95-6100079	SUPPORT 501C3	CA	501(C)(3)	11A-TYPE I	SJHHC	Yes	
EXEMPLA INC FKA LUTHERAN HOSPITAL 2420 W 26TH AVE SUITE 100D DENVER, CO 80211 84-1103606	HEALTHCARE	CO	501(C)(3)	3	SCLHS	Yes	
EXEMPLA LUTHERAN MEDICAL CENTER FNDTN 2480 W 26TH AVESUITE 360B DENVER, CO 80211 20-8846152	SUPPORT 501C3	CO	501(C)(3)	7	EXEMPLA INC	Yes	
EXEMPLA GOOD SAMARITAN MEDICAL CTR FNDTN 200 EXEMPLA CIRCLE LAFAYETTE, CO 80026 84-1649162	SUPPORT 501C3	CO	501(C)(3)	7	EXEMPLA INC	Yes	
LUTH MED CNTR PRO&GEN LIAB SELF-INS TRST 2480 W 26TH AVESUITE 360B DENVER, CO 80211 74-2571584	INSURANCE	CO	501(C)(3)	11A-TYPE I	EXEMPLA INC	Yes	
SAINT JOSEPH HOSPITAL 1835 FRANKLIN STREET DENVER, CO 80218 84-0417134	HEALTHCARE	CO	501(C)(3)	3	SCLHS	Yes	
MOUNT ST VINCENT HOME INC 4159 LOWELL BOULEVARD DENVER, CO 80211 84-0405260	RESIDENT CARE	CO	501(C)(3)	11A-TYPE1	SCLHS	Yes	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income ($)	(g) Share of end-of-year assets ($)	(h) Disproprtionate allocations?		(i) Code V-UBI amount on Box 20 of K-1 ($)	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
PAVILION IMAGING LLC 750 WELLINGTON GRAND JUNCTION, CO 81501 03-0516198	RADIOLOGY	CO	NA	N/A								
GRAND VALLEY SURGICAL CENTER LLC 710 WELLINGTON GRAND JUNCTION, CO 81501 84-1505075	OP SURGERY	CO	NA	N/A								
SAN JUAN CANCER CENTER LLC 600 SOUTH 5TH STREET MONTROSE, CO 81401 20-2856331	OP CANCER	CO	NA	N/A								
BILLINGS MRI CENTER LLC 1041 NORTH 29TH STREET BILLINGS, MT 59101 81-0450943	MRI-PET SCAN	MT	NA	N/A								
LUTHERAN CAMPUS ASC LLC 3455 LUTHRN PKW SUITE 150 WHEATRIDGE, CO 800336028 02-0749532	OP SURGERY	CO	NA	N/A								
COLORADO SURGICAL VENTURES LLC 30 S WACKER DR SUITE 2302 CHICAGO, IL 60605 20-8038915	OP SURGERY	CO	NA	N/A								
COLORADO SURGICAL HOSPITAL LLC 30 S WACKER DR SUITE 2302 CHICAGO, IL 60605 20-8038977	OP SURGERY	CO	NA	N/A								

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Form **4562**

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No 1545-0172

2011

Attachment Sequence No **179**

Name(s) shown on return	Business or activity to which this form relates	**Identifying number**
Holy Rosary Healthcare	GENERAL DEPRECIATION	81-0231792

Part I **Election To Expense Certain Property Under Section 179**

Note: *If you have any listed property, complete Part V before you complete Part I.*

1 Maximum amount (see instructions)	**1**	$ 500,000
2 Total cost of section 179 property placed in service (see instructions)	**2**	
3 Threshold cost of section 179 property before reduction in limitation (see instructions)	**3**	$ 2,000,000
4 Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0-	**4**	
5 Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions	**5**	

6	**(a)** Description of property	**(b)** Cost (business use only)	**(c)** Elected cost

7 Listed property Enter the amount from line 29	**7**		
8 Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	**8**		
9 Tentative deduction Enter the **smaller** of line 5 or line 8	**9**		
10 Carryover of disallowed deduction from line 13 of your 2010 Form 4562	**10**		
11 Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions)	**11**		
12 Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	**12**		
13 Carryover of disallowed deduction to 2012 Add lines 9 and 10, less line 12 ▶	**13**		

Note: *Do not use Part II or Part III below for listed property. Instead, use Part V.*

Part II **Special Depreciation Allowance and Other Depreciation (Do not** include listed property **)** (See instructions)

14 Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	**14**	
15 Property subject to section 168(f)(1) election	**15**	
16 Other depreciation (including ACRS)	**16**	

Part III **MACRS Depreciation (Do not** include listed property.**)** (See instructions.)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2011	**17**	31,861
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B—Assets Placed in Service During 2011 Tax Year Using the General Depreciation System

(a) Classification of property	**(b)** Month and year placed in service	**(c)** Basis for depreciation (business/investment use only—see instructions)	**(d)** Recovery period	**(e)** Convention	**(f)** Method	**(g)** Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27 5 yrs	MM	S/L	
			27 5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2011 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part IV **Summary** (see instructions)

21 Listed property Enter amount from line 28	**21**	
22 **Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations—see instructions	**22**	31,861
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	**23**	

Part V **Listed Property** (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

Note: *For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete* ***only*** *24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.*

Section A—Depreciation and Other Information (Caution: *See the instructions for limits for passenger automobiles.***)**

24a Do you have evidence to support the business/investment use claimed? ☐ **Yes** ☑ **No** | **24b** If "Yes," is the evidence written? ☐ **Yes** ☑ **No**

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation/ deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)						**25**		
26 Property used more than 50% in a qualified business use								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use								
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1 .						**28**		
29 Add amounts in column (i), line 26 Enter here and on line 7, page 1							**29**	

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person
If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
30 Total business/investment miles driven during the year (**do not** include commuting miles) . .												
31 Total commuting miles driven during the year .												
32 Total other personal(noncommuting) miles driven												
33 Total miles driven during the year Add lines 30 through 32												
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use? .												

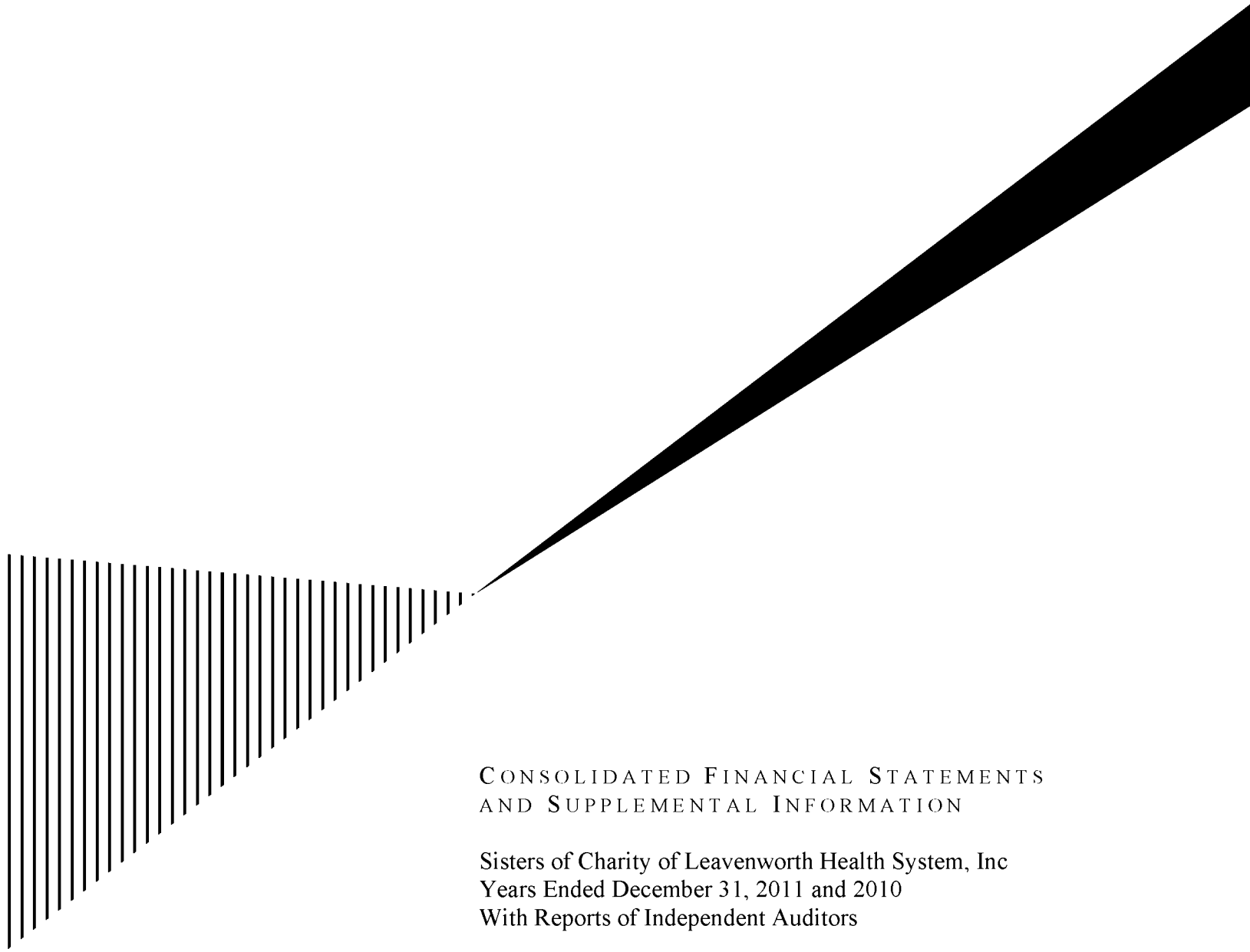
Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions)

	Yes	**No**
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions)		
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles		

Part VI **Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2011 tax year (see instructions)					
43 Amortization of costs that began before your 2011 tax year				**43**	
44 Total. Add amounts in column (f) See the instructions for where to report . .				**44**	



CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Sisters of Charity of Leavenworth Health System, Inc
Years Ended December 31, 2011 and 2010
With Reports of Independent Auditors

Ernst & Young LLP

ERNST & YOUNG

Sisters of Charity of Leavenworth Health System, Inc

Consolidated Financial Statements
and Supplemental Information

Years Ended December 31, 2011 and 2010

Contents

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Report of Independent Auditors

The Board of Directors
Sisters of Charity of Leavenworth
Health System, Inc

We have audited the accompanying consolidated balance sheets of Sisters of Charity of Leavenworth Health System, Inc , identified in Note 1, as of December 31, 2011 and 2010, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended These financial statements are the responsibility of Sisters of Charity of Leavenworth Health System, Inc 's management Our responsibility is to express an opinion on these financial statements based on our audits

We conducted our audits in accordance with auditing standards generally accepted in the United States (U S) 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 Sisters of Charity of Leavenworth Health System, Inc '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 Sisters of Charity of Leavenworth Health System, Inc 's internal control over financial reporting Accordingly, we express no such opinion An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation We believe that our audits provide a reasonable basis for our opinion

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

Ernst & Young LLP

April 25, 2012

A member firm of Ernst & Young Global Limited

Sisters of Charity of Leavenworth Health System, Inc

Consolidated Balance Sheets

	December 31	
	2011	**2010**
	(In Millions)	
Assets		
Current assets		
Cash and cash equivalents	**$ 103.1**	$ 98 0
Due from broker	**33.2**	22 5
Current portion of investments	**84.3**	137 5
Accounts receivable		
Patient (less allowance for uncollectible accounts of $167 1 million in 2011 and $192 8 million in 2010)	**350.6**	328 9
Pledges and other	**40.6**	38 6
Inventory	**45.2**	45 6
Prepaids and other assets	**42.2**	37 4
Total current assets	**699.2**	708 5
Investments		
Investments, net of current portion	**1,696.0**	1,714 0
Assets limited as to use		
Restricted funds – self-insured risks	**66.8**	69 8
Trustee-held funds	**70.1**	82 3
	136.9	152 1
Land, buildings, and equipment, net	**2,014.0**	2,041 3
Other assets		
Investments in joint ventures	**16.5**	18 4
Pledges receivable, net	**26.7**	37 8
Prepaid pension cost	**–**	25 9
Other assets	**30.6**	31 3
	73.8	113 4
Total assets	**$ 4,619.9**	$ 4,729 3

	December 31	
	2011	**2010**
	(In Millions)	
Liabilities and net assets		
Current liabilities		
Current maturities of long-term obligations	**$ 56.4**	$ 104 2
Accrued interest payable	**27.9**	33 3
Due to broker	**58.4**	107 5
Accounts payable	**136.5**	151 4
Accrued salaries, wages, and benefits	**110.9**	104 5
Other accrued expenses	**71.3**	68 9
Total current liabilities	**461.4**	569 8
Other noncurrent liabilities		
Reserve for self-insured risks	**72.3**	67 4
Accrued pension payable	**21.1**	12 3
Accrued swap payable	**27.7**	13 3
Other liabilities	**19.9**	15 3
	141.0	108 3
Capital structure		
Bonds payable	**1,366.4**	1,400 0
Other notes and capital leases payable	**21.5**	22 9
	1,387.9	1,422 9
Less current maturities	**56.4**	104 2
	1,331.5	1,318 7
Total liabilities	**1,933.9**	1,996 8
Net assets		
Noncontrolling interest	**251.3**	242 0
SCLHS controlling interest	**2,283.2**	2,339 4
Total unrestricted net assets	**2,534.5**	2,581 4
Temporarily restricted	**120.7**	121 3
Permanently restricted	**30.8**	29 8
Total net assets	**2,686.0**	2,732 5
Total liabilities and net assets	**$ 4,619.9**	$ 4,729 3

See accompanying notes

Sisters of Charity of Leavenworth Health System, Inc

Consolidated Statements of Operations

	Year Ended December 31	
	2011	**2010**
	(In Millions)	
Patient services		
Operating revenue		
Net patient service revenue	**$ 2,570.8**	$ 2,534.1
Other operating revenue	**94.0**	77.0
Net assets released from restrictions	**20.6**	28.2
Net gain from joint ventures	**8.2**	5.0
Net gain from disposal of assets	**2.4**	–
Total operating revenue	**2,696.0**	2,644.3
Operating expenses		
Salaries and wages	**1,023.8**	1,007.3
Employee benefits	**240.6**	247.3
Other operating expenses	**986.4**	1,015.0
Provision for bad debts	**142.3**	154.7
Depreciation and amortization	**233.3**	238.0
Interest and amortization	**58.1**	51.6
Total operating expenses	**2,684.5**	2,713.9
Income (loss) from operations	**11.5**	(69.6)
Nonoperating gains (losses)		
Income tax expense	**(2.3)**	(3.1)
Investment income	**4.9**	125.1
Loss on early extinguishment of debt	**(0.9)**	(22.3)
Mission Fund expenditures	**(1.7)**	(1.9)
Total nonoperating gains, net	**–**	97.8
Consolidated excess of revenue over expenses	**11.5**	28.2
Less amounts attributable to noncontrolling interest	**2.6**	2.5
Excess of revenue over expenses attributable to SCLHS	**$ 8.9**	$ 25.7

See accompanying notes

Sisters of Charity of Leavenworth Health System, Inc

Consolidated Statements of Changes in Net Assets

	Year Ended December 31 2011			Year Ended December 31 2010		
	Total	**Controlling**	**Noncontrolling**	**Total**	**Controlling**	**Noncontrolling**
		(In Millions)			*(In Millions)*	
Unrestricted net assets						
Excess of revenue over expenses	**$ 11.5**	**8.9**	**2.6**	$ 28 2	$ 25 7	$ 2 5
Change in unrealized value of interest rate swaps	**(14.2)**	**(14.2)**	**–**	(2 4)	(2 4)	–
Change in noncontrolling interest	**2.1**	**(9.0)**	**11.1**	–	93 7	(93 7)
Distributions to noncontrolling interest	**(4.4)**	**–**	**(4.4)**	(2 2)	–	(2 2)
Contributions to related organizations	**(12.6)**	**(12.6)**	**–**	(6 7)	(6 7)	–
Pension-related charges other than net periodic pension costs	**(39.9)**	**(39.9)**	**–**	(9 3)	(9 3)	–
Net assets released for capital acquisitions	**10.6**	**10.6**	**–**	19 8	19 8	–
	(46.9)	**(56.2)**	**9.3**	27 4	120 8	(93 4)
Temporarily restricted net assets						
Contributions	**27.5**	**27.5**	**–**	28 4	28 4	–
Net investment activity	**(0.4)**	**(0.4)**	**–**	0 2	0 2	–
Net assets released from restrictions	**(27.7)**	**(27.7)**	**–**	(41 7)	(41 7)	–
	(0.6)	**(0.6)**	**–**	(13 1)	(13 1)	–
Permanently restricted net assets						
Contributions	**0.8**	**0.8**	**–**	0 8	0 8	–
Net investment activity	**0.2**	**0.2**	**–**	0 3	0 3	–
	1.0	**1.0**	**–**	1 1	1 1	–
Increase (decrease) in net assets	**(46.5)**	**(55.8)**	**9.3**	15 4	108 8	(93 4)
Beginning net assets	**2,732.5**	**2,490.5**	**242.0**	2,717 1	2,381 7	335 4
Ending net assets	**$ 2,686.0**	**$ 2,434.7**	**$ 251.3**	$ 2,732 5	$ 2,490 5	$ 242 0

Sisters of Charity of Leavenworth Health System, Inc

Consolidated Statements of Cash Flows

	Year Ended December 31	
	2011	2010
	(In Millions)	
Operating activities		
(Decrease) increase in net assets	**$ (46.5)**	$ 15 4
Adjustments to reconcile (decrease) increase in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	**232.7**	237 9
Loss of defeasance of debt	**0.9**	22 3
Provision for bad debts	**142.3**	154 7
Increase in accounts receivable, net of allowances	**(165.5)**	(161 2)
Change in unrealized value of interest rate swaps	**14.2**	2 4
Restricted contributions	**(28.3)**	(29 2)
Pension-related charges other than net periodic pension costs	**39.9**	9 3
Net assets released for capital acquisitions	**(10.6)**	(19 8)
Net gain from joint ventures	**(8.2)**	(5 0)
Net gain from disposal of assets	**(2.4)**	–
Decrease (increase) in investments classified as trading	**9.8**	(604 4)
Increase in other assets	**(3.1)**	(6 4)
Increase in liabilities	**1.8**	20 4
Net cash provided by (used in) operating activities	**177.0**	(363 6)
Investing activities		
Acquisition of land, buildings, and equipment	**(183.5)**	(248 2)
Acquisition of Mt St Vincent Home	**(27.2)**	–
Proceeds from disposal of land, buildings, and equipment	**0.2**	–
Decrease in alternative investments	**23.3**	141 3
Decrease in investments in joint ventures	**10.2**	19 4
Net cash used in investing activities	**(177.0)**	(87 5)
Financing activities		
Restricted contributions	**28.3**	29 2
Net assets released for capital acquisitions	**10.6**	19 8
Proceeds from issuance of long-term debt, net of original issue discount and financing costs	**62.2**	1,015 4
Payments on bonds, notes, and capital leases payable	**(33.8)**	(115 2)
Defeasance of bonds payable including call and interest premium	**(62.2)**	(536 5)
Net cash provided by financing activities	**5.1**	412 7
Net increase (decrease) in cash and cash equivalents	**5.1**	(38 4)
Beginning cash and cash equivalents	**98.0**	136 4
Ending cash and cash equivalents	**$ 103.1**	$ 98 0
Supplemental disclosures of cash flow information		
Cash paid during the year for interest, including amounts capitalized	**$ 65.0**	$ 30 1
Interest expense capitalized	**$ 0.6**	$ 4 1
Capitalized lease obligations	**$ –**	$ –

See accompanying notes

Sisters of Charity of Leavenworth Health System, Inc

Notes to Consolidated Financial Statements

December 31, 2011

1. Organization

The Sisters of Charity of Leavenworth Health System, Inc (SCLHS) is a Catholic ministry that operates as a Kansas not-for-profit corporation The mission of SCLHS is to reveal and foster God's healing love by improving the health of the people and communities we serve, especially those who are poor and vulnerable

The primary ministry of SCLHS is to witness the Gospel of Jesus by striving to provide quality health care in a spirit of justice and charity Services are provided based on community need and available resources, with special concern for the poor and underserved This mission is undertaken in many ways, including the provision of health care services at its locations

SCLHS controls a group of related entities identified as Affiliates (collectively referred to as SCLHS or the System) SCLHS and its hospital, foundation, and clinic Affiliates have been determined to be exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3)

The Sisters of Charity of Leavenworth recently formed a new canonical entity, Leaven Ministries, which has been approved by the Catholic Church, as the new Sponsor of SCLHS The transfer of sponsorship took place September 25, 2011 This transition does not affect day-to-day operations of SCLHS Leadership of the Sisters of Charity of Leavenworth religious community will remain involved in Leaven Ministries The newly appointed members of Leaven Ministries include three Sisters and two lay leaders

In December 2009, the parent entity of SCLHS (the Corporation) gained a controlling interest in Exempla, Inc and Subsidiaries (Exempla) Exempla Healthcare is a Denver, Colorado-based health care delivery system formed on January 1, 1998, by a Joint Operating Agreement (JOA) between the Corporation, Community First Foundation (CFF), Exempla, and Saint Joseph Hospital, Inc (SJH) Under the JOA, Exempla operates SJH and Exempla's subsidiaries Exempla Lutheran Medical Center, Exempla Good Samaritan Medical Center (EGSMC), and Exempla Partners, LLC

On December 2, 2009, changes to the bylaws and articles of incorporation of Exempla gave the Corporation and CFF each the power to appoint one-half of the members of the Board of Directors of Exempla and gave the Corporation the direct power to appoint management after consultation with Exempla's Board of Directors and to implement the Corporation's policies and procedures In addition, the Corporation obtained reserved powers to approve budgets, strategic plans, debt financing, acquisition, or sale of assets and dissolution of Exempla With these changes, the Corporation has both effective control over and an economic interest in Exempla, which accordingly is consolidated in the accompanying consolidated financial statements The Exempla entities listed below are included in the accompanying consolidated financial statements

Exempla Entities	Location
Colorado	
Exempla, Inc and Subsidiaries	Denver, Colorado
Exempla Lutheran Medical Center	Wheat Ridge, Colorado
Exempla Lutheran Medical Center Foundation	Wheat Ridge, Colorado
Exempla Good Samaritan Medical Center, LLC	Lafayette, Colorado
Exempla Good Samaritan Medical Center Foundation	Lafayette, Colorado
Exempla Partners, LLC	Denver, Colorado

1. Organization (continued)

On April 14, 2010, Exempla signed an agreement to become a Restricted Affiliate under the SCLHS Master Trust Indenture (MTI) Members of Exempla also agreed to an amendment to the JOA to state that on June 30, 2014, or earlier under certain circumstances, CFF's interest in the JOA and other rights relating to Exempla would be terminated at a fixed price of $280 million, with principal payable over a 20-year term with interest at the prime rate, adjusted quarterly The present value of the fixed price in 2014 led to an increase of the noncontrolling interest by $11 1 million and a decrease of $97 3 million during 2011 and 2010, respectively

On March 1, 2011, SCLHS acquired the sole membership interest in Mount Saint Vincent Home (MSVH) from the Sisters of Charity of Leavenworth for $27 6 million MSVH, located in Denver, Colorado, has facilities that provide behavioral counseling, education, residential care and recreational opportunities for behaviorally challenged youth The transaction was accounted for as an acquisition and acquired assets and liabilities were recorded at fair value At March 1, 2011, SCLHS recorded the value of working capital and assets limited as to use of $7 2 million, and land and buildings of $20 4 million SCLHS also recorded restricted net assets of $2 2 million as part of the acquisition MSVH revenue is not significant to SCLHS

The following organizations comprise the Affiliates that are owned by or affiliated with the Corporation directly or indirectly through sole or shared corporate membership All Affiliates listed below are included in the accompanying consolidated financial statements Restricted Affiliates is a defined term under the MTI See Note 6 for discussion regarding the Restricted Affiliates

Restricted Affiliates	Location
Kansas	
Providence Medical Center, Inc	Kansas City, Kansas
Saint John Hospital, Inc	Leavenworth, Kansas
St Francis Health Center, Inc	Topeka, Kansas
Colorado	
Exempla, Inc and Subsidiaries	Denver, Colorado
Exempla Lutheran Medical Center	Wheat Ridge, Colorado
Exempla Lutheran Medical Center Foundation	Wheat Ridge, Colorado
Exempla Good Samaritan Medical Center, LLC	Lafayette, Colorado
Exempla Good Samaritan Medical Center Foundation	Lafayette, Colorado
Exempla Partners, LLC	Denver, Colorado
Saint Joseph Hospital, Inc	Denver, Colorado
St Mary's Hospital & Medical Center, Inc	Grand Junction, Colorado
Montana	
Holy Rosary Healthcare	Miles City, Montana
St James Healthcare	Butte, Montana
St Vincent Healthcare	Billings, Montana
California	
Saint John's Hospital and Health Center	Santa Monica, California

1. Organization (continued)

Other Affiliates	Location
Kansas	
Providence/Saint John Foundation, Inc	Kansas City, Kansas
St Francis Health Center Foundation	Topeka, Kansas
Holton Community Hospital	Holton, Kansas
Caritas Clinics, Inc	Leavenworth and Kansas City, Kansas
Marian Clinic, Inc	Topeka, Kansas
Caritas, Inc and Subsidiaries	Lenexa, Kansas
Colorado	
Saint Joseph Hospital Foundation	Denver, Colorado
St Mary's Hospital Foundation	Grand Junction, Colorado
Marillac Clinic, Inc	Grand Junction, Colorado
Mount St Vincent Home (effective as of March 1, 2011)	Denver, Colorado
Montana	
St Vincent Foundation, Inc	Billings, Montana
St James Healthcare Foundation, Inc	Butte, Montana
Holy Rosary Healthcare Foundation, Inc	Miles City, Montana
California	
Saint John's Hospital and Health Center Foundation	Santa Monica, California
John Wayne Cancer Center, Inc and Subsidiaries	Santa Monica, California
Grand Cayman, BWI	
Leaven Insurance Company, Ltd	Georgetown, Grand Cayman, BWI

2. Summary of Significant Accounting Policies

Principles of Consolidation

All significant intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with a maturity of three months or less when purchased that have not otherwise been classified as assets limited as to use by Board designation or other arrangements under trust agreements due to a designation for long-term purposes

2. Summary of Significant Accounting Policies (continued)

Accounts Receivable

SCLHS provides health care services through inpatient, outpatient, and ambulatory care facilities and grants credit to patients, substantially all of whom are local residents in the communities served by SCLHS SCLHS generally does not require collateral or other security in extending credit to patients, however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies, including, but not limited to, Medicare, Medicaid, health maintenance organizations, and commercial insurance policies

The allowance for uncollectible accounts is based upon management's assessment of historical and expected net collections considering the business and general economic condition in its service area, trends in health care coverage, and other collection indicators Throughout the year, management assesses the adequacy of the allowance for uncollectible accounts based upon historical write-off experience by payor category and other factors The results of these reviews are then used to make any modifications to the provision for uncollectible accounts to establish an appropriate allowance for uncollectible accounts

Inventory

Inventory consists primarily of medical supplies and pharmaceuticals and is stated at the lower of actual cost, generally on the first-in, first-out basis or market

Investments and Assets Limited as to Use

SCLHS invests funds in excess of operating requirements Trustee-held funds are the unspent proceeds related to bond financings and investments related to the executive supplemental retirement plans Restricted funds – self-insured risks are funds set aside by SCLHS to satisfy insurance claims and other related expenditures Investments in equity and debt securities are measured at fair value

For purposes of recognizing investment returns as a component of excess of revenue over expenses, substantially all investments are considered to be trading securities Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in excess of revenue over expenses unless the income or loss is restricted by donor or law Gains and losses with respect to disposition of marketable securities are based on the specific-identification method Investment returns related to temporarily and permanently restricted net assets are added or deducted from the appropriate net asset balance based on donors' intent

Derivative Financial Instruments

SCLHS investment fund managers use derivative financial instruments in the investment portfolio to moderate changes in value due to fluctuations in financial markets SCLHS has not designated its derivatives related to marketable securities as hedges, and the change in fair value of these derivatives is recognized as a component of investment income

2. Summary of Significant Accounting Policies (continued)

SCLHS uses interest rate swap contracts in managing its capital structure SCLHS recognizes these derivative instruments as either assets or liabilities in the consolidated balance sheets at fair value The accounting for changes in the fair value (i e , gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and the type of hedging relationship

For derivative instruments that are designated and qualify as a cash flow hedge (i e , hedging the exposure to variability in expected future cash flows that is attributable to a particular risk), the effective portion of the gain or loss on the derivative instrument is reported as a component of unrestricted net assets and reclassified into excess of revenues over expenses in the same period or periods during which the cash flows of the hedged transaction are settled The ineffective portion is recorded in the excess of revenues over expenses in the current period If the hedging relationship ceases to be highly effective or it becomes probable that an expected transaction will no longer occur, subsequent gains or losses on the derivatives would be recorded in excess of revenues over expenses

Land, Buildings, and Equipment

Land, buildings, and equipment are stated at cost, if purchased, or fair market value at the date of donation Improvements and replacements are capitalized, and repairs and maintenance are expensed when incurred Interest incurred in connection with borrowings to finance major construction or expansion of facilities is capitalized during the construction period and subsequently amortized over the lives of the related assets Provision for depreciation is calculated using the straight-line method, which allocates the cost of tangible property equally over its estimated life Estimated useful lives are generally those recommended by the American Hospital Association

Land, buildings, equipment, and accumulated depreciation, as of December 31, were as follows

	2011	2010
	(In Millions)	
Land	$ **156.4**	$ 168 5
Buildings, land improvements, and equipment	**3,840.2**	3,652 7
Construction in progress	**94.0**	77 3
	4,090.6	3,898 5
Less accumulated depreciation	**2,076.6**	1,857 2
	$ **2,014.0**	$ 2,041 3

Asset Impairment

SCLHS considers whether indicators of impairment are present or performs the necessary test to determine if the carrying value of an asset is appropriate Impairment write-downs are recognized in income (loss) from operations at the time the impairment is identified, except for alternative investment impairments, which are recognized in investment income in nonoperating gains (losses)

2. Summary of Significant Accounting Policies (continued)

During 2011, SCLHS received Board and Sponsor approval to begin work on a replacement hospital for SJH, which is expected to open at the beginning of 2015 As a result, the remaining useful life of the building and equipment assets were reevaluated during 2011 Accelerated depreciation on building and equipment assets whose useful life will end on December 31, 2014 was $8 4 million in 2011 and is projected to be $12 0 million each from 2012 through 2014

Since 2004, SCLHS had been working toward the installation of a clinical information system across its non-Exempla hospitals Four of the eight planned installations had been completed by the end of 2010, but SCLHS had not accepted the system due to operational issues In 2010, SCLHS determined that the system did not meet the requirements for "meaningful use" of an electronic health record (EHR) as provided in the American Recovery and Reinvestment Act of 2009 (ARRA) SCLHS also determined that operational issues would continue to impair the system and that the cost of continuing with the system would be greater than the cost of switching to an alternative system The cost to complete and upgrade the existing system to achieve meaningful use under ARRA was estimated to be 45% to 50% greater than the cost to convert all eight hospitals to an alternative system that was already ARRA-compliant and already in operation at its Exempla hospitals SCLHS therefore recognized an impairment charge of $22 5 million in 2010 and is accelerating depreciation on the remaining $26 4 million net book value of this clinical information system as it is phased out over the next two years The $22 5 million write-down of the capitalized clinical information system and the $5 3 million write-down of a medical office building scheduled to be demolished are included in depreciation for the year ended December 31, 2010 Accelerated depreciation of $8 8 million is included in depreciation expense for the year ended December 31, 2011 Impairment write-downs relating to discontinued capital projects of $2 9 million are included in other operating expense for the year ended December 31, 2010

Meaningful Use Revenue

Included in net patient service revenue for the year ended December 31, 2011 was Electronic Health Records (EHR) incentive reimbursement (EHR Revenue) of approximately $7 0 million for the Medicare federal fiscal year 2011 $8 1 million was received during 2011 from Medicare for this reimbursement, however, the Corporation recognized a liability to Medicare for $1 1 million for the estimated settlement that will occur during 2012 EHR Revenue is attributable to the Health Information Technology for Economic and Clinical Health Act (the HITECH Act) which was enacted into law on February 17, 2009 as part of the American Recovery and Reinvestment Act of 2009 (ARRA) The HITECH Act includes provisions designed to increase the use of Electronic Health Records by both physicians and hospitals Beginning with federal fiscal year 2011 and extending through federal fiscal year 2016, eligible hospitals and critical access hospitals (CAHs) participating in the Medicare and Medicaid programs are eligible for reimbursement incentives based on successfully demonstrating meaningful use of their certified EHR technology Conversely, those hospitals that do not successfully demonstrate meaningful use of EHR technology are subject to payment penalties or downward adjustments to their Medicare payments beginning in FY 2015 On July 13, 2010, the Department of Health and Human Services (DHHS) released final meaningful use regulations Meaningful use criteria are divided into three distinct stages I, II and III The final rules specify the initial criteria for physicians, eligible hospitals, and CAHs necessary to qualify for incentive payments, calculation of the incentive payment amounts, payment adjustments under Medicare for covered professional services and inpatient hospital services, and other program participation requirements

2. Summary of Significant Accounting Policies (continued)

The Corporation accounts for EHR revenue under a governmental grant model and recognizes revenue when there is reasonable assurance that the Corporation will comply with the conditions attached to the incentive payments and that the incentive payments will be received At December 31, 2011, the Corporation accrued $1 3 million and $1 3 million of estimated Medicare and Medicaid, respectively, EHR Revenue for the three months ended December 31, 2011 Final settlement of these amounts will be determined upon settlement of the cost reports for the year ending December 31, 2012

Deferred Financing Costs

Deferred financing costs are amortized over the lives of the bonds utilizing the effective interest method

Investments in Joint Ventures

SCLHS accounts for investments in joint ventures using the equity or cost method, depending on the nature of the investment and extent of control or ownership by SCLHS

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by SCLHS has been limited by donors to a specific time period or purpose These assets relate primarily to gifts restricted for capital expenditures, research, or health care services

Permanently restricted net assets have been restricted by donors to be maintained by SCLHS in perpetuity, the income from which is expendable based on donor intent

Contributions to Related Organizations

SCLHS records payments to the Sponsor and transfers from the related foundations to other affiliated entities as contributions to related organizations, which are recorded as changes in net assets

Contributions for Long-Lived Assets

Contributions for long-lived assets are those contributions, bequests, or grants to SCLHS for the sole purpose of acquiring capitalized long-lived assets

Contributions, Bequests, and Grants

Donors' unconditional pledges to give cash and other assets are reported at fair value at the date the promise is received Donors' conditional pledges to give and indications of intentions to give are reported at fair value at the date the condition is satisfied Except for contributions for long-lived assets, all unrestricted contributions, bequests, and grants are included in excess of revenue over expenses Contributions, bequests, and grants are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets When a donor restriction is satisfied (as to either time or purpose), temporarily restricted net

2. Summary of Significant Accounting Policies (continued)

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 Resources temporarily restricted by donors for additions to land, buildings, and equipment whose purposes have been met are recorded as net assets released for capital acquisitions in the consolidated statements of operations and changes in net assets Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements

Endowments

SCLHS' endowments consist of approximately 70 individual funds established for a variety of purposes Endowment assets include those assets of donor-restricted funds that SCLHS must hold in perpetuity or for a donor-specified period, as well as Board-designated funds Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions

SCLHS is subject to the Uniform Prudent Management of Institutional Funds Acts (UPMIFA), as separately enacted in Kansas, Colorado, Montana, and California Collectively, these statutes establish requirements for the management, investment, and expenditures of endowed funds SCLHS has adopted investment and spending policies for endowment assets that attempt to provide a stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets Under these policies, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of their relevant benchmarks while assuming a reasonable level of investment risk

As of December 31, 2011 and 2010, the permanently restricted endowment net assets were $27 8 million and $27 0 million, respectively

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements Estimates also affect the reported amounts of revenue and expenses during the reporting period Actual results may differ from those estimates

Operating and Nonoperating Gains (Losses)

SCLHS' primary mission is to meet the health care needs of its service areas through a broad range of general and specialized health care services, including inpatient, acute care, outpatient services, physician services, and other health care services Activities directly associated with the furtherance of this purpose are considered to be operating activities Other activities that result in gains or losses peripheral to SCLHS' primary mission are considered to be nonoperating Nonoperating activities include income tax expense, investment income, loss on early extinguishment of debt, and Mission Fund expenditures

2. Summary of Significant Accounting Policies (continued)

Operating and Performance Indicators

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

Operating Indicator (income (loss) from operations) – Includes all unrestricted revenue, gains, and other support, equity income or loss of unconsolidated health care subsidiaries, and expenses directly related to the recurring and ongoing health care operations during the reporting period The operating indicator excludes income tax expense, investment income or losses (including changes in unrealized gains and losses on investments), loss on early extinguishment of debt, Mission Fund expenditures, amounts attributable to noncontrolling interest, and gains and losses deemed by management not to be directly related to providing health care services

Performance Indicator (excess of revenues over expenses) – Includes income (loss) from operations and nonoperating gains, net The performance indicator excludes the change in fair value of interest rate swaps designated as a hedge, noncontrolling interest, pension-related charges other than net periodic pension costs, contributions to related organizations, contributions for capital expenditures, and net assets released from restricted funds

Noncontrolling Interest in Subsidiaries

SCLHS accounts for the noncontrolling interest in consolidated subsidiaries as a separate component of net assets The amount of excess of revenue over expenses attributable to the noncontrolling interest is included in consolidated excess of revenues over expenses in the consolidated statements of operations

SCLHS attributed excess of revenue over expenses of $2 6 million and $2 5 million for the years ended December 31, 2011 and 2010, respectively, to the noncontrolling interests based on the contractual terms of joint ventures and the ownership percentage of the noncontrolling interests in certain of the consolidated subsidiaries These amounts are reflected in unrestricted net assets in the consolidated balance sheets, net of distributions

Reclassifications

Certain balances in the 2010 consolidated financial statements have been reclassified to conform to the current year presentation The effect of such reclassifications did not change total net assets or excess of revenues over expenses

Adoption of Accounting Pronouncements

In August 2010, accounting guidance was issued that requires health care entities to use cost as the measurement basis for charity care disclosures and defines cost as the direct and indirect costs of providing charity care The amended disclosure requirements are effective for fiscal years beginning after December 15, 2010 and must be

2. Summary of Significant Accounting Policies (continued)

applied retrospectively Note 3 – Charity Care reflects the amended disclosure requirements Since the new guidance amends disclosure requirements only, its adoption did not impact the SCLHS statement of financial position, statement of operations, or cash flow statement

New Accounting Guidance Not Yet Applicable

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

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

3. Charity Care

SCLHS has a mission to care for those who are poor and vulnerable and provides charity care to patients deemed to be either financially or medically indigent Policies have been established that define charity care and provide guidelines for assessing a patient's ability to pay Evaluation procedures for charity care qualification have been established for those situations when previously unknown financial circumstances are revealed or when incurred charges are significant when compared to the individual patient's income and/or net assets

The cost to provide charity care using the consolidated cost to charge ratio was $86 million and $83 3 for 2011 and 2010, respectively The ratio of cost to charges is calculated based on the system's total operating expenses less bad debt expense and other nonpatient operating revenue divided by gross patient service revenue

In addition to traditional charity care services, SCLHS has a financial assistance policy, which offers discounted services to uninsured patients who do not otherwise qualify for charity The payments expected from patients are based on rates negotiated with managed care plans, with discounts determined on a sliding scale tied to the federal poverty level SCLHS' financial assistance policy prohibits the use of collection practices, which do not respect the dignity of its patients, including the use of debtor's prison Liens on principal residences must be approved by the Affiliate's Board Finance Committee and may not be used to force foreclosure or sale

3. Charity Care (continued)

SCLHS benefits its communities in a variety of ways To improve the health status of citizens in the communities served, it provides numerous community education programs, which alert the public to various health problems and how they can be addressed SCLHS offers health promotion and wellness programs and provides specific health care services and programs for senior citizens Each of these programs helps contain the growth of community health care costs through prevention and positive intervention SCLHS has established a Mission Fund at each Affiliate Earnings from the funds are available to support these charitable services and programs

SCLHS addresses problems of the poor in the communities by providing services such as health fairs and screenings at no cost or at substantially reduced rates It provides prenatal education classes especially for low-income persons and transportation for those who otherwise would have no access to medical services SCLHS also supports organizations that provide other outreach programs for the poor, including the stand-alone clinics that serve only the medically underserved populations in their service areas

SCLHS encourages use of its facilities, consistent with its tax-exempt status, by other organizations and individuals to join in carrying out a broad health agenda It promotes volunteerism by providing specific programs and training for volunteers from the community, encourages staff involvement in community organizations, and provides health-related information to the community by sponsoring speaker bureaus and tours of its facilities

SCLHS sponsors four stand-alone clinic affiliates (the Clinics) specifically for those individuals who have no other source of health care assistance Generally, the Clinics do not serve persons with Medicare or any kind of private health insurance The majority of funding for the Clinics is generated from individual contributions, donations, foundations, grants, and in-kind services The Clinics create access to health care for those individuals without access, provide channels for physicians to reach the poor, and make a difference in the communities where they are established

Effective for tax years beginning after March 23, 2010, the Patient Protection and Affordable Care Act (Affordable Care Act) requires, among other things, that hospital organizations establish a financial assistance policy and a policy relating to emergency medical care SCLHS has adopted policies to be fully compliant with the new tax provisions as of January 1, 2011

4. Net Patient Service Revenue

A significant portion of SCLHS' services is provided to patients under Medicare, Medicaid, and other agreements with third-party contractual agencies Such contracts provide for payment or reimbursement to SCLHS at other-than-standard charges Estimated settlements have been reflected in the accompanying consolidated balance sheets for differences between interim payments and the total payments to be received under the contracts

The administrative procedures related to the cost reimbursement programs in effect generally preclude final determination of amounts due or payable until cost reports are audited or otherwise reviewed and settled upon by the applicable administrative agencies Normal estimation differences between final settlements and amounts accrued in previous years are reported as current year contractual adjustments

4. Net Patient Service Revenue (continued)

Net patient service revenue as reflected in the accompanying consolidated statements of operations and changes in net assets consists of the following

	2011	2010
	(In Millions)	
Gross patient service charges		
Inpatient charges	$ **4,354.1**	$ 4,297 4
Outpatient charges	**3,206.1**	3,032 1
Total gross patient service charges	**7,560.2**	7,329 5
Deductions from patient service charges		
Contractual allowances and other	**4,720.4**	4,546 0
Charity allowances	**269.0**	249 4
Total deductions from patient service charges	**4,989.4**	4,795 4
Net patient service revenue	$ **2,570.8**	$ 2,534 1

Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered and includes estimated retroactive revenue adjustments due to audits, reviews, and investigations Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations

The primary sources of consolidated gross patient service charges include Medicare, state-administered Medicaid programs, contracted rate payors (including health maintenance organizations and preferred provider organizations), commercial insurers, self-paying patients, and other sources The following information provides the mix of consolidated gross patient service charges by payor for the years ended December 31, 2011 and 2010

	Year Ended December 31	
	2011	**2010**
Medicare	**43%**	43%
Medicaid	**8**	7
Managed care (HMO/PPO)	**35**	35
Commercial, self-pay, and other	**14**	15
	100%	100%

Revenue from Kaiser Permanente (see Note 11) represented approximately 18% of SCLHS' net patient service revenue for the years ended December 31, 2011 and 2010, respectively Approximately 56% of the System's net patient service revenue is derived from Affiliates doing business in the state of Colorado

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation As a result, there is a reasonable possibility that recorded estimates may change 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

4. Net Patient Service Revenue (continued)

The Centers for Medicare and Medicaid Services (CMS) have made inquiries regarding certain reimbursements claimed by SCLHS SCLHS has adopted internal organizational responsibility and compliance programs to address these concerns and seeks to proactively respond to these requests SCLHS does not expect that the ultimate resolution of these inquiries will be material to its consolidated financial statements

5. Investments and Assets Limited as to Use

Investments and assets limited as to use, stated at fair value were as follows

	December 31	
	2011	**2010**
	(In Millions)	
Cash and enhanced cash included in pooled accounts	$ **525.5**	$ 662 5
Fixed income	**280.2**	264 8
Domestic equity	**218.6**	195 0
Global/international equity	**298.4**	292 0
Real estate	**185.6**	189 0
Mutual funds	**224.2**	139 3
Absolute return funds	**79.5**	94 2
Core hedge funds	**38.5**	46 9
Private equity	**19.4**	18 6
Commingled funds	**22.1**	16 3
	1,892.0	1,918 6
Due to broker, net	**25.2**	85 0
	$ **1,917.2**	$ 2,003 6

SCLHS' investments are exposed to various kinds and levels of risk Fixed income securities expose SCLHS to interest rate risk, credit risk, and liquidity risk As interest rates change, the value of many fixed income securities is affected, particularly those with fixed interest rates Credit risk is the risk that the obligor of the security will not fulfill its obligation Liquidity risk is affected by the willingness of market participants to buy and sell given securities SCLHS' investments are diversified across a broad range of asset classes, durations, and funds to avoid concentrations of risk in any particular company, region, or industry

Equity securities expose SCLHS to market risk, performance risk, and liquidity risk Market risk is the risk associated with major movements of the equity markets, both foreign and domestic Performance risk is that risk associated with a company's operating performance Liquidity risk as previously defined tends to be higher for foreign equities and equities related to small capitalization companies

The real estate investments, absolute return funds, and core hedge funds present similar risks to all of the traditional investments, with some additional risks Due to the fact that these investments are invested through limited partnerships, private real estate investment trusts (REITs), insurance separate accounts, or other limited-access-type vehicles, pricing is infrequent These investments may also employ leverage that may lead to additional risk of loss Although these investments are diversified by region and property type, they may at times have concentrations in a

5. Investments and Assets Limited as to Use

particular region or property type, which may cause additional risk The real estate investments, absolute return funds, and core hedge funds are redeemable on a quarterly basis with 60–90 days' notice Private equity funds have restrictions on liquidity withdrawals Interim liquidity in private equity funds is only available after the investments realize profits As of December 31, 2011, SCLHS had given full redemption notices to investment managers in the absolute return funds and core hedge funds totaling $67 6 million These redemptions are expected to be paid to SCLHS based on the liquidity requirements of each investment manager Subsequent to December 31, 2011, SCLHS received $46 8 million of cash proceeds on redemption notices given to investment managers In addition, SCLHS had committed $16 0 million in additional investments to private equity funds as of December 31, 2011

6. Capital Structure

Long-term debt for SCLHS consists of the following at December 31

	Annual Interest Rates	2011	2010
		(In Millions)	
Tax-exempt bond issues			
2011, due through November 2039	Variable rate, 0 68%	$ **62.6**	$ –
2010, due through January 2040	1 50% to 5 25%	**984.8**	1,004 5
2009, Series A, refunded	Variable rate, 0 27%	–	33 0
2006, due through December 2031	Variable rate, 0 08% and 0 30%	**103.3**	106 4
2003, due through December 2038	Variable rate, 0 08% and 0 32%	**130.6**	137 1
2002, due through December 2032	Variable rate, 0 09% and 0 31%	**61.8**	63 8
2002 Series B, refunded	Variable rate, 0 38%	–	30 1
Total tax-exempt bond issues under the SCLHS MTI		**1,343.1**	1,374 9
Note payable to Kaiser Permanente, due November 2032	6 00%	**16.5**	16 7
Other notes and capital leases		**9.9**	11 2
		1,369.5	1,402 8
Original issue discount, net		**18.4**	20 1
Current maturities of long-term debt		**(56.4)**	(104 2)
		$ **1,331.5**	$ 1,318 7

The Corporation is the sole member of an Obligated Group of which the Restricted Affiliates are included under the terms of an MTI amended and restated as of January 1, 1994 Under the terms of the MTI, debt can be incurred for which the Obligated Group is jointly and severally liable As of December 31, 2011, the outstanding indebtedness under the MTI was $1,343 1 million, exclusive of original issue discount or premium In addition, as of December 31, 2011, there were also guarantees of indebtedness by SCLHS outstanding under the MTI of approximately $36 6 million (see Note 12) The Obligated Group has agreed to certain covenants, including, among other things, a specified debt service coverage ratio and debt to capitalization ratio, a restriction on certain types of

6. Capital Structure (continued)

additional indebtedness, and a restriction on asset dispositions in excess of specified amounts The consolidated results of the Obligated Group and Restricted Affiliates are used to determine compliance with certain covenants of the MTI As of December 31, 2011 and 2010, SCLHS was in compliance with all covenants

On April 14, 2010, Exempla, along with EGSMC, signed an agreement to become a Restricted Affiliate under the MTI The bond debt not refunded by the Series 2010 Tax-Exempt Revenue Bonds, Exempla 2002B and 2009 Variable Rate Bonds, was transferred to the SCLHS MTI after the Exempla MTI was released

On May 20, 2010, SCLHS issued Series 2010 Tax-Exempt Revenue Bonds in the par amount of $1,004 5 million Proceeds of $546 1 million were used to refund the 1998, 2000, and 2002 Exempla Series A and 2002 EGSMC Series A bonds Additional proceeds of $100 million were used to refinance the term loan credit agreement entered into on December 23, 2009 The remaining proceeds, exclusive of original issue discount or premium and incurred expenses, were available for the purpose of reimbursement and financing qualified capital expenditures.

On June 15, 2011, SCLHS issued $62 6 million of Colorado Health Facilities Authority Variable Rate Revenue Bonds Series 2011A as a private placement with Bank of America, N A The private placement was used to refund the outstanding 2002 Series B and 2009 Series A Exempla, Inc Colorado Health Facilities Authority Variable Rate Revenue Bonds

On April 4, 2012, SCLHS issued $76 3 million of Kansas Development Finance Authority Variable Rate Demand Revenue Bonds Series 2012A as a private placement with Citibank, N A The private placement was used to refund the outstanding Kansas Development Finance Authority Variable Rate Demand Revenue Bonds Series 2006C ($16 025 million) and Series 2006D ($60 0 million) The floating rate private placement tax-exempt bonds have an interest rate equal to 70% LIBOR plus 45 basis points The initial put date is April 4, 2017 with a bond maturity date of December 1, 2031

The Series 2002, 2003, and 2006 Variable Rate Demand Bonds are backed by Standby Bond Purchase Agreements with JPMorgan Chase Bank and BNY Mellon The Standby Bond Purchase Agreements supporting the 2003 Series A and 2003 (CA) bonds were extended in 2012 These agreements expire on March 1, 2017 The Standby Bond Purchase Agreement supporting the 2002, 2003 (MT), 2003 Series B, and 2006 Series A bonds expires on May 26, 2013 In the event that bonds bearing interest at a weekly or daily rate are not successfully remarketed or if funds are not available for remarketing, JPMorgan Chase Bank and BNY Mellon will pay the purchase price for debt that is tendered The repayment terms of the Standby Bond Purchase Agreements cause a portion of the Series 2002, 2003, and 2006 Variable Rate Demand Bonds to be classified as current

EGSMC's multiyear agreement with a Kaiser Permanente affiliate (see Note 11) provides for certain capital and operational funding through a subordinated note payable with a November 2032 maturity date Payment of interest and principal is dependent on EGSMC meeting certain financial ratios The note payable provides for a maximum principal amount of $18 0 million

6. Capital Structure (continued)

Scheduled principal repayments on long-term debt (excluding original issue discount, net) are as follows

Years Ending December 31	Scheduled	Scheduled, With Variable Classified as Current
	(In Millions)	
2012	$ 37 4	$ 56 4
2013	38 8	100 2
2014	40 5	101 4
2015	41 3	75 8
2016	42 7	30 5
Thereafter	1,168 8	1,005 2
	$ 1,369 5	$ 1,369 5

7. Derivative Instruments

SCLHS has entered into three interest rate swaps The objective of the hedges is to offset the variability of cash flows due to the repricing of outstanding debt Details of the interest rate swaps are outlined below

Notional amount	$38,655,000	$38,655,000	$60,000,000
Fixed annual payment rate	3 18%	3 789%	4 215%
Variable receiver rate	68% of LIBOR	SIFMA Rate	SIFMA Rate
Effective date	December 5, 2003	December 5, 2003	October 2, 2008
Termination date	December 1, 2023	December 1, 2023	December 1, 2031
Reset	Monthly	Weekly	Weekly
Settlement	Monthly	Monthly	Monthly
Classification	Cash flow hedge	Cash flow hedge	Cash flow hedge
Fair value at December 31, 2011	$(5 1) million	$(5 7) million	$(16 9) million
Fair value at December 31, 2010	$(3 1) million	$(3 4) million	$(6 8) million

SCLHS measures the effectiveness of the hedges quarterly based on the cumulative dollar-offset approach The change in unrealized value of interest rate swaps is excluded from the excess of revenue over expenses for the portion of the hedge determined to be effective Any ineffective portion of the hedges is recorded as investment income The ineffective portion of the hedges was $(0 2) and $(0 1) million for the years ended December 31, 2011 and 2010, respectively The fair value of the swaps is recorded in other noncurrent liabilities at December 31, 2011 and 2010

8. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date The fair value measurements and disclosures topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification establishes a fair value hierarchy

8. Fair Value Measurements (continued)

that prioritizes the inputs used to measure fair value The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement)

Certain of SCLHS' financial assets and financial liabilities are measured at fair value on a recurring basis, including money market, fixed income, equity instruments, and interest rate swap contracts The three levels of the fair value hierarchy and a description of the valuation methodologies used for instruments measured at fair value are as follows

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

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

Level 3 – Pricing inputs include those that are significant to the fair value of the financial asset or financial liability and are not observable from objective sources These inputs may be used with internally developed methodologies that result in management's best estimate of fair value

Certain of SCLHS' alternative investments are primarily made through limited liability companies (LLCs) and limited liability partnerships (LLPs) These LLCs and LLPs provide SCLHS with a proportionate share of the investment gains (losses) SCLHS accounts for its ownership in the LLCs and LLPs under the equity method of accounting, thus, these investments are excluded from the scope of the fair value measurements and disclosures topic

8. Fair Value Measurements (continued)

The fair value of financial assets measured at fair value on a recurring basis was determined using the following inputs at December 31, 2011

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In Millions)			
Assets				
Investments				
Cash and short-term investments	$ 221 5	$ 221 5	$ –	$ –
Commingled funds	22 0	–	22 0	–
Commercial paper and certificates of deposit	33 4	–	33 4	–
U S government and agency obligations	120 8	80 3	40 5	–
Corporate debt	130 5	–	130 5	–
Asset-backed securities	33 0	–	33 0	–
Mortgage-backed securities	168 8	–	168 8	–
International government obligations	10 2	–	10 2	–
Mutual funds	537 6	537 6	–	–
Domestic equity	212 7	212 7	–	–
Global/international equity	133 2	133 2	–	–
	$ 1,623 7	$ 1,185 3	$ 438 4	$ –
Liabilities				
Obligations under swap contracts	$ 27 7	$ –	$ 27 7	$ –

8. Fair Value Measurements (continued)

The fair value of financial assets measured at fair value on a recurring basis was determined using the following inputs at December 31, 2010

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In Millions)			
Assets				
Investments				
Cash and short-term investments	$ 337 0	$ 337 0	$ –	$ –
Commingled funds	16 5	16 3	0 2	–
Commercial paper and certificates of deposit	26 8	–	26 8	–
U S government and agency obligations	109 0	66 2	42 8	–
Corporate debt	135 9	–	135 9	–
Asset-backed securities	50 9	–	50 9	–
Mortgage-backed securities	253 3	–	253 3	–
International government obligations	2 4	–	2 4	–
Mutual funds	348 1	348 1	–	–
Domestic equity	185 5	185 5	–	–
Global/international equity	223 9	223 9	–	–
	$ 1,689 3	$ 1,177 0	$ 512 3	$ –
Liabilities				
Obligations under swap contracts	$ 13 3	$ –	$ 13 3	$ –

The fair values of the securities included in Level 1 were determined through quoted market prices The fair values of Level 2 securities (primarily fixed income securities) were determined through evaluated bid prices based on recent trading activity and other relevant information, including market interest rate curves and referenced credit spreads Estimated prepayment rates, where applicable, are used for valuation purposes provided by third-party services where quoted market values are not available Level 2 investments include corporate fixed income, government bonds, and mortgage- and asset-backed securities The fair values of the interest rate swap contracts are determined based on the present value of expected future cash flows using discount rates approximate with the risks involved The valuations reflect a credit spread adjustment to the London Interbank Offered Rate (LIBOR) and Securities Industry and Financial Markets Association (SIFMA) discount curves in order to reflect the credit value adjustment for nonperformance risk The credit spread adjustment is derived from other comparably rated entities' bonds priced in the market Due to the volatility of the capital markets, there is a reasonable possibility of changes in fair value and additional gains (losses) in the near term subsequent to December 31, 2011

8. Fair Value Measurements (continued)

The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, accounts and pledges receivable, and current liabilities are reasonable estimates of their fair value due to the short-term nature of these financial instruments The fair value of the fixed-rate bonds was approximately $1 1 billion and $963 4 million at December 31, 2011 and 2010, respectively The fair value of the variable-rate revenue bonds approximates the carrying value at December 31, 2011 and 2010 The carrying value of all other debt is assumed to approximate fair value

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

9. Retirement Plans

Defined-Contribution Plans

SCLHS (excluding Exempla Healthcare) participates in a defined-contribution retirement plan (the Defined-Contribution Plan) which is a 401(a) defined-contribution retirement plan that covers substantially all employees Employer contributions to the plan are based on a percentage of eligible compensation for participating employees and a percentage of participating employees' contributions to a related 403(b) plan SCLHS funded $29 6 million and $31 3 million related to the plan during 2011 and 2010, respectively

SCLHS employees at the Exempla entities participate in a defined-contribution plan (the Exempla Plan) covering substantially all employees of Exempla Healthcare The Exempla Plan provides, among other things, that the employer may contribute 3% to 6% based upon years of employment as well as match up to 2% of wages of employee contributions to a separate 403(b) plan The SCLHS funded approximately $19 6 million and $19 1 million for contributions to the Exempla Plan for the years ended December 31, 2011 and 2010, respectively

Defined-Benefit Plans

SCLHS participates in three defined-benefit retirement plans (the Defined-Benefit Plans) Two plans exclude Exempla Healthcare associates (the SCLHS Plans) an unfunded executive supplemental retirement plan and single plan with multiple-employer participants that were frozen in 1996 for all participating associates except those of St James Healthcare SCLHS makes contributions to these frozen plans based on the funding recommendations of the plans' actuaries

Prior to January 1, 1998, the predecessor to Exempla Healthcare had a defined-benefit pension plan (the Exempla Plan), which covered substantially all of its associates The benefits were based on years of service and employees' final average compensation Benefits under the plan have been frozen SCLHS's funding policy for this plan is to contribute annually the minimum amount under the requirements of the Employee Retirement Income Security Act of 1974 Contributions are currently intended to provide for benefits attributed for services rendered through January 1, 1998

9. Retirement Plans (continued)

The following sets forth the Defined-Benefit Plans' funded status and accrued pension liability/prepaid benefit cost as of December 31, as actuarially determined

	SCLHS Plans		Exempla Plan	
	2011	2010	2011	2010
	(In Millions)		*(In Millions)*	
Change in projected benefit obligation				
Projected benefit obligation at beginning of year	$ **289.0**	$ 259 0	$ **50.5**	$ 46 6
Service cost	**2.5**	1 6	–	–
Interest cost	**14.3**	15 2	**2.7**	2 8
Actuarial loss	**13.4**	25 5	**4.4**	3 6
Benefits paid	**(20.0)**	(12 6)	**(2.6)**	(2 5)
Plan amendments and assumption changes	**0.3**	0 3	–	–
Projected benefit obligation at end of year	**299.5**	289 0	**55.0**	50 5
Change in plan assets				
Fair value of plan assets at beginning of year	**301.9**	276 6	**46.3**	43 9
Actual return on plan assets	–	38 4	**0.1**	4 9
Contributions	**7.1**	1 1	–	–
Benefits paid	**(20.0)**	(12 6)	**(2.6)**	(2 5)
Expenses paid	**(1.3)**	(1 6)	–	–
Fair value of plan assets at end of year	**287.7**	301 9	**43.8**	46 3
(Accrued pension liability) prepaid pension cost	$ **(11.8)**	$ 12 9	$ **(11.2)**	$ (4 2)

Included in unrestricted net assets at December 31 are the following amounts that have not yet been recognized in net periodic pension cost

	SCLHS Plans		Exempla Plan	
	2011	2010	2011	2010
	(In Millions)		*(In Millions)*	
Unrecognized actuarial losses	$ **80.4**	$ 45 3	$ **22.8**	$ 16 5
Unrecognized prior service costs	**1.8**	3 3	–	–
	$ **82.2**	$ 48 6	$ **22.8**	$ 16 5

9. Retirement Plans (continued)

Changes in plan assets and benefit obligations in unrestricted net assets during 2011 and 2010 include

	SCLHS Plans		Exempla Plan	
	2011	2010	2011	2010
	(In Millions)		*(In Millions)*	
Unrecognized actuarial losses	**$ 35.8**	$ 10.0	**$ 7.9**	$ 1.6
Amortization of actuarial losses	**(1.3)**	–	**(1.6)**	–
Amortization of prior service costs	**(0.9)**	(0.8)	–	(1.5)
	$ 33.6	$ 9.2	**$ 6.3**	$ 0.1

The prior service cost and actuarial losses included in unrestricted net assets and expected to be recognized in net periodic pension benefit during the year ending December 31, 2012 is $7.2 million

No plan assets are expected to be returned to SCLHS during the year ending December 31, 2012

	SCLHS Plans		Exempla Plan	
	2011	2010	2011	2010
	(In Millions)		*(In Millions)*	
Components of net periodic benefit cost				
Service cost	**$ 4.2**	$ 3.0	**$ –**	$ –
Interest cost	**14.3**	15.2	**2.7**	2.8
Expected return on plan assets	**(22.5)**	(22.4)	**(3.6)**	(3.0)
Amortization of prior service cost	**0.9**	0.8	–	–
Settlement loss and amortization of actuarial losses	**1.3**	–	**1.6**	1.5
Net periodic pension (benefit) expense	**$ (1.8)**	$ (3.4)	**$ 0.7**	$ 1.3

Weighted-average assumptions used to determine the balance sheet liability as of December 31 are as follows

	SCLHS Plans		Exempla Plan	
	2011	2010	2011	2010
Discount rate	**4.83%**	5.27%	**4.91%**	5.41%
Rate of increase in future compensation levels (age graded)	**2.50 to 9.00**	2.50 to 9.00	**N/A**	N/A

9. Retirement Plans (continued)

Weighted-average assumptions used to determine pension benefit cost for the year ended December 31 are as follows

	SCLHS Plans		Exempla Plan	
	2011	**2010**	**2011**	**2010**
Discount rate	**5.27%**	6 00%	**5.41%**	6 00%
Expected return on plan assets	**7.50**	7 50	**7.50**	7 00
Rate of increase in future compensation levels (age graded)	**2.50 to 9.00**	2 50 to 9 00	**N/A**	N/A

Plan Assets – SCLHS Plans

The expected return on plan assets reflects historical returns and future expectations for returns in each asset class, as well as targeted asset allocation percentages within the portfolio The investment strategy is of a long-term nature and is intended to ensure that funds are available to pay benefits as they become due and to maximize the trust's total return at an appropriate level of investment risk

The target and actual asset allocations by asset category are as follows

	Target	Actual Allocation	
Asset Category	**Allocation**	**2011**	**2010**
Enhanced cash	3 0%	**0.0%**	1 4%
Fixed income securities	30 0	**35.3**	35 0
Domestic equity securities	10 0	**12.0**	11 8
Global/international equities	32 0	**30.1**	32 0
Real estate	15 0	**14.2**	11 1
Core hedge funds	5 0	**3.7**	4 2
Tactical allocation funds	5 0	**4.7**	4 5
	100 0%	**100.0%**	100 0%

9. Retirement Plans (continued)

Financial assets carried at fair value are classified in the tables below in one of the three categories within the fair value hierarchy described in Note 8

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In Millions)			
December 31, 2011				
Assets				
Cash and short-term investments	**$ 8.6**	**$ 8.6**	**$ –**	**$ –**
Mutual funds	**113.7**	**113.7**	**–**	**–**
Global/international equities	**39.5**	**39.5**	**–**	**–**
Domestic equities	**33.6**	**33.6**	**–**	**–**
Real estate	**29.6**	**–**		**29.6**
Commingled funds	**21.9**	**–**	**21.9**	**–**
Hedge funds	**10.6**	**–**	**–**	**10.6**
Corporate debt	**18.9**	**–**	**18.9**	**–**
Agency mortgage-backed securities	**7.8**	**1.5**	**6.3**	**–**
International government obligations	**3.1**	**–**	**3.1**	**–**
Asset-backed securities	**0.4**	**–**	**0.4**	**–**
	$ 287.7	**$ 196.9**	**$ 50.6**	**$ 40.2**
December 31, 2010				
Assets				
Cash and short-term investments	$ 25 5	$ 25 5	$ –	$ –
Mutual funds	143 0	143 0	–	–
Global/international equities	56 0	56 0	–	–
Domestic equities	27 9	27 9	–	–
Real estate	27 6	–	–	27 6
Hedge funds	12 6	–	–	12 6
Corporate debt	8 4	–	8 4	–
Agency mortgage-backed securities	0 7	–	0 7	–
Collateralized obligations	0 1	–	0 1	–
Asset-backed securities	0 1	–	0 1	–
	$ 301 9	$ 252 4	$ 9 3	$ 40 2

9. Retirement Plans (continued)

Certain hedge fund and real estate investments that were previously reported as Level 1 have been reclassified as Level 3 as of December 31, 2010 due to information obtained during the current year These investments have been appropriately reflected within the Level 3 rollforward for the years ended December 31, 2010 and 2011

The following table is a rollforward of the pension plan assets classified within Level 3 of the valuation hierarchy defined above

	Alternative Investments
	(In Millions)
Fair value at December 31, 2009	$ 48 2
Acquisitions	0 3
Dispositions	(12 6)
Realized losses	(5 1)
Unrealized gains	9 4
Fair value at December 31, 2010	40 2
Acquisitions	**0.2**
Dispositions	**(2.2)**
Realized gains	**0.2**
Unrealized gains	**1.8**
Fair value at December 31, 2011	**$ 40.2**

SCLHS transfers assets in and/or out of Level 3 as significant inputs, including performance attributes, used for the fair value measurement become observable or unobservable

Plan Assets – Exempla Plan

The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual assets The expected return is generally based on historical returns Exempla's weighted-average asset allocations at December 31 by asset category are as follows

	Target	Actual Allocation	
Asset Category	Allocation	2011	2010
Equity securities	50%	**0%**	50%
Debt securities	40	**24**	36
Real estate	5	**12**	9
Cash and cash equivalents	5	**64**	5
	100%	**100%**	100%

At the end of 2011, Exempla was in the process of liquidating pension assets for a transfer of trustees Therefore, the allocation of investments at the end of 2011 does not approximate the target allocation

9. Retirement Plans (continued)

SCLHS employs a total return investment approach whereby a mix of equities and fixed income investments are used to maximize the long-term return of plan assets for a prudent level of risk The intent of this strategy is to minimize plan expenses by outperforming plan liabilities over the long run The investment portfolio contains a diversified blend of equity and fixed income investments Furthermore, equity investments are diversified across U S and non-U S stocks, as well as growth, value, and small and large capitalizations Other assets, such as real estate, private equity, and hedge funds, are used judiciously to enhance long-term returns while improving portfolio diversification

Financial assets carried at fair value are classified in the tables below in one of the three categories within the fair value hierarchy described in Note 8

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In Millions)		
December 31, 2011				
Assets				
Enhanced cash and cash equivalents	$ 27.9	$ 27.9	$ –	$ –
Mutual funds	10.5	10.5	–	–
Real estate funds	5.4	–	–	5.4
	$ 43.8	$ 38.4	$ –	$ 5.4
December 31, 2010				
Assets				
Enhanced cash and cash equivalents	$ 2 4	$ 2 4	$ –	$ –
Mutual funds	39 9	39 9	–	–
Real estate funds	4 0	–	–	4 0
	$ 46 3	$ 42 3	$ –	$ 4 0

9. Retirement Plans (continued)

The following is a reconciliation of the beginning and ending balances of the Plan's real estate investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the years ended December 31, 2011 and 2010

	Alternative Investments
	(In Millions)
Fair value at December 31, 2009	$ 2 3
Contributions	1 3
Investment income	0 1
Unrealized gains	0 3
Fair value at December 31, 2010	4 0
Contributions	**0.7**
Investment income	**0.2**
Unrealized gains	**0.5**
Fair value at December 31, 2011	**$ 5.4**

SCLHS does not expect to contribute to the Defined-Benefit Plans during 2012

Expected Benefit Payments

Expected benefits payments to participants, excluding lump-sum distributions, are as follows

	SCLHS Plans	Exempla Plan
	(In Millions)	
2012	$ 18 4	$ 2 9
2013	18 1	3 0
2014	20 1	3 2
2015	22 0	3 3
2016	22 0	3 5
2017–2020	121 6	18 9

10. Insurance Coverage

SCLHS provides an insurance program to insure for various insurable risks SCLHS obtains insurance through Leaven Insurance Company, Ltd (Leaven), a wholly owned subsidiary and captive insurance company, as well as third-party insurers and other self-insured methods Effective October 1, 2010, the insurance programs for SCLHS and Exempla Healthcare were consolidated for all property and casualty coverage with the exception of workers' compensation insurance

Aggregate excess umbrella coverage of $100 0 million and excess claims-made basis professional liability coverage of $100 0 million are obtained through Leaven, which cedes these risks to third-party commercial reinsurers located in the United States, Switzerland, the United Kingdom, and Bermuda Claims-made general liability coverage provides for a self-insured retention of $1 0 million per claim up to an annual aggregate of $3 0 million Effective October 1, 2010, professional liability coverage provides for a self-insured retention of $2 0 million per medical incident, $20 0 million annual aggregate, and a buffer layer of insurance is purchased from Leaven with limits of $2 0 million per medical incident, $5 0 million annual aggregate For claims reported prior to October 1, 2010, professional liability coverage provides for a self-insured retention of $2 0 million per claim, $7 0 million annual aggregate (these limits are $2 0 million per claim, $8 0 million annual aggregate for Exempla Healthcare, and $3 0 million per claim, $12 0 million annual aggregate for St Vincent Healthcare) Primary self-insured professional liability coverage for Kansas affiliates are limited to $0 2 million per claim up to an annual aggregate of $0 6 million per affiliate This and additional statutory coverage purchased from the Kansas Health Care Stabilization will contribute to losses within $2 0 million, $20 0 million self-insured retention SCLHS is self-insured to the extent of the deductible amounts not covered by other insurance Related expense for this coverage totaled $11 9 million and $12 6 million in 2011 and 2010, respectively, and has been included in other operating expenses in the accompanying consolidated statements of operations The loss reserves recorded for estimated self-insured professional and general liability, including estimates of the ultimate costs for both reported claims and claims incurred but not reported, are discounted at annual rates of 4 0% at December 31, 2011 and 2010 Professional and general liability coverage is provided through a revocable trust fund

SCLHS self-insures and funds its obligations for workers' compensation In connection therewith, SCLHS (excluding Exempla Healthcare) has obtained excess workers' compensation insurance coverage from outside carriers for individual claims in excess of $750,000 Exempla Healthcare has obtained excess workers' compensation insurance coverage for claims in excess of $350,000 During 2011 and 2010, $10 6 million and $7 8 million, respectively, of workers' compensation expenses were charged to employee benefits expenses in the accompanying consolidated statements of operations and changes in net assets

SCLHS offers an employee benefit package to all eligible employees and their dependents Portions of these benefits are self-insured and are provided through the SCLHS Employee Benefit Plan (the Benefit Plan) Contributions to the Benefit Plan are made in amounts determined in accordance with the recommendations of an independent actuary based on past claims experience and other factors During 2011 and 2010, $93 3 million and $98 6 million, respectively, of expenses were charged to employee benefits expenses in the accompanying consolidated statements of operations and changes in net assets

SCLHS is presently not aware of any unasserted casualty, professional liability, workers' compensation, or health and dental benefit claims that would have a material adverse impact on the accompanying consolidated financial statements

11. Relationship With Kaiser Permanente

During 2002, EGSMC signed a multiyear agreement with a Kaiser Permanente affiliate, specifying the terms under which EGSMC would provide hospital services to Kaiser Permanente members beginning in 2005 Among other things, the agreement specifies payment terms and termination conditions Beginning December 31, 2006, the agreement contains certain financial conditions relating to the operation of the hospital and provides that breach of the financial conditions would give Kaiser Permanente certain rights, including the right to purchase the hospital at a purchase price specified in the agreement Management believes EGSMC was not in breach of the financial conditions as of December 31, 2011

A Kaiser Permanente affiliate is also a noneconomic member of EGSMC, giving it certain rights to approve dissolution, reorganization, or voluntary bankruptcy of EGSMC No such events occurred in 2011 During 2009, certain payments from Kaiser Permanente under the agreement represented advances from Kaiser Permanente, which are recorded as subordinated debt (see Note 6)

In 2011, Exempla Healthcare signed a multiyear agreement with a Kaiser Permanente affiliate, specifying the terms under which SJH provides hospital services to Kaiser Permanente Among other things, the agreement specifies payment terms and termination conditions

12. Commitments and Contingencies

SCLHS has guaranteed approximately $19 0 million of debt for the purpose of constructing medical office buildings in Billings, Montana This is part of a joint venture in which SCLHS is a 50% partner and co-manager SCLHS receives an annual fee for the guarantee SCLHS has also guaranteed $17 6 million for a rural Kansas hospital, a medical office building in Wyoming, a university in Kansas, an ambulatory surgery center in Colorado, an imaging center venture in Kansas, an imaging center venture in California, and other beneficiaries SCLHS has not recorded any liability with respect to these guarantees at December 31, 2011

In 2006, SJH discovered life-safety code violations in its north and south patient towers In late 2006, SJH notified the CMS, the Joint Commission, and the Denver Fire Department of such findings, along with an action plan to mitigate the issues that was approved by the various agencies Subsequent to that approval, SJH revised its action plan calling for a replacement of the hospital (rather than construction of additional rooms on the existing site) CMS has granted an extension for the use of the tower rooms through December 2014 SCLHS is currently engaged in a major building improvement construction project to build the replacement hospital for SJH Total project cost is estimated at $623 million Spending on the project through December 31, 2011 totals $47 1 million The remaining expenditures will be incurred until December 2014, per an agreement with CMS

SCLHS has various strategic information systems projects in progress, the largest of which is a commitment of approximately $106 3 million to implement acute care and ambulatory electronic medical record software As of December 31, 2011, SCLHS has spent approximately $16 8 million on these projects and has reflected this in land, buildings, and equipment, net

12. Commitments and Contingencies (continued)

SCLHS' rent expense under operating leases was $37 9 and $31 4 million for the years ended December 31, 2011 and 2010, respectively Scheduled noncancelable operating lease payments during the next five years are as follows (in millions)

2012	$ 19 7
2013	16 0
2014	13 3
2015	8 7
2016	5 9
Thereafter	16 4

13. Pledges Receivable

Pledges are generally recognized as revenue when unconditional pledges are made at the present value of expected future payments Pledges receivable are scheduled to be received at December 31 as follows

	2011	2010
	(In Millions)	
Due in one year or less	**$ 20.5**	$ 24 3
Due after one year through seven years	**40.6**	53 3
Total pledges receivable	**61.1**	77 6
Deferred pledge revenue representing interest	**(13.7)**	(15 3)
	47.4	62 3
Less allowance for doubtful pledges	**0.2**	0 2
Pledges receivable, net	**$ 47.2**	$ 62 1

14. Subsequent Events

SCLHS evaluated events and transactions occurring subsequent to December 31, 2011 through April 25, 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

On January 25, 2012, the SCLHS Board of Directors approved the acquisition of a physician practice, including a diagnostic imaging business, the related practice fixed assets, the option to purchase the intangible assets of the practice, and a 51% equity stake in an ambulatory surgery center The total purchase price is $22 7 million The transaction is expected to close by May 31, 2012

Supplemental Information

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Report of Independent Auditors on Supplemental Information

The Board of Directors
Sisters of Charity of Leavenworth
Health System, Inc

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole The Financial and Operating Information, Sources of Patient Revenue, Capitalization Ratio, Debt Service Coverage Requirements, Financial Performance and Utilization supplemental information is presented for purposes of additional analysis and is not a required part of the financial statements Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements The information, except for that portion marked "unaudited," on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole

Ernst + Young LLP

April 25, 2012

A member firm of Ernst & Young Global Limited

Sisters of Charity of Leavenworth Health System, Inc

Financial and Operating Information

December 31, 2011

The table below is a summary of the consolidated statements of operations for the Corporation and Restricted Affiliates (Restricted) and for SCLHS (Consolidated) for the years ended December 31, 2011 and 2010, which have been derived from the audited consolidated financial statements

	Year Ended December 31			
	Restricted		Consolidated	
	2011	2010	2011	2010
	(In Millions)			
Net patient service revenue	$ **2,546.5**	$ 2,513 8	$ **2,570.8**	$ 2,534 1
Other revenue	**73.5**	66 5	**125.2**	110 2
Total operating revenue	**2,620.0**	2,580 3	**2,696.0**	2,644 3
Operating expenses (salaries and wages, employee benefits, and other operating expenses)	**2,189.4**	2,203 4	**2,250.8**	2,269 6
Provision for bad debts	**142.0**	154 6	**142.3**	154 7
Depreciation and amortization	**231.1**	236 3	**233.3**	238 0
Interest and amortization	**57.9**	51 4	**58.1**	51 6
Total operating expenses	**2,620.4**	2,645 7	**2,684.5**	2,713 9
(Loss) income from operations	**(0.4)**	(65 4)	**11.5**	(69 6)
Investment income	**6.7**	113 3	**4.9**	125 1
Loss on early extinguishment of debt	**(0.9)**	(22 3)	**(0.9)**	(22 3)
Other nonoperating losses	**(2.0)**	(2 4)	**(4.0)**	(5 0)
Total nonoperating gains, net	**3.8**	88 6	**–**	97 8
Excess of revenue over expenses	**3.4**	23 2	**11.5**	28 2
Attributable to noncontrolling interest	**(2.6)**	(2 5)	**(2.6)**	(2 5)
Total excess of revenue over expenses attributable to SCLHS	$ **0.8**	$ 20 7	$ **8.9**	$ 25 7

Sisters of Charity of Leavenworth Health System, Inc

Sources of Patient Revenue

December 31, 2011

The primary sources of consolidated gross patient service charges include Medicare, state-administered Medicaid programs, contracted rate payors (including health maintenance organizations and preferred provider organizations), commercial insurers, self-paying patients, and other sources The following information provides the mix of consolidated gross patient service charges by payor for the years ended December 31, 2011 and 2010

	Year Ended December 31	
	2011	**2010**
Medicare	**43%**	43%
Medicaid	**8**	7
Managed care (HMO/PPO)	**35**	35
Commercial, self-pay, and other	**14**	15
	100%	100%

Sisters of Charity of Leavenworth Health System, Inc

Capitalization Ratio

December 31, 2011

The following table sets forth the consolidated capitalization of the Corporation and Restricted Affiliates (Restricted) and SCLHS (Consolidated) as of December 31, 2011 and 2010

	Year Ended December 31			
	Restricted		Consolidated	
	2011	2010	2011	2010
	(In Millions)			
Long-term debt				
Master Trust Indenture debt (net of original issue discount, net)	$ **1,361.5**	$ 1,395 0	$ **1,361.5**	$ 1,395 0
Other long-term indebtedness	**22.7**	24 2	**26.4**	27 9
Total long-term debt	**1,384.2**	1,419 2	**1,387.9**	1,422 9
Less current maturities	**(56.4)**	(104 2)	**(56.4)**	(104 2)
Plus variable portion not scheduled	**19.0**	70 5	**19.0**	70 5
Net long-term debt	**1,346.8**	1,385 5	**1,350.5**	1,389 2
Unrestricted net assets	**2,407.0**	2,475 9	**2,534.5**	2,581 4
Total capitalization	$ **3,753.8**	$ 3,861 4	$ **3,885.0**	$ 3,970 6
Percent of net long-term debt to total capitalization	**35.9%**	35 9%	**34.8%**	35 0%

Sisters of Charity of Leavenworth Health System, Inc

Debt Service Coverage Requirements

December 31, 2011

The table below sets forth the consolidated debt service coverage of the Corporation and Restricted Affiliates (Restricted) and SCLHS (Consolidated) as of December 31, 2011 and 2010

	Year Ended December 31			
	Restricted		Consolidated	
	2011	2010	2011	2010
	(In Millions)			
Consolidated income available for debt service				
Excess of revenue over expenses attributable to SCLHS	$ **0.8**	$ 20 7	$ **8.9**	$ 25 7
Change in unrealized (gains) losses, net	**31.7**	(62 4)	**36.0**	(68 6)
Depreciation and amortization	**231.1**	236 3	**233.3**	238 0
Interest and amortization	**57.9**	51 4	**58.1**	51 6
Total consolidated income available for debt service	$ **321.5**	$ 246 0	$ **336.3**	$ 246 7
Consolidated annual debt service requirements[1]	$ **98.6**	$ 45 9	$ **98.9**	$ 46 4
Actual debt service coverage ratio – all long-term debt[2]	3 3x	5 4x	3 4x	5 3x

(1) Annual debt service = principal paid + interest paid + 20% of interest and principal for guaranteed debt

(2) Debt service coverage = (excess of revenue over expenses – change in unrealized gains, net + depreciation and amortization + interest and amortization)/annual debt service

Sisters of Charity of Leavenworth Health System, Inc

Financial Performance

December 31, 2011

The following table highlights the financial results for the Corporation and Restricted Affiliates (Restricted) and SCLHS (Consolidated) for the years ended December 31, 2011 and 2010

	Year Ended December 31			
	Restricted		Consolidated	
	2011	2010	2011	2010
Adjusted operating income margin[1]	**(0.2)%**	(2 6)%	**0.0%**	(2 8)%
Operating income margin[2]	**0.1%**	0 9%	**0.4%**	1 0%
Return on net assets[3]	**0.0%**	0 9%	**0.5%**	1 1%
Debt service coverage[4]	**3.3x**	5 4x	**3.4x**	5 3x
Days' cash on-hand (excluding self-insured risk funds and trustee-held funds)[5]	**281**	266	**301**	300
Cushion ratio[6]	**18.0x**	38 6x	**19.5x**	42 0x

[1] Adjusted operating revenue = net patient service revenue + other operating revenue + net assets released from restrictions
Adjusted operating income = adjusted operating revenue – total operating expenses
Adjusted operating income margin = adjusted operating income/adjusted operating revenue

[2] Operating income margin = excess (deficit) of revenue over expenses/(total operating revenue + (total nonoperating gains (losses))

[3] Return on net assets = excess (deficit) of revenue over expenses/unrestricted net assets

[4] Debt service coverage = (excess (deficit) of revenue over expenses – change in unrealized gains (losses), net + depreciation and amortization + interest and amortization)/annual debt service

[5] Days' cash on-hand = (cash and cash equivalents + investments + due from broker – due to broker)/divided (total operating expenses – bad debts – depreciation and amortization – interest and amortization/cumulative days)

[6] Cushion ratio = (cash and cash equivalents + investments + trustee-held funds)/annual debt service

Exempla Inc is included in the restricted totals for 2011 and 2010, as it became a Restricted Affiliate on April 14, 2010

Sisters of Charity of Leavenworth Health System, Inc

Utilization
(Unaudited)

December 31, 2011

The following table provides utilization statistics for the Corporation and Restricted Affiliates (Restricted) and SCLHS (Consolidated) for the years ended December 31, 2011 and 2010

	Year Ended December 31			
	Restricted		Consolidated	
	2011	**2010**	**2011**	**2010**
Utilization statistics				
Licensed beds[1]	**3,348**	3,369	**3,360**	3,449
Operating (staffed) beds	**2,534**	2,548	**2,546**	2,623
Operating bed occupancy (%)	**55%**	55%	**57%**	56%
Admissions	**114,191**	116,275	**115,166**	116,944
Patient days	**506,571**	512,593	**527,065**	534,910
Average length of stay	**4.4**	4.4	**4.6**	4.6

[1] Includes acute care, psychiatric, hospital-based skilled nursing beds, and extended care beds

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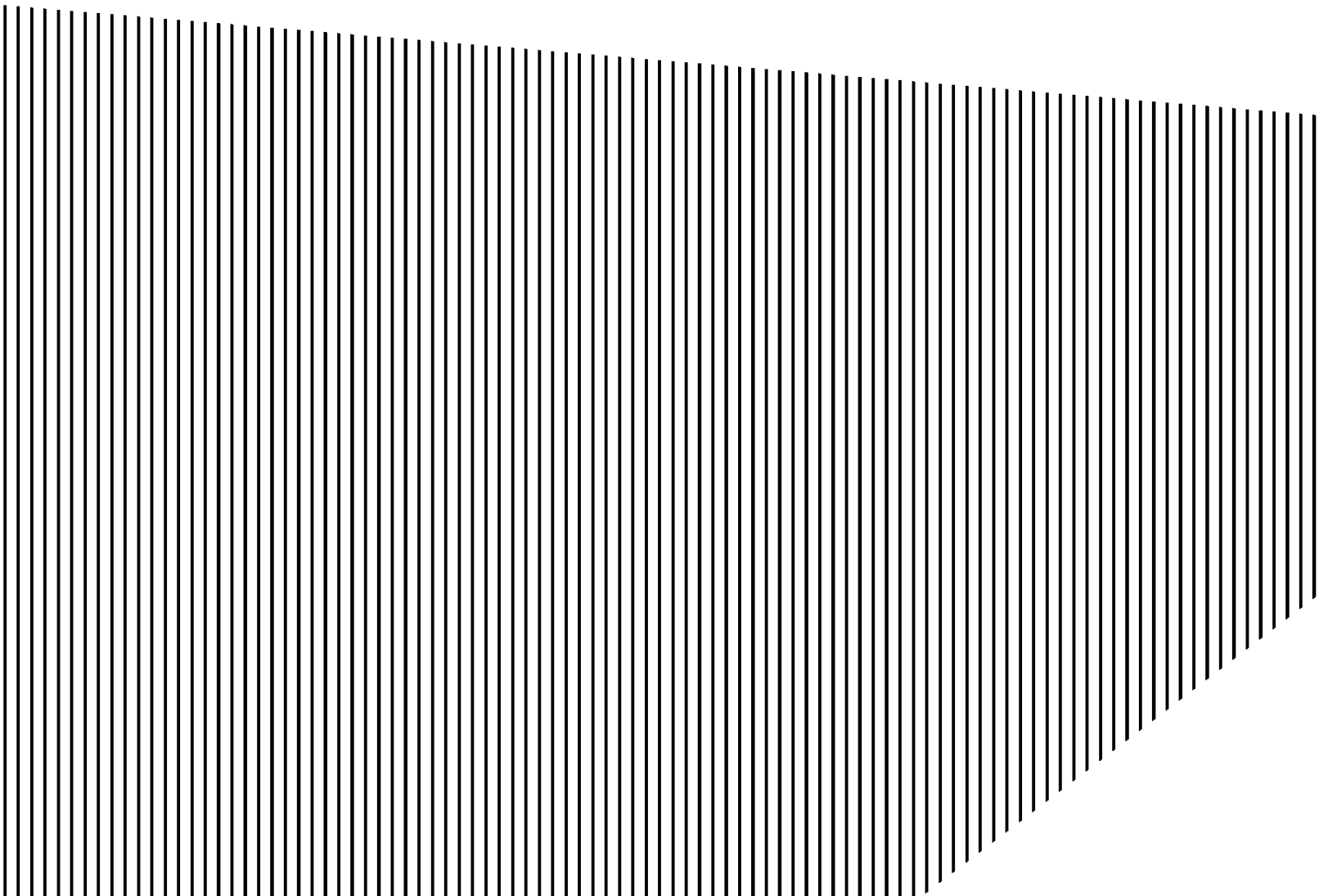

Additional Data

Software ID:
Software Version:
EIN: 81-0231792
Name: Holy Rosary Healthcare

Form 990, Special Condition Description:

Special Condition Description

Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)

4d. Other program services

(Code) (Expenses $ 46,193 including grants of $) (Revenue $)
Mission expenses