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DLN: 93493320096702

Form **990** 

Department of the Treasury

# **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)

2011

OMB No 1545-0047

Open to Public

81-02 E Telepho (406) G Gross re  Is this a group affiliates? Are all affiliates If "No," attach Group exempt	232124 one numb 657-70 ecceipts \$ 3  return for a list (sion numb 72 M St	OO  330,429,537  PYes ▼ No  Yes ▼ No  See Instructions) Der ► 0928  tate of legal domicile M  THE HEALTH OF	
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1	1		
	3 4		
	5	2,454	
	6	389	
	7a	2,110,187	
	7b	-1,016,220	
Prior Year		Current Year	
	_	3,789,691	
		309,537,998	
	10,543,304		
0,5 10,0	,,,	3,7, 3,7,23	
		329,638,287	
1,331,2		1,247,660	
149,103,8	139,635,912		
	0	C	
		318,053,565 11,584,722	
Year		End of Year	
446.637.2	263	447,858,975	
30,127,6 416,509,6		27,309,250 420,549,725	
	7,880,3 289,997,5 7,255,5 8,345,6 313,478,8 1,331,3 149,103,8 157,811,5 308,247,6 5,231,3 ginning of Curre	7a   7b   7b   7b   7c   7c   7c   7c   7c	

May the IRS discuss this return with the preparer shown above? (see instructions) . . . .

Form	Form 990 (2011)	Page <b>2</b>
Par	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 ۱	WE WILL, IN THE SPIRIT OF THE SISTERS OF CHARITY, REVEAL GOD'S HEALING LOVE BY IM	PROVING THE HEALTH OF THE
IND	INDIVIDUALS AND COMMUNITIES WE SERVE, ESPECIALLY THOSE WHO ARE POOR OR VULN	ERABLE
2	2 Did the organization undertake any significant program services during the year which were not	t listed on
	the prior Form 990 or 990-EZ?	
	If "Yes," describe these new services on Schedule O	
3	3 Did the organization cease conducting, or make significant changes in how it conducts, any proservices?	ogram   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. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are regrants and allocations to others, the total expenses, and revenue, if any, for each program services.	equired to report the amount of
4a	<b>4a</b> (Code ) (Expenses \$ 241,344,906 including grants of \$ 1,247,660	) (Revenue \$ 309,537,998 )
	ALL EXPENSES FOR PROGRAM SERVICES ARE RELATED TO PROVIDING PATIENT HEALTHCARE AND COMMUNITY SE	RVCES
4b	4b (Code ) (Expenses \$ including grants of \$ )	(Revenue \$
<b>4</b> c	4c (Code ) (Expenses \$ including grants of \$ )	(Revenue \$
<b>A</b> al	44 Other program convices (Decembe in Schedule C.)	_
4d	4d Other program services (Describe in Schedule O) (Expenses \$ including grants of \$ ) (Revenue	¢ \
		Ψ <i>)</i>
4e	<b>4e</b> Total program service expenses►\$ 241,344,906	

art IV	Checklist of	Required	Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes,"</i> 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		N o
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 $\sqrt{2}$	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			
а	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		N o
	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		N o
e	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X.	11f		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
	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? <i>If</i> "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? <i>If</i> "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		N o
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? <b>Note.</b> All Form 990 filers that operated one or more hospitals must attach audited financial statements	20b	Yes	

Par	t 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	<b>d</b> Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?					
25a	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I					
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)					
а	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part					
		28a		No		
	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b		No		
С	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? <i>If</i> "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? <i>If</i> "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?	38	Yes			

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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
.a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable			
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable  1b			
_	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable			
С	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			
D	That least one is reported on line 2a, did the organization line all required lederal 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)			
a	Did the organization have unrelated business gross income of \$1,000 or more during the			
	year <sup>?</sup>	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	
la	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		Νo
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			
а	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a		Νo
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		Νo
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			
		5c		_
а	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		Νo
h	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts			
_	were not tax deductible?	6b		
	Organizations that may receive deductible contributions under section 170(c).			
а	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and	7a		Νo
	services provided to the payor?			
	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b		
С	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	-		
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit	<b>,</b>		NI.
_	contract?	7e		No
	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as	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		
1	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		
	Sponsoring organizations maintaining donor advised funds.	9		
2	Did the organization make any taxable distributions under section 4966?	9a		
	Did the organization make a distribution to a donor, donor advisor, or related person?	9a 9b		
0	Section 501(c)(7) organizations. Enter	90		
	Initiation fees and capital contributions included on Part VIII, line 12   10a			
	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club			
_	facilities			
1	Section 501(c)(12) organizations. Enter			
	Gross income from members or shareholders			
b	Gross income from other sources (Do not net amounts due or paid to other			
	sources against amounts due or received from them )			
2a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a		
	If "Yes," enter the amount of tax-exempt interest received or accrued during the	•		
-	year 12b			
3	Section 501(c)(29) qualified nonprofit health insurance issuers.			
а	Is the organization licensed to issue qualified health plans in more than one state?			
	<b>Note.</b> 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 needed to issue qualified health plans			
С	Enter the aggregate amount of reserves on hand 13c			
4a	Did the organization receive any payments for indoor tanning services during the tax year?	14a		No
	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.

Se	ection A. Governing Body and Management			
			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax			
Ia	year			
b	Enter the number of voting members included in line 1a, above, who are independent			
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	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	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			
а	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
	ection B. Policies (This Section B requests information about policies not required by the Internal			
Re	evenue Code.)			
10-	Did the commented have lead about an househor confillator?	10-	Yes	No
	Did the organization have local chapters, branches, or affiliates?	10a		No
D	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?			
а	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	Yes	
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its			
	participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b	Yes	
Se	ection C. Disclosure			
17	List the States with which a copy of this Form 990 is required to be filed▶			

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 V 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
- State the name, physical address, and telephone number of the person who possesses the books and records of the organization MARK W PETESCH
  1233 N 30TH STREET
  Billings, MT 59101
  (406) 237-3318

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

#### 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

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

◆ 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

<b>(A)</b> Name and Title	(B) A verage hours per week (describe hours	unles an	on (d e tha	n on son er a	e bo ıs b nd a stee	x, oth )		(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-	(F) Estimated amount of other compensation from the organization and
	for related organizations in Schedule O)	Individual trustiee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former		MISC)	related organizations
(1) JOHN BEDFORD BOARD MEMBER	2 0	х						0	0	0
(2) MICHAEL R MACE BOARD MEMBER	2 0	х						0	0	0
(3) WALTER J PEET MD BOARD CHAIR	2 0	х		Х				0	0	0
(4) SISTER SHARON SMITH BOARD MEMBER	2 0	х						0	0	0
(5) DAVID J DIETRICH BOARD MEMBER	2 0	х						0	0	0
(6) JIM ROSCOE BOARD MEMBER	2 0	х						0	0	0
(7) MIKE ZIMMERMAN BOARD SECRETARY/TREASURER	2 0	х		Х				0 0		0
(8) JAMES S ELLIOT MD BOARD MEMBER	2 0	х						0	0	0
(9) TERRILL MOORE BOARD MEMBER	2 0	х						0 0		0
(10) DENNIS MAIER BOARD MEMBER	2 0	х						0	0	0
(11) SISTER BARBARA ALDRICH BOARD MEMEBER	2 0	х						0	0	0
(12) JASON BARKER BOARD ASST SEC, PRES, CEO	40 0	х		Х				0	437,097	52,347
(13) JILL WILLEN-KENNELLY BOARD MEMBER	2 0	х						0	0	0
(14) PEG BREEN BOARD MEMBER	2 0	х						0	0	0
(15) KATHY BOELTER BOARD VICE CHAIR	2 0	х		х				0	0	0
(16) STEVE BALLOCK VICE PRESIDENT FINANCE	40 0			х				0	245,842	33,952
(17) JOAN THULLBERY CHIEF OPERATING NURSE	40 0				х			0	155,021	34,196

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

<b>(A)</b> Name and Tıtle	(B) Average hours per week (describe	unles an	on (d e thai	n one son er ai	e bo ıs bo nd a	x, oth		(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-	(F) Estimated amount of other compensation from the organization and
	hours for related organizations in Schedule O)	Individual trustae or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former		MISC)	related organizations
(18) Mike Dowdy VP Strat/Bus Dev	40 0				х			0	160,192	24,293
(19) STUART GOODMAN PHYSICIAN	40 0					х		934,744	0	34,484
(20) TIMOTHY DERNBACH PHYSICIAN	40 0					х		506,885	0	30,111
(21) JASON FITZGERALD PHYSICIAN	40 0					х		829,451	0	30,293
(22) ROGER WALLACE PHYSICIAN	40 0					х		499,594	0	34,728
(23) Hamad Hai PHYSICIAN	40 0					х		461,476	0	17,765
(24) JAMES T PAQUETTE BRD ASSIST SECRETY, PRES, CEO							Х	0	738,527	123,111
(25) STEVE SHANDERA VP CLINICAL & SUPPORT/ORO							х	0	258,218	191,730
					•		<b>F</b>			
c Total from continuation sheets				•	•		<u>▶</u>	3,232,150	1,994,897	607,010
<ul><li>d Total (add lines 1b and 1c) .</li><li>2 Total number of individuals (incl</li></ul>		ited to			· ·	hove		, ,	. ,	607,010

	_		Yes	No
3	Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee	ı		
	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			
	ındıvıdual	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	_		No.
	, , ,	<u> </u>		INO

### Section B. Independent Contractors

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	<b>(C)</b> Compensation
ROCKY MOUNTAIN HEALTH NETWORK 315 NORTH 25TH STREET BILLINGS, MT 59101	PATIENT BILLING/COLL	4,028,772
ARAMARK CORPORATION PO BOX 651009 CHARLOTTE, SC 282651009	FOOD SERVICE	2,407,289
CONIFER HEALTH SOLUTIONS 1500 SOUTH DOUGLASS ROAD ANAHEIM, CA 92806	BILLING SERVICES	4,052,042
METRO AVIATION INC PO BOX 7008 SHREVEPORT, LA 71137	HELP FLHT HELICOPTER	1,644,842
EDWARDS JET CENTER 1691 AVIATION PLACE BILLINGS, MT 59106	AIR CHARTERS / MAINT	1,372,076
2. Total number of independent contractors (including but not limited to those listed above)	who received more than	

Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization \( \mathbb{\textbf{F}} 46 \)

Dowl V		)11)	£ Davis and					Page <b>9</b>
Part v	<b>/</b>	Statement o	r kevenue		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512,513,or 514
\$ \$	1a	Federated cam	paigns 1a					
克克	ь	Membership du	es <b>1b</b>					
2,≣	c	Fundraising eve	ents <b>1c</b>					
£ ã	d	Related organiz	rations 1d	3,574,132				
% <u>E</u>	e	Government grants	s (contributions) <b>1e</b>					
등등	f f	All other contribution	ons, gifts, grants, and <b>1f</b>	215,559	i			
돌		similar amounts no						
重さ	g		butions included in					
Contributions, gifts, grants and other similar amounts	h		s 1a-1f	▶	3,789,691			
				Business Code				
Ee	2a	PATIENT SERVICE	DEVENITE		200 527 000	200 527 000		
Program Serwoe Revenue		PATIENT SERVICE	KEVENUE	900099	309,537,998	309,537,998		
윤	b							
açe	С							
<u>.</u>	d		_					
É	e							
<u> </u>	f	All other progra	am service revenue					
š	g	Total. Add lines	s 2a – 2f		309,537,998			
	3		ome (including dividen					
			aramounts)	_ F	5,389,499			5,389,499
	4		stment of tax-exempt bond	F	0			
	5	Royalties		▶ ↑	0			
		,	(ı) Real	(II) Personal				
	6a	Gross rents	1,053,382					
	ь	Less rental	594,636					
	l c	expenses Rental income	458,746					
	_	or (loss)		<u> </u>	450.746			450.746
	d	Net rental incol	me or (loss)		458,746			458,746
	7a	Gross amount from sales of assets other	(1) Securities 5,090,575	(11) O ther 259,844				
	ь	than inventory Less cost or other basis and		196,614				
	_	sales expenses Gain or (loss)	5,090,575	63,230				
	C C	· · · · · · · · · · · · · · · · · · ·			5,153,805			5,153,805
e E	d 8a	Net gain or (los Gross income f events (not inc \$	rom fundraising		3,133,003			3,133,003
Other Revenue		of contributions	s reported on line 1c) ie 18 a					
ē	Ь		penses <b>b</b>					
ಕ	с 9а		(loss) from fundraising from gaming activities le 19	events 🟲	0			
	ь	Less direct ex	a penses b					
	c	Net income or (	loss) from gaming acti	vities 🕒	0			
	10a	Gross sales of returns and allo						
	ь	Less cost of a	oods sold <b>b</b>					
	c		(loss) from sales of inve	entory 🟲	0			
		Miscellaneous		Business Code				
	11a	DEPARTMENT	OTHER	900099	2,319,769		1,125,250	1,194,519
		OPERATING R	EVENUE					
	b	FOOD SERVIC	E REVENUE	624210	2,009,647		255,964	1,753,683
	c	NON-PATIENT	Γ LAB	621500	728,973		728,973	
	d	All other reven	ue		250,159			250,159
	e	Total. Add lines	s 11a-11d		5,308,548			
			See Instructions .	F		+		

# 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) 

Do no	heck if Schedule O contains a response to any question in this Part IX  ot include amounts reported on lines 6b, b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service	(C) Management and	( <b>D</b> ) Fundraising
1	Grants and other assistance to governments and organizations		expenses	general expenses	expenses
	in the United States See Part IV, line 21	1,247,660	1,247,660		
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	1,142,940	189,217	953,723	
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	111,798,988	101,351,674	10,447,314	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	6,161,560	5,597,838	563,722	
9	Other employee benefits	12,657,372	11,553,321	1,104,051	
10	Payroll taxes	7,875,052	7,192,665	682,387	
11	Fees for services (non-employees)				
а	Management	19,416,888	6,776,724	12,640,164	
b	Legal	1,931,201		1,931,201	
C	Accounting	0			
d	Lobbying	83,394		83,394	
e	Professional fundraising See Part IV, line 17	0			
f	Investment management fees	682,480		682,480	
g	Other	27,005,522	22,960,350	4,045,172	
12	Advertising and promotion	1,946,393		1,946,393	
13	Office expenses	6,409,422	5,235,818	1,173,604	
14	Information technology	1,337,820	81,286	1,256,534	
15	Royalties	0			
16	Occupancy	9,842,050	9,427,853	414,197	
17	Travel	1,569,083	1,211,266	357,817	
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	17,014,219	16,163,508	850,711	
23	Insurance	3,671,372	862,625	2,808,747	
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)				
а	BAD DEBT	22,083,213		22,083,213	
b	MEDICAID PROVIDER TAXES	2,572,650		2,572,650	
c	MEDICAL SUPPLIES	49,939,766	49,937,435	2,331	
d	IT TRANSFER	7,613,663		7,613,663	
e					
f	All other expenses	4,050,857	1,555,666	2,495,191	
25	Total functional expenses. Add lines 1 through 24f	318,053,565	241,344,906	76,708,659	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				rm <b>990</b> (2011)

Part X **Balance Sheet** (A) (B) Beginning of year End of year 6,539 11,951 1 1 271.157.140 263.274.496 2 2 3 0 3 0 39.149.231 56.603.604 4 5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L . . . . . . 0 0 5 6 Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of 0 0 Schedule L . . . . . 6 0 475,257 7 5.814.817 6.034.997 8 ol 9 9 3.577.968 Prepaid expenses and deferred charges . . . . . . 10a 325.018.871 Land, buildings, and equipment cost or other basis *Complete* Part VI of Schedule D 10a 10b 216,625,010 120,038,048 **10c** b Less accumulated depreciation . . . . 108,393,861 11 0 11 4,430,040 12 3,674,010 12 Investments—other securities See Part IV, line 11 . . . . . . 13 13 0 Investments—program-related See Part IV, line 11 . . 14 0 14 5,821,268 15 6,033,011 15 446,637,263 447,858,975 16 Total assets. Add lines 1 through 15 (must equal line 34) . . . 16 12,928,948 17 23,723,547 17 Accounts payable and accrued expenses . 18 18 0 19 19 0 20 0 20 0 ol 21 Escrow or custodial account liability Complete Part IV of Schedule D . . 21 0 Liabilities 22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified 0 0 persons Complete Part II of Schedule L $\ldots$ . $\ldots$ . $\ldots$ 22 0 0 23 Secured mortgages and notes payable to unrelated third parties . . . 23 ol 24 Unsecured notes and loans payable to unrelated third parties . . . . 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 17,198,658 25 3,585,703 D . . . . . 26 30,127,606 26 27,309,250 **Total liabilities.** Add lines 17 through 25 . . . . . Organizations that follow SFAS 117, check here ▶ 🔽 and complete lines 27 Balances through 29, and lines 33 and 34. 27 416,509,657 27 420,549,725 Unrestricted net assets . . . . ol 28 0 28 Temporarily restricted net assets . . . . . Fund 29 ol 29 0 Permanently restricted net assets . . . . Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34. ö 30 Capital stock or trust principal, or current funds . . . . . 30 Assets 31 31 Paid-in or capital surplus, or land, building or equipment fund . . . . . 32 32 Retained earnings, endowment, accumulated income, or other funds ¥ 33 416.509.657 33 420.549.725 Total net assets or fund balances . . . . . 34 Total liabilities and net assets/fund balances . . . . . 446.637.263 34 447.858.975

Pal	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		329,6	538,28
2	Total expenses (must equal Part IX, column (A), line 25)	2			53,56
3	Revenue less expenses Subtract line 2 from line 1	3		11,5	584,72
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4		416,5	509,65
5	Other changes in net assets or fund balances (explain in Schedule O)	5		-7,5	544,65
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		420,5	549,72
Pai	The contains a response to any question in this Part XII		•	୮	
1	Accounting method used to prepare the Form 990			Yes	No
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 t 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 is on a separate basis, consolidated basis, or both	ssued			
	☐ Separate 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?	e	3a		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the reaudit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	equired	3b		

# OMB No 1545-0047

**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.

Inspection

Name of the organization

Employer identification number

ST VIN	ICENT	HEALTHCA	RE						01 0222	124		
Pa	rt I	Reas	on for Pu	blic Charity Sta	tus (All ord	nanizations	must comi	nlete this n	81-02321   art ) See			
				te foundation becaus						1011 40110110		
1	Г		•	ion of churches, or a	•			•	,			
2	Γ			in <b>section 170(b)(1</b>								
3	굣	A hosp	ital or a cod	perative hospital se	rvice organiz	zatıon descr	ıbed ın <b>sectio</b>	n 170(b)(1)	(A)(iii).			
4	Γ			h organization opera ity, and state	ted in conjun	iction with a	hospital des	cribed in <b>sec</b>	tion 170(b)(	1)(A)(iii). E	nter the	
5	Г	_	•	erated for the benefi	_	e or universi	ty owned or o	perated by a	a governmen	tal unit desci	ribed in	
	_			( <b>A)(iv).</b> (Complete P	•							
6	<u> </u>			local government or								
7	ı	describ	oed in	at normally receives ( <b>A)(vi)</b> (Complete P		al part of its	support from	a governme	ntal unit or f	rom the gene	ral public	
8	Г			described in <b>section</b>		<b>A)(vi)</b> (Cor	nplete Part II	[ )				
9	Ė			at normally receives					butions, mem	nbership fees	, and gross	
	r			rities related to its e								
		its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses										
				ganızatıon after June								
10	Γ	An org	anızatıon or	ganized and operated	d exclusively	to test for p	public safety	Seesection	509(a)(4).			
11	Γ	one or the box	more public	ganized and operated ly supported organiz ibes the type of supp <b>b</b> Type I	ations descr orting organ	ibed in sect ization and o	ion 509(a)(1	) or section s 11e throu	509(a)(2) S gh 11h	ee <b>section 5</b> 0		
e	Γ	othert		ox, I certify that the ion managers and ot								
f		If the c	rganization this box	received a written d						III supportin	g organization,	
g		followir	ng persons?								Yes No	
				governing body of th			_	,		11g(	<del></del>	
				er of a person descri						11g(	<del></del>	
		(iii) a 3	35% contro	lled entity of a perso	n described	ın (ı) or (ıı) a	ibove?			11g(		
h		Provide	e the followi	ng information about	the supporte	ed organızat	ion(s)					
	(i) Name suppo ganız	e of rted	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (see	(iv) Is the organizati col (i) list your gove docume	ion in ted in rning	(v) Did you not organizat col (i) of suppor	ion in your	(vi) Is th organizat col (i) org in the U	e ion in anized	(vii) A mount of support?	
				instructions))	Yes	No	Yes	No	Yes	No	]	
		<u>-</u>										

Total

instructions

Sch	edule A (Form 990 or 99	90-EZ)2011						Page <b>2</b>
	(Complet	e only if you	checked the	box on line 5,	7, or 8 of Part	<b>(b)(1)(A)(iv)</b> I or if the orgar	nızatıon faıle	d to qualify
			<u>organızatıon f</u>	fails to qualify ι	<u>under the tests</u>	listed below, pl	<u>lease comple</u>	ete Part III.)
	ection A. Public Su					Т	1	
Cal	endar year (or fiscal ye in)	ar beginning	<b>(a)</b> 2007	<b>(b)</b> 2008	<b>(c)</b> 2009	(d) 2010	(e) 2011	( <b>f</b> ) Total
1	Gifts, grants, contribut	ions, and						
	membership fees recei							
	ınclude any "unusual							
_	grants ") Tax revenues levied fo	rtho						
2	organization's benefit a							
	paid to or expended on							
	behalf							
3	The value of services of							
	furnished by a governme the organization withou							
4	Total. Add lines 1 thro	_						
5	The portion of total cor	-						
-	by each person (other	than a						
	governmental unit or p	•						
	supported organization line 1 that exceeds 2%							
	amount shown on line 1							
	(f)	21,0014						
6	Public Support. Subtractine 4	ct line 5 from						
S	ection B. Total Sup	port						
Cal	<b>endar year</b> (or fiscal yea	r beginning	<b>(a)</b> 2007	<b>(b)</b> 2008	<b>(c)</b> 2009	(d) 2010	<b>(e)</b> 2011	(f) Total
_	ın)	_	(4) 2007	(2) 2000	(4) 2005	(4) 2020	(0) 2022	(1) 1 3 4 4
7 8	A mounts from line 4 Gross income from inte	rost –						
0	dividends, payments re							
	securities loans, rents							
	and income from simila	ır						
_	sources							
9	Net income from unrela business activities, wh							
	not the business is reg							
	carried on							
10	Other income (Explain							
	IV ) Do not include gai from the sale of capital							
11	Total support (Add line							
	through 10)							
12	Gross receipts from re	lated activities	s, etc (See inst	ructions )			12	
13	First Five Years If the		r the organizati	on's first, second	l, thırd, fourth, or	fıfth tax year as a	501(c)(3) or	
	check this box and <b>sto</b>	p here						<b>▶</b> □
S	ection C. Computat	ion of Publ	ic Support F	Percentage				
14	Public Support Percen	tage for 2011	(line 6 column	(f) dıvıded by lıne	11 column (f))		14	
15	Public Support Percen	tage for 2010	Schedule A , Pa	rt II, line 14			15	
16a	33 1/3% support test-					line 14 is 33 1/3%	% or more, che	
h	and <b>stop here.</b> The org  33 1/3% support test					6a and line 15 is	33 1/20% or m	ore check this
D	box and <b>stop here.</b> The					oa, and inte 15 IS	1/3%0 UI M	ore, check this
17a	10%-facts-and-circum	-	•		-	ne 13, 16a, or 16	b and line 14	٠,
	ıs 10% or more, and ıf							
	in Part IV how the orga	anızatıon meet	s the "facts and	d circumstances"	test The organiz	zatıon qualıfıes as	a publicly su	
b	organization 10%-facts-and-circum	stances test—	<b>2010.</b> If the ora	anization did not	check a hov on li	ne 13, 16a 16b	or 17a and lin	<b>▶</b> □
,	15 is 10% or more, an							-
	Explain in Part IV how	the organizati						
10	supported organization  Private Foundation If t		n did not chools	a hov on line 12	16a 16h 17a a	or 17h chack this	hov and coc	<b>►</b> □

**▶**□

Schedule A (Form 990 or 990-EZ) 2011 Page 3 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 (a) 2007 **(b)** 2008 (c) 2009 (d) 2010 (e) 2011 (f) Total ın) Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ") 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 Gross receipts from activities that are not an unrelated trade or business under section 513 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf The value of services or facilities furnished by a governmental unit to the organization without charge Total. Add lines 1 through 5 7a Amounts included on lines 1, 2, and 3 received from disqualified persons 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 Public Support (Subtract line 7c from line 6) Section B. Total Support Calendar year (or fiscal year beginning (a) 2007 **(b)** 2008 (c) 2009 (d) 2010 (e) 2011 (f) Total ın) Amounts from line 6 Gross income from interest, 10a dividends, payments received on securities loans, rents, royalties and income from similar sources Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 Add lines 10a and 10b C Net income from unrelated 11 business activities not included in line 10b, whether or not the business is regularly carried on Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV) Total support (Add lines 9, 10c, 13 11 and 12) 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 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f)) 15 15 Public support percentage from 2010 Schedule A, Part III, line 15 16 16 Section D. Computation of Investment Income Percentage

Investment income percentage for 2011 (line 10c column (f) divided by line 13 column (f))

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

18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions

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

more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization

Investment income percentage from 2010 Schedule A, Part III, line 17

17

18

17

18

**▶**[

Part IV	<b>Supplemental Information.</b> Supplemental Information. Complete this part to provide the explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Also complete this part for any additional information. (See instructions).
	Facts And Circumstances Test
	Explanation

Schedule A (Form 990 or 990-EZ) 2011

## **Additional Data**

Software ID: Software Version:

**EIN:** 81-0232124

Name: ST VINCENT HEALTHCARE

# Form 990, Special Condition Description:

**Special Condition Description** 

DLN: 93493320096702

OMB No 1545-0047

**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.

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

- ◆ 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

f th	ction 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Fe organization answered "Yes," to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, line ction 501(c)(4), (5), or (6) organizations Complete Part III				•	II-A	
Na	me of the organization Er	nployer	ıde	ntıfıca	tion numbe	er	_
SI	VINCENT HEALTHCARE	02321	L 2 4				
Par	t I-A Complete if the organization is exempt under section 501(c) or is a se	ction 5	527	7 org	anizatio	n.	
1	Provide a description of the organization's direct and indirect political campaign activities on beha in opposition to candidates for public office in Part IV	lfofor					
2	Political expenditures	<b>F</b>		\$			
3	Volunteer hours			_			_
Par	t 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		<b>-</b>	\$			
2	Enter the amount of any excise tax incurred by organization managers under section 4955	1	•	\$			
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	
ь	If "Yes," describe in Part IV						
Par	t I-C Complete if the organization is exempt under section 501(c) except se	ction	50	1(c)	(3).		
1	Enter the amount directly expended by the filing organization for section 527 exempt function activ	rities 🖡	<b>-</b>	\$			
2	Enter the amount of the filing organization's funds contributed to other organizations for section 52 exempt funtion activities	7	ı-	\$			
3	Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17	b F	<b>-</b>	\$			
4	Did the filing organization file <b>Form 1120-POL</b> for this year?			* —	┌ Yes	┌ No	_
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organization made payments. For each organization listed, enter the amount paid from the filing organization of political contributions received that were promptly and directly delivered to a separate page 1.	anızatıo	n's	funds	Also ente	rthe	

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

separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

**f** Grassroots lobbying expenditures

(The term "expenditures" means amounts paid or incurred.)  Lia 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  If the amount on line 1e, column (a) or (b) is:  The lobbying nontaxable amount is:  Not 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 \$1,000,000 but not over \$1,000,000 \$1,000,000  g Grassroots nontaxable amount (enter 25% of line 1f)  Subtract line 1g from line 1a If zero or less, enter -0-  i Subtract line 1f from line 1c If zero or less, enter -0-  j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?  4-Year Averaging Period Under Section 501(h)  (Some organizations that made a section 501(h) election do not have to complete all columns below. See the instructions for lines 2a through 2f on page 4.)	ווטפ	edule C (F	01111 9 9 0 01 9 9 0 - EZ ) 2 0 1 1					Page <b>∠</b>				
A Check   If the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member expenses, and share of excess lobbying expenditures)    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.)   Organization Total Incurred (The term "expenditures" means amounts paid or incurred.)   Organization Total Incurred (The term "expenditures to influence a legislative body (direct lobbying)	Pa	rt II-A		n is exempt under	section 501(	c)(3) and fi	iled Form 5768	(election				
expenses, and share of excess lobbying expenditures)  Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)  Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)  Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)  Limits on Lobbying Expenditures (The term "expenditures to influence public opinion (grass roots lobbying)  Lobbying expenditures to influence a legislative body (direct lobbying)  Total lobbying expenditures (add lines 1a and 1b)  Other exempt purpose expenditures  Total obtaining purpose expenditures (add lines 1c and 1d)  Lobbying nontaxable amount Enter the amount from the following table in both columns  If the amount on line 1e, column (a) or (b) is:  If the amount on line 1e, column (a) or (b) is:  If the amount on line 1e, column (a) or (b) is:  Not over \$500,000 but not over \$1,000,000  Over \$1,000,000 but not over \$1,000,000  Over \$1,000,000 but not over \$1,500,000  S1,000,000 but not over \$1,500,000  Over \$1,000,000 but not over \$1,500,000  Over \$1,000,000 but not over \$1,500,000  S1,000,000 but not over \$1,500,000  Over \$1,000,000 but not over \$1,500,000  S1,000,000 but not over \$1,500,000  S1,000,000 but not over \$1,500,000  Over \$1,000,000 but not over \$1,500,000  S1,000,000 but not over \$1,500,000  Over \$1,000,000 but not over \$1,500,000  Over \$1,000,000 but not over \$1,500,000  S1,000,000 but not over \$1,500,000  Over \$1,000,000 but not over \$1,500,000  S1,000,000 but not over \$1,500,000  S1,000,000 but not over \$1,500,000  Over \$1,000,000 but not over \$1,500,000  S1,000,000 but not over \$1,500,000  S1,000,000 but not over \$1,500,000  S1,000,000 but not over \$1,500,000  S1,000 but not over \$1,500,	١	Check		an affiliated group (and	lıst ın Part IV ea	ch affiliated gr	oup member's nam	e, address, EIN,				
Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)  Total lobbying expenditures to influence public opinion (grass roots lobbying)  Total lobbying expenditures (add lines 1 aand 1b)  Other exempt purpose expenditures (add lines 1 aand 1b)  Lobbying nontaxable amount Enter the amount from the following table in both columns  If the amount on line Le, column (a) or (b) is:  If the amount on line Le, column (a) or (b) is:  Not over \$500,000  Over \$500,000 but not over \$1,000,000  Over \$1,000,000 but not over \$1,000,000  Over \$1,000,000 but not over \$1,000,000  Over \$1,000,000 but not over \$1,000,000  S10,000,000  Over \$1,000,000 but not over \$1,000,000  S10,000,000  Fig. So of the excess over \$1,000,000  Over \$1,000,000 but not over \$1,000,000  S10,000,000  Fig. So of the excess over \$1,000,000  Fig. So of the excess over \$1,000			expenses, and share of excess lob	bying expenditures)		_	•					
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  If the amount on line 1e, column (a) or (b) is:  Not over \$500,000  Diver \$500,000  Diver \$500,000  Diver \$500,000 but not over \$1,000,000  Diver \$1,000,000 but not over \$1,000,0	3	Check	ıf the filing organization checked bo	ox A and "limited contro	ol" provisions app	ly	1	1				
(The term "expenditures" means amounts paid or incurred.)  Ital Total lobbying expenditures to influence public opinion (grass roots lobbying)  b 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  If the amount on line 1e, column (a) or (b) is:  The lobbying nontaxable amount is:  Not over \$500,000  Over \$500,000 but not over \$1,000,000  Over \$1,000,000 but not over \$1,000,000  S1225,000 plus 10% of the excess over \$1,000,000  Over \$17,000,000  Over \$17,000,000  S11,000,000  F11,000,000			Limits on Lobbying	Expenditures			(a) Filing	(b) Affiliated				
Total lobbying expenditures to influence public opinion (grass roots lobbying)  b Total lobbying expenditures (add lines 1a and 1b)  d Other exempt purpose expenditures  Total exempt purpose expenditures (add lines 1c and 1d)  f Lobbying nontaxable amount Enter the amount from the following table in both columns  If the amount on line 1e, column (a) or (b) is:  The lobbying nontaxable amount is: Not over \$500,000  Over \$500,000 but not over \$1,000,000  Over \$1,000,000 but not over \$1,000,000  Over \$1,000,000 but not over \$1,000,000  Over \$1,000,000 but not over \$1,000,000  S175,000 plus 15% of the excess over \$1,000,000  Over \$1,000,000 but not over \$1,000,000  S100,000 plus 15% of the excess over \$1,000,000  Over \$1,000,000  Over \$1,000,000  Over \$1,000,000  The lobbying nontaxable amount is:  Not over \$500,000  Over \$1,000,000  Over \$1,000,00					l.)		Organization's Totals	Group Totals				
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  If the amount on line 1e, column (a) or (b) is: Not over \$500,000  Over \$500,000 but not over \$1,000,000  Over \$1,000,000 but not over \$1,000,000  Over \$1,000,000 but not over \$1,7000,000  Over \$1,000,000 but not over \$1,7000,000  S225,000 plus 15% of the excess over \$1,000,000  Over \$1,7000,000  Over \$1,7000,000  F17,000,000  S225,000 plus 5% of the excess over \$1,500,000  Over \$1,7000,000  F17,000,000  F17,000		<b>-</b>			1 \		100013	1 ocars				
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  If the amount on line 1e, column (a) or (b) is:  If the amount on line 1e, column (a) or (b) is:  Not over \$500,000  Over \$500,000 but not over \$1,000,000  Over \$1,000,000 but not over \$1,000,000  In the excess over \$1,000,000  F1,000,000  F1,000,0												
d O ther exempt purpose expenditures  Total exempt purpose expenditures (add lines 1c and 1d)  Lobbying nontaxable amount Enter the amount from the following table in both columns  If the amount on line 1e, column (a) or (b) is:  The lobbying nontaxable amount is:  Not over \$500,000  Over \$500,000 but not over \$1,000,000  Over \$1,000,000 but not over \$1,000,000  Over \$1,000,000 but not over \$1,500,000  Over \$1,500,000 but not over \$1,500,000  Over \$1,000,000 but not over \$1,000,000  Over \$1,000					ying)							
Total exempt purpose expenditures (add lines 1c and 1d)    Lobbying nontaxable amount Enter the amount from the following table in both columns   If the amount on line 1e, column (a) or (b) is:			,	b)								
f Lobbying nontaxable amount Enter the amount from the following table in both columns  If the amount on line 1e, column (a) or (b) is:  Not over \$500,000  Over \$500,000 but not over \$1,000,000  Over \$1,000,000 but not over \$1,500,000  Over \$1,500,000 but not over \$1,500,000  Over \$17,000,000 but not over \$1,7000,000  Over \$17,000,000 but not over \$17,000,000  S225,000 plus 10% of the excess over \$1,000,000  Over \$17,000,000  Over \$17,000,000  Over \$17,000,000  S225,000 plus 5% of the excess over \$1,000,000  Over \$17,000,000  Over \$17,000,000  S1,000,000  S1,000,0	d	Otherexe	empt purpose expenditures									
Columns  If the amount on line 1e, column (a) or (b) is: Not over \$500,000  Over \$500,000 but not over \$1,000,000  Over \$500,000 but not over \$1,500,000  Over \$1,000,000 but not over \$1,500,000  Over \$1,500,000 but not over \$1,500,000  Over \$1,500,000 but not over \$1,7000,000  Over \$1,500,000 but not over \$1,500,000  Over \$1,500,000 but not over \$1,500,000  Over \$1,500,000 but not over \$1,500,000  Over \$1,000,000  Over \$1,500,000 but not over \$1,500,000  Over \$1,500,000 but not over \$1,500,000  Over \$1,500,000 but not over \$1,500,000  Over \$1,500,000  Over \$1,500,000  S1,000,000	e	Total exe	mpt purpose expenditures (add lines 1	.c and 1d)								
Not over \$500,000  Over \$500,000 but not over \$1,000,000  Over \$1,000,000 but not over \$1,000,000  Over \$1,000,000 but not over \$1,500,000  Over \$1,500,000 but not over \$1,7000,000  Over \$1,500,000 but not over \$1,7000,000  Over \$1,500,000 but not over \$1,000,000  Over \$1,500,000 but not over \$1,000,000  S225,000 plus 5% of the excess over \$1,500,000  Over \$17,000,000  S1,000,000  Grassroots nontaxable amount (enter 25% of line 1f)  Subtract line 1g from line 1a If zero or less, enter -0-  Subtract line 1f from line 1c If zero or less, enter -0-  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?  4-Year Averaging Period Under Section 501(h)  (Some organizations that made a section 501(h) election do not have to complete all 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) 20  Lobbying celling amount	f		nontaxable amount Enter the amount	from the following table	in both							
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 \$1,000,000 \$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 \$1,000,00		If the an	ount on line 1e, column (a) or (b) is:	The lobbying nontax	able amount is:							
Over \$1,000,000 but not over \$1,500,000  Over \$1,500,000 but not over \$1,500,000  Over \$1,500,000 but not over \$1,500,000  Section \$225,000 plus 5% of the excess over \$1,500,000  Over \$17,000,000  g Grassroots nontaxable amount (enter 25% of line 1f)  h Subtract line 1g from line 1a If zero or less, enter -0-  i Subtract line 1ffrom line 1c If zero or less, enter -0-  j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?  4-Year Averaging Period Under Section 501(h)  (Some organizations that made a section 501(h) election do not have to complete all 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) 20  2a Lobbying ceiling amount		Not over \$5	500,000	20% of the amount on lii	ne 1e							
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 \$1,00		Over \$500,	000 but not over \$1,000,000	\$100,000 plus 15% of the	e excess over \$500,0	000						
g Grassroots nontaxable amount (enter 25% of line 1f) h Subtract line 1g from line 1a If zero or less, enter -0- i Subtract line 1f from line 1c If zero or less, enter -0- j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?  4-Year Averaging Period Under Section 501(h) (Some organizations that made a section 501(h) election do not have to complete all 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) 20  Lobbying celling amount		Over \$1,00	0,000 but not over \$1,500,000	\$175,000 plus 10% of the	e excess over \$1,000	,000						
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h Subtract line 1g from line 1a If zero or less, enter -0- i Subtract line 1f from line 1c If zero or less, enter -0- j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?  4-Year Averaging Period Under Section 501(h) (Some organizations that made a section 501(h) election do not have to complete all 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) 20 2a Lobbying ceiling amount		Over \$17,0	00,000	\$1,000,000								
h Subtract line 1g from line 1a If zero or less, enter -0- i Subtract line 1f from line 1c If zero or less, enter -0- j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?  4-Year Averaging Period Under Section 501(h) (Some organizations that made a section 501(h) election do not have to complete all 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) 20 2a Lobbying ceiling amount												
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i Subtract line 1f from line 1c If zero or less, enter -0-  j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?  4-Year Averaging Period Under Section 501(h) (Some organizations that made a section 501(h) election do not have to complete all 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) 20  Lobbying non-taxable amount	h	Subtract	line 1a from line 1a If zero or less. en	ter -0 -								
Jection 4911 tax for this year?  4-Year Averaging Period Under Section 501(h) (Some organizations that made a section 501(h) election do not have to complete all 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) 20  Lobbying ceiling amount												
4-Year Averaging Period Under Section 501(h) (Some organizations that made a section 501(h) election do not have to complete al 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) 20  Lobbying non-taxable amount					organization file	Form 4720 re	portina					
(Some organizations that made a section 501(h) election do not have to complete al 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) 20  Lobbying non-taxable amount							F - 1 - 1 - 1 - 1	┌ Yes ┌ No				
Calendar year (or fiscal year beginning in)  (a) 2008 (b) 2009 (c) 2010 (d) 2009  Lobbying non-taxable amount		(Sor	ne organizations that made a	section 501(h) el	ection do not	have to co		ne five				
beginning in)  (a) 2008 (b) 2009 (c) 2010 (d) 20  2a Lobbying non-taxable amount  b Lobbying ceiling amount			Lobbying Exp	enditures During	4-Year Avera	ging Period	d					
<b>b</b> Lobbying ceiling amount				(a) 2008	<b>(b)</b> 2009	(c) 2010	(d) 2011	<b>(e)</b> Total				
	2a	Lobbyin	g non-taxable amount									
	b											
c Total lobbying expenditures	c	Total loi	obying expenditures									
d Grassroots non-taxable amount	d	Grassro	ots non-taxable amount									
e Grassroots ceiling amount (150% of line 2d, column (e))	e											

			ı agc
Part II-B	Complete if the organization is exempt under section $501(c)(3)$ and has (election under section $501(h)$ ).	NOT filed Fo	rm 5768
	Circuion anaci section sor(ii))		
		( )	(1)

	(election under section 301(ii)).	(	a)		(b)	
		Yes	No	4	Amou	nt
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					
а	Volunteers?		Νo			
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes				
c	Media advertisements?		Νo			
d	Mailings to members, legislators, or the public?		Νo			
е	Publications, or published or broadcast statements?		Νo			
f	Grants to other organizations for lobbying purposes?		Νo			
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes				83,394
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No			
i	Other activities? If "Yes," describe in Part IV		Νo			
j	Total lines 1c through 1:					83,394
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		Νo			
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?					
Par	t III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(6).	501(c	)(5),	or s	ectio	n
					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		
Par	t III-B Complete if the organization is exempt under section 501(c)(4), section 501(c)(6) if BOTH Part III-A, lines 1 and 2 are answered "No" OR if Part I answered "Yes".				ectio	n
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).					
а	Current year	2a	<u> </u>			
b	Carryover from last year	2b				
С	Total	2c				

# 5 Taxable amount of lobbying and political expenditures (see instructions) Part IV Supplemental Information

political expenditure next year?

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

Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues

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

Identifier Return Reference Explanation

3

4

5

SCHEDULE D (Form 990)

Department of the Treasury

DLN: 93493320096702

OMB No 1545-0047

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.

**Inspection** 

Internal Revenue Service Name of the organization Employer identification number ST VINCENT HEALTHCARE 81-0232124 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 Total number at end of year 2 Aggregate contributions to (during year) Aggregate grants from (during year) Aggregate value at end of year 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? Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7. 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 Preservation of a certified historic structure Protection of natural habitat Preservation of open space 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 Total number of conservation easements 2a Total acreage restricted by conservation easements 2b Number of conservation easements on a certified historic structure included in (a) 2c Number of conservation easements included in (c) acquired after 8/17/06 2d Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶\_ Number of states where property subject to conservation easement is located -Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? Staff and volunteer hours devoted to monitoring, inspecting and enforcing conservation easements during the year -Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(ı) and 170(h)(4)(B)(ıı)? 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 Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8. 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 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,

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

provide the following amounts relating to these items (i) Revenues included in Form 990, Part VIII, line 1

Revenues included in Form 990, Part VIII, line 1

(ii) Assets included in Form 990, Part X

Part	<b>III</b> Organizations Maintaining Co	llections of Art,	, His	<u>tori</u>	<u>cal Tre</u>	asures, or C	)the	<u>r Similar Ass</u>	ets (ca	ntınued)
	Using the organization's accession and othe tems (check all that apply)	r records, check any	of th	e foll	owing th	at are a signific	ant u	ise of its collection	n	
a j	Public exhibition		d	$\sqcap$	Loan o	exchange prog	rams	•		
ь	 Scholarly research		e	Γ	Other					
c l	Preservation for future generations									
	Provide a description of the organization's co Part XIV	ollections and explai	ın hov	v the y	further	the organizatio	n's ex	kempt purpose in		
	During the year, did the organization solicit of assets to be sold to raise funds rather than t								Yes	┌ No
Part	IV Escrow and Custodial Arrang Part IV, line 9, or reported an an						ed "Y	es" to Form 99	0,	
	Is the organization an agent, trustee, custod included on Form 990, Part X?	ıan or other ınterme	diary	for c	ontributi	ons or other as:	sets		Yes	┌ No
<b>b</b> 1	If "Yes," explain the arrangement in Part XI\	/ and complete the t	follow	ıng ta	ble	г		T	_	
								Amo	unt	
_	Beginning balance						1c			
	Additions during the year						1d			
_	Distributions during the year						1e			
f	Ending balance					l	1f			
2a	Did the organization include an amount on Fo	orm 990, Part X, line	21?					Г	Yes	┌ No
	If "Yes," explain the arrangement in Part XIV									
Part	V Endowment Funds. Complete									
4_	Beginning of year balance	(a)Current Year 17,315,205	(b)	Prior \	ear 018,507	(c)Two Years Back 11,984,6	_	12,103,787	(e)Four Y	ears Back
	Beginning of year balance	4,759,506			120,185	3,744,6	_	3,464,935		
	Contributions	-155,529			557,080	983,3	_	-1,416,345		
	Investment earnings or losses	2,728,621		1	940,841	2,017,2	_	1,659,895		
	Grants or scholarships	1,262,078			439,726	1,676,9	_	507,785		
;	Other expenditures for facilities and programs	1,202,076		1,	439,720	1,070,9	13	307,783		
	Administrative expenses	17.020.402		- 17	215 205	12.010.5	27	11 004 607		
_	End of year balance	17,928,483		17,	315,205	13,018,5	07	11,984,697		
2	Provide the estimated percentage of the yea		ıs							
a	Board designated or quasi-endowment 🕨	5 000 %								
b	Permanent endowment 🕨 33 000 %									
c ·	Term endowment 🕨 62 000 %									
	Are there endowment funds not in the posse	ssion of the organiza	ation t	hat a	re held	and admınıstere	d for	the		
	organization by  (i) unrelated organizations							20(1)	Yes	No No
				•			•	3a(i)		110
	(ii) related organizations						•		Yes	<u> </u> 
	Describe in Part XIV the intended uses of th	•					•		1 1 03	<u> </u>
Part						).				
	Description of property			(a)	Cost or otl	her <b>(b)</b> Cost or o		(c) Accumulated depreciation	( <b>d</b> ) Bo	ok value
<b>1a</b> La	and					15,053	3,082		1	5,053,082
	uildings					91,268		52,455,423		8,812,836
	easehold improvements					2,273		1,576,069		697,834
	quipment		•			205,683		156,231,720	1	9,451,651
	· ·		•			10,740		6,361,798		4,378,458
	tner	rm 990 Part X colum	nn (R)	line	10(c))			6,361,798		8,393,861
	ilies ia ie (coluilli (a) siloula cyaal l	JJJ, rure A, Coluli	(0)	, ,,,,,,	(-/-/				10	0,000,001

Part VII Investments—Other Securities. See	Form 990, Part X, line 1	2.
(a) Description of security or category	(b)Book value	(c) Method of valuation
(including name of security)		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. Se		13.
		(c) Method of valuation
(a) Description of investment type	(b) Book value	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, II	ne 15.	-
(a) Descri	ption	(b) Book value
Total. (Column (b) should equal Form 990, Part X, col.(B) line	15.)	
Part X Other Liabilities. See Form 990, Part X	K, line 25.	
1 (a) Description of Liability	(b) A mount	
Federal Income Taxes	0	
OTHER LIABILITIES	3,585,703	
Total. (Column (b) should equal Form 990, Part X, col (B) line 25 )	3,585,703	
2 Fin 49 (ASC 740) Footnote In Part VIV provide the tax	•	aization's financial statements that reports the

Part	XI Reconciliation of Change in Net Assets from Form 990 to Financial Statement	ts
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 pe	er 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	
а	Net unrealized gains on investments	
b	Donated services and use of facilities	
C	Recoveries of prior year grants	
d	Other (Describe in Part XIV)	
e	Add lines <b>2a</b> through <b>2d</b>	2e
3	Subtract line <b>2e</b> from line <b>1</b>	3
4	A mounts included on Form 990, Part VIII, line 12, but not on line 1	
а	Investment expenses not included on Form 990, Part VIII, line 7b . 4a	
b	Other (Describe in Part XIV)	
c	Add lines <b>4a</b> and <b>4b</b>	4c
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5
	Reconciliation of Expenses per Audited Financial Statements With Expenses	per Return
1	Total expenses and losses per audited financial statements	1
2	A mounts included on line 1 but not on Form 990, Part IX, line 25	
а	Donated services and use of facilities	
b	Prior year adjustments	
c	Other losses	
d	Other (Describe in Part XIV) 2d	
e	Add lines <b>2a</b> through <b>2d</b>	2e
3	Subtract line <b>2e</b> from line <b>1</b>	3
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:	
а	Investment expenses not included on Form 990, Part VIII, line 7b 4a	
b	Other (Describe in Part XIV)	
С	Add lines <b>4a</b> and <b>4b</b>	4c
5	Total expenses Add lines <b>3</b> and <b>4c.</b> (This should equal Form 990, Part I, line 18)	5
Par	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 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
PART V, LINE 4		THE TWO LARGEST ENDOWMENTS ARE DESIGNATED FOR INSURANCE COVERAGE FOR THE WORKING POOR AND NURSE EDUCATION THE REMAINDER SUPPORT VARIOUS DEPARTMENTS IN THE HOSPITAL AND FOR GREATEST NEED FOR THE HOSPITAL AND FOR PATIENTS THE ENDOWMENTS ARE HELD BY ST VINCENT HEALTHCARE FOUNDATION

# OMB No 1545-0047

Open to Public Inspection

# **SCHEDULE H** (Form 990)

Department of the Treasury Internal Revenue Service

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

**Hospitals** 

Name of the organization ST VINCENT HEALTHCARE

**Employer identification number** 

81-0232124

Pa	ort I Charity Care and	Certain O	ther Comr	nunity Benefits at	Cost				
	•			•				Yes	No
1a	Did the organization have a c	harity care po	licy? If "No,	" skip to question 6a .			1a	Yes	
b	If "Yes," is it a written policy	·					1b	Yes	
2	If the organization had multip care policy to the various hos		ndıcate whic	h of the following best o	describes application o	of the charity			
	Applied uniformly to all ho Generally tailored to indiv	•	s	Applied uniformly	to most hospitals				
3	Answer the following based or organization's patients during	•	_	y criteria that applies t	o the largest number o	f the			
а	Did the organization use Fede If "Yes," indicate which of the					are?	3a	Yes	
	Γ 100% Γ 150%	<b>▽</b> 20	о% Г	Other	<u>%</u>			100	
b	Did the organization use FPG "Yes," indicate which of the fo						3b	Yes	
	Γ <sub>200%</sub> Γ <sub>250%</sub>	Г 30	о% Г	350% 🔽 40	0% $\Gamma$ Other_	<u>%</u>			
С	If the organization did not use determining eligibility for free test or other threshold, regard	or discounted	d care Inclu	de in the description w	hether the organizatior				
4	Did the organization's policy	provide free o	r dıscounted	care to the "medically	ındıgent"?		4	Yes	
5a	Did the organization budget a the tax year?				er its financial assistar • • • • •	nce policy during	5a	Yes	
b	If "Yes," did the organization	's charity care	e expenses e	exceed the budgeted an	nount?		5b	Yes	
С	If "Yes" to line 5b, as a resul care to a patient who was elig						5c		No
6a	Did the organization prepare	a community l	benefit repor	tduring the tax year?			6a	Yes	
6b	If "Yes," did the organization	make it availa	able to the p	ublic?			6b	Yes	
	Complete the following table worksheets with the Schedule		sheets prov	ided in the Schedule H	instructions Do not s	ubmit these			
7	Charity Care and Certain O	ther Commur	nty Benefits	at Cost					
	Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	( <b>b)</b> Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community b expense	enefit	(f) Pero total ex	
а	Charity care at cost (from Worksheet 1)	·	9,596	11,214,648		11,21	4,648	3	790 %
b	Medicaid (from Worksheet 3, column a)		8,580	33,553,490	23,467,922	10,08	5,568	3	410 %
С	Costs of other means-tested government programs (from Worksheet 3, column b)								
d	<b>Total</b> Charity Care and Means-Tested Government Programs		18,176	44,768,138	23,467,922	21,30	0,216	7	200 %
е	Other Benefits Community health improvement services and community benefit operations (from (Worksheet 4)	44	3,049	2,630,828		2 62	0,828	n	890 %
f	Health professions education		,	, ,					
g	(from Worksheet 5) Subsidized health services	13	597	2,066,196	1,673,009	39	3,187	0	130 %
_	(from Worksheet 6)	7	550	4,369,216			9,216	1	480 %
h i	Research (from Worksheet 7) Cash and in-kind contributions	1		3,840			3,840		
	for community benefit (from Worksheet 8)	14	1,145	389,467	6,000	38	3,467	0	130 %
j ·	<b>Fotal</b> Other Benefits	79	5,341	9,459,547	1,679,009		0,538		630 %
k	Total. Add lines 7d and 71	79	23,517	54,227,685	25,146,931	29,08	0,754	9	830 %

Sch	edule H (Form 990) 2011							P	Page <b>2</b>
Pa	rt III Community Buildi activities.	ng Activitie	<b>s</b> Complete t	his table if the or	ganızatıon co	onducted any commu	nity	buildin	g
	detivities.	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct officevenue	- 1		(f) Perc total ex	
1	Physical improvements and housing	, , ,							
2	Economic development								
3	Community support	5	1,109	307,78	7	307	7,787	0	100 %
4	Environmental improvements								
5	Leadership development and training								
6	for community members  Coalition building	1		2,33	7		2,337		
7	Community health improvement advocacy	1		56,61	5	56	5,615	0	020 %
8	Workforce development	_					,,,,,,		
9	Other								
10 De l	Total  t IIII Bad Debt, Medicar	re & Collec	1,109 tion Practice	366,73	9	366	5,739	0	120 %
LCI	Bau Debt, Medical	ie, & conec	tion Fractic	<u></u>					
	ion A. Bad Debt Expense		,		1.84		_	Yes	No
1	Did the organization report ba Statement No 15?	d debt expense		with Heathcare Fir	ancial Manage	ment Association	1		No
2	Enter the amount of the organ	ızatıon's bad d	ebt expense .		2	11,061,773	3		
3	Enter the estimated amount o patients eligible under the org								
4	Provide in Part VI the text of	the footnote to	the organization	on's financial staten	nents that desc				
	In addition, describe the cost rationale for including a portio				reported on li	nes 2 and 3, and			
Sect	ion B. Medicare	ii oi baa aabta		mame, benene					
5	Enter total revenue received f	rom Medicare	(including DSH	and IME)	5	61,379,996	5		
6	Enter Medicare allowable cost	ts of care relat	ing to payments	s on line 5	6	64,218,752	2		
7	Subtract line 6 from line 5 Th	-	· · · · · · · · · · · · · · · · · · ·			-2,838,756	<u>;</u>		
8	Describe in Part VI the extendalso describe in Part VI the c Check the box that describes	osting method	ology or source						
	Cost accounting system	Гсо	st to charge ra	tio $ar{\Gamma}$	Other				
Sect	ion C. Collection Practices								
9a	Did the organization have a wi		. ,	,			9a	Yes	<u> </u>
b	If "Yes," did the organization's contain provisions on the coll assistance? Describe in Part	ection practice	s to be followed	d for patients who a	re known to qua	alify for financial	9b	Yes	
Pa	rt IV Management Com	panies and	Joint Ventu	i <b>res</b> (see instruct	ions)				
	(a) Name of entity	(t	<ul> <li>Description of pi activity of entite</li> </ul>		(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	pr	( <b>e)</b> Physic ofit % or ownershi	r stock
1 R	OCKY MTN HEALTH NET	PHO - PROVIDE	ADMIN SERVICES		50 000 °	%		50 0	000 %
<b>2</b> CC	DMMUNITY CRISIS CTR	STABILIZATION (	OF CRISIS		30 000 <sup>c</sup>	%			
3 NO	DRTHWEST RESEARCH	RESEARCH, CM	E, COMMUNITY ED		50 000 <sup>c</sup>	%			
<b>4</b> BI	LINGS MRI	MRI SERVICES			50 000 °	%			
5 M	SSIONS UNITED	INDEPENDENT 8	ASSISTED LIVING	i	50 000 <sup>c</sup>	%			
<b>6</b> HG	OSPITAL LAUNDRY	LAUNDRY SERVI	CES		50 000 °	%			
<b>7</b> AN	1P	ATHLETIC MEDI	CINE/PERFORMAN	CE	50 000 °	%			
8 HE	ALTH DYNAMICS INC	PROVIDER NETV	VORK CONTRACTI	NG	25 000 °	%			
9									
10									
11									
12							$\perp$		
13						1	- [		

Part	V Facility Information									
	on A. Hospital Facilities	Licens	Gener	Children's	Teach	Crtica	Resea	ER-24 hours	ER-other	
(list in	order of size from largest to smallest)	Licensed hospital	General medical &	en's hos	Teaching hospital	acces.	Research facility	hours	her	
	nany hospital facilities did the organization operate during x year? <b>1</b>	pital	cal & surgical	hospital	pta	Critical access hospital	lity			
Name	and address									
, tumo										Other (Describe)
1	ST VINCENT HEALTHCARE 1233 N 30TH BILLINGS,MT 59107	х	х		х			х		DURABLE MEDICAL EQUI OUTPATIENT PHYS CLIN
				_						
	1	1		1	1	1	I		1	1

# 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 )

#### ST VINCENT HEALTHCARE

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

			Yes	No
Coi	mmunity 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	1		
	("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>b</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			
	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			
	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	4		
5	other hospital facilities in Part VI	5		
•	If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	<del>'</del>		
	a Hospital facility's website			
	b Available upon request from the hospital facility			
_	c Other (describe in Part VI)			
0	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>b</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 $\Gamma$ 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			
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		
Fin	ancial Assistance Policy	-		
_	Did the hospital facility have in place during the tax year a written financial assistance policy that			
	Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes	
9	Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	9	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for free care%			
	If "No," explain in Part VI the criteria the hospital facility used	_		

P	art V Facility Information (continued)			
			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	<u> </u>
	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 V Income level			
	<b>b</b> 🔽 Asset level			
	c 🔽 Medical indigency			
	d V Insurance status			
	e V Uninsured discount			
	f Medicaid/Medicare			
	g State regulation			
	h Cother (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	Yes	
	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)			
Bil	ling and Collections			
	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	ļ
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>b</b> Lawsuits			
	c Liens on residences			
	d Body attachments or arrests			
	e Cother 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	$\sqcup$	Νo
	If "Yes," check all actions in which the hospital facility or a third party engaged			
	a Reporting to credit agency			
	<b>b</b> Lawsuits			
	c Liens on residences			
	d  Body attachments			
	e Cother 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 Votified patients of the financial assistance policy upon admission			
	<b>b</b> Notified patients of the financial assistance policy prior to discharge			
	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 C Other (describe in Part VI)		1 1	

If "Yes," explain in Part VI

## Part V Facility Information (continued)

Police	Dolating	+^	Emergency	Medical Care	
POHCV	Relatinu	LO	emeruency	medical care	

			res	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>b</b> The hospital facility's policy was not in writing			
	The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part			
	VI)			
	d Cother (describe in Part VI)			
Inc	lividuals 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			
	The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
	<b>b</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	1	No

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Dort V	Encility	Information	(continued)
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Section C. Other Facilities That Are Not Licensed,	Registered, or Similarly	Recognized as a H	lospital Facility
(list in order of size from largest to smallest)			

How many non-hospital facilities did the organization operate during the tax year?		
Name and address	Type of Facility (Describe)	
1 See Add	ditional Data Table	
2		
3		
4		
5		
6		
7		
8		
9		
10		

Schedule H (Form 990) 2011

Schedule H (Form 990) 2011 Page **8** 

### Part VI Supplemental Information

Complete this part to provide the following information

Required descriptions. Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part III, 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
- 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
- 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.)
- 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

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L ITERACY FOR VULNERABLE CHILDREN, WITH SPECIAL OUTREACH TO MARGINALIZED POPULATIONS ON AMER			ACTIVI TIES ALSO INCLUDE EXPENSES RELATED TO THE FOSTER GRANDPARENT PROGRAM, AIMED AT IMPROVING
			L ITERACY FOR VULNERABLE CHILDREN, WITH SPECIAL
DISCOUNTS AND DAVMENTS ADDITED TO ACCOUNTS DE			
UCE BAD DEBT EXPENSE NO METHOD IS USED TO			UCE BAD DEBT EXPENSE NO METHOD IS USED TO
DETERMINE THE AMOUNT THAT COULD BE ATTRIBUTABLE TO PATIENTS WHO WOULD LIKELY			ATTRIBUTABLE TO PATIENTS WHO WOULD LIKELY
QUALIFY FOR FINANCIAL ASSISTANCE, HOWEVER, THE ORGANIZATION'S FINANCIAL ASSISTANCE POLICY			ORGANIZATION'S FINANCIAL ASSISTANCE POLICY
ALLOWS FINANCIAL ASSISTANCE AWARDS TO BE MADE PRESUMPTIVELY TO INDIVIDUALS WHO HAVE NOT			PRESUMPTIVELY TO INDIVIDUALS WHO HAVE NOT
			IF THE INDIVIDUAL IS HOMELESS OR IF THE INDIVIDUAL
IS NON-RESPONSIV  Schedule H (Form 990) 20	<u> </u>	<u> </u>	IS NON-RESPONSIV  Schedule H (Form 990) 201

Identifier	ReturnReference	Explanation
SCHEDULE H, PART VI	SUPPLEMENTALINFORMATION	E AND HAS A CREDIT SCORE LESS THAN 600 BAD DEBT EXPENSES INCLUDE ACTUAL WRITE OFFS AND AN Y
		ASSOCIATED ACCRUAL BASED ON ACCOUNTS
		RECEIVABLE THE COSTING METHODOLOGY USED TO CALCULA TE THE COST OF BAD DEBT INCLUDED ON PART
		III LINE 2 WAS THE COST TO CHARGE RATIO DERIVED U
		SING THE METHODOLOGY FROM WORKSHEET 2 PART III,
		LINE 8 THE ORGANIZATION DOES NOT BELIEVE THAT MEDICARE SHORTFALLS SHOULD BE INCUDED AS
		COMMUNITY BENEFIT MEDICARE ALLOWABLE COSTS
		WERE DERIVED FROM THE MEDICARE COST REPORT'S SCHEDULE D PART V, PART VI AND SCHEDULE D-1 PART
		III, LINE 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 CONTINUE TO PROVIDE
		CHARITY CARE TO THOSE WHO NEED IT MOST, AND TO
		ENSURE THAT WE MANAGE O UR RESOURCES SO THAT WE CAN CONTINUE TO BE HERE WHEN PEOPLE NEED US
		MOST ST VINCENT HEALTHCARE NOTIFIES PATIENTS
		OF FINANCIAL ASSISTANCE POLICY UPON ADMISSION,
		DISCHARGE AND IN C OMMUNICATION REGARDING PATIENT BILLS PATIENTS ARE CONTACTED MULTIPLE
		TIMES ABOUT UNPAID B ALANCES PRIOR TO INITIATING
		ANY COLLECTION ACTION IF A PATIENT IS DETERMINED TO BE ELIGIBLE FOR FINANCIAL ASSISTANCE AT ANY
		TIME DURING THE COLLECTION PROCESS, INCLUDING
		REFERRAL TO A COLLECTION AGENCY, THE ACCOUNT IS RECLASSIFIED AS FINANCIAL ASSISTANCE AND DEBT
		COLLE CTION EFFORTS ARE CEASED NEEDS
		ASSESSMENT AS PART OF OUR CORE VALUE OF RESPONSE TO NEED, WE TAKE STEPS TO DETERMINE
		WHERE THERE IS THE MOST NEED IN ORDER TO PROVIDE
		THE GREATEST GOOD ST VINCENT HEALTHCARE REGULARLY PARTICIPATED IN NEEDS ASSESSMENT
		SURVEYS TO IDENTIFY THE ONGOING AND CHANGING
		NEEDS OF THE COMMUNITY THE MOST RECENT SURVEY
		WAS CONDUCTED IN 2010, IN COLLABORATION WITH RIVERSTONE HEALTH - THE PUBLIC HEALTH
		DEPARTMENT - AND BILLIN GS CLINIC, THE OTHER NON-
		PROFIT HOSPITAL IN OUR COMMUNITY THIS ASSESSMENT STUDIES HEALTH NEEDS IN YELLOWSTONE
		COUNTY AND WAS CONDUCTED WITH PROFESSIONAL
		RESEARCH CONSULTANTS THROU GH THE USE OF RANDOM PHONE CALLS TO 400 HOUSEHOLDS IN THE
		COUNTY AND THROUGH FOCUS GROUPS RESULTS OF THE
		SURVEY HAVE BEEN MADE WIDELY AVAILABLE AND COMMUNITY WIDE ACTION PLANS ARE IN DEVELOPMENT
		WE ALSO CONTINUOUSLY ASSESS THE NEEDS OF THE
		COMMUNITY THROUGH CLOSE WORK ING RELATIONSHIPS AND PARTNERSHIPS WITH SERVICE
		AGENCIES IN THE COMMUNITY, AND BY EVALUATI NG
		STATE AND COUNTY HEALTH STATISTICS PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE ST
		VINCENT HEALTHCARE TREATS PATIENTS WITH RESPECT
		AND DIGNITY REGARDLESS OF THEIR ABILITY TO PAY ST VINCENT HEALTHCARE HAS A WRITTEN FINANCIAL
		ASSISTANCE POLICY THAT EXPLAINS ELI GIBILITY
		CRITERIA FOR FINANCIAL ASSISTANCE AT VARIOUS
		LEVELS, INCLUDING A 100% DISCOUNT, A ND IS BASED ON FEDERAL POVERTY GUIDELINES WE WORK WITH
		PATIENTS TO HELP THEM UNDERSTAND THEIR
		FINANCIAL RESPONSIBILITY FOR CARE RECEIVED, FINANCIAL ASSISTANCE AVAILABLE TO THEM, A ND TO
		ESTABLISH PAYMENT PROGRAMS IN DEMONSTRATION OF
		OUR CORE VALUE OF RESPECT AS PART OF OUR RESPONSIBILITY TO EDUCATE, WE INFORM OUR
		PATIENTS AND THEIR FAMILIES OF THE AVAILABIL ITY
		OF ASSISTANCE, INCLUDING GOVERNMENT PROGRAMS WE COMMUNICATE THIS IN A VARIETY OF WAYS TO
		ENSURE THAT MESSAGES REACH MULTIPLE AUDIENCES
		BEFORE, DURING AND/OR AFTER ADMISSION, WE ENCOURAGE OUR SELF PAY PATIENTS TO VISIT WITH A
		FINANCIAL COUNSELOR TO DISCUSS QUALIFIC ATIONS
		FOR FINANCIAL ASSISTANCE THE FINANCIAL COUNSELOR WORKS WITH THE PATIENT TO COMPLET E 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 BILLINGS INVOICES, IN VARIOUS AREAS AROUND
		THE ST VINCENT HEALTHCARE AND CLINIC SITES AND ON THE ST VINCENT HEALTHCARE WEBSITE WE
		PROVIDE WRITTEN MATERIALS TO PATIENTS THAT O
		UTLINE OUR FINANCIAL ASSISTANCE POLICY AND HOW IT IS ADMINISTERED THIS COVERS ELIGIBILITY , STEPS
		TO FOLLOW TO DETERMINE IF A PATI
		Schedule H (Form 990) 2011

Schedule H (Form 990) 2011 Page **8** 

Identifier	ReturnReference	Explanation
STATE FILING OF COMMUNITY BENEFIT REPORT	990 SCHEDULE H, PART VI	CA,KS,MT,

Schedule H (Form 990) 2011

Software ID: Software Version:

**EIN:** 81-0232124

Name: ST VINCENT HEALTHCARE

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

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? <b>37</b>	
Name and address	Type of Facility (Describe)
INTERNAL MEDICINE ASSOCIATES 2900 12TH AVENUE NORTH SUITE 310 W	AMBULATORY CARE CLINIC
BILLINGS, MT 591017588  INTERNAL MEDICINE ASSOCIATES 2900 12TH AVENUE NORTH SUITE 310 W	AMBULATORY CARE CLINIC
BILLINGS,MT 591017588  INTERNAL MEDICINE ASSOCIATES 2900 12TH AVENUE NORTH SUITE 310 W	AMBULATORY CARE CLINIC
INTERNAL MEDICINE ASSOCIATES 2900 12TH AVENUE NORTH SUITE 310 W	AMBULATORY CARE CLINIC
INTERNAL MEDICINE ASSOCIATES 2900 12TH AVENUE NORTH SUITE 310 W	AMBULATORY CARE CLINIC
BILLINGS,MT 591017588  INTERNAL MEDICINE ASSOCIATES 2900 12TH AVENUE NORTH SUITE 310 W	AMBULATORY CARE CLINIC
INTERNAL MEDICINE ASSOCIATES 2900 12TH AVENUE NORTH SUITE 310 W	AMBULATORY CARE CLINIC
INTERNAL MEDICINE ASSOCIATES 2900 12TH AVENUE NORTH SUITE 310 W	AMBULATORY CARE CLINIC
BILLINGS,MT 591017588  INTERNAL MEDICINE ASSOCIATES 2900 12TH AVENUE NORTH SUITE 310 W	AMBULATORY CARE CLINIC
BILLINGS, MT 591017588  INTERNAL MEDICINE ASSOCIATES 2900 12TH AVENUE NORTH SUITE 310 W	AMBULATORY CARE CLINIC
BILLINGS,MT 591017588  INTERNAL MEDICINE ASSOCIATES 2900 12TH AVENUE NORTH SUITE 310 W	AMBULATORY CARE CLINIC
INTERNAL MEDICINE ASSOCIATES 2900 12TH AVENUE NORTH SUITE 310 W	AMBULATORY CARE CLINIC
INTERNAL MEDICINE ASSOCIATES 2900 12TH AVENUE NORTH SUITE 310 W	AMBULATORY CARE CLINIC
INTERNAL MEDICINE ASSOCIATES 2900 12TH AVENUE NORTH SUITE 310 W	AMBULATORY CARE CLINIC
INTERNAL MEDICINE ASSOCIATES 2900 12TH AVENUE NORTH SUITE 310 W	AMBULATORY CARE CLINIC
INTERNAL MEDICINE ASSOCIATES 2900 12TH AVENUE NORTH SUITE 310 W	AMBULATORY CARE CLINIC
INTERNAL MEDICINE ASSOCIATES 2900 12TH AVENUE NORTH SUITE 310 W	AMBULATORY CARE CLINIC
INTERNAL MEDICINE ASSOCIATES 2900 12TH AVENUE NORTH SUITE 310 W	AMBULATORY CARE CLINIC
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INTERNAL MEDICINE ASSOCIATES 2900 12TH AVENUE NORTH SUITE 310 W	AMBULATORY CARE CLINIC
INTERNAL MEDICINE ASSOCIATES 2900 12TH AVENUE NORTH SUITE 310 W	AMBULATORY CARE CLINIC
INTERNAL MEDICINE ASSOCIATES 2900 12TH AVENUE NORTH SUITE 310 W	AMBULATORY CARE CLINIC
INTERNAL MEDICINE ASSOCIATES 2900 12TH AVENUE NORTH SUITE 310 W	AMBULATORY CARE CLINIC
BILLINGS, MT 591017588  INTERNAL MEDICINE ASSOCIATES 2900 12TH AVENUE NORTH SUITE 310 W BILLINGS, MT 591017588	AMBULATORY CARE CLINIC
INTERNAL MEDICINE ASSOCIATES 2900 12TH AVENUE NORTH SUITE 310 W	AMBULATORY CARE CLINIC
BILLINGS, MT 591017588  INTERNAL MEDICINE ASSOCIATES 2900 12TH AVENUE NORTH SUITE 310 W BILLINGS, MT 591017588	AMBULATORY CARE CLINIC
INTERNAL MEDICINE ASSOCIATES 2900 12TH AVENUE NORTH SUITE 310 W	AMBULATORY CARE CLINIC
BILLINGS, MT 591017588  INTERNAL MEDICINE ASSOCIATES 2900 12TH AVENUE NORTH SUITE 310 W BILLINGS MT 591017588	AMBULATORY CARE CLINIC
BILLINGS, MT 591017588  INTERNAL MEDICINE ASSOCIATES 2900 12TH AVENUE NORTH SUITE 310 W BILLINGS MT 591017588	AMBULATORY CARE CLINIC
BILLINGS,MT 591017588  INTERNAL MEDICINE ASSOCIATES 2900 12TH AVENUE NORTH SUITE 310 W BILLINGS MT 591017588	AMBULATORY CARE CLINIC
BILLINGS, MT 591017588  INTERNAL MEDICINE ASSOCIATES 2900 12TH AVENUE NORTH SUITE 310 W BILLINGS, MT 591017588	AMBULATORY CARE CLINIC
INTERNAL MEDICINE ASSOCIATES 2900 12TH AVENUE NORTH SUITE 310 W BILLINGS,MT 591017588	AMBULATORY CARE CLINIC
INTERNAL MEDICINE ASSOCIATES 2900 12TH AVENUE NORTH SUITE 310 W	AMBULATORY CARE CLINIC
BILLINGS, MT 591017588  INTERNAL MEDICINE ASSOCIATES 2900 12TH AVENUE NORTH SUITE 310 W BILLINGS MT 591017588	AMBULATORY CARE CLINIC
BILLINGS, MT 591017588  INTERNAL MEDICINE ASSOCIATES 2900 12TH AVENUE NORTH SUITE 310 W BILLINGS, MT 591017588	AMBULATORY CARE CLINIC

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Schedule I (Form 990)

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

OMB No 1545-0047

2011

DLN: 93493320096702

Open to Public

Department of the Treasury Internal Revenue Service Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.

Attach to Form 990

Open to Public
Inspection

Name of the organization							Employer identif	ication number
ST VINCENT HEALTHCARE							81-0232124	
Part I General Infor	mation on Grants	and Assistance						
<ul> <li>Does the organization methe selection criteria use</li> <li>Describe in Part IV the organization</li> </ul>	ed to award the grants o	rassistance?						ר Yes ⊏
Form 990, Part	IV, line 21 for any re	Governments and ecipient that received b) if additional space	d more than \$5,000.	Check this box if n	o one recipient rec	eived m	ore than \$5,0	000. Use
(a) Name and address of organization or government	<b>(b)</b> EIN	(c) IRC Code section if applicable	<b>(d)</b> Amount of cash grant	(e) A mount of non- cash assistance	(f) Method of valuation (book, FMV, appraisal, other)		escription of sh assistance	(h) Purpose of grant or assistance
(1) COMMUNITY CRISIS CENTER LLC704 NORTH 30TH ST BILLINGS,MT 59101	20-3231164	501(C)(3)	142,500					FUNDING FOR THE COMMUNITY CRISIS CENTER IT OPERATES A CRISIS STABILIZATION PROGRAM FOR CITIZENS IN NEED IN BILLINGS
(2) ST VINCENT HEALTHCARE FOUNDATIONPO BOX 35200 BILLINGS,MT 591075200	81-0468034	501(c)(3)	1,048,921					O perations
(3) ST VINCENT DE PAUL 2610 MONTANA AVE BILLINGS,MT 59101	91-0879988	501(c)(3)	16,239					Rent Utility Assistance
(4) BILLINGS AREA CATHOLIC EDUCATION TRUSTPO BOX 31158 BILLINGS,MT 591071158	81-6081234	501(c)(3)	10,000					STUDENT SCHOLARSHIPS

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

art III	Grants and Other Assistance to Individuals in the United State	<b>s.</b> Complete if the organization	n answered "Yes" to Fo	orm 990, Part IV, line 22.
	Use Schedule I-1 (Form 990) if additional space is needed.			

(a)Type of grant or assistance	<b>(b)</b> Number of recipients	<b>(c)</b> A mount of cash grant	(d)A mount 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
MISSION FUND	PART I LINE 2	ST VINCENT HEALTHCARE PROVIDES A LIMITED NUMBER OF GRANTS TO IMPROVE THE HEALTH AND WELL-BEING
POLICIES		OF THE PEOPLE IN OUR COMMUNITY GUIDED BY HOSPITAL POLICY, MISSION FUND AWARD PROJECTS MUST (1)
		DEMONSTRATE A COMMITTMENT TO THE ST VINCENT HEALTHCARE MISSION, VISION, AND VALUES, (2) MEET
		CRITERIA FOR INCLUSION IN THE COMMUNITY BENEFIT REPORT, AND (3) DOCUMENT MEASURABLE OUTCOMES
		THAT DEMONSTRATE THE SUCCESS OF THE PROJECT PREFERENCE WILL BE GIVEN WHEN THE PROJECT (1)
		ADDRESSES CREATIVELY THE UNMET NEEDS OF THE ECONOMICALLY DISADVANTAGED, (2) FORMS
		COLLABORATIVE PARTNERSHIPS THAT IMPROVE THE HEALTH OF THE COMMUNITY, (3) AIDS A SIGNIFICANT
		POPULATION OF THE POOR, UNDERSERVED AND/OR UNINSURED, (4) REFLECTS ST VINCENT HEALTHCARE'S
		ANNUAL AND STRATEGIC GOALS, AND (5) DEMONSTRATE THE POSSIBILITY FOR SUSTAINABILITY BEYOND THE
		GRANT PERIOD APPLICATIONS ARE REVIEWED ON AN ANNUAL BASIS BY COMMITTEE GRANTEES ARE REQUIRED
		TO PROVIDE A 6-MONTH AND 1-YEAR REPORT TO ST VINCENT HEALTHCARE AND PROVIDE FOR AN ON-SITE
		VISIT OF THE PROGRAM AS NOTED IN THE MISSION FUND APPLICATION, IF FUNDS ARE USED OUTSIDE OF
		PROJECT GUIDELINES THE GRANTEE MAY BE ASKED TO REIMBURSE ST VINCENT HEALTHCARE FOR FUNDS
		ALREADY DISTRIBUTED FOR THE PROJECT

DLN: 93493320096702

OMB No 1545-0047

**Compensation Information** 

(Form 990)

Department of the Treasury

Internal Revenue Service

**Schedule J** 

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

► Complete if the organization answered "Yes" to Form 990, Part IV, question 23. ► Attach to Form 990. ► See separate instructions.

Open to Public Inspection

Name of the organization ST VINCENT HEALTHCARE

**Employer identification number** 

Pai	rt I Questions Regarding Compensation			
			Yes	Νo
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	First-class or charter travel 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  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			
а	Receive a severance payment or change-of-control payment?	4a	Yes	
ь	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		Νo
	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			
а	The organization?	5a		Νo
b	Any related organization?	5b		Νο
	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			
а	The organization?	6a		Νo
b	Any related organization?	6b		Νo
	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	f W-2 and/or 1099-MI	SC compensation	(C) Retirement and	(D) Nontaxable	(E) Total of columns	
		(i) Base compensation	(ii) Bonus & ıncentıve compensatıon	(iii) Other reportable compensation	other deferred compensation	benefits	(B)(ı)-(D)	reported in prior Form 990 or Form 990-EZ
(1) JAMES T PAQUETTE	(ı) (ıı)	0 418,351	0	0 320,176	0 107,885	0 15,226	0 861,638	,
(2) STEVE BALLOCK	(ı) (ıı)	0 214,525	0	0 31,317	0 18,210	0 15,742	0 279,794	:
(3) STEVE SHANDERA	(ı) (ıı)	0 153,652	0	0 104,566	0 185,119	0 6,611	0 1 449,948	j
(4) STUART GOODMAN	(I) (II)	638,244 0	296,500	0	20,000		969,228	
(5) TIMOTHY DERNBACH	(ı) (ıı)	506,885 0	0	0	20,000	10,111	536,996	
(6) JASON FITZGERALD	(I) (II)	491,391 0	338,060	0	20,000	10,293	859,744	,
(7) JOAN THULLBERY	(ı) (ıı)	0 153,767	0	0 1,254	0 24,018	0 10,178	0 3 189,217	,
(8) JASON BARKER	(ı) (ıı)	0 408,132	0	0 28,965	0 42,237		′ı	,
(9) Mike Dowdy	(ı) (ıı)	0 126,738	0	0 33,454	0 13,000	0 11,293	0 3 184,485	,
(10) ROGER WALLACE	(ı) (ıı)	499,594 0	0	0	20,000	14,728	534,322	
(11) Hamad Haı	(I) (II)	453,167 0	1,178	7,131	12,500	5,265 0	479,241	
				<u> </u>			<u> </u>	
	'		<u> </u>	<b></b> '	<u> </u>			
		'	1	1	1		'	

# 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
,	SEVERANCE PAYMENTS	THE AMOUNTS PAID FOR SEVERANCE IN 2011 WERE STEVEN P SHANDERA-\$95,438
SCHEDULÉ J, PART I, LINE	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 IN ADDITION, VESTED AMOUNTS ARE PAYABLE UPON END OF EMPLOYMENT THE VESTED AMOUNTS WITHDRAWN, NOT PREVIOUSLY TAXED, FOR THIS TYPE OF PAYMENT IN 2011 WERE STEVEN P SHANDERA-\$4,468
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 PART VII AND SCHEDULE J, PART II		THE SISTERS OF CHARITY OF LEAVENWORTH HEALTH SYSTEM, INC (SCLHS) CONSISTS OF ELEVEN HOSPITALS AND FOUR CLINICS (AFFILIATES) IN FOUR STATES INCLUDING ST VINCENT HEALTHCARE (ST VINCENT) IN BILLINGS, MONTANA SCLHS AND ITS AFFILIATES ADHERE TO GOVERNANCE EXCELLENCE STANDARDS INCLUDING TRANSPARENCY AND ACCOUNTABILITY 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 THE COMPENSATION REFLECTED IS THAT OF MR PAQUETTE'S POSITION AS AN SCLHS SYSTEM PROJECT LEADER AND IS NOT RELATED TO ST VINCENT'S IN KEEPING WITH SCLHS' CORE VALUE OF STEWARDSHIP, NO BOARD MEMBER SERVING ON SCLHS OR AFFILIATE BOARDS IS COMPENSATED FOR THAT SERVICE

# DLN: 93493320096702

# 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 ST VINCENT HEALTHCARE

Employer identification number

		81-0232124
ldentifier	Return Reference	Explanation
DISCLOSURES	FORM 990	FORM 950 PARTI II, LINE 4D OTHER PROGRAM SERVICES OTHER PROCRAM SERVICES ARE DETAILED IN THE NARRATIVES OF FORM 950 SCHEDULE HIS KORM 500. THE PROCRAM SERVICES ARE DETAILED IN THE LINE OF COMEN ANA COMEN OF THE LINE OF THE LINE OF COMEN OF THE LINE
HOURS DEVOTED FOR RELATED ORGANIZATION	PART VII	NAME JASON BARKER TITLE BOARD ASST SEC, PRES, CEO HOURS 4

efile GRAPHIC print - DO NOT PROCESS | As Filed Data -DLN: 93493320096702 OMB No 1545-0047 **SCHEDULE R Related Organizations and Unrelated Partnerships** (Form 990) ▶ 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. Open to Public Department of the Treasury Inspection Internal Revenue Service **Employer identification number** Name of the organization ST VINCENT HEALTHCARE 81-0232124 Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" on Form 990 Part IV line 33.)

rate 1 dentities and of bisiegal ded Endides (complete	ic ii the organizatio	in answered Tes	011 101111 220, 1	artiv, inic 33.)			
(a) Name, address, and EIN of disregarded entity	<b>(b)</b> Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	<b>(e)</b> End-of-year assets	<b>(f)</b> Direct controlling entity		
Part II Identification of Related Tax-Exempt Organization or more related tax-exempt organizations during the	ations (Complete e tax year.)	if the organization	answered "Yes"	on Form 990, P	art IV, line 34 becaus	e it had	one
(a) Name, address, and EIN of related organization	<b>(b)</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	Section 5 cont	g) 12(b)(1 rolled nzation
						Yes	No
See Additional Data Table							

Cat No 50135Y

Schedule R (Form 990) 2011

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

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.)

	thad one of more related	· · · · · · · · · · · · · · · · · · ·		p		ax <b>,</b> ca,																								
(a) Name, address, and EIN of related organization	<b>(b)</b> Primary activity	(c) Legal domicile (state or foreign country)		(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?		Disproprtionate allocations?		Disproprtionate		Disproprtionate		Disproprtionate		Disproprtionate		Disproprtionate		Disproprtionate		Disproprtionate		Disproprtionate		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	Gene man	j) eral or aging ener?	<b>(k)</b> Percentage ownership
							Yes	No		Yes	No																			
(1) PAVILION IMAGING LLC 750 WELLINGTON GRAND JUNCTION, CO 81501 03-0516198	RADIOLOGY	СО	NA	N/A																										
(2) GRAND VALLEY SURGICAL CENTER LLC 710 WELLINGTON GRAND JUNCTION, CO 81501 84-1505075	OP SURGERY	СО	NA	N/A																										
(3) SAN JUAN CANCER CENTER LLC 600 SOUTH 5TH STREET MONTROSE, CO 81401 20-2856331	OP CANCER	со	NA	N/A																										
(4) BILLINGS MRI CENTER LLC 1041 NORTH 29TH STREET BILLINGS, MT 59101 81-0450943	MRI-PET SCAN	MT	NA	N/A					0																					
(5) LUTHERAN CAMPUS ASC LLC 3455 LUTHRN PKW SUITE 150 WHEATRIDGE, CO 800336028 02-0749532	OP SURGERY	СО	NA	N/A																										
(6) COLORADO SURGICAL VENTURES LLC 30 S WACKER DR SUITE 2302 CHICAGO, IL 60605 20-8038915	OP SURGERY	СО	NA	N/A																										
(7) COLORADO SURGICAL HOSPITAL LLC 30 S WACKER DR SUITE 2302 CHICAGO, IL 60605 20-8038977	OP SURGERY	со	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.)

inc 34 because it had one of more related organizations are also a corporation of trust daring the tax year.											
(a) Name, address, and EIN of related organization	<b>(b)</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	<b>(g)</b> Share of end-of-year assets	<b>(h)</b> 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									

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 orga	anızatıons lısted ın Part	s II-IV?	Γ		
a Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity			1	а	No
<b>b</b> Gift, grant, or capital contribution to related organization(s)			1	b Yes	T
<b>c</b> Gift, grant, or capital contribution from related organization(s)			1	c Yes	
<b>d</b> Loans or loan guarantees to or for related organization(s)			1	d	No
e Loans or loan guarantees by related organization(s)			1	e	No
					T
f Sale of assets to related organization(s)			1	f	No
g Purchase of assets from related organization(s)			1	g	No
h Exchange of assets with related organization(s)			1	h	No
i Lease of facilities, equipment, or other assets to related organization(s)			1	.i	No
j Lease of facilities, equipment, or other assets from related organization(s)			1	j	No
k Performance of services or membership or fundraising solicitations for related organization(s)			1	k	No
I Performance of services or membership or fundraising solicitations by related organization(s)			1	J	No
m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)			1	m	No
n Sharing of paid employees with related organization(s)			1	n	No
			_		
• Reimbursement paid to related organization(s) for expenses			1	•	No
<b>p</b> Reimbursement paid by related organization(s) for expenses			1	p Yes	
<b>q</b> Other transfer of cash or property to related organization(s)			1	q	No
r Other transfer of cash or property from related organization(s)			1	r Yes	
			_		<u> </u>
2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line,	ıncludıng covered relat	ionships and transacti	on thresholds		
(a)	(b)	(c)	(d)	)	
Name of other organization	Transaction type(a-r)	Amount involved	Method of deterr	nınıng ar ⁄ed	nount
(1) ST VINCENT HEALTHCARE FOUNDATION	C	3,574,132	FMV		
(2) ST VINCENT HEATHCARE FOUNDATION					
(2) ST VINCENT HEATHCARE FOUNDATION	В	1,048,921	FMV		
(3) ST VINCENT HEATHCARE FOUNDATION	Р	7,183,021	FMV		
(4) HOLY ROSARY HEALTHCARE	Р	156,160	FMV		
<b>(5)</b>					
<del>(6)</del>					

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

# 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

<b>(a)</b> Name, address, and EIN of entity	<b>(b)</b> Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income(related, unrelated, excluded from tax under sections 512- 514)	org	(e) Are all partners section 501(c)(3) janizations?	<b>(f)</b> Share of total income	<b>(g)</b> Share of end-of-year assets	(h) Disproprtionate alloc		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	Gene man part	<b>j)</b> eral or aging ener?	<b>(k)</b> 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

Schedule R (Form 990) 2011

Software ID: **Software Version:** 

**EIN:** 81-0232124

Name: ST VINCENT HEALTHCARE

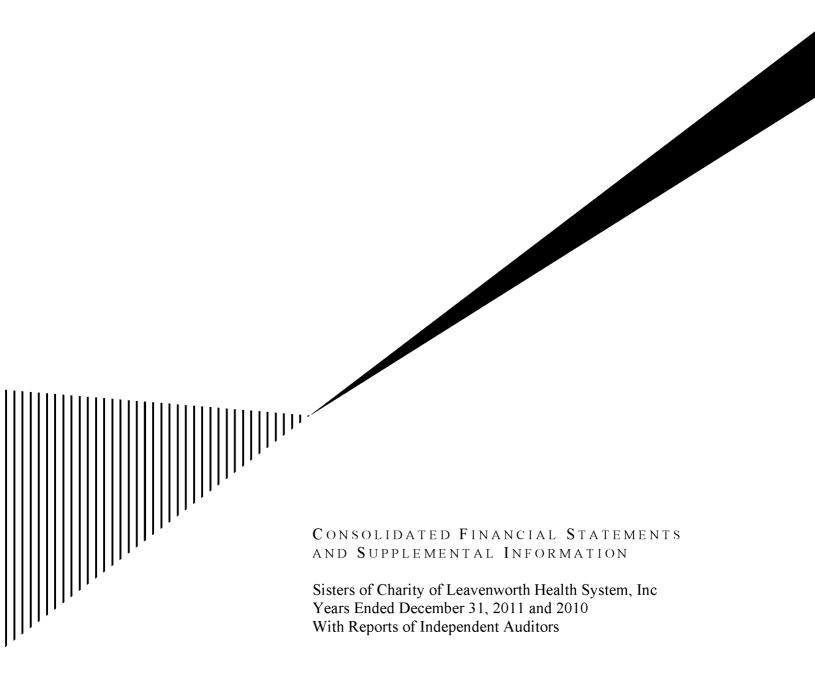
Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations							
<b>(a)</b> Name, address, and EIN of related organization	<b>(b)</b> Primary Activity	(c) Legal Domicile (State or Foreign Country)	<b>(d)</b> Exempt Code section	(e) Public charity status (if 501(c) (3))	<b>(f)</b> Direct Controlling Entity	Section (b)(i contro	n 512 l 3) olled
SISTERS OF CHARITY LEAVENWORTH HLTH SYST 2420 WEST 26TH AVE STE 100-D DENVER, CO 80211	SUPPORT MMBRS	KS	501(c) (3)	11B-TYPE II	NA		No
23-7379161 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	со	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 BETHANY COMMUNITY PLAZA INC	HEALTHCARE	KS	501(c) (3)	3	PMC	Yes	
15 NORTH 12TH STREET KANSAS CITY, KS 66102 48-1207407 PROVIDENCEST JOHN FOUNDATION	HEALTHCARE	KS	501(c) (3)	3	PMC	Yes	
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	HEALTHCARE	СО	501(c) (3)	3	SCLHS	Yes	
84-0425720 ST MARYS HOSPITAL DEVELOPMENT FOUNDATION 2635 N 7TH STREET GRAND JUNCTION, CO 81502	SUPPORT 501C3	со	501(c) (3)	11A-TYPE I	SMHMC	Yes	
23-7001007 SAINT JOSEPH HOSPITAL FOUNDATION  1835 FRANKLIN STREET DENVER, CO 80218	SUPPORT 501C3	со	501(c) (3)	11A-TYPE I	SJH	Yes	
84-0735096  HOLY ROSARY HEALTHCARE  2600 WILSON MILES CITY, MT 59301 81-0231792	HEALTHCARE	МТ	501(c) (3)	3	SCLHS	Yes	
HOLY ROSARY HEALTHCARE FOUNDATION INC  2600 WILSON MILES CITY, MT 59301	SUPPORT 501C3	МТ	501(c) (3)	11A-TYPE I	HRHC	Yes	
20-2270238 ST VINCENT HEALTHCARE FOUNDATION PO BOX 35200 BILLINGS, MT 59107	SUPPORT 501C3	МТ	501(c) (3)	7	svhc	Yes	
81-0468034  NORTHWEST RESEARCH & EDUCATION INSTITUTE  315 NORTH 25TH STREET BILLINGS, MT 59101	COMM HLTH RES	МТ	501(c) (3)	9	svhc	Yes	
20-1343024 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	МТ	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

Form 990, Schedule R, Part II - Id	lentification of Re	elated lax-e	xempt orga	inizations		
(a) Name, address, and EIN of related organization	<b>(b)</b> Primary Activity	(c) Legal Domicile (State or Foreign Country)	<b>(d)</b> Exempt Code section	(e) Public charity status (if 501(c) (3))	<b>(f)</b> 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	SJHC	Yes
SAINT JOHN'S HOSPITAL AND HLTH						
CTR FOUN  2121 SANTA MONICA BLVD  SANTA MONICA, CA 90404  95-6100079	SUPPORT 501C3	CA	501(c) (3)	11A-TYPE I	SJHC	Yes
EXEMPLA INC FKA LUTHERAN						
HOSPITAL  2420 W 26TH AVE SUITE 100D  DENVER, CO 80211	HEALTHCARE	со	501(c) (3)	3	SCLHS	Yes
84-1103606						
EXEMPLA LUTHERAN MEDICAL CENTER FNDTN  2480 W 26TH AVESUITE 360B	SUPPORT 501C3	co	501(c) (3)	7	EXEMPLA INC	Yes
DENVER, CO 80211 20-8846152						
EXEMPLA GOOD SAMARITAN MEDICAL CTR FNDTN			F01/-)		EVEMBLA INC	
200 EXEMPLA CIRCLE LAFAYETTE, CO 80026 84-1649162	SUPPORT 501C3	СО	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	со	501(c) (3)	11A-TYPE I	EXEMPLA INC	Yes
SAINT JOSEPH HOSPITAL						
1835 FRANKLIN STREET DENVER, CO 80218 84-0417134	HEALTHCARE	со	501(c) (3)	3	SCLHS	Yes
MOUNT ST VINCENT HOME INC						
4159 LOWELL BOULDEVARD DENVER, CO 80211 84-0405260	RESIDENT CARE	со	501(c) (3)	11A-TYPE I	SCLHS	Yes

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

form 990, Schedule R, Part III - Identification of Related Organizations Taxable as a Partnership												
(a) Name, address, and EIN of related organization	<b>(b)</b> Primary activity	(c) Legal Domicile (State or Foreign Country)	Controlling Entity	excluded from tax under	(f) Share of total Income (\$)	(g) Share of end-of- year assets (\$)	<b>(h)</b> Dısprop allocatı	ortionate	on		eral r iging	<b>(k)</b> Percentage ownership
				sections 512-514)			Yes	No		Yes	No	
PAVILION IMAGING LLC												
GRAND JUNCTION, CO 81501 03-0516198	RADIOLOGY	СО	NA	N/A								
GRAND VALLEY SURGICAL CENTER LLC												
710 WELLINGTON GRAND JUNCTION, CO 81501 84-1505075	OP SURGERY	со	NΑ	N/A								
SAN JUAN CANCER CENTER LLC												
600 SOUTH 5TH STREET MONTROSE, CO 81401 20-2856331	OP CANCER	СО	NA	N/A								
BILLINGS MRI CENTER LLC												
	MRI-PET SCAN	МТ	NA	N/A					0			
LUTHERAN CAMPUS ASC LLC												
3455 LUTHRN PKW SUITE 150 WHEATRIDGE, CO 800336028 02-0749532	OP SURGERY	со	NΑ	N/A								
COLORADO SURGICAL VENTURES LLC												
30 S WACKER DR SUITE 2302 CHICAGO, IL 60605 20-8038915	OP SURGERY	со	NΑ	N/A								
COLORADO SURGICAL HOSPITAL LLC												
30 S WACKER DR SUITE 2302 CHICAGO, IL 60605 20-8038977	OP SURGERY	СО	NA	N/A								



Ernst & Young LLP



# Consolidated Financial Statements and Supplemental Information

Years Ended December 31, 2011 and 2010

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Ernst & Young LLP

Suite 3300 370 17th Street Denver, CO 80202

Tel +1 720 931 4000 Fax +1 720 931 4444 www.ev.com

# 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

April 25, 2012

1110-1302681

Ernst + Young LLP

# Consolidated Balance Sheets

	December 31		
		2011	2010
		(In Milli	ions)
Assets			
Current assets			
Cash and cash equivalents	\$		\$ 980
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	<u> </u>	4,619.9	\$ 4,729 3

	De	December 31		
	2011	2010		
	(In	Millions)		
Liabilities and net assets				
Current liabilities				
Current maturities of long-term obligations	-	5.4 \$ 104 2		
Accrued interest payable		<b>7.9</b> 33 3		
Due to broker		<b>3.4</b> 107 5		
Accounts payable	130			
Accrued salaries, wages, and benefits	110			
Other accrued expenses		1.3 68 9		
Total current liabilities	461	<b>1.4</b> 569 8		
Other noncurrent liabilities				
Reserve for self-insured risks	72	<b>2.3</b> 67 4		
Accrued pension payable	21	1.1 12 3		
Accrued swap payable	27	7 <b>.7</b> 13 3		
Other liabilities	19	<b>).9</b> 15 3		
	141	1.0 108 3		
Capital structure				
Bonds payable	1,366			
Other notes and capital leases payable		1.5 22 9		
	1,387			
Less current maturities		5.4 104 2		
	1,331	1.5 1.318 7		
Total liabilities	1,933	<b>3.9</b> 1.996 8		
Net assets				
Noncontrolling interest	251	1 <b>.3</b> 242 0		
SCLHS controlling interest	2,283	<b>3.2</b> 2.339 4		
Total unrestricted net assets	2,53-	<b>1.5</b> 2.581 4		
Temporarily restricted	120	<b>).7</b> 121 3		
Permanently restricted	3(	<b>).8</b> 29 8		
Total net assets	2,686			
Total liabilities and net assets	\$ 4,619	<b>0.9</b> \$ 4,729 3		

See accompanying notes

# Consolidated Statements of Operations

	Year Ended December 31 2011 2010			
		(In Millions	s)	
Patient services				
Operating revenue				
Net patient service revenue	\$	2,570.8 \$	2.534 1	
Other operating revenue		94.0	77 O	
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)	(19)	
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

1110-1302681 4

# Consolidated Statements of Changes in Net Assets

	Ye	ar Ended Decem 2011	iber 31	Ye	ar Ended Decem 2010	ber 31
	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		
Change in unrealized value of interest rate swaps	(14.2)	` ′		(2.4)	,	
Change in noncontrolling interest	2.1	(9.0)		_	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)	(67)	_
Pension-related charges other than net periodic						
pension costs	(39.9)	(39.9)	<del>-</del>	(9.3)	(93)	_
Net assets released for capital acquisitions	10.6	10.6		198	198	
	(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)	(417)	_
	(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

# 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	93			
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	198			
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 each and each equivalents		5.1	(38 4)			
Beginning cash and cash equivalents		98.0	136 4			
Ending cash and cash equivalents	<u>\$</u>	103.1 \$	98 0			
Supplemental disclosures of cash flow information						
Cash paid during the year for interest, including amounts capitalized	S	65.0 \$	30 1			
Interest expense capitalized	<u></u>	0.6 \$	41			
Capitalized lease obligations	<u>-</u>	- \$				
captainzed teate obligations		— ψ				

See accompanying notes

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#### 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	Lafay ette, Colorado
Exempla Good Samaritan Medical Center Foundation	Lafayette, Colorado
Exempla Partners, LLC	Denver, Colorado

Notes to Consolidated Financial Statements (continued)

### 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	Lafavette, 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

# Notes to Consolidated Financial Statements (continued)

# 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

Notes to Consolidated Financial Statements (continued)

#### 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.

Notes to Consolidated Financial Statements (continued)

#### 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)

Notes to Consolidated Financial Statements (continued)

#### 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

Notes to Consolidated Financial Statements (continued)

#### 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

Notes to Consolidated Financial Statements (continued)

#### 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.

Notes to Consolidated Financial Statements (continued)

#### 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

Notes to Consolidated Financial Statements (continued)

#### 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.

Notes to Consolidated Financial Statements (continued)

### 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.

# Notes to Consolidated Financial Statements (continued)

#### 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)			<u>(s)</u>
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 Medicard 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 I	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.

Notes to Consolidated Financial Statements (continued)

#### 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		1890
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
Commungled funds		22.1		16 3
		1,892.0		1,9186
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

Notes to Consolidated Financial Statements (continued)

#### 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

	<b>Annual Interest Rates</b>	2011	2010
		(In Millie	ons)
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	Vanable 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)	$(104\ 2)$
	<u>s</u>	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

Notes to Consolidated Financial Statements (continued)

#### 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.

Notes to Consolidated Financial Statements (continued)

#### 6. Capital Structure (continued)

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

				eduled, With able Classified
Years Ending December 31	S	cheduled	a	s Current
			(In Mil	lions)
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

Notes to Consolidated Financial Statements (continued)

#### 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.

Notes to Consolidated Financial Statements (continued)

### 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 Val	ue	Measurements	s at Reporting	g Da	ite Using
				Quoted Prices in Active	Significant Other		Significant
				Markets for	Observ able	ι	Inobserv able
			Id	lentical Assets			Inputs
	<u>F</u>	fair Value		(Level 1)	(Level 2)		(Level 3)
				(In Mi	llions)		
Assets							
Investments							
Cash and short-term investments	\$	221 5	\$	221 5	\$ -	\$	_
Commungled 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	\$	_

Notes to Consolidated Financial Statements (continued)

#### 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 Val	lue	Measurements	at Reporting	<b>Date Using</b>
	F	air Value	(	Quoted Prices in Active Markets for lentical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
				(In Mu	llions)	
Assets						
Investments					_	
Cash and short-term investments	\$	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

Notes to Consolidated Financial Statements (continued)

#### 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.

Notes to Consolidated Financial Statements (continued)

### 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			Exem	Exempla Plan			
		2011		2010	2011		2010	
		(In A	<i>[illio</i>	ns)	(In A	fillioi	<u>15)</u>	
Change in projected benefit obligation								
Projected benefit obligation at beginning of year	\$	289.0	\$	259 0	\$ 50.5	\$	<b>4</b> 6 6	
Service cost		2.5		16	_		_	
Interest cost		14.3		15 2	<b>2.</b> 7		28	
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		<b>4</b> 3 9	
Actual return on plan assets		_		38 4	0.1		49	
Contributions		<b>7.1</b>		1 1	_		-	
Benefits paid		(20.0)		(12.6)	(2.6)		$(2\ 5)$	
Expenses paid		(1.3)		(16)	_			
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

	SCLI	IS Pla	ans	Exem	pla P	lan
	 2011		2010	2011		2010
	 (In A	Illion	is)	(In A	fillioi	15)
Unrecognized actuarial losses Unrecognized prior service costs	\$ 80.4 1.8	\$	45 3 3 3	\$ 22.8	\$	16 <b>5</b>
	\$ 82.2	\$	48 6	\$ 22.8	\$	16 5

Notes to Consolidated Financial Statements (continued)

### 9. Retirement Plans (continued)

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

	SCLHS Plans			Exem	pla Plan		
	 2011		2010	2011	_	2010	
	(In M	fillior	is)	(In A	fillior	is)	
Unrecognized actuarial losses	\$ 35.8	\$	10 0	\$ 7.9	\$	16	
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 A	fillioi	75)		(In M	illion	rs)
Components of net periodic benefit cost								
Service cost	\$	4.2	\$	3 0	\$	_	\$	_
Interest cost		14.3		15 2		2.7		28
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	\$	13

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

	SCLH	S Plans	Exemp	ola Plan
	2011	2010	2011	2010
Discount rate Rate of increase in future compensation levels	4.83%	5 27%	4.91%	5 41%
(age graded)	2.50 to 9.00	2 50 to 9 00	N/A	N/A

Notes to Consolidated Financial Statements (continued)

#### 9. Retirement Plans (continued)

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

	SCLHS	Plans	Exemp	la Plan
	2011	2010	2011	2010
Discount rate	5 <b>37</b> 0/	6.000/	5 410/	6.000/
Discount rate  Expected return on plan accets	5.27% 7.50	6 00% 7 50	5.41% 7.50	6 00% 7 00
Expected return on plan assets Rate of increase in future compensation levels	7.50	7 50	7.50	7 00
(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 A	llocation
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	118
Global/international equities	32 0	30.1	32 0
Real estate	15 0	14.2	11 1
Core hedge funds	5 0	<b>3.</b> 7	4 2
Tactical allocation funds	5 0	<b>4.</b> 7	4 5
	100 0%	100.0%	100 0%

Notes to Consolidated Financial Statements (continued)

### 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		M: I	Quoted Prices in Active arkets for dentical Assets Level 1)	Ob I	nificant Other servable nputs evel 2)	Un	Significant nobservable Inputs (Level 3)	
				(In A	Illions	)			
<b>December 31, 2011</b>									
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	
Commungled 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		_	
. 15500 5000000 500000005	<u> </u>	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		<b>5</b> 6 0		_		_	
Domestic equities		27 9		27 9		_		_	
Real estate		276		_		_		27 6	
Hedge funds		12 6		_		_		12 6	
Corporate debt		8 4		_		8 4		_	
Agency mortgage-backed						0.7			
securities		0.7		-		0.7		_	
Collateralized obligations		0.1		_		0.1		_	
Asset-backed securities		01	Φ.	252.1	ı.	01	Ф.	- 10.2	
	\$	301 9	\$	252 4	\$	93	\$	40 2	

# Notes to Consolidated Financial Statements (continued)

#### 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

	Alternati Investme	
	(I	n 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.

Notes to Consolidated Financial Statements (continued)

#### 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								
	Fai	r Value		Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
December 31, 2011 Assets Enhanced cash and cash equivalents Mutual funds Real estate funds	\$ <u>\$</u>	27.9 10.5 5.4 43.8		27.9 10.5 —	\$	(lions) - - - -	s	- - 5.4 5.4	
December 31, 2010 Assets Enhanced cash and cash equivalents Mutual funds Real estate funds	\$ <del>\</del>	2 4 39 9 4 0 46 3	\$	2 4 39 9 - 42 3	\$	_ _ _	\$	- - 40 40	
	<b>D</b>	+0.3	Þ	+2.3	Þ		Þ	+ 0	

Notes to Consolidated Financial Statements (continued)

### 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

		rnative stments
	(In .	Millions)
Fair value at December 31, 2009	\$	2 3
Contributions		13
Investment income		0.1
Unrealized gains		0.3
Fair value at December 31, 2010		40
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

	CLHS Plans	Exempla Plan
	(In Mi	llions)
2012	\$ 18 4	\$ 29
2013	18 1	3 0
2014	20 1	3 2
2015	22 0	3 3
2016	22 0	3 5
2017–2020	1216	18 9

Notes to Consolidated Financial Statements (continued)

#### 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 \$10 million per claim up to an annual aggregate of \$30 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 \$20 million, \$200 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 40% 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

Notes to Consolidated Financial Statements (continued)

#### 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

Notes to Consolidated Financial Statements (continued)

#### 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	59
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 received at December 31 as follows

	2011		2010
		(In Mil	lions)
Due in one year or less	\$	20.5	\$ 243
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



Ernst & Young LLP

Suite 3300 370 17th Street Denver, CO 80202

Tel +1 720 931 4000 Fax +1 720 931 4444 www ey com

# 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

April 25, 2012

1110-1302681

Ernst + Young LLP

# 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				
		Restrict	ed		Consolida	ited	
		2011	2010		2011	2010	
			(In M	illion	s)	_	
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	514		58.1	516	
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	(696)	
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	<u>\$</u>	0.8 \$	20 7	\$	8.9 \$	25 7	

### Sources of Patient Revenue

#### December 31, 2011

The primary sources of consolidated gross patient service charges include Medicare, state-administered Medicard 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 1	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%		

# 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 M	illion	:5)		
Long-term debt							
Master Trust Indenture debt (net of							
original issue discount, net)	\$	1,361.5 \$	1,395 0	\$	1,361.5 \$	1,3950	
Other long-term indebtedness		<b>22.</b> 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	2,5814	
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%	

# 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							
		Rest	trict	ed	Consolidated			
		2011		2010		2011		2010
				(In M	illion:	5)		
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		514		58.1		516
Total consolidated income available for								
debt service	<u>\$</u>	321.5	\$	246 0	<u>\$</u>	336.3	\$	246 7
Consolidated annual debt service								
requirements <sup>(1)</sup>	<u>\$</u>	98.6	\$	45 9	\$	98.9	\$	46 4
Actual debt service coverage ratio – all								
long-term debt <sup>(2)</sup>		3 3x		5.4x		3 4x		5 3 x
<del>-</del>								

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

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

#### 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 <sup>(1)</sup>	(0.2)%	(2 6)%	0.0%	(2 8)%
Operating income margin <sup>(2)</sup>	0.1%	0.9%	0.4%	1 0%
Return on net assets <sup>(3)</sup>	0.0%	0.9%	0.5%	1 1%
Debt service coverage <sup>(4)</sup>	3.3x	5 4x	3.4x	5 3 x
Days` cash on-hand (excluding self- insured risk funds and trustee-held				
funds) <sup>(5)</sup>	281	266	301	300
Cushion ratio <sup>(6)</sup>	18.0x	38 6x	19.5x	42 0x

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

- Return on net assets = excess (deficit) of revenue over expenses/unrestricted net assets
- Debt service coverage = (excess (deficit) of revenue over expenses change in unrealized gains (losses), net + depreciation and amortization + interest and amortization)/annual debt service
- 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

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

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 2011 2010 2010 Utilization statistics Licensed beds<sup>(1)</sup> 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 114,191 116,275 116,944 115,166 506,571 Patient days 512,593 527,065 534,910 Average length of stay 4.4 44 4.6 46

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

# Emst & Young LLP

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