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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2011

Open to Public Inspection

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

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

C Name of organization
ST JOSEPH HOSPITAL

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
1835 FRANKLIN STREET

City or town, state or country, and ZIP + 4
DENVER, CO 80218

D Employer identification number
84-0417134

E Telephone number
(303)467-4145

G Gross receipts $ 455,281,035

F Name and address of principal officer
BAIN FARRIS

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

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

H(c) Group exemption number ▶ 0928

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

J Website: ▶ WWW EXEMPLA ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1873 | **M** State of legal domicile CO

Part I Summary

1 Briefly describe the organization's mission or most significant activities
THE JOINT MISSION OF EXEMPLA AND ST JOSEPH HOSPITAL IS TO FOSTER HEALING AND HEALTH FOR THE GREATER DENVER COLORADO METROPOLITAN SERVICE AREA

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	10
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	9
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	2,522
6	Total number of volunteers (estimate if necessary)	**6**	350
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	697,216
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	254,821

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	1,044,496	902,306
9	Program service revenue (Part VIII, line 2g)	416,572,921	444,377,719
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	5,997,458	5,090,490
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-1,290,702	-1,534,411
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	422,324,173	448,836,104
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	112,811	79,324
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	188,531,515	196,755,615
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	206,938,815	219,789,321
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	395,583,141	416,624,260
19	Revenue less expenses Subtract line 18 from line 12	26,741,032	32,211,844

		Beginning of Current Year	End of Year
Net Assets or Fund Balances			
20	Total assets (Part X, line 16)	456,254,669	489,755,294
21	Total liabilities (Part X, line 26)	95,082,292	98,287,851
22	Net assets or fund balances Subtract line 21 from line 20	361,172,377	391,467,443

Part II Signature Block

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

Sign Here

▶ Signature of officer — 2012-11-13 Date

▶ TODD CONKLIN SVP AND CFO
Type or print name and title

Paid Preparer's Use Only

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

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ ERNST & YOUNG US LLP
TWO NORTH CENTRAL AVENUE STE 2300
PHOENIX, AZ 85004

EIN ▶

Phone no ▶ (602) 322-3000

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

THE JOINT MISSION OF EXEMPLA AND ST JOSEPH HOSPITAL IS TO FOSTER HEALING AND HEALTH FOR THE GREATER DENVER COLORADO METROPOLITAN SERVICE AREA

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

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

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

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 321,438,370 including grants of $ 0) (Revenue $ 406,526,966)

Provision of hospital based healthcare services, including charity care and unreimbursed Medicaid - see description in Schedule O

4b (Code) (Expenses $ 16,464,527 including grants of $ 0) (Revenue $ 12,540,216)

Health professions education - See detailed descriptions in Schedule O

4c (Code) (Expenses $ 16,122,438 including grants of $ 0) (Revenue $ 21,720,624)

COMPREHENSIVE CANCER CENTER - See detailed descriptions in Schedule O

4d Other program services (Describe in Schedule O)

(Expenses $ 929,207 including grants of $ 79,324) (Revenue $ 3,589,913)

4e **Total program service expenses** ▶ $ 354,954,542

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules *(continued)*

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

Part V **Statements Regarding Other IRS Filings and Tax Compliance**

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	**1a**	0		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		**1c**		
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	2,522		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?		**2b**		
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?		**3a**	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*		**3b**	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?		**4a**		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .		**5a**		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		**5b**		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?		**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?		**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?		**7a**		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		**7b**		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		**7e**		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .		**7f**		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		**7h**		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		**8**		
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?		**9a**		
b	Did the organization make a distribution to a donor, donor advisor, or related person?		**9b**		
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	**11a**			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?		**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state		**13a**		
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**			
c	Enter the aggregate amount of reserves on hand	**13c**			
14a	Did the organization receive any payments for indoor tanning services during the tax year?		**14a**		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .		**14b**		

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	10		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	9		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .		3	Yes	
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4	Yes	
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .		5		No
6	Did the organization have members or stockholders?		6	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		7a	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

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

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request

19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public See Additional Data Table

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶

EXEMPLA INC CO SHARON OWENS
2480 W 26TH AVE 200B
DENVER,CO 80211
(303)813-5280

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) KOGER PROPST DIRECTOR, VICE CHAIR	2 0	X		X				0	0	0
(2) FELIX W COOK SR DIRECTOR	2 0	X						0	0	0
(3) MICHAEL CHASE MD DIRECTOR	2 0	X						0	0	0
(4) JOHN V MCDERMOTT DIRECTOR	2 0	X						0	0	0
(5) KATHRYN A PAUL DIRECTOR	2 0	X						0	0	0
(6) BRUCE WARING MD DIRECTOR	2 0	X						0	0	0
(7) SISTER AMY WILLCOTT DIRECTOR	2 0	X						0	0	0
(8) MICHAEL A SLUBOWSKI CHAIRMAN	2 0	X		X				0	1,304,791	10,969
(9) MARLA J WILLIAMS DIRECTOR	2 0	X						0	0	0
(10) SALLY WOOLSEY DIRECTOR	2 0	X						0	0	0
(11) TODD A CONKLIN SVP & CFO, TREASURER	25 0			X				0	681,316	87,081
(12) DAVID HAMM PRESIDENT & CEO-EGSMC	50 0			X				0	673,388	95,182
(13) DAVID C PECORARO SVP & CIO	25 0			X				0	428,616	58,070
(14) KATHRYN LOUISE BALLINGER VP & GENERAL COUNSEL, SECRETAR	50 0			X				0	768,828	34,536
(15) LISA S KETTERING SR VP-CMO (SYSTEM)	50 0			X				0	167,272	23,882
(16) BAIN FARRIS PRESIDENT & CEO-ESJH	50 0			X				0	553,036	99,532
(17) GRANT WICKLUND PRESIDENT & CEO-ELMC	50 0			X				0	504,239	77,959

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) ROBERT LADENBURGER PRESIDENT&CEO-EXEMPLA	25 0			X				0	1,086,761	84,694
(19) BRADLEY KEITH LUDFORD VP-FINANCE (ESJH)	50 0				X			245,341	0	39,408
(20) MARY E SHEPLER VP-CHIEF NURSING OFFICER	50 0				X			213,764	0	36,681
(21) BARBARA A JAHN CHIEF OPRTG OFCR-ESJH	50 0				X			242,480	0	32,414
(22) VANITA BELLEN VP-HUMAN RESOURCES (ESJH)	50 0				X			146,644	0	10,870
(23) ALWIN F STEINMANN CHIEF ACADEMIC MEDICINE	50 0				X			300,644	0	19,127
(24) SHAWN P DUFFORD VP-MED AFFIARS & CMO	50 0				X			198,383	0	8,001
(25) ROBERT GIBBONS MED DIR-INTERNAL MED	50 0					X		321,726	0	37,863
(26) JOHN T MOORE MED DIR-SURGERY ED	50 0					X		285,642	0	34,682
(27) CHRISTINE RUTH GIESING PHYSICIAN-GME FACULTY	50 0					X		226,123	0	31,856
(28) G EDWARD KIMM JR PHYSICIAN-GME FACULTY	50 0					X		249,496	0	16,587
(29) RACHEL A GAFFNEY PHYSICIAN-GME FACULTY	50 0					X		233,718	0	28,666
(30) WILLIAM M MURRAY CHAIRMAN & SCLHS CEO, FORMER	0 0						X	0	1,848,716	23,674
1b Sub-Total . . . . . ▶										
c Total from continuation sheets to Part VII, Section A . . . . ▶										
d Total (add lines 1b and 1c) . . . . . ▶								2,663,961	8,016,963	891,734

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 148

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 0

Part VIII Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d	902,306			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		902,306			
Program Service Revenue			Business Code				
	2a	NET PATIENT REV	622110	429,995,900	429,298,684	697,216	
	b	EDUCATION & OTHER	611600	9,798,219	9,798,219		
	c	ADMIN MISC INCOME	900003	1,392,130	1,392,130		
	d	MEANINGFUL USE INCENTIVE	622110	3,191,470	3,191,470		
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		444,377,719			
	3	Investment income (including dividends, interest and other similar amounts)		4,409,108			4,409,108
	4	Income from investment of tax-exempt bond proceeds		0			
	5	Royalties		0			
			(i) Real	(ii) Personal			
	6a	Gross rents	3,056,843				
	b	Less rental expenses	3,489,308				
	c	Rental income or (loss)	-432,465				
	d	Net rental income or (loss)		-432,465			-432,465
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	892,002	60,950			
	b	Less cost or other basis and sales expenses		271,570			
	c	Gain or (loss)	892,002	-210,620			
	d	Net gain or (loss)		681,382			681,382
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 a					
	b	Less direct expenses b					
	c	Net income or (loss) from fundraising events		0			
	9a	Gross income from gaming activities See Part IV, line 19 a					
	b	Less direct expenses b					
	c	Net income or (loss) from gaming activities		0			
	10a	Gross sales of inventory, less returns and allowances a	1,582,107				
	b	Less cost of goods sold b	2,684,053				
	c	Net income or (loss) from sales of inventory		-1,101,946	-1,101,946		
		Miscellaneous Revenue	Business Code				
	11a						
	b						
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d		0			
	12	**Total revenue.** See Instructions		448,836,104	442,578,557	697,216	4,658,025

Part IX Statement of Functional Expenses

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

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21	79,324	79,324		
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	1,055,325	928,900	126,425	0
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	156,169,041	137,460,468	18,708,573	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	7,814,324	6,878,192	936,132	
9	Other employee benefits	20,905,169	18,400,794	2,504,375	
10	Payroll taxes	10,811,756	9,516,541	1,295,215	
11	Fees for services (non-employees)				
a	Management	4,528,701	2,310,914	2,217,787	
b	Legal	601,680	0	601,680	
c	Accounting	159,628	0	159,628	
d	Lobbying	0			
e	Professional fundraising *See Part IV, line 17* . .	0			
f	Investment management fees	0			
g	Other	28,394,493	21,072,955	7,321,538	
12	Advertising and promotion	762,488	0	762,488	
13	Office expenses	2,788,944	1,611,469	1,177,475	
14	Information technology	4,179,403	178,495	4,000,908	
15	Royalties . .	0			
16	Occupancy	10,136,854	7,093,533	3,043,321	
17	Travel	446,581	333,539	113,042	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	273,420	204,343	69,077	
20	Interest	2,087,252	0	2,087,252	
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	38,720,821	27,389,650	11,331,171	
23	Insurance	3,013,413	623,368	2,390,045	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	BAD DEBT EXPENSE	9,999,326	9,999,326		
b	MEDICAID PROVIDER FEE	17,369,602	17,369,602		
c	MEDICAL SUPPLIES	70,411,370	69,631,427	779,943	
d	SYSTEM EQUALIZATION EXPENSE	20,082,262	20,082,262		
e					
f	All other expenses	5,833,083	4,412,808	1,420,275	
25	**Total functional expenses.** Add lines 1 through 24f	416,624,260	355,577,910	61,046,350	0
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		7,902,871	1	2,365,144
	2	Savings and temporary cash investments		608,178	2	10,792,526
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		55,326,421	4	50,169,401
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L		0	6	0
	7	Notes and loans receivable, net		60,000,000	7	60,000,000
	8	Inventories for sale or use		5,390,429	8	5,273,610
	9	Prepaid expenses and deferred charges		1,080,529	9	1,521,771
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 543,306,318			
	b	Less accumulated depreciation	10b 301,372,088	208,265,281	10c	241,934,230
	11	Investments—publicly traded securities		51,585,500	11	55,740,467
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		39,170,249	13	34,968,252
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		26,925,211	15	26,989,893
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		456,254,669	16	489,755,294
Liabilities	17	Accounts payable and accrued expenses		33,350,686	17	27,887,243
	18	Grants payable		0	18	0
	19	Deferred revenue		4,224	19	4,266
	20	Tax-exempt bond liabilities		0	20	0
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*		0	21	0
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		0	23	0
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		61,727,382	25	70,396,342
	26	**Total liabilities.** Add lines 17 through 25		95,082,292	26	98,287,851
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		360,990,781	27	391,282,077
	28	Temporarily restricted net assets		181,596	28	185,366
	29	Permanently restricted net assets		0	29	0
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		361,172,377	33	391,467,443
	34	Total liabilities and net assets/fund balances		456,254,669	34	489,755,294

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	448,836,104
2	Total expenses (must equal Part IX, column (A), line 25)	2	416,624,260
3	Revenue less expenses Subtract line 2 from line 1	3	32,211,844
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	361,172,377
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-1,916,778
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	391,467,443

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ST JOSEPH HOSPITAL

Employer identification number
84-0417134

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

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

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

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

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

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

_____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

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

Section C. Computation of Public Support Percentage

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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

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

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

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

Facts And Circumstances Test

Explanation

Additional Data

Software ID:
Software Version:
EIN: 84-0417134
Name: ST JOSEPH HOSPITAL

Form 990, Special Condition Description:

Special Condition Description

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
KOGER PROPST DIRECTOR, VICE CHAIR	2 0	X		X				0	0	0
FELIX W COOK SR DIRECTOR	2 0	X						0	0	0
MICHAEL CHASE MD DIRECTOR	2 0	X						0	0	0
JOHN V MCDERMOTT DIRECTOR	2 0	X						0	0	0
KATHRYN A PAUL DIRECTOR	2 0	X						0	0	0
BRUCE WARING MD DIRECTOR	2 0	X						0	0	0
SISTER AMY WILLCOTT DIRECTOR	2 0	X						0	0	0
MICHAEL A SLUBOWSKI CHAIRMAN	2 0	X		X				0	1,304,791	10,969
MARLA J WILLIAMS DIRECTOR	2 0	X						0	0	0
SALLY WOOLSEY DIRECTOR	2 0	X						0	0	0
TODD A CONKLIN SVP & CFO, TREASURER	25 0			X				0	681,316	87,081
DAVID HAMM PRESIDENT & CEO-EGSMC	50 0			X				0	673,388	95,182
DAVID C PECORARO SVP & CIO	25 0			X				0	428,616	58,070
KATHRYN LOUISE BALLINGER VP & GENERAL COUNSEL, SECRETAR	50 0			X				0	768,828	34,536
LISA S KETTERING SR VP-CMO (SYSTEM)	50 0			X				0	167,272	23,882
BAIN FARRIS PRESIDENT & CEO-ESJH	50 0			X				0	553,036	99,532
GRANT WICKLUND PRESIDENT & CEO-ELMC	50 0			X				0	504,239	77,959
ROBERT LADENBURGER PRESIDENT&CEO-EXEMPLA	25 0			X				0	1,086,761	84,694
BRADLEY KEITH LUDFORD VP-FINANCE (ESJH)	50 0				X			245,341	0	39,408
MARY E SHEPLER VP-CHIEF NURSING OFFICER	50 0				X			213,764	0	36,681
BARBARA A JAHN CHIEF OPRTG OFCR-ESJH	50 0				X			242,480	0	32,414
VANITA BELLEN VP-HUMAN RESOURCES (ESJH)	50 0				X			146,644	0	10,870
ALWIN F STEINMANN CHIEF ACADEMIC MEDICINE	50 0				X			300,644	0	19,127
SHAWN P DUFFORD VP-MED AFFIARS & CMO	50 0				X			198,383	0	8,001
ROBERT GIBBONS MED DIR-INTERNAL MED	50 0					X		321,726	0	37,863

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
JOHN T MOORE MED DIR-SURGERY ED	50 0					X		285,642	0	34,682
CHRISTINE RUTH GIESING PHYSICIAN-GME FACULTY	50 0					X		226,123	0	31,856
G EDWARD KIMM JR PHYSICIAN-GME FACULTY	50 0					X		249,496	0	16,587
RACHEL A GAFFNEY PHYSICIAN-GME FACULTY	50 0					X		233,718	0	28,666
WILLIAM M MURRAY CHAIRMAN & SCLHS CEO, FORMER	0 0						X	0	1,848,716	23,674

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

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

OMB No 1545-0047

2011

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
ST JOSEPH HOSPITAL	84-0417134

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

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

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

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		2,565
j	Total lines 1c through 1i			2,565
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
LOBBYING EXPENDITURES	SCHEDULE C, PART II-B, QUESTION 1I	ST JOSEPH HOSPITAL INCURRED $2,565 IN LOBBYING EXPENDITURES THIS INCLUDES PORTIONS OF VARIOUS MEMBERSHIP DUES THAT ARE DESIGNATED AS LOBBYING EXPENSE BY THOSE ORGANIZATIONS IN WHICH ST JOSEPH HOSPITAL IS A MEMBER

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ST JOSEPH HOSPITAL

Employer identification number
84-0417134

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

		Yes	No
(i) unrelated organizations	3a(i)		
(ii) related organizations	3a(ii)		
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		13,543,038		13,543,038
b Buildings		156,245,581	57,898,130	98,347,451
c Leasehold improvements		30,925,426	6,866,198	24,059,228
d Equipment		287,270,855	234,048,210	53,222,645
e Other		55,321,418	2,559,550	52,761,868
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				241,934,230

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

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

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

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) INVESTMENT IN SYSTEM	34,968,252	C
Total. *(Column (b) should equal Form 990, Part X, col (B) line 13)* ▶	34,968,252	

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

(a) Description	(b) Book value
(1) INTEREST RCVBLE FROM EXEMPLA	23,830,316
(2) DEFERRED COMPENSATION ANNUITY	1,802,487
(3) PHARMACY SUPPLY DEPOSIT	1,357,090
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	26,989,893

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	0
ESTIMATED THIRD PARTY PAYER SETTLEMENT	599,035
ACCRUED INTEREST PAYABLE TO SCLHS	1,298,657
OTHER INTERCOMPANY S-T PAYABLES	10,924,548
ASBESTOS MITIGATION LIABILITY	3,301,005
MALPRACTICE LIABILITY	1,844,737
NOTES PAYABLE TO SCLHS	52,355,862
OTHER LIABILITIES	72,498
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	70,396,342

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

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

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

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

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
LIABILITY FOR UNCERTAIN TAX POSITIONS	SCHEDULE D PART X	EXEMPLA ACCOUNTS FOR UNCERTAINTY IN TAX POSITIONS IN ACCORDANCE WITH THE ACCOUNTING STANDARDS CODIFICATION (ASC) 740, INCOME TAXES, WHICH PRESCRIBES CRITERIA FOR THE FINANCIAL STATEMENT RECOGNITION AND MEASUREMENT OF A TAX POSITION TAKEN OR EXPECTED TO BE TAKEN IN A TAX RETURN ASC 740 ALSO PROVIDES GUIDANCE ON DERECOGNITION, CLASSIFICATION, INTEREST AND PENALTIES, ACCOUNTING IN INTERIM PERIODS, DISCLOSURE, AND TRANSITION MANAGEMENT HAS DETERMINED THAT THERE ARE NO MATERIAL UNCERTAIN TAX POSITIONS AS OF DECEMBER 31, 2011 AND 2010 TAX YEARS 2008 THROUGH 2011 REMAIN SUBJECT TO EXAMINATION BY FEDERAL AND STATE JURISDICTIONS

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ST JOSEPH HOSPITAL

Employer identification number
84-0417134

Part I Charity Care and Certain Other Community Benefits at Cost

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

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)	1		20,061,062		20,061,062	4 930 %
b Medicaid (from Worksheet 3, column a)	1		20,660,481	16,620,159	4,040,322	0 990 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs	2		40,721,543	16,620,159	24,101,384	5 920 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)	9		811,352		811,352	0 200 %
f Health professions education (from Worksheet 5)	6		19,454,108	4,538,118	14,915,990	3 670 %
g Subsidized health services (from Worksheet 6)	12		41,085,818	25,053,875	16,031,943	3 940 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)	6		129,177		129,177	0 030 %
j **Total** Other Benefits	33		61,480,455	29,591,993	31,888,462	7 840 %
k **Total.** Add lines 7d and 7j	35		102,201,998	46,212,152	55,989,846	13 760 %

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

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development						
3	Community support	2		24,415		24,415	0 010 %
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building	1		9,214		9,214	
7	Community health improvement advocacy						
8	Workforce development						
9	Other						
10	**Total**	3		33,629		33,629	0 010 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense	2	3,908,025		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	0		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	16,198,661		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	18,388,371		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-2,189,710		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures (see instructions)

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

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

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	ST JOSEPH HOSPITAL 1835 FRANKLIN STREET DENVER,CO 80218	X								

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

ST JOSEPH HOSPITAL

Name of Hospital Facility:

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

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

Part V Facility Information *(continued)*

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

Billing and Collections

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

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

Part V Facility Information *(continued)*

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

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

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

Part VI Supplemental Information

Complete this part to provide the following information

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

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
COMMUNITY BENEFIT REPORT	PART I, LINE 6A	COMMUNITY BENEFITS OF ST JOSEPH HOSPITAL (ESJH) ARE INCLUDED IN A REPORT PREPARED BY EXEMPLA HEALTHCARE

Identifier	ReturnReference	Explanation
COSTS ATTRIBUTABLE TO PHYSICIAN CLINICS	PART I, LINE 7G	THE ORGANIZATION DID NOT INCLUDE AS SUBSIDIZED HEALTH SERVICES ANY COSTS ATTRIBUTABLE TO PHYSICIAN CLINICS

Identifier	ReturnReference	Explanation
BAD DEBT EXPENSE	PART I, LINE 7G, COLUMN (F)	BAD DEBT EXPENSE INCLUDED ON PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE OF TOTAL EXPENSES IN SCHEDULE H PART I, LINE 7, COLUMN (H) IS $9,999,326

Identifier	ReturnReference	Explanation
COSTING METHODOLOGY	PART I, LINE 7	THE COST ACCOUNTING SYSTEM WAS USED AS THE BASIS TO CALCULATE THE AMOUNTS REPORTED AS CHARITY CARE AND MEANS-TESTED GOVERNMENT PROGRAMS THE COST ACCOUNTING SYSTEM ADDRESSES ALL PATIENT SEGMENTS THE COST OF SUBSIDIZED SERVICES WAS CALCULATED AS THE NET LOSS OF THE RELEVANT DEPARTMENT USING THE DEPARTMENTAL EXPENSES AND ALLOCATED OVERHEAD EXPENSES, AND THE DEDUCTION RATIO PER THE COST ACCOUNTING SYSTEM FOR SUBSIDIZED SERVICES, THE COST OF CHARITY, MEDICAID, AND SELF PAY PATIENTS WERE REMOVED IN THE CALCULATION

Identifier	ReturnReference	Explanation
COMMUNITY BUILDING ACTIVITIES	PART II	ST JOSEPH HOSPITAL INITIATED AND HOSTS A COMMUNITY BUILDING ACTIVITY CALLED THE COMMUNITY RESOURCES FORUM THE PRIMARY PURPOSE OF THE COMMUNITY RESOURCES FORUM IS TO IMPROVE HEALTH IN THE COMMUNITY IT CREATES AND FOSTERS NETWORKS OF PARTNERSHIPS ACROSS AGENCIES WITH A SPECIAL EMPHASIS ON SERVING VULNERABLE POPULATIONS AND MAXIMIZING SUPPORT AND RESOURCES FOR THESE COMMUNITY MEMBERS EACH MONTH BETWEEN SEVENTY-FIVE AND ONE HUNDRED REPRESENTATIVES FROM COMMUNITY AGENCIES, ORGANIZATIONS, GOVERNMENTAL SERVICE PROGRAMS, BUSINESSES AND HEALTH CARE PARTNERS MEET AT THE HOSPITAL TO NETWORK AND SHARE INFORMATION ABOUT HOW THEIR SERVICES BENEFIT THE COMMUNITY AND INDIVIDUALS DURING THESE MEETINGS, FIVE AGENCIES PRESENT MORE DETAILED INFORMATION WITH TIME FOR QUESTIONS AND COMMENTS FROM THE AUDIENCE THE COMMUNITY RESOURCES FORUM IS NOT DESIGNED TO PROVIDE ANY ADDITIONAL BENEFIT TO THE HOSPITAL AND WAS NOT CREATED AS A MARKETING ACTIVITY OR TO INCREASE REFERRALS OF PATIENTS THE HOSPITAL PROVIDES THE MEETING ROOM LOCATION, CONTINENTAL BREAKFAST AND STAFF COORDINATION OF THE FORUM AS THE HOSTS OF A SERVICE TO THE GREATER DENVER METRO COMMUNITY OVER 700 ORGANIZATIONS ARE LISTED IN THE COMMUNITY RESOURCE FORUM DATABASE AS HAVING MADE CONTACT WITH THE FORUM THE DATABASE IS NOT USED FOR ANY PURPOSE OTHER THAN NOTIFICATION OF UPCOMING COMMUNITY RESOURCE FORUM MEETINGS AND EVENTS

Identifier	ReturnReference	Explanation
BAD DEBT EXPENSE COSTING METHODOLOGY AND OTHER INFO	PART III, LINE 4	A COST TO CHARGE RATIO IS USED AS THE METHODOLOGY FOR DETERMINING THE AMOUNTS REPORTED AS COST OF BAD DEBT EXPENSE FOR ALL SELF-PAY ACCOUNTS, A STANDARD 40% DISCOUNT IS FIRST APPLIED TO CHARGES AS A DEDUCTION OF REVENUE BAD DEBT EXPENSE IS REFLECTED NET OF DISCOUNTS APPLIED AND PAYMENTS RECEIVED THE ORGANIZATION DOES NOT INCLUDE IN BAD DEBT EXPENSE ANY AMOUNT THAT COULD REASONABLY BE ATTRIBUTABLE TO PATIENTS WHO LIKELY WOULD QUALIFY FOR FINANCIAL ASSISTANCE UNDER THE HOSPITAL'S CHARITY CARE POLICY THE FOLLOWING ARE THE RELEVANT PORTIONS OF THE COMPANY'S FOOTNOTE TO THE FINANCIAL STATEMENTS RELATED TO BAD DEBT INCLUDED IN NET RECEIVABLES IS THE ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES THE ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES IS BASED UPON MANAGEMENT'S ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS AND TAKES INTO CONSIDERATION HISTORICAL BUSINESS AND ECONOMIC CONDITIONS, TRENDS IN HEALTHCARE COVERAGE, AND OTHER COLLECTION INDICATORS MANAGEMENT PERIODICALLY ASSESSES THE ADEQUACY OF THE ALLOWANCES FOR UNCOLLECTIBLE ACCOUNTS BASED UPON HISTORICAL WRITE-OFF EXPERIENCE BY PAYOR CATEGORY THE RESULTS OF THESE ASSESSMENTS ARE USED TO MODIFY, AS NECESSARY, THE PROVISION FOR BAD DEBTS AND TO ESTABLISH APPROPRIATE ALLOWANCES FOR UNCOLLECTIBLE NET PATIENT ACCOUNTS RECEIVABLE

Identifier	ReturnReference	Explanation
COSTING METHODOLOGY FOR MEDICARE COSTS	PART III, LINE 8	INPATIENT AND OUTPATIENT MEDICARE COSTS ARE CALCULATED ON THE COST REPORT INPATIENT COSTS ARE A PRODUCT OF ROUTINE SERVICE COSTS BASED ON PER DIEMS AND ANCILLARY COSTS BASED ON INPATIENT MEDICARE CHARGES FACTORED BY INPATIENT COST TO CHARGE RATIOS OUTPATIENT COSTS ARE BASED ON MEDICARE OUTPATIENT CHARGES FACTORED BY OUTPATIENT COST TO CHARGE RATIOS ST JOSEPH HOSPITAL DOES NOT RECOGNIZE THE MEDICARE SHORTFALL AS A COMMUNITY BENEFIT DEBT COLLECTION POLICY 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 OUR RESOURCES SO THAT WE CAN CONTINUE TO BE HERE WHEN PEOPLE NEED US MOST ST JOSEPH HOSPITAL NOTIFIES PATIENTS OF ITS FINANCIAL ASSISTANCE POLICY UPON ADMISSION, DISCHARGE AND IN COMMUNICATION REGARDING PATIENT BILLS PATIENTS ARE CONTACTED MULTIPLE TIMES ABOUT UNPAID BALANCES PRIOR TO INITIATING ANY COLLECTION ACTION IF A PATIENT IS DETERMINED TO BE ELIGIBLE FOR FINANCIAL ASSISTANCE AT ANY TIME DURING THE COLLECTION PROCESS, THE ACCOUNT IS RECLASSIFIED AS FINANCIAL ASSISTANCE AND DEBT COLLECTION EFFORTS ARE CEASED

Identifier	ReturnReference	Explanation
PUBLICIZING THE FINANCIAL ASSISTANCE POLICY	PART V, LINE 13G	ST JOSEPH HOPSITAL TREATS PATIENTS WITH RESPECT AND DIGNITY REGARDLESS OF THEIR ABILITY TO PAY ST JOSEPH HOSPITAL HAS A WRITTEN FINANCIAL ASSISTANCE POLICY THAT EXPLAINS ELIGIBILITY CRITERIA FOR FINANCIAL ASSISTANCE AT VARIOUS LEVELS, INCLUDING A 100% DISCOUNT, AND 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, AND 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 AVAILABILITY 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 QUALIFICATIONS FOR FINANCIAL ASSISTANCE WE POST FINANCIAL ASSISTANCE INFORMATION IN THE FORM OF A FINANCIAL ASSISTANCE BROCHURE IN EMERGENCY AND ADMISSIONS AREAS, ON BILLINGS INVOICES, IN VARIOUS AREAS AROUND THE HOSPITAL AND CLINIC SITES AND ON THE HOSPITAL WEBSITE THE BROCHURE EXPLAINS OUR FINANCIAL ASSISTANCE POLICY AND HOW IT IS ADMINISTERED THIS COVERS ELIGIBILITY, STEPS TO FOLLOW TO DETERMINE IF A PATIENT QUALIFIES FOR ASSISTANCE, TYPICAL CHARGES A PATIENT MAY EXPECT FOR ROUTINE PROCEDURES, AND ASSISTANCE AVAILABLE BASED ON A PATIENT'S INCOME LEVEL WE PROVIDE THESE MATERIALS AND EDUCATION WHEN PATIENTS ARE DISCHARGED, AND INCLUDE INFORMATION IN BILLING STATEMENTS, INCLUDING PHONE NUMBERS AND OTHER METHODS TO CONTACT US WITH QUESTIONS WE ENSURE THAT OUR FINANCIAL COUNSELORS, ADMISSION EMPLOYEES, SOCIAL WORKERS AND OTHER EMPLOYEES UNDERSTAND OUR POLICIES TO BE ABLE TO ASSIST PATIENTS IN THE MOST APPROPRIATE WAY WE ALSO PROVIDE THE DETAILED FINANCIAL ASSISTANCE POLICY TO INDIVIDUALS UPON REQUEST AND POST THE POLICY TO OUR WEBSITE TO ENSURE THE ENTIRE COMMUNITY HAS ACCESS TO SUCH INFORMATION AMOUNTS BILLED TO UNINSURED INDIVIDUALS PART V, LINE 19D THE FACILITY AUTOMATICALLY APPLIES A 40% DISCOUNT FOR ANY PATIENT WITHOUT INSURANCE IF AN INDIVIDUAL QUALIFIES FOR FINANCIAL ASSISTANCE AND HAS INCOME BELOWW 200% OF THE FEDERAL POVERTY GUIDELINES, THE FULL ACCOUNT BALANCE IS ADJUSTED TO ZERO IF INCOME IS BETWEEN 200% AND 400% OF THE FEDERAL POVERTY GUIDELINES OR IS DETERMINED TO BE MEDICALLY INDIGENT EVEN IF THEIR INCOME IS ABOVE 400% OF THE FEDERAL POVERTY GUIDELINES, A MODEST PATIENT FINANCIAL RESPONSIBILITY IS DETERMINED FOLLOWING A COPAY GRID THE GRID TAKES INTO CONSIDERATION INCOME AND FAMILY SIZE, AND IS DESIGNED TO RESULT IN AN AMOUNT THAT IS LOWER THAN THE LOWEST COMMERCIAL PAYER RATES

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT	PART VI, LINE 2	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 JOSEPH HOSPITAL (ESJH) HAS REGULARLY PARTICIPATED IN NEEDS ASSESSMENT SURVEYS TO IDENTIFY THE ONGOING AND CHANGING NEEDS OF THE COMMUNITY THE MOST RECENT SURVEY WAS CONDUCTED IN DECEMBER 2009, AND ONE IS SCHEDULED TO BE COMPLETED IN 2012 THIS ASSESSMENT STUDIES A DEFINED COMMUNITY SERVED BY ST JOSEPH HOSPITAL, AND IS DONE BY PARTNERING WITH LOCAL GOVERNMENT AND SOCIAL AGENCIES, AND CONDUCTING SURVEYS AND ASSESSMENTS WITH THE ASSISTANCE OF OUTSIDE CONSULTANTS WE ALSO CONTINUOUSLY ASSESS THE NEEDS OF THE COMMUNITY THROUGH CLOSE WORKING RELATIONSHIPS AND PARTNERSHIPS WITH SERVICE AGENCIES IN THE COMMUNITY, AND BY EVALUATING STATE AND COUNTY HEALTH STATISTICS IN 2009 ESJH FORMED A COMMUNITY OUTREACH COUNCIL FOR THE FOLLOWING PURPOSES TO EMPOWER COMMUNITY MEMBERS, PARTICULARLY THE UNDERSERVED, TO ACHIEVE IMPROVED HEALTH AND WELLNESS, TO COLLABORATE WITH EXTERNAL PARTNERS AND RESOURCES TO ADDRESS IDENTIFIED NEEDS, AND TO FOSTER AN APPRECIATION FOR COMMUNITY SERVICE AND ENGAGEMENT IN SERVICE ACTIVITIES AMONG HOSPITAL EMPLOYEES THE COMMUNITY OUTREACH COUNCIL WAS CHARGED TO DEVELOP AND OVERSEE THE COMMUNITY BENEFIT PROGRAMS FOR THE HOSPITAL TO DEVELOP THE COMMUNITY BENEFIT PLAN FOR 2009, THE COMMUNITY OUTREACH COUNCIL COMPLETED A NEEDS ASSESSMENT OF COMMON COMMUNITY HEALTH INDICATORS AND REVIEWED INTERNAL CHARITY CARE PATIENT DATA ADDITIONALLY, THE COUNCIL REVIEWED CURRENT COMMUNITY BENEFIT PROGRAMMING TO ASSESS OPPORTUNITIES TO ALIGN CURRENT COMMUNITY BENEFIT EFFORTS WITH IDENTIFIED NEEDS THE INITIAL NEEDS ASSESSMENT INDICATED THREE AREAS OF CONCERN FOR CERTAIN SUBPOPULATIONS OF THE UNDERSERVED POOR HEALTH INDICATORS, POOR PERI-NATAL HEALTH AND POOR ACCESS TO CARE USING THESE INDICATORS, THE COUNCIL CREATED FOUR GOALS - DEVELOP THE NEWLY FORMED COUNCIL INTO A HIGHLY EFFECTIVE AND ENGAGED COMMUNITY OUTREACH COUNCIL - MAXIMIZE COMMUNITY PARTNERSHIPS WITH A FOCUS ON THE MEDICALLY UNDERSERVED GEOGRAPHIC AREAS OF THE HOSPITAL - INTEGRATE THE FAMILY CENTERED CARE MODEL IN OUTPATIENT SETTING FOR VULNERABLE PREGNANT WOMEN, THEIR SUPPORT SYSTEMS AND THEIR CHILDREN FROM CONCEPTION THOUGH AGE THREE - PROVIDE CANCER PREVENTION, SCREENING AND TREATMENT TO UNDERSERVED POPULATIONS IN THE AREAS OF GYNECOLOGICAL, BREAST AND COLORECTAL CANCERS THE COMMUNITY OUTREACH COUNCIL REALIZED THE FOLLOWING OUTCOMES - TEN TOURS CONDUCTED WITH LOCAL AGENCIES FOR ANALYSIS OF SYNCHRONICITY BETWEEN HOSPITAL AND LOCAL PARTNER THE AGENCIES WERE EVALUATED WITH A WEIGHTED PRIORITY MATRIX AND DECISIONS WERE MADE TO SUPPORT THESE AGENCIES BASED ON THE POTENTIAL OUTCOMES FOR IMPROVED HEALTH - RESEARCH AND DEFINITION OF FAMILY CENTERED CARE MODEL INCLUDING PATIENT AND EMPLOYEE SURVEYS STRATEGIC ENGAGEMENT OF KEY PARTNERS TO MOVE THIS WORK FORWARD INCLUDING THE WOMEN'S AND CHILDREN'S SERVICE LINE TEAM - IMPROVED COORDINATION AND PROCESSES FOR CONNECTING UNDERSERVED CANCER PATIENTS WITH AVAILABLE RESOURCES AND CARE MAXIMIZED THE USE OF AVAILABLE FINANCIAL RESOURCES FOR CANCER PATIENTS AND INCREASED THE NUMBER OF UNDERSERVED WOMEN RECEIVING SERVICE FROM THE ESJH MOBILE MAMMOGRAPHY VAN

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY ASSISTANCE	PART VI, LINE 3	ST JOSEPH HOSPITAL TREATS PATIENTS WITH RESPECT AND DIGNITY REGARDLESS OF THEIR ABILITY TO PAY ST JOSEPH HOSPITAL HAS A WRITTEN FINANCIAL ASSISTANCE POLICY THAT EXPLAINS ELIGIBILITY CRITERIA FOR FINANCIAL ASSISTANCE AT VARIOUS LEVELS, INCLUDING A 100% DISCOUNT, AND 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, AND 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 AVAILABILITY 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 QUALIFICATIONS FOR FINANCIAL ASSISTANCE THE FINANCIAL COUNSELOR WORKS WITH THE PATIENT TO COMPLETE A FINANCIAL ASSISTANCE FORM TO DETERMINE THE LEVEL OF DISCOUNT FOR WHICH THE PATIENT MAY BE ELIGIBLE WE POST FINANCIAL ASSISTANCE INFORMATION IN EMERGENCY AND ADMISSIONS AREAS, ON BILLINGS INVOICES, IN VARIOUS AREAS AROUND THE HOSPITAL AND CLINIC SITES AND ON THE HOSPITAL WEBSITE WE PROVIDE WRITTEN MATERIALS TO PATIENTS THAT DETAIL OUR FINANCIAL ASSISTANCE POLICY AND HOW IT IS ADMINISTERED THIS COVERS ELIGIBILITY, STEPS TO FOLLOW TO DETERMINE IF A PATIENT QUALIFIES FOR ASSISTANCE, TYPICAL CHARGES A PATIENT MAY EXPECT FOR ROUTINE PROCEDURES, AND ASSISTANCE AVAILABLE BASED ON A PATIENT'S INCOME LEVEL WE PROVIDE MATERIALS AND EDUCATION WHEN PATIENTS ARE DISCHARGED, AND INCLUDE INFORMATION IN BILLING STATEMENTS, INCLUDING PHONE NUMBERS AND OTHER METHODS TO CONTACT US WITH QUESTIONS WE ENSURE THAT OUR FINANCIAL COUNSELORS, ADMISSION EMPLOYEES, SOCIAL WORKERS AND OTHER EMPLOYEES UNDERSTAND OUR POLICIES TO BE ABLE TO ASSIST PATIENTS IN THE MOST APPROPRIATE WAY WE ALSO PROVIDE PAYMENT PLAN OPTIONS TO OUR PATIENTS THIS HELPS PATIENTS MEET THEIR FINANCIAL OBLIGATIONS IN A REASONABLE AND DIGNIFIED MANNER BASED ON THEIR ABILITY TO PAY, AND ALLOWS THEM TO CONTINUE TO ENSURE THE ONGOING WELFARE OF THEIR FAMILIES THIS IS DONE IN ACCORDANCE WITH OUR CORE VALUE OF RESPECT

Identifier	ReturnReference	Explanation
COMMUNITY INFORMATION	PART VI, LINE 4	ST JOSEPH HOSPITAL (ESJH) IS LOCATED IN AN URBAN AREA AND SERVES A BROAD GEOGRAPHIC AREA, INCLUDING URBAN AND SUBURBAN COMMUNITIES THE HOSPITAL'S PRIMARY SERVICE AREA IS 26 6% HISPANIC, 61% WHITE, AND 6 4% BLACK THE POPULATION OF PEOPLE OVER 65 YEARS OF AGE IS 11 0% AND THE POPULATION OF CHILDREN UNDER AGE 14 IS 20 4% THE POPULATION OF THE PRIMARY SERVICE AREA IS OVER 1 7 MILLION PEOPLE WITH OVER 700,000 HOUSEHOLDS THOSE WITH AN ANNUAL INCOME UNDER $25,000 CONSTITUTE 18 6% OF THE POPULATION, WHILE APPROXIMATELY 54% OF THE HOUSEHOLDS HAVE AN ANNUAL INCOME GREATER THAN $50,000 THE ESJH COMMUNITY NEEDS ASSESSMENT USED UNITED STATES CENSUS DATA FOR THE CITY OF DENVER AND FOUND THAT 17 4% OF PERSONS LIVE BELOW POVERTY LEVEL THE 2008-2009 COLORADO HOUSEHOLD SURVEY SPONSORED BY THE COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING FOUND THAT 18 4% OF THOSE IN THE CITY AND COUNTY OF DENVER ARE UNINSURED AND 11 2% DO NOT HAVE A USUAL SOURCE OF CARE COMPETITORS IN THE DENVER METROPOLITAN AREA INCLUDE THREE INVESTOR-OWNED HOSPITALS, A NONPROFIT SYSTEM-AFFILIATED HOSPITAL, AND TWO INDEPENDENT HOSPITALS INCLUDING THE PRIMARY CITY HOSPITAL

Identifier	ReturnReference	Explanation
PROMOTION OF COMMUNITY HEALTH	PART VI, LINE 5	WE EXTEND OUR CARE BEYOND OUR HOSPITAL'S WALLS IN ORDER TO IMPROVE THE HEALTH OF OUR COMMU NITY OUR COMMUNITY BUILDING ACTIVITIES DEMONSTRATE THIS COMMITMENT DURING THIS YEAR, OUR COMMUNITY BUILDING ACTIVITIES INCLUDED COMMUNITY HEALTH EDUCATION WITH A PARTICULAR EMPHA SIS ON PRENATAL CARE FOR POOR AND VULNERABLE POPULATIONS INCLUDING THE BABY BOUTIQUE PROGR AM, TEEN CHILDBIRTH EDUCATION AND TEEN BREASTFEEDING CLASSES THESE OUTREACH EFFORTS ARE F OCUSED ON DECREASING THE OCCURRENCE OF LOW-BIRTH WEIGHT INFANTS BY INCREASING HEALTHY BEHA VIORS AND PROMOTING HEALTH LITERACY ST JOSEPH HOSPITAL (ESJH) ALSO SERVES THE ENTIRE COMM UNITY THROUGH THE CONSUMER LIBRARY AND PROVIDES PACKETS OF INFORMATION ON HEALTH CONDITION S RESEARCHED BY MEDICAL LIBRARIANS TO ANYONE AT NO CHARGE ACCESS TO CANCER CARE SERVICES IS AN IDENTIFIED NEED THROUGH THE COMMUNITY NEEDS ASSESSMENT ESJH PARTNERS WITH CANCER SU PPORT COMMUNITY COLORADO BY OFFERING IN-KIND OFFICE SPACE AND ADMINISTRATIVE SUPPORT FOR T HIS COMMUNITY AGENCY THAT OFFERS FREE-OF-CHARGE PSYCHOSOCIAL SERVICES TO ALL THOSE IMPACTE D BY CANCER WE ARE AN IMPORTANT PART OF OUR COMMUNITY AND SERVE IN MANY WAYS, FROM DELIVE RING CORE HEALTH CARE TO PREVENTIVE CARE TO SUPPORT OF OTHER CIVIC GROUPS IN 2011, WE PRO VIDED COMMUNITY BENEFIT TOTALING $56,023,474, INCLUDING TRADITIONAL CHARITY CARE AND THE U NPAID COST OF MEDICAID OUR BOARD OF DIRECTORS REPRESENTS MEDICAL AND BUSINESS PROFESSIONA LS, AND ALL PROVIDE HOURS OF SERVICE IN SUPPORT OF OUR HOSPITAL THEY ARE DEEPLY INVOLVED IN OUR NEEDS ASSESSMENT PROCESS, BUILDING PROGRAMS AND SERVICES, AND COMMUNITY OUTREACH TO ENSURE THAT PEOPLE KNOW ABOUT SERVICES AVAILABLE TO THEM THROUGH OUR HOSPITAL WHEN ST JO SEPH HOSPITAL HAS EXCESS REVENUE OVER OPERATING EXPENSES, WE USE THOSE FUNDS TO OBTAIN CUR RENT HEALTH CARE TECHNOLOGIES AND EQUIPMENT, IMPROVE PATIENT CARE, PROVIDE MEDICAL TRAININ G EDUCATION AND RESEARCH, AND TO EXPAND ACCESS TO POINTS OF CARE THESE INVESTMENTS ENSURE WE'LL BE HERE TO CARE FOR FUTURE GENERATIONS WE ALSO SUPPORT OUR EMPLOYEES IN VOLUNTEERI NG FOR COMMUNITY ORGANIZATIONS, INCLUDING SERVING ON COMMUNITY BOARDS, AND PROVIDE OPPORTU NITIES FOR THEM TO SUPPORT CAUSES THROUGH HOSPITAL EVENTS SUCH AS FOOD DRIVES FOR LOCAL FO OD BANKS, HYGIENE SUPPLY DRIVES FOR LOCAL HOMELESS SHELTERS, SCHOOL SUPPLY DRIVES FOR LOCA L SCHOOLS, AMERICAN HEART WALK AND KOMEN RACE FOR THE CURE WE ARE GOOD CITIZENS AND PARTN ER WITH OTHER ORGANIZATIONS AND AGENCIES TO SUPPORT A THRIVING COMMUNITY WE ARE MEMBERS O F THE DENVER CHAMBER OF COMMERCE, CAPITOL HILL UNITED NEIGHBORHOODS, INC , AND CAPITOL HIL L UNITED MINISTRIES WE PROVIDE FOCUSED OPERATIONAL AND STRATEGIC SUPPORT FOR BRUNER FAMIL Y MEDICINE CENTER, CARITAS CLINIC, SETON WOMEN'S CENTER AND A CERTIFIED NURSE MIDWIVES CLI NIC THESE CLINICS SERVE THE HEALTH NEEDS FOR THE UNINSURED WE WORK CLOSELY TOGETHER TO P ROVIDE INTEGRATED CARE FOR THOSE WHO COME TO EITHER THE HOSPITAL FACILITY OR THE OUTPATIEN T CLINICS FOR THEIR HEALTH NEEDS BRUNER FAMILY MEDICINE CENTER, CARITAS CLINIC, SETON WOM EN'S CENTER AND THE CERTIFIED NURSE MIDWIVES CLINIC PROVIDE QUALITY PRIMARY HEALTH CARE SE RVICES FOR UNINSURED, LOW-INCOME PATIENTS REGARDLESS OF THEIR ABILITY TO PAY THE CLINICS ARE COMMITTED TO PROVIDING ACCESS TO COMPASSIONATE AND TRUSTWORTHY CARE FOR THE UNINSURED POOR SERVICES THE CLINIC PROVIDES INCLUDE PRIMARY CARE, ONGOING MANAGEMENT OF CHRONIC DIS EASES, AND MEDICATION ASSISTANCE COMMUNITY BENEFITS PROVIDED IN 2011 THROUGHOUT SISTERS O F CHARITY OF LEAVENWORTH HEALTH SYSTEM (SCLHS) TOTALED $220 5 MILLION AS PART OF SCLHS, W E PROMOTE THE SHARED MISSION THAT "WE WILL, IN THE SPIRIT OF THE SISTERS OF CHARITY, REVEA L GOD'S HEALING LOVE BY IMPROVING THE HEALTH OF THE INDIVIDUALS AND COMMUNITIES WE SERVE, ESPECIALLY THOSE WHO ARE POOR OR VULNERABLE " WE ARE COMMITTED TO LIVING AND DEMONSTRATING OUR CORE VALUES OF EXCELLENCE, RESPECT, RESPONSE TO NEED, STEWARDSHIP AND WHOLENESS SCLH S SUPPORTS ITS HOSPITALS BY PROVIDING GUIDANCE, OVERSIGHT, AND RESOURCES TO HELP THEM ACCO MPLISH INITIATIVES THAT IMPROVE HEALTH IN ALL OUR COMMUNITIES THIS INCLUDES COORDINATING COMMUNITY BENEFIT PROCESSES, PROVIDING GUIDANCE WITH COMMUNITY NEEDS ASSESSMENTS, AND ESTA BLISHING CONSISTENT FINANCIAL ASSISTANCE AND CHARITY CARE POLICIES AND PROCEDURES OTHER W AYS SCLHS BENEFITS ITS HOSPITALS INCLUDE QUALITY IMPROVEMENT AND PERFORMANCE EXCELLENCE IN ITIATIVES, SYSTEM-WIDE IT IMPLEMENTATION AND INFRASTRUCTURE, STRATEGIC AND OPERATIONS DIRE CTION AND OVERSIGHT, SUPPLY CHAIN MANAGEMENT AND PURCHASING, BENEFITS ADMINISTRATION (INCL UDING A WELLNESS PROGRAM FREE TO EMPLOYEES THAT PROMOTES THEIR HEALTH AND WELL-BEING), RIS K MANAGEMENT, DISASTER PLANNING AND CRISIS ASSISTANCE BY SHARING THE WORK ACROSS OUR SYST EM WE ARE ABLE TO LIGHTEN THE BURDEN FOR ALL IN ORDER TO FULFILL OUR MISSION OF IMPROVING HEALTH IN OUR COMMUNITIES SCLHS IMPROVES OVERALL HEALTH IN OUR COMMUNITIES BY PROVIDING I NFRASTRUCTURE TO SUPPORT AND SUSTAIN FOUR CLINICS

Identifier	ReturnReference	Explanation
PROMOTION OF COMMUNITY HEALTH	PART VI, LINE 5	FOR THE UNINSURED IN KANSAS AND COLORADO THE SCLHS CLINICS FOR THE UNINSURED ARE OFTEN TH E ONLY SAFETY NET CLINIC IN THEIR COMMUNITY AND PROVIDE VALUABLE SERVICES FOR THOSE WHO AR E MOST VULNERABLE EACH HOSPITAL IS SUPPORTED BY A FOUNDATION TO ACCESS AND OPTIMIZE LOCAL PHILANTHROPIC ORGANIZATIONS AND INDIVIDUALS THESE FOUNDATIONS RAISE FUNDS THROUGH OUTREA CH, SPECIAL EVENTS, AND BUILDING DONOR RELATIONS THROUGHOUT THEIR COMMUNITY TO SUPPORT THE NEEDS OF THE HOSPITAL

Identifier	ReturnReference	Explanation
AFFILIATED HEALTH CARE SYSTEM	PART VI, LINE 6	ST JOSEPH HOSPITAL IS A CONTROLLED ENTITY OF THE SISTERS OF CHARITY OF LEAVENWORTH HEALTH SYSTEM, INC (SCLHS) SCLHS AND ITS AFFILIATED ENTITIES HAVE A COMMON CALLING AND MISSION "TO REVEAL GOD'S HEALING LOVE BY IMPROVING THE HEALTH OF THE INDIVIDUALS AND COMMUNITIES IT SERVES, ESPECIALLY THOSE WHO ARE POOR OR VULNERABLE " ST JOSEPH HOSPITAL PROMOTES THE HEALTH OF THE COMMUNITY BY DELIVERING DIRECT HIGH QUALITY HEALTHCARE SERVICES THAT ARE RESPONSIVE TO THE NEEDS OF ITS PATIENTS AND THEIR FAMILIES SCLHS SUPPORTS THE EFFORTS OF THE HOSPITAL THROUGH STRATEGIC DIRECTION AND OPERATING OVERSIGHT SCLHS SUPPLIES OVERHEAD SUPPORT SERVICES TO ST JOSEPH HOSPITAL, INCLUDING INFORMATION TECHNOLOGY SERVICES, CENTRAL CASH MANAGEMENT AND INVESTMENT, RISK MANAGEMENT AND INSURANCE AND QUALITY IMPROVEMENT LEADERSHIP

Identifier	ReturnReference	Explanation
STATE FILING OF COMMUNITY BENEFIT REPORT	PART VI, LINE 7	THE SISTERS OF CHARITY OF LEAVENWORTH HEALTH SYSTEM FILES A COMMUNITY BENEFIT REPORT IN FOUR STATES CALIFORNIA, COLORADO, KANSAS AND MONTANA

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ST JOSEPH HOSPITAL

Employer identification number
84-0417134

Part I General Information on Grants and Assistance

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

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

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

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) SUSAN G KOMEN BREAST CANCER FOUNDATION1835 FRANKLIN ST DENVER,CO 80218	84-1199858	501(c)(3)	25,000				PINK TIE AFFAIR SPONSORSHIP
(2) ARRUPE CORPORATE WORK STUDY PROGRAM 4343 UTICA DENVER,CO 80212	46-0508814	501(c)(3)	21,000				SUPPORT FOR WORK STUDY PROGRAM OF THE SCHOOL

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

3 Enter total number of other organizations listed in the line 1 table . . . ▶ 0

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

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

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

Identifier	Return Reference	Explanation
DESCRIPTION OF ORGANIZATION'S PROCEDURES FOR MONITORING THE USE OF GRANTS	SCHEDULE I, PART I	- THE ORGANIZATION KEEPS RECORDS TO SUPPORT THE AMOUNTS PROVIDED OR REASON FOR SUCH SUPPORT SUPPORT IS NOT CONSIDERED GRANTS, BUT RATHER MISCELLANEOUS DONATIONS AND SPONSORSHIPS ELIGIBILITY FOR FUNDING IS DETERMINED ON AN INDIVIDUAL BASIS, CONSIDERING THE USE OF THE FUNDS AND HOW THE USE RELATES TO THE ORGANIZATION'S MISSION

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ST JOSEPH HOSPITAL

Employer identification number
84-0417134

Part I Questions Regarding Compensation

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

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

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

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

(A) Name		**(B)** Breakdown of W-2 and/or 1099-MISC compensation			**(C)** Retirement and other deferred compensation	**(D)** Nontaxable benefits	**(E)** Total of columns (B)(i)-(D)	**(F)** Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	**(ii)** Bonus & incentive compensation	**(iii)** Other reportable compensation				
See Additional Data Table								

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
SOCIAL CLUB DUES	SCH J, PART I, QUESTION 1A	SOCIAL CLUB DUES WERE PAID BY EXEMPLA, A RELATED NOT-FOR-PROFIT ORGANIZATION, ON BEHALF OF TODD A CONKLIN IN THE AMOUNT OF $518 DURING 2011, AND WAS INCLUDED AS TAXABLE INCOME TO MR CONKLIN
TAX INDEMNIFICATION AND GROSS UP PAYMENTS	SCH J, PART I, QUESTION 1A	13 INDIVIDUALS RECEIVED GROSS UP PAYMENTS FOR GIFTS OR OTHER ITEMS THAT WERE TAXABLE TO THE INDIVIDUAL IN THEIR W-2'S THESE TOTALED $568 IN THE AGGREGATE
COMPENSATION OF THE ORGANIZATION'S CEO	SCHEDULE J, PART I, QUESTION 3	THE ORGANIZATION'S CEO IS COMPENSATED BY SISTERS OF CHARITY OF LEAVENWORTH HEALTH SYSTEM (SCLHS), A RELATED ORGANIZATION SCLHS USED ALL OF THE METHODS DESCRIBED IN SCHEDULE J, PART I TO ESTABLISH THE COMPENSATION OF THE ORGANIZATION'S CEO
SEVERANCE AND CHANGE OF CONTROL PAYMENTS	SCHEDULE J, PART I, QUESTION 4A	A CHANGE OF CONTROL PAYMENT WAS MADE TO KATHRYN BALLINGER IN THE AMOUNT OF $314,580 IN 2011 SISTERS OF CHARITY OF LEAVENWORTH HEALTH SYSTEM, INC (SCLHS) PERIODICALLY INCURS SEVERANCE PAYMENTS RELATED TO FORMER EMPLOYEES A SEVERANCE PAYMENT WAS MADE TO WILLIAM M MURRAY IN THE AMOUNT OF $150,051 IN 2011
SUPPLEMENTAL NONQUALIFIED RETIREMENT PLANS	SCHEDULE J, PART I, QUESTION 4B	EXEMPLA HAS A 457(F) SUPPLEMENTAL NONQUALIFIED DEFERED COMPENSATION PLAN, IN WHICH CERTAIN KEY OFFICERS PARTICIPATE DAVID HAMM RECEIVED A DISTRIBUTION FROM THE PLAN DURING 2011 IN THE AMOUNT OF $138,018 FURTHER, 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 ROBERT W LADENBURGER-$116,293 MICHAEL A SLUBOWSKI-$38,668 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 WILLIAM M MURRAY-$1,258,479
INCENTIVE PLANS	SCHEDULE J, PART I, QUESTION 7	THE MANAGEMENT INCENTIVE PLANS 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 DIVISION IN WHICH THE INDIVIDUAL WORKS, OR IN THE CASE OF SYSTEM SERVICES SENIOR MANAGEMENT, THE NET EARNINGS OF THE COMPANY
COMPENSATION OF BOARD MEMBER	SCHEDULE J, PART II	SCLHS CONSISTS OF ELEVEN HOSPITALS AND THREE CLINICS (AFFILIATES) IN FOUR STATES INCLUDING ST JOSEPH HOSPITAL SCLHS AND ITS AFFILIATES ADHERE TO GOVERNANCE EXCELLENCE STANDARDS INCLUDING TRANSPARENCY AND ACCOUNTABILITY MICHAEL A SLUBOWSKI IS PRESIDENT & CHIEF EXECUTIVE OFFICER FOR SISTERS OF CHARITY OF LEAVENWORTH HEALTH SYSTEM (SCLHS) HE ALSO SERVES AS A MEMBER OF THE EXEMPLA, INC 'S (EXEMPLA) BOARD AND AS CHAIRMAN THE COMPENSATION REFLECTED IS THAT OF MR SLUBOWSKI'S POSITION AS AN SCLHS EXECUTIVE AND NOT AS A MEMBER OF EXEMPLA'S BOARD WILLIAM M MURRAY WAS PRESIDENT & CHIEF EXECUTIVE OFFICER FOR SISTERS OF CHARITY OF LEAVENWORTH HEALTH SYSTEM (SCLHS) HE ALSO SERVED AS A MEMBER OF THE EXEMPLA, INC 'S (EXEMPLA) BOARD AND AS CHAIRMAN THE COMPENSATION REFLECTED IS THAT OF MR MURRAY'S POSITION AS AN SCLHS EXECUTIVE AND NOT AS A MEMBER OF EXEMPLA'S BOARD IN KEEPING WITH SCLHS' CORE VALUE OF STEWARDSHIP, NO BOARD MEMBER SERVING ON SCLHS OR AFFILIATE BOARDS IS COMPENSATED FOR THAT SERVICE

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 84-0417134
Name: ST JOSEPH HOSPITAL

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
TODD A CONKLIN	(I)	0	0	0	0	0	0	0
	(II)	445,252	196,725	39,339	70,956	16,125	768,397	0
DAVID HAMM	(I)	0	0	0	0	0	0	0
	(II)	429,314	84,637	159,437	84,994	10,188	768,570	138,018
DAVID C PECORARO	(I)	0	0	0	0	0	0	0
	(II)	330,346	81,212	17,058	47,451	10,619	486,686	0
KATHRYN LOUISE BALLINGER	(I)	0	0	0	0	0	0	0
	(II)	314,897	139,314	314,617	24,060	10,476	803,364	0
LISA S KETTERING	(I)	0	0	0	0	0	0	0
	(II)	116,384	41,474	9,414	17,519	6,363	191,154	0
ROBERT GIBBONS	(I)	301,769	9,561	10,396	27,892	9,971	359,589	0
	(II)	0	0	0	0	0	0	0
JOHN T MOORE	(I)	285,605	0	37	16,396	18,286	320,324	0
	(II)	0	0	0	0	0	0	0
CHRISTINE RUTH GIESING	(I)	226,086	0	37	19,820	12,036	257,979	0
	(II)	0	0	0	0	0	0	0
BRADLEY KEITH LUDFORD	(I)	206,482	27,426	11,433	20,837	18,571	284,749	0
	(II)	0	0	0	0	0	0	0
MARY E SHEPLER	(I)	187,901	18,816	7,047	18,227	18,454	250,445	0
	(II)	0	0	0	0	0	0	0
BARBARA A JAHN	(I)	215,176	23,373	3,931	19,926	12,488	274,894	0
	(II)	0	0	0	0	0	0	0
VANITA BELLEN	(I)	127,381	16,547	2,716	9,115	1,755	157,514	0
	(II)	0	0	0	0	0	0	0
BAIN FARRIS	(I)	0	0	0	0	0	0	0
	(II)	428,580	105,122	19,334	88,843	10,689	652,568	0
GRANT WICKLUND	(I)	0	0	0	0	0	0	0
	(II)	388,425	97,200	18,614	62,642	15,317	582,198	0
ROBERT LADENBURGER	(I)	0	0	0	0	0	0	0
	(II)	607,673	144,615	334,473	73,845	10,849	1,171,455	0
MICHAEL A SLUBOWSKI	(I)	0	0	0	0	0	0	0
	(II)	913,849	200,000	190,942	0	10,969	1,315,760	0
ALWIN F STEINMANN	(I)	295,577	0	5,067	4,900	14,227	319,771	0
	(II)	0	0	0	0	0	0	0
G EDWARD KIMM JR	(I)	249,459	0	37	4,448	12,139	266,083	0
	(II)	0	0	0	0	0	0	0

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
RACHEL A GAFFNEY	(I)	233,681	0	37	18,627	10,039	262,384	0
	(II)	0	0	0	0	0	0	0
SHAWN P DUFFORD	(I)	198,346	0	37	147	7,854	206,384	0
	(II)	0	0	0	0	0	0	0
WILLIAM M MURRAY	(I)	0	0	0	0	0	0	0
	(II)	425,764	0	1,422,952	19,147	4,527	1,872,390	0

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V lines 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ST JOSEPH HOSPITAL

Employer identification number
84-0417134

Part I Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

1 (a) Name of disqualified person	(b) Description of transaction	(c) Corrected? Yes	(c) Corrected? No

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 . . . . . ▶ $

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization . . . . . ▶ $

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	(b) From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	(e) No	(f) Approved by board or committee? Yes	(f) No	(g) Written agreement? Yes	(g) No
Total . . . . . ▶ $										

Part III Grants or Assistance Benefitting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of grant or type of assistance

Part IV Business Transactions Involving Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) MIDTOWN INPATIENT MEDICINE	PARTNER / EXEMPLA KEY EMP	3,939,484	HOSPITALIST SVCS AGREEMENT		No
(2) HOSPITAL SHARED SERVICES	BOD / EXEMPLA KEY EMP	3,780,603	CONTRACTED SERVICES		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
BUSINESS TRANSACTION RELATIONSHIPS	PART IV	LISA KETTERING, A KEY EMPLOYEE, IS A GREATER THAN 5% PARTNER IN MIDTOWN INPATIENT MEDICINE BRADLEY LUDFORD, A KEY EMPLOYEE, SERVES ON THE BOARD OF DIRECTORS OF HOSPITAL SHARED SERVICES

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ST JOSEPH HOSPITAL

Employer identification number
84-0417134

Identifier	Return Reference	Explanation
EXEMPT PURPOSE ACHIEVEMENTS	FORM 990, PART III, LINES 4A - 4D	ST JOSEPH HOSPITAL (ESJH) IS OWNED BY SISTERS OF CHARITY OF LEAVENWORTH HEALTH SYSTEM (SCLHS) EXEMPLA HEALTHCARE (EXEMPLA) IS A HEALTH CARE DELIVERY SYSTEM FORMED ON JANUARY 1, 1998, BY A JOINT OPERATING AGREEMENT AMONG SCLHS, ESJH, LMC COMMUNITY FOUNDATION (CURRENTLY COMMUNITY FIRST FOUNDATION) AND EXEMPLA, INC (EXEMPLA) EXEMPLA OPERATES EXEMPLA LUTHERAN MEDICAL CENTER, EXEMPLA GOOD SAMARITAN MEDICAL CENTER AND OTHER AFFILIATED MEDICAL SERVICES INCLUDING THE EXEMPLA PHYSICIAN NETWORK THE SYSTEM'S COLLECTIVE PROGRAM SERVICES ACCOMPLISHMENTS INCLUDE BUT ARE NOT LIMITED TO THE FOLLOWING THE MEDICAL SERVICES ARE PROVIDED TO ALL WHO SEEK SERVICE REGARDLESS OF RACE, CREED, SEX, NATIONAL ORIGIN, HANDICAP, AGE, OR ABILITY TO PAY ALTHOUGH REIMBURSEMENT FOR SERVICES IS CRITICAL FOR THE OPERATION AND STABILITY OF EXEMPLA AND ESJH, IT IS RECOGNIZED THAT NOT ALL INDIVIDUALS POSSESS THE ABILITY TO PURCHASE ESSENTIAL MEDICAL SERVICES THEREFORE, IN KEEPING WITH EXEMPLA'S AND ESJH'S COMMITMENT TO SERVE ALL MEMBERS OF ITS COMMUNITY, FREE CARE AND/OR SUBSIDIZED CARE WILL BE CONSIDERED AND PROVIDED WHERE THE NEED AND/OR AN INDIVIDUAL'S INABILITY TO PAY EXIST IN ADDITION, EXEMPLA AND ESJH RECOGNIZE THE ESSENTIAL NEED TO BE EXCEPTIONAL STEWARDS OF MEDICARE, MEDICAID AND COMMUNITY/PRIVATE FUNDING DOLLARS FOR 2011, ESJH PROVIDED BENEFIT TO THE COMMUNITY AT A COST OF $56 0 MILLION, INCLUDING CHARITY CARE, UNREIMBURSED MEDICAID, OTHER SUBSIDIZED HEALTH SERVICES AND EDUCATION EXEMPLA AND ESJH ALSO RECOGNIZE THE ESSENTIAL NEED TO ENHANCE AND IMPROVE MEDICAL OUTCOMES, QUALITY, AND SERVICES IN RESPONSE, A BEST IN THE NATION STRATEGY AND PROGRAM WAS IMPLEMENTED THE OBJECTIVES OF THE PROGRAM ARE TO BE THE BEST IN THE NATION ON PREDEFINED QUALITIES, SERVICE AND COST INDICATORS THE QUALITY INDICATORS ARE IN ALIGNMENT WITH MAJOR PUBLICLY COMPARABLE DATABASES INCLUDING THE COLORADO HEALTH AND HOSPITAL ASSOCIATION AND CENTERS FOR MEDICARE AND MEDICAID SERVICES CURRENTLY, THE PROGRAM IS IN THE NINTH YEAR OF THIS INITIATIVE

Identifier	Return Reference	Explanation
WITH ITS 565 LICENSED BEDS, ESJH SERVED THE COMMUNITY WITH 19,809	INPATIENT ADMISSIONS, 169,701 OUTPATIENT VISITS AND 49,495 EMERGENCY ROOM	VISITS SERVICES - COMPREHENSIVE MEDICAL SERVICES INCLUDE, BUT ARE NOT LIMITED TO, CARDIOL OGY, ONCOLOGY, ORTHOPEDIC, WOMEN AND FAMILY, PEDIATRICS, EMERGENCY AND TRAUMA, NEONATAL IN TENSIVE CARE, NEUROLOGY, OB/GYN AND GENERAL SURGICAL AND MEDICAL - ESJH IS A LEADING HEAR T HOSPITAL IN DENVER PERFORMING APPROXIMATELY 400 OPEN-HEART SURGERIES ANNUALLY, MORE THAT ANY OTHER COLORADO HOSPITAL - ESJH DELIVERS MORE BABIES THAT ANY OTHER COLORADO HOSPITAL WITH 4,650 BIRTHS IN 2010 ALONG WITH NORMAL DELIVERIES, THE HOSPITAL ALSO CARES FOR CRIT ICALLY ILL NEWBORNS AND HIGH-RISK MOTHERS - ESJH IS AMONG THE TOP THREE COLORADO HOSPITAL S FOR NEWLY DIAGNOSED CANCER CASES IN ORDER TO MEET THE SPECIAL NEEDS OF THESE PATIENTS, THE COMPREHENSIVE CANCER CENTER BRINGS TOGETHER IN ONE PLACE THE ESJH BREAST CARE CENTER, CANCER PSY CHOSOCIAL SERVICES, MEDICAL AND SURGICAL ONCOLOGY, A LABORATORY, A RESEARCH DEPA RTMENT, A NEW CANCER PHARMACY AND THE INFUSION CENTER THIS MEANS THAT THE PROFESSIONALS F ROM ONCOLOGISTS TO LAB TECHNICIANS TO PSY CHOTHERAPISTS TO INFUSION SPECIALISTS, PHARMACIST AND RADIOLOGISTS -HAVE ACCESS TO LEADING-EDGE TECHNOLOGY AND CAN BETTER INTERACT WITH ONE ANOTHER TO PROVIDE FULLY COORDINATED CARE TO EACH OF OUR PATIENTS - THE HIGHLY TRAINED P HY SICIANS, NURSES AND SUPPORT STAFF IN THE EMERGENCY DEPARTMENT TREAT MORE THAN 136 PATIEN TS PER DAY FOR A WIDE RANGE OF EMERGENCY MEDICAL CONDITIONS PROGRAMS A STRONG COMMITMENT TO THE HEALTH OF THE COMMUNITY IS FURTHER EXEMPLIFIED, BUT NOT LIMITED TO, THE FOLLOWING P ROGRAMS - THE GRADUATE MEDICAL EDUCATION PROGRAM TRAINS 104 MEDICAL RESIDENTS EACH Y EAR I N THE FIELDS OF FAMILY PRACTICE, INTERNAL MEDICINE, OBSTETRICS/GY NECOLOGY AND GENERAL SURG ERY IN 2010, THE INTERNAL MEDICINE RECEIVED THE HIGHEST LEVEL OF ACCREDITATION FOR FIVE Y EARS BY THE AMERICAN COLLEGE OF GRADUATE MEDICAL EDUCATION ALL FOUR PROGRAMS CONTINUED TO ENHANCE MEDICAL KNOWLEDGE THROUGH ADVANCED SCHOLARSHIP INCLUDING OVER TWENTY PUBLISHED PA PERS AND SEVERAL NATIONAL PRESENTATIONS - THE CARITAS CLINIC, SISTER JOANNA BRUNER FAMILY MEDICINE CENTER, EXEMPLA FAMILY MEDICAL CENTER, AND SETON WOMEN'S CENTER PROVIDE A CONTIN UUM OF CARE FROM PREVENTIVE THROUGH ACUTE CARE TO MEDICALLY UNDERSERVED INDIVIDUALS IN A P HY SICIAN OFFICE SETTING THE THREE ON-CAMPUS CLINICS PROVIDE MORE THAN 40,000 PATIENT VISI TS EACH Y EAR AND OFFER PAY MENT FOR SERVICES VIA A SLIDING FEE PROGRAM NO PATIENT IS DENIE D SERVICE DUE TO AN INABILITY TO PAY - BOOT CAMP FOR NEW DADS IS AN INNOVATIVE PROGRAM DE SIGNED TO BUILD CONFIDENCE AND PREPARE FIRST-TIME DADS FOR THE CHALLENGES OF PARENTHOOD V ETERAN DADS AND THEIR NEWBORNS ORIENT ROOKIE DADS IT SERVED APPROXIMATELY 1,200 EXPECTANT FATHERS IN 2010 - THE BABY BOUTIQUE IS AN AWARD-WINNING INCENTIVE PROGRAM THAT ENCOURAGE S PRENATAL CARE AMONG EXPECTANT FAMILIES BY FOLLOWING APPROPRIATE PRENATAL CARE AND REGUL AR OFFICE VISIT SCHEDULES AND ATTENDING PRENATAL EDUCATIONAL CLASSES, EXPECTANT FAMILIES E ARN COUPONS FOR NECESSARY BABY SUPPLIES, CLOTHES AND EQUIPMENT IN 2010, APPROXIMATELY 760 FAMILIES WERE SERVED, WITH MOST FAMILIES RETURNING REGULARLY TO THE BABY BOUTIQUE AS THE COURSE OF PREGNANCY PROCEEDED INCIDENCE OF LOW BIRTH WEIGHT WAS LESS IN PARTICIPATING FAM ILIES THAN IN NON-PARTICIPATING FAMILIES - THE ST JOSEPH HOSPITAL FOUNDATION RAISES AND M ANAGES FUNDS FOR THE BENEFIT OF THE HOSPITAL AND ITS COMMUNITY PROGRAMS FUNDS RAISED BY T HE FOUNDATION ENABLE THE HOSPITAL TO OFFER A VARIETY OF HEALTH CARE PROGRAMS TO THE COMMUN ITY, PARTICULARLY THE MEDICALLY UNDERSERVED - ESJH MOBILE MAMMOGRAPHY - THROUGH SUPPORT F ROM THE DENVER AFFILIATE OF THE KOMEN FOUNDATION AND ST JOSEPH HOSPITAL FOUNDATION, ESJH P ROVIDES DIAGNOSTIC CARE FOR MEDICALLY UNDERSERVED, AT RISK WOMEN INTRODUCED IN SEPTEMBER 2005, THE MOBILE MAMMOGRAPHY UNIT SERVES SOME 2,000 COLORADO WOMEN ANNUALLY - THE WILLIAM V GERVASINI MEMORIAL LIBRARY IS A HEALTH INFORMATION RESOURCE FOR PATIENTS, THEIR FAMILI ES, AND THE COMMUNITY THE LIBRARY COLLECTION FOCUSES ON UNDERSTANDABLE, OBJECTIVE INFORMA TION ABOUT MEDICAL ISSUES AND CONDITIONS MAILING SERVICES ARE AVAILABLE FOR THOSE WHO ARE UNABLE TO VISIT THE LIBRARY - THE SCHOOL AT WORK PROGRAM, WHICH IS PART OF ESJH'S WORKFO RCE DEVELOPMENT INITIATIVE, OFFERS PROFESSIONAL DEVELOPMENT OPPORTUNITIES TO HIGH PERFORMI NG EMPLOY EES WHO WISH TO ENHANCE THEIR COMPUTER SKILLS AND HEALTH CARE KNOWLEDGE FOR ENTRY INTO HEALTH CARE CAREERS THE STUDENTS TAKE CLASSES AT THE HOSPITAL FOR SEVERAL HOURS A W EEK FOR EIGHT MONTHS THEY ARE PROVIDED WITH TEXT BOOKS AND MATERIALS AND ARE EXPECTED TO COMPLETE SEVERAL HOURS OF HOMEWORK ON-LINE - THE WOMEN'S PAVILION OFFERS COMMUNITY HEALTH EDUCATION FOCUSED ON PRENATAL CARE, PARENTING AND WOMEN'S HEALTH IN 2010, THE WOMEN'S PA VILION PROVIDED HEALTH EDUCATION TO OVER 6,100 WOMEN AND THEIR SPOUSES AND SUPPORT PERSONS PAVILION PROVIDED HEALTH EDUCATION TO OVER 6,100 WOMEN AND THEIR SPOUSES AND SUPPORT PER SONS DELEGATION OF BOARD AUTHORITY TO AN EXECUTIV

Identifier	Return Reference	Explanation
WITH ITS 565 LICENSED BEDS, ESJH SERVED THE COMMUNITY WITH 19,809	INPATIENT ADMISSIONS, 169,701 OUTPATIENT VISITS AND 49,495 EMERGENCY ROOM	E COMMITTEE PART VI, QUESTION 1A PURSUANT TO THE BYLAWS, THE EXECUTIVE COMMITTEE OF THE OR GANIZATION HAS THE POWER TO TRANSACT ALL REGULAR BUSINESS OF THE ORGANIZATION DURING THE I NTERIM BETWEEN MEETINGS OF THE BOARD, PROVIDED THAT ANY ACTION TAKEN BY THE EXECUTIVE COMM ITTEE DOES NOT CONFLICT WITH THE ARTICLES OF INCORPORATION, THE BYLAWS OR THE POLICIES OR EXPRESSED WISHES OF THE BOARD THE EXECUTIVE COMMITTEE SHALL REPORT ALL MATTERS ACTED UPON TO THE BOARD AT THE BOARD'S NEXT MEETING THE EXECUTIVE COMMITTEE CONSISTS OF AT LEAST TH REE MEMBERS, ALL OF WHOM SHALL BE MEMBERS OF THE BOARD OF DIRECTORS, AND INCLUDE THE CHAIR PERSON OF THE BOARD, THE PRESIDENT/CEO AND OTHERS AS DESIGNATED BY THE CHAIRPERSON

Identifier	Return Reference	Explanation
FORM W-3	FORM 990, PART V, LINE 2A	ALL FORMS W-2 ARE ISSUED BY EXEMPLA, INC , A RELATED TAX-EXEMPT ORGANIZATION DELEGATION OF CONTROL OVER MANAGEMENT DUTIES FORM 990, PART VI, QUESTION 3 IN JUNE 2008, EXEMPLA, INC , AS MANAGER OF ST JOSEPH HOSPITAL (ESJH), ENTERED INTO A MANAGEMENT AGREEMENT WITH INSIGHT ONCOLOGY FOR THE MANAGEMENT OF THE HOSPITAL'S COMPREHENSIVE CANCER CENTER SERVICES EXEMPLA, INC MANAGES AND GOVERNS ST JOSEPH HOSPITAL UNDER A JOINT OPERATING AGREEMENT IN JULY 2009, ESJH CONTRACTED WITH INSIGHT ONCOLOGY TO MANAGE A BREAST CENTER, SURGICAL SERVICES, RADIATION ONCOLOGY, OUTPATIENT INFUSION SERVICES, A PHARMACY, INPATIENT SERVICES, AND OTHER SPECIALIZED CARE TO PATIENTS WITH ONCOLOGY DISEASES AND DISORDERS CHANGES TO ORGANIZATIONAL DOCUMENTS FORM 990, PART VI, QUESTION 4 EFFECTIVE OCTOBER 1, 2012, SISTERS OF CHARITY OF LEAVENWORTH HEALTH SYSTEM (SCLHS) AND COMMUNITY FIRST FOUNDATION AGREED TO AMEND AND RESTATE THE BYLAWS OF EXEMPLA UNDER THE AMENDMENTS, COMMUNITY FIRST FOUNDATION'S INTEREST IN THE JOINT OPERATING AGREEMENT AND OTHER RIGHTS OF COMMUNITY FIRST FOUNDATION RELATED TO EXEMPLA WERE TERMINATED IN RETURN, SCLHS COMMITTECD TO PROVIDE $275 MILLION TO COMMUNITY FIRST FOUNDATION OVER A PERIOD OF 20 YEARS THE BOARD OF DIRECTORS OF EXEMPLA WILL CONTINUE TO CONSIST OF 10 MEMBERS, 9 OF WHICH ARE APPOINTED BY SCLHS AND 1 OF WHICH IS APPOINTED BY COMMUNITY FIRST FOUNDATION

Identifier	Return Reference	Explanation
MEMBERS OR STOCKHOLDERS	FORM 990, PART VI, QUESTION 6	ST JOSEPH HOSPITAL HAS ONE MEMBER, SISTERS OF CHARITY OF LEAVENWORTH HEALTH SYSTEM ST JOSEPH HOSPITAL IS MANAGED AND GOVERNED BY EXEMPLA, INC EXEMPLA, INC HAS TWO MEMBERS COMMUNITY FIRST FOUNDATION (CFF) AND SISTERS OF CHARITY OF LEAVENWORTH HEALTH SYSTEM (SCLHS)

Identifier	Return Reference	Explanation
ELECTION OF MEMBERS OF GOVERNING BODY	FORM 990, PART VI, QUESTION 7A	SISTERS OF CHARITY LEAVENWORTH HEALTH SYSTEMS, THE SOLE MEMBER OF SAINT JOSEPH HOSPITAL APPOINTS MEMBERS OF THE SAINT JOSEPH HOSPITAL BOARD OF DIRECTORS SAINT JOSEPH HOSPITAL IS MANAGED AND GOVERNED BY EXEMPLA, INC EXEMPLA, INC HAS TWO MEMBERS, SISTERS OF CHARITY LEAVENWORTH HEALTH SYSTEMS AND COMMUNITY FIRST FOUNDATION CFF APPOINTS 5 OF THE DIRECTORS AND SCLHS APPOINTS 5 OF THE DIRECTORS

Identifier	Return Reference	Explanation
DECISIONS OF GOVERNING BODY SUBJECT TO APPROVAL	FORM 990, PART VI, QUESTION 7B	BOTH MEMBERS (COMMUNITY FIRST FOUNDATION AND SISTERS OF CHARITY OF LEAVENWORTH HEALTH SYSTEM, SCLHS) HAVE CERTAIN RESERVE POWERS TO APPROVE CHANGES TO THE BYLAWS REGARDING APPOINTMENT OF BOARD MEMBERS SCLHS ALSO HAS EXTENSIVE RESERVE POWERS OVER ANY CHANGE IN MISSION, CHANGES TO THE ARTICLES OF INCORPORATION OR BYLAWS, ACQUISITION OF ASSETS, INCURRENCE OF DEBT, MERGER OR DISSOLUTION, APPROVAL OF STRATEGIC PLANS AND BUDGETS, AND APPOINTMENT OF AUDITORS

Identifier	Return Reference	Explanation
990 REVIEW PROCESS	FORM 990, PART VI, QUESTION 11	ALL 990 REPORTING WAS REVIEWED INTERNALLY WITH SENIOR MANAGEMENT ALL QUESTIONS AND CHANGES PROPOSED WERE ADDRESSED PRIOR TO FILING FORM 990 A DRAFT 990 WAS PROVIDED TO THE MEMBERS OF THE FINANCE COMMITTEE AND OF THE BOARD FOR REVIEW A COMPLETE COPY OF THE FINAL FORM 990 WAS THEN PROVIDED ELECTRONICALLY TO EACH VOTING MEMBER OF THE EXEMPLA BOARD OF DIRECTORS PRIOR TO ITS SUBMISSION TO THE INTERNAL REVENUE SERVICE

Identifier	Return Reference	Explanation
MONITORING COMPLIANCE WITH CONFLICT OF INTEREST POLICY	FORM 990, PART VI, QUESTION 12C	THE ORGANIZATION REGULARLY AND CONSISTENTLY MONITORS AND ENFORCES ITS CONFLICT OF INTEREST POLICY BY PROVIDING EDUCATION AND TRAINING FOR EACH OF ITS EMPLOYEES, STAFF, OFFICERS AND DIRECTORS, AS WELL AS HAVING EACH OF THESE INDIVIDUALS COMPLETE A CONFLICT OF INTEREST STATEMENT ON AN ANNUAL BASIS TO DISCLOSE ANY POTENTIAL CONFLICT ISSUES THESE STATEMENTS ARE CAREFULLY REVIEWED BY THE LEGAL DEPARTMENT WHEN A CONFLICT IS IDENTIFIED, THE LEGAL DEPARTMENT COMPILES ALL REPORTED CONFLICTS, AND EVALUATES THE DISCLOSURES FOR ACTUAL CONFLICTS A REPORT IS PROVIDED TO ORGANIZATION'S PRESIDENT/CEO REGARDING EMPLOYEES AND OFFICERS, AND TO THE CHAIR OF THE BOARD AND CHAIR OF THE GOVERNANCE COMMITTEE REGARDING BOARD MEMBERS THOSE WITH IDENTIFIED CONFLICTS OF INTEREST MUST RECUSE THEMSELVES FROM ANY MEETING DURING THE DISCUSSION AND VOTE THEREOF

Identifier	Return Reference	Explanation
PROCESS FOR DETERMINING COMPENSATION OF CEO, OFFICERS, OR KEY EMPLOYEES	FORM 990, PART VI, QUESTION 15A & 15B	COMPENSATION FOR THE CEO IS PAID BY SISTERS OF CHARITY OF LEAVENWORTH HEALTH SYSTEM, A RELATED NON-PROFIT ORGANIZATION COMPENSATION OF OTHER OFFICERS AND KEY EMPLOYEES IS PAID BY EITHER EXEMPLA, INC OR SISTERS OF CHARITY OF LEAVENWORTH HEALTH SYSTEM, BOTH OF WHICH ARE RELATED NON-PROFIT ORGANIZATIONS WHEN REVIEWING AND SETTING COMPENSATION FOR 'DISQUALIFIED PERSONS', EXEMPLA'S PROCESS INCLUDES THE COMPENSATION COMMITTEE OF THE BOARD IS CHARGED WITH THE RESPONSIBILITY FOR SETTING THE OVERALL COMPENSATION PHILOSOPHY AND FOR EVALUATING THE TOTAL COMPENSATION PROGRAMS FOR DISQUALIFIED PERSONS THE BOARD MEMBERS ARE INDEPENDENT MEMBERS AND IN THESE DISCUSSIONS THE CEO RECUSES HIMSELF FROM THE DISCUSSIONS AROUND HIS OWN COMPENSATION THE COMMITTEE OBTAINS VALID, COMPARABLE MARKET DATA (FROM INDEPENDENTLY PUBLISHED SOURCES) FOR COMPARABLE POSITIONS AND FROM FORM 990 FILINGS THIS COMMITTEE ENGAGES THE SERVICES OF AN INDEPENDENT EXPERT IN EXECUTIVE COMPENSATION TO REVIEW THE MARKET DATA AND PROVIDE AN OPINION AS TO THE REASONABLENESS OF THE TOTAL COMPENSATION PROGRAM FOR THE PAST SEVERAL YEARS, THE INDEPENDENT FIRM HAS BEEN WATSON WYATT WATSON WYATT VALIDATES THE PROCESS USED BY MANAGEMENT FOR IDENTIFYING 'DISQUALIFIED PERSONS' AND THEN CONDUCTS A COMPARABILITY STUDY/ANALYSIS OF PAY AT SIMILAR TYPES AND SIZES OF ORGANIZATIONS AND REVIEWS BASE SALARY, INCENTIVE (OR OVER-BASE PROGRAMS), BENEFITS, RETIREMENT PLANS AND PERQUISITES WATSON WYATT REVIEWS THE FINDINGS WITH THE BOARD COMMITTEE AND MINUTES ARE PREPARED AND SHARED WITH ALL THE VOTING BOARD MEMBERS EACH YEAR THAT DOCUMENTS THE DISCUSSION AND ANY ACTIONS THAT MAY HAVE BEEN TAKEN A COPY OF A FORMAL OPINION LETTER PREPARED BY WATSON WYATT FOLLOWING THE DISCUSSION WITH THE COMPENSATION COMMITTEE IS PROVIDED TO THE BOARD CHAIR AND SHARED WITH THE FULL BOARD THIS PROCESS IS UNDERTAKEN EACH YEAR SCLHS EMPLOYS THE EXECUTIVE TEAM AT EACH OF ITS HOSPITAL AFFILIATES, INCLUDING EXEMPLA AS PART OF ITS ANNUAL REVIEW PROCESS, SCLHS USES THE FOLLOWING IN ESTABLISHING THE COMPENSATION OF THOSE IN THESE POSITIONS 1) COMPENSATION COMMITTEE, 2) INDEPENDENT COMPENSATION CONSULTANT, 3) FORM 990 OF OTHER ORGANIZATIONS, 4) WRITTEN EMPLOYMENT CONTRACTS, 5) COMPENSATION SURVEYS AND STUDIES, 6) APPROVAL BY THE BOARD OR COMPENSATION COMMITTEE THE ABOVE SUPPORT THE COMPENSATION COMMITTEE'S EFFORTS TO ENSURE THAT THE LEVEL OF COMPENSATION PROVIDED TO ITS EXECUTIVES (OFFICERS, KEY EMPLOYEES, ETC) IS CONSISTENT WITH MARKET VALUE AND THE PAY PHILOSOPHY SET BY THE BOARD THE PAY PHILOSOPHY SET BY THE BOARD IS TO PAY AT THE MIDDLE OF THE MARKET FOR EXECUTIVES OF SIMILAR SIZED ORGANIZATIONS OVERALL SCLHS' EXECUTIVE COMPENSATION IS COMPARABLE TO THAT PROVIDED IN SIMILAR, NOT-FOR-PROFIT HEALTHCARE SYSTEMS AND HOSPITALS

Identifier	Return Reference	Explanation
AVAILABILITY OF GOVERNING DOCS, CONFLICT OF INTEREST POLICY, FINANCIALS	FORM 990, PART VI, QUESTION 19	GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, FINANCIAL STATEMENTS, AND RELATED DOCUMENTATION ARE PROVIDED UPON REQUEST AS DEEMED APPROPRIATE.

Identifier	Return Reference	Explanation
INDEPENDENT CONTRACTORS	PART V, QUESTION 1A AND PART VII, SECTION B, QUESTION 2	NO VENDOR PAYMENTS ARE PAID BY ST JOSEPH HOSPITAL THEY ARE ALL PAID BY EXEMPLA, INC AND THE NUMBER OF INDEPENDENT CONTRACTORS PAID OVER $100,000 ARE REFLECTED IN THE EXEMPLA, INC FORM 990 AS THE TOTAL PAID FOR ALL ENTITIES OWNED/MANAGED BY EXEMPLA, INC

Identifier	Return Reference	Explanation
OTHER CHANGES IN NET ASSETS	PART XI, LINE 5	REFLECTED AS OTHER CHANGES IN NET ASSETS ARE NET TRANSFERS UNREALIZED LOSSES ON INVESTMENTS IN THE AMOUNT OF ($1,920,552) AND CONTRIBUTIONS OF TEMPORARILY RESTRICTED NET ASSETS OF $3,774

Identifier	Return Reference	Explanation
STATEMENT OF CONTROLLED FOREIGN CORPORATION		ST JOSEPH HOSPITAL, PARTICIPATION CORPORATION EIN 84-0417134 FOR THE TAX YEAR ENDED DECEMBER 31, 2011 THIS STATEMENT IS BEING FILED PURSUANT TO TREAS REG 1 6038-2(J)(3) ST JOSEPH HOSPITAL'S FILING REQUIREMENT FOR FORM 5471 FOR THE CONTROLLED FOREIGN CORPORATIONS LISTED BELOW HAS BEEN SATISFIED BY SISTERS OF CHARITY OF LEAVENWORTH HEALTH SYSTEM (FEIN 23-7379161) SISTERS OF CHARITY OF LEAVENWORTH HEALTH SYSTEM HAS INCLUDED THE FORM 5471 WITH ITS FORM 990 WHICH WAS FILED ELECTRONICALLY LEAVEN INSURANCE COMPANY, LTD 98-0370522 23 LIMETREE BAY AVE., PO BOX 1051 GEORGE TOWN, GRAND CAYMAN KY1-1102 CJ RIVERVIEW MULTI-SERIES FUND SPC, LTD 510 THORNALL STREET, SUITE 220 EDISON, NJ 08837 AUSTIN CAPITAL SAFE HARBOR OFFSHORE FUND, LTD PO BOX 31106, 89 NEXUS WAY, 2ND FLOOR CAMANA BAY GEORGE TOWN, GRAND CAYMAN KY1-1205 CJ JP MORGAN HEDGE FUND SPC-ACCESS MAR09 SEGREGATED 98-0680591 INT'L FUND SVCS LTD, 78 SIR JOHN ROGERSON'S QUAY DUBLIN, IRELAND 2 EI JP MORGAN HEDGE FUND SPC-ACCESS JUN09 SEGREGATED 98-0680582 INT'L FUND SVCS LTD, 78 SIR JOHN ROGERSON'S QUAY DUBLIN, IRELAND 2 EI

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME MICHAEL A SLUBOWSKI TITLE CHAIRMAN HOURS 50

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME TODD A CONKLIN TITLE SVP & CFO, TREASURER HOURS 25

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME DAVID C PECORARO TITLE SVP & CIO HOURS 25

Identifier	Return Reference	Explanation
HOURS DEVOTED FOR RELATED ORGANIZATION	FORM 990 PART VII	NAME ROBERT LADENBURGER TITLE PRESIDENT&CEO-EXEMPLA HOURS 25

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ST JOSEPH HOSPITAL

Employer identification number
84-0417134

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

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

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) PAVILION IMAGING LLC 750 WELLINGTON GRAND JUNCTION, CO 81501 03-0516198	RADIOLOGY	CO	NA	N/A	0	0		No	0		No	0 %
(2) GRAND VALLEY SURGICAL CENTER LLC 710 WELLINGTON GRAND JUNCTION, CO 81501 84-1505075	OP SURGERY	CO	NA	N/A	0	0		No	0		No	0 %
(3) SAN JUAN CANCER CENTER LLC 600 SOUTH 5TH STREET MONTROSE, CO 81401 20-2856331	OP CANCER	CO	NA	N/A	0	0		No	0		No	0 %
(4) BILLINGS MRI CENTER LLC 1041 NORTH 29TH STREET BILLINGS, MT 59101 81-0450943	MRI-PET SCAN	MT	NA	N/A	0	0		No	0		No	0 %
(5) LUTHERAN CAMPUS ASC LLC 3455 LUTHRN PKW SUITE 150 WHEATRIDGE, CO 800336028 02-0749532	OP SURGERY	CO	NA	N/A	0	0		No	0		No	0 %
(6) COLORADO SURGICAL VENTURES LLC 30 S WACKER DR SUITE 2302 CHICAGO, IL 60605 20-8038915	OP SURGERY	CO	ST JOSEPH HOSP	RELATED	-350,270	3,570,000		No	0		No	85 000 %
(7) COLORADO SURGICAL HOSPITAL LLC 30 S WACKER DR SUITE 2302 CHICAGO, IL 60605 20-8038977	OP SURGERY	CO	CO SURG VENTURE	N/A	-350,269	4,467,552		No	0		No	51 000 %

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) CARITAS INC AND SUBSIDIARIES 9801 RENNER BOULEVARD SUITE 100 LENEXA, KS 66219 48-0941069	OTHER MEDICAL	KS		C CORP			
(2) LEAVEN INSURANCE COMPANY LTD 23 LIME TREE BAY AVE PO BOX 1051 GEORGETOWN, GRAND CAYMAN KY1-1102 CJ 98-0370522	INSURANCE	CJ					

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

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

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

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) See Additional Data Table			
(2)			
(3)			
(4)			
(5)			
(6)			

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

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

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

Schedule R (Form 990) 2011

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation
METHOD TO DETERMINE VALUE OF SCHEDULE R TRANSACTIONS	SCHEDULE R, PART V, LINE 2 COLUMN D	THE ORGANIZATION USED THE AMOUNT RECOGNIZED ON THE BOOKS AND RECORDS OF THE ORGANIZATION OF CASH RECEIVED OR PROVIDED, ADJUSTED TO THE ACCRUAL BASIS, TO DETERMINE THE VALUE OF SCHEDULE R TRANSACTIONS, WHICH APPROXIMATES FAIR MARKET VALUE

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 84-0417134
Name: ST JOSEPH HOSPITAL

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

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity	g Section 512 (b)(13) controlled organization	
SISTERS OF CHARITY LEAVENWORTH HLTH SYST 2420 W 26TH AVE SUITE 100D DENVER, CO 80211 23-7379161	SUPPORT MMBRS	KS	501(C)(3)	11B-TYPE II	NA		No
CARITAS CLINICS INC 818 NORTH 7TH STREET LEAVENWORTH, KS 66048 48-1009910	CLINIC SVCS	KS	501(C)(3)	3	SCLHS	Yes	
MARIAN CLINIC INC 1001 SW GARFIELD TOPEKA, KS 66604 48-1046905	CLINIC SVCS	KS	501(C)(3)	3	SCLHS	Yes	
MARILLAC CLINIC INC 2333 N 6TH STREET GRAND JUNCTION, CO 81501 84-1085822	CLINIC SVCS	CO	501(C)(3)	3	SCLHS	Yes	
PROVIDENCE MEDICAL CENTER 8929 PARALLEL PARKWAY KANSAS CITY, KS 66112 48-0784446	HEALTHCARE	KS	501(C)(3)	3	SCLHS	Yes	
ST JOHN HOSPITAL INC 3500 SOUTH FOURTH STREET LEAVENWORTH, KS 66048 48-0543768	HEALTHCARE	KS	501(C)(3)	3	PMC	Yes	
BETHANY COMMUNITY PLAZA INC 15 NORTH 12TH STREET KANSAS CITY, KS 66102 48-1207407	HEALTHCARE	KS	501(C)(3)	3	PMC	Yes	
PROVIDENCEST JOHN FOUNDATION INC 8929 PARALLEL PARKWAY KANSAS CITY, KS 66112 48-0925688	SUPPORT 501C3	KS	501(C)(3)	7	PMC	Yes	
ST FRANCIS HEALTH CENTER INC 1700 SW 7TH STREET TOPEKA, KS 66606 48-0547719	HEALTHCARE	KS	501(C)(3)	3	SCLHS	Yes	
ST FRANCIS HEALTH CENTER FOUNDATION 1700 SW 7TH STREET TOPEKA, KS 66606 48-1092520	SUPPORT 501C3	KS	501(C)(3)	11A-TYPE I	SFHC	Yes	
ST MARYS HOSPITAL & MEDICAL CENTER INC 2635 N 7TH STREET GRAND JUNCTION, CO 81502 84-0425720	HEALTHCARE	CO	501(C)(3)	3	SCLHS	Yes	
ST MARYS HOSPITAL DEVELOPMENT FOUNDATION 2635 N 7TH STREET GRAND JUNCTION, CO 81502 23-7001007	SUPPORT 501C3	CO	501(C)(3)	11A-TYPE I	SMHMC	Yes	
SAINT JOSEPH HOSPITAL FOUNDATION 1835 FRANKLIN STREET DENVER, CO 80218 84-0735096	SUPPORT 501C3	CO	501(C)(3)	11A-TYPE I	SJH	Yes	
HOLY ROSARY HEALTHCARE 2600 WILSON MILES CITY, MT 59301 81-0231792	HEALTHCARE	MT	501(C)(3)	3	SCLHS	Yes	
HOLY ROSARY HEALTHCARE FOUNDATION INC 2600 WILSON MILES CITY, MT 59301 20-2270238	SUPPORT 501C3	MT	501(C)(3)	11A-TYPE I	HRHC	Yes	
ST VINCENT HEALTHCARE 1233 NORTH 30TH BILLINGS, MT 59101 81-0232124	HEALTHCARE	MT	501(C)(3)	3	SCLHS	Yes	
ST VINCENT HEALTHCARE FOUNDATION PO BOX 35200 BILLINGS, MT 59107 81-0468034	SUPPORT 501C3	MT	501(C)(3)	7	SVHC	Yes	
NORTHWEST RESEARCH & EDUCATION INSTITUTE 315 NORTH 25TH STREET BILLINGS, MT 59101 20-1343024	COMM HLTH RES	MT	501(C)(3)	9	SVHC	Yes	
ST JAMES HEALTHCARE 400 SOUTH CLARK STREET BUTTE, MT 59701 81-0231785	HEALTHCARE	MT	501(C)(3)	3	SCLHS	Yes	
ST JAMES HEALTHCARE FOUNDATION 400 SOUTH CLARK STREET BUTTE, MT 59701 65-1202190	SUPPORT 501C3	MT	501(C)(3)	11A-TYPE I	SJHC	Yes	

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

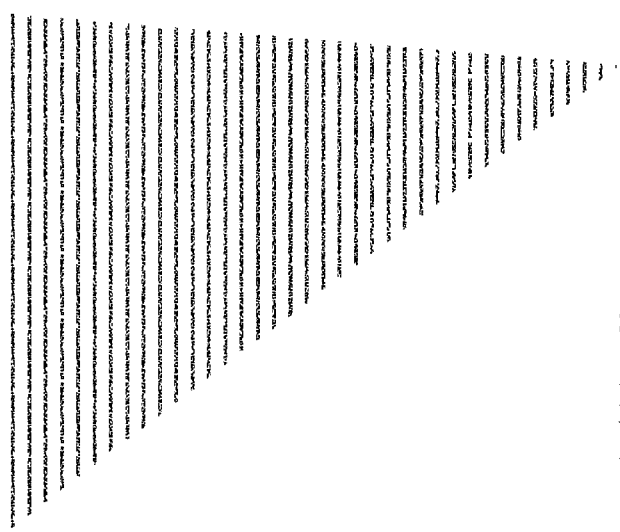
(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity	g Section 512(b)(13) controlled organization	
SAINT JOHNS HEALTH CENTER 2121 SANTA MONICA BLVD SANTA MONICA, CA 904042091 95-1684082	HEALTHCARE	CA	501(C)(3)	3	SCLHS	Yes	
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 JOHNS HOSPITAL & HLTH CENTER FNDTN 2121 SANTA MONICA BLVD SANTA MONICA, CA 904042091 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 84-1103606	HEALTHCARE	CO	501(C)(3)	3	SCLHS	Yes	
EXEMPLA LUTHERAN MEDICAL CENTER FNDTN 2480 W 26TH AVESUITE 360B DENVER, CO 80211 20-8846152	SUPPORT 501C3	CO	501(C)(3)	7	EXEMPLA INC	Yes	
EXEMPLA GOOD SAMARITAN MEDICAL CTR FNDTN 200 EXEMPLA CIRCLE LAFAYETTE, CO 80026 84-1649162	SUPPORT 501C3	CO	501(C)(3)	7	EXEMPLA INC	Yes	
LUTH MED CNTR PRO&GEN LIAB SELF-INS TRST 2480 W 26TH AVESUITE 360B DENVER, CO 80211 74-2571584	INSURANCE	CO	501(C)(3)	11A-TYPE I	EXEMPLA INC	Yes	
MOUNT ST VINCENT HOME INC 4159 LOWELL BOULEVARD DENVER, CO 80211 84-0405260	RESIDENT CARE	CO	501(C)(3)	11A-TYPE I	SCLHS	Yes	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income ($)	(g) Share of end-of-year assets ($)	(h) Disproprtionate allocations?		(i) Code V-UBI amount on Box 20 of K-1 ($)	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
PAVILION IMAGING LLC 750 WELLINGTON GRAND JUNCTION, CO 81501 03-0516198	RADIOLOGY	CO	NA	N/A	0	0		No	0		No	0 %
GRAND VALLEY SURGICAL CENTER LLC 710 WELLINGTON GRAND JUNCTION, CO 81501 84-1505075	OP SURGERY	CO	NA	N/A	0	0		No	0		No	0 %
SAN JUAN CANCER CENTER LLC 600 SOUTH 5TH STREET MONTROSE, CO 81401 20-2856331	OP CANCER	CO	NA	N/A	0	0		No	0		No	0 %
BILLINGS MRI CENTER LLC 1041 NORTH 29TH STREET BILLINGS, MT 59101 81-0450943	MRI-PET SCAN	MT	NA	N/A	0	0		No	0		No	0 %
LUTHERAN CAMPUS ASC LLC 3455 LUTHRN PKW SUITE 150 WHEATRIDGE, CO 800336028 02-0749532	OP SURGERY	CO	NA	N/A	0	0		No	0		No	0 %
COLORADO SURGICAL VENTURES LLC 30 S WACKER DR SUITE 2302 CHICAGO, IL 60605 20-8038915	OP SURGERY	CO	ST JOSEPH HOSP	RELATED	-350,270	3,570,000		No	0		No	85 000 %
COLORADO SURGICAL HOSPITAL LLC 30 S WACKER DR SUITE 2302 CHICAGO, IL 60605 20-8038977	OP SURGERY	CO	CO SURG VENTURE	N/A	-350,269	4,467,552		No	0		No	51 000 %

Form 990, Schedule R, Part V - Transactions With Related Organizations

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)	(d) Method of determining amount involved
(1)	EXEMPLA INC FKA LUTHERAN HOSPITAL	N	177,695,324	ACCRUAL
(2)	EXEMPLA INC FKA LUTHERAN HOSPITAL	M	4,201,997	ACCRUAL
(3)	EXEMPLA INC FKA LUTHERAN HOSPITAL	L	36,258,773	ACCRUAL
(4)	EXEMPLA INC FKA LUTHERAN HOSPITAL	Q	20,082,262	ACCRUAL
(5)	EXEMPLA INC FKA LUTHERAN HOSPITAL	D	60,000,000	AMT LOANED
(6)	EXEMPLA INC FKA LUTHERAN HOSPITAL	O	115,828,054	ACCRUAL
(7)	SAINT JOSEPH HOSPITAL FOUNDATION	C	902,306	ACCRUAL
(8)	EXEMPLA INC FKA LUTHERAN HOSPITAL	E	10,983,242	ACCRUAL
(9)	EXEMPLA INC FKA LUTHERAN HOSPITAL	P	5,889,610	ACCRUAL



SPECIAL-PURPOSE FINANCIAL STATEMENTS

Exempla Healthcare
Years Ended December 31, 2011 and 2010
With Report of Independent Auditors

Ernst & Young LLP

ERNST & YOUNG

Exempla Healthcare

Special-Purpose Financial Statements

Years Ended December 31, 2011 and 2010

Contents

Ernst & Young LLP

Report of Independent Auditors

The Board of Directors
Exempla Healthcare

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

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of Exempla Healthcare'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 Exempla Healthcare'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.

The accompanying special-purpose financial statements were prepared for the purpose of complying with the Joint Operating Agreement among Exempla, Inc., Community First Foundation, Sisters of Charity of Leavenworth Health System, and Saint Joseph Hospital and are not in conformity with U.S. generally accepted accounting principles, as the beneficial interest of the Saint Joseph Hospital Foundation is excluded from these financial statements, as discussed in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the special-purpose financial position of Exempla Healthcare at December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended, on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the Boards of Directors and management of Exempla, Inc., Community First Foundation, Sisters of Charity of Leavenworth Health System, and Saint Joseph Hospital, and is not intended to be, and should not be, used by anyone other than these specified parties.

Ernst & Young LLP

April 25, 2012

Exempla Healthcare

Special-Purpose Balance Sheets

	December 31	
	2011	**2010**
	(In Thousands)	
Assets		
Current assets:		
Cash and cash equivalents	**$ 70,872**	$ 30,079
Current portion of investments	**1,612**	1,705
Patient accounts receivable, less allowance for uncollectible receivables ($85,217 in 2011 and $114,755 in 2010)	**125,751**	123,752
Inventories	**15,151**	14,724
Prepaid expenses and other	**17,244**	16,179
Total current assets	**230,630**	186,439
Investments, net of current portion	**287,006**	294,347
Assets limited as to use:		
Trustee-held funds	**18,942**	16,780
Property and equipment:		
Land	**39,008**	37,429
Land improvements	**34,529**	33,031
Buildings and leasehold improvements	**678,944**	637,099
Furniture and equipment	**737,220**	720,853
Construction in progress	**68,762**	39,518
	1,558,463	1,467,930
Less accumulated depreciation and amortization	**(797,844)**	(709,891)
	760,619	758,039
Other assets	**4,998**	4,206
Total assets	**$ 1,302,195**	$ 1,259,811

Continued on following page

Exempla Healthcare

Special-Purpose Balance Sheets (continued)

	December 31	
	2011	**2010**
	(In Thousands)	
Liabilities and net assets		
Current liabilities:		
Accounts payable	**$ 62,867**	$ 75,136
Accrued salaries, wages, and benefits	**48,047**	43,278
Estimated third-party payor settlements	**6,513**	8,244
Current portion of notes payable, long-term debt, and capital lease obligations	**10,414**	8,798
Other accrued expenses	**31,184**	30,277
Total current liabilities	**159,025**	165,733
Long-term liabilities:		
Notes payable to related organization	**315,000**	323,555
Long-term debt and capital lease obligations, less current portion	**21,240**	22,897
Accrued pension funding liability	**11,217**	4,191
Other liabilities	**18,619**	19,929
Total long-term liabilities	**366,076**	370,572
Total liabilities	**525,101**	536,305
Net assets:		
Unrestricted	**774,746**	721,537
Temporarily restricted	**2,348**	1,969
Total net assets	**777,094**	723,506
Total liabilities and net assets	**$ 1,302,195**	$ 1,259,811

See accompanying notes

Exempla Healthcare

Special-Purpose Statements of Operations and Changes in Net Assets

	Year Ended December 31	
	2011	**2010**
	(In Thousands)	
Operating revenue:		
Net patient service revenue	**$ 1,057,669**	$ 1,033,076
Other operating revenue	**29,946**	15,509
Total operating revenue	**1,087,615**	1,048,585
Operating expenses:		
Salaries, wages, and employee benefits	**515,500**	494,091
Supplies, purchased services, and other	**364,528**	360,670
Depreciation and amortization	**95,328**	81,689
Interest	**14,300**	13,301
Provision for bad debts	**38,490**	48,056
	1,028,146	997,807
Income from operations	**59,469**	50,778
Investment income	**699**	23,847
Loss on defeasance of bonds	**–**	(17,361)
Excess of revenue over expenses	**60,168**	57,264
Contributions to related organizations	**(620)**	(1,774)
Change in funded status of pension	**(6,339)**	(132)
Other, net	**–**	5
Increase in unrestricted net assets	**53,209**	55,363
Contributions of temporarily restricted assets	**1,039**	773
Net assets released from restrictions	**(660)**	(555)
Increase in temporarily restricted net assets	**379**	218
Increase in net assets	**53,588**	55,581
Net assets, beginning of year	**723,506**	667,925
Net assets, end of year	**$ 777,094**	$ 723,506

See accompanying notes

Exempla Healthcare

Special-Purpose Statements of Cash Flows

	Year Ended December 31	
	2011	**2010**
	(In Thousands)	
Operating activities		
Increase in net assets	**$ 53,588**	$ 55,581
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	**95,328**	81,689
Loss on defeasance of bonds	**–**	17,361
Provision for bad debts	**38,490**	48,056
(Gain) loss on disposal of assets	**(693)**	72
Gain from investments in joint ventures	**(895)**	(1,808)
Change in funded status of pension	**6,339**	132
Change in investments and assets limited as to use	**5,272**	(83,544)
Contributions to related organizations	**620**	1,774
Net changes in operating assets and liabilities		
Patient accounts receivable	**(40,489)**	(47,879)
Inventories and other assets	**(2,064)**	2,172
Accounts payable	**(12,269)**	3,062
Accrued salaries, wages, and benefits	**4,769**	(1,738)
Estimated third-party payor settlements	**(1,731)**	(1,677)
Other liabilities	**284**	4,993
Net cash provided by operating activities	**146,549**	78,246
Investing activities		
Net purchases of property and equipment	**(97,215)**	(109,695)
Net change in joint ventures	**675**	4,814
Net cash used in investing activities	**(96,540)**	(104,881)
Financing activities		
Contributions to related organizations	**(200)**	(200)
Proceeds from issuance of long-term debt, net of issuance costs	**62,200**	269,569
Defeasance of bonds payable, including call premium	**–**	(222,463)
Payments on long-term debt and capital lease obligations	**(71,216)**	(57,562)
Net cash used in financing activities	**(9,216)**	(10,656)
Net increase (decrease) in cash and cash equivalents	**40,793**	(37,291)
Cash and cash equivalents at beginning of year	**30,079**	67,370
Cash and cash equivalents at end of year	**$ 70,872**	$ 30,079
Supplemental schedule of noncash activities		
Contribution of deferred financing costs and discounts on long-term debt to related organization	**$ 420**	$ 1,574

See accompanying notes

Exempla Healthcare

Notes to Special-Purpose Financial Statements

December 31, 2011

1. Description of Organization and Basis of Presentation

Organization

Exempla Healthcare (the System) is a health care delivery system formed on January 1, 1998, by a Joint Operating Agreement (JOA) among Exempla Inc. (Exempla), Community First Foundation (CFF, formerly LMC Community Foundation), Sisters of Charity of Leavenworth Health System (SCLHS), and Saint Joseph Hospital (SJH). The JOA provides for, among other things, the joint management by Exempla of the combined operations of Exempla and SJH. The JOA establishes an arrangement whereby the gains and losses of Exempla and SJH are shared equally. Exempla entered into a long-term management agreement with SCLHS and SJH containing the specific terms of Exempla's management of the operations of SJH. Under a related document, the JOA can be terminated by Exempla, SCLHS, or CFF if the System fails to meet certain financial ratios for three consecutive years. The last measurement date was December 2010, and the System met the required financial ratios.

Exempla is a Colorado nonprofit corporation exempt from federal income tax on its related income under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Exempla has two members, CFF, a Colorado nonprofit corporation, and SCLHS, a Kansas nonprofit corporation, both of which are also described in Section 501(c)(3) and are exempt from federal income tax on related income under Section 501(a).

SCLHS and CFF each has the power to appoint one-half of the members of the Board of Directors of Exempla, and SCLHS has the direct power to appoint management after consultation with Exempla's Board of Directors and to implement SCLHS's policies and procedures. In addition, SCLHS has reserved powers to approve budgets, strategic plans, debt financing, acquisition, or sale of assets and dissolution of Exempla.

Effective April 14, 2010, the members of Exempla agreed to an amendment of the JOA that states 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 price not to exceed $280 million. The circumstances that would cause the termination to be earlier than June 30, 2014, have not been met as of December 31, 2011.

Exempla is the sole economic member of Exempla Good Samaritan Medical Center, LLC, an entity formed to construct and operate Exempla Good Samaritan Medical Center (EGSMC). Exempla has entered into a management agreement with EGSMC under which Exempla employs all individuals and charges EGSMC for the costs of those employees working at EGSMC and for

1. Description of Organization and Basis of Presentation (continued)

a portion of system expenses. SJH, a Colorado nonprofit corporation exempt from federal income taxes under Section 501(c)(3), is owned by SCLHS. Under the JOA, Exempla employs all individuals and charges SJH for the cost of those employees working at SJH and for a portion of System expenses.

Exempla is also the sole economic member of Exempla Partners, LLC (Exempla Partners), an entity formed to further develop and expand Exempla's community-based allied medical services. Exempla Partners sold its interest in two joint ventures, which were accounted for under the equity method and were not material, in November 2010.

Collectively, the System includes, as its main components, Exempla Lutheran Medical Center (LMC), a 589-licensed-bed acute care hospital, including an 80-bed psychiatric facility, plus a 120-bed skilled nursing facility and 100 senior apartments; SJH, a 565-licensed-bed acute care hospital; EGSMC, a 234-licensed-bed acute care hospital; the practices and clinics staffed by physicians employed by Exempla; and Exempla Partners.

Basis of Presentation

The System's special-purpose financial statements include Exempla (which includes LMC and the practices and clinics staffed by physicians employed by Exempla, and the consolidated subsidiaries of EGSMC and Exempla Partners) and SJH. All intercompany accounts and transactions have been eliminated in consolidation.

In accordance with the JOA, the accompanying special-purpose financial statements exclude the System's interest in the net assets held by the Saint Joseph Hospital Foundation (the Foundation) on its behalf. Accounting principles generally accepted in the United States (GAAP) require that an asset be reported for this interest in the balance sheets and that the change in the interest be reported in the statements of operations and changes in net assets. However, because the interest in net assets held by the Foundation has been excluded from these financial statements, they are determined to be special-purpose financial statements not consistent with the requirements of GAAP. Inclusion of those items under GAAP would have increased total assets and temporarily restricted net assets by approximately $10.3 million and $10.0 million at December 31, 2011 and 2010, respectively. The change in net assets under GAAP would have increased approximately $0.3 million and $0.8 million for the years ended December 31, 2011 and 2010, respectively.

2. Significant Accounting Policies

Use of Estimates

The preparation of special-purpose financial statements in conformity with the JOA requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Net Patient Service Revenue

The System provides care to patients covered by various third-party payors such as Medicare and Medicaid, private insurance companies, and health maintenance organizations (HMOs). Amounts earned under these third-party contractual arrangements are primarily at fixed rates, which, for Medicare and Medicaid, are updated annually by the federal and state governments, respectively. Contractual arrangements with insurance companies and HMOs are negotiated periodically for future years. Management continually monitors and adjusts its reserves and allowances associated with these revenues and receivables.

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. The System grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. Possible credit losses are provided for in the System's allowance for uncollectible accounts and contractual adjustments. Adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Changes in estimates of third-party settlements increased net patient service revenue by $2.5 million and $1.5 million in 2011 and 2010, respectively. Settlements of the Medicare and Medicaid cost reports for 2008 through 2011 have not been finalized; however, management believes that adequate provision has been made for the impact of future settlements.

Revenue from Kaiser Permanente represented approximately 45% of the System's net patient service revenue for the years ended December 31, 2011 and 2010.

Revenue from the Medicare program accounted for approximately 10% and 11% of the System's net patient service revenue for 2011 and 2010, respectively. Laws and regulations governing the Medicare program are complex and subject to interpretation. Management believes that it is substantially in compliance with all applicable laws and regulations, and is not aware of any

2. Significant Accounting Policies (continued)

pending or threatened investigations involving allegations of potential wrongdoing. Compliance with other Medicare laws and regulations can be subject to future government review and interpretation. As a result, there is a reasonable possibility that the recorded estimates will change by a material amount in the near term.

EHR Incentive Revenue

Included in other revenue for the year ended December 31, 2011, was Electronic Health Records (EHR) incentive reimbursement (EHR Revenue) of approximately $7.0 million, calculated based on 2011 data, for the Medicare federal fiscal year 2011. Approximately $8.1 million was received during 2011 from Medicare for this EHR reimbursement based on calculations from 2010 cost report data. The System recognized a liability to Medicare for $1.1 million for the estimated 2011 cost report 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 EHR 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. 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 currently in effect specify the stage I 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. The System accounts for EHR Revenue under a governmental grant model and recognizes revenue when there is reasonable assurance that the System will comply with the conditions attached to the incentive payments and that the incentive payments will be received. At December 31, 2011, the System also accrued $1.3 million and $0.4 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 ended December 31, 2012.

2. Significant Accounting Policies (continued)

Charity and Uncompensated Care

The System accepts all patients regardless of their ability to pay. A patient is classified as a charity patient in accordance with established policies of the System. Essentially, these policies define charity services as those services for which no payment or nominal payment is anticipated, and are designed to assist those patients who are unable to pay for all, or part, of their health care expenses. Because the System does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The costs and expenses incurred in providing charity care services are included in the System's operating expenses and were approximately $35.1 million and $31.1 million in 2011 and 2010, respectively. The System estimates the costs of charity care by calculating a ratio of costs to gross charges and applying that ratio to the uncompensated gross charges associated with providing care to charity patients. The System received $11.6 million during 2011 to subsidize charity services provided.

Additionally, the System accepts patients who are covered by governmental indigent programs. Such indigent programs typically remit amounts less than costs.

Excess of Revenue Over Expenses

The special-purpose statements of operations and changes in net assets include excess of revenue over expenses. Changes in unrestricted net assets that are excluded from excess of revenue over expenses include contributions from related organizations and changes in the funded status of the defined benefit plan (see Note 9).

Contributions and Net Assets

Contributions received from donors are considered to be available for unrestricted use unless specifically restricted by the donor. Gifts are reported as temporarily or permanently restricted support if they are received with donor stipulations that restrict the use of the gift as to time or purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or the specific purpose is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets. Unconditional promises to give cash and other assets are recorded at fair value at the date the promise is received. Conditional promises to give are recorded at fair value when the gift becomes unconditional. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying special-purpose financial statements.

2. Significant Accounting Policies (continued)

Cash and Cash Equivalents

The System considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. These investments consist of money market funds and other cash equivalents. Included in cash and cash equivalents is the System's interest in SCLHS's pooled cash arrangement.

Financial Instruments

Financial instruments consist of cash and cash equivalents, patient accounts receivable, assets limited as to use, accounts payable, and long-term debt. The carrying amounts reported in the accompanying special-purpose balance sheets for cash and cash equivalents, patient accounts receivable, assets limited as to use, accounts payable, and variable-rate long-term debt approximate fair value. Management's estimate of the fair value of the other financial instruments is described in Note 8.

Allowance for Uncollectible Receivables

The composition of net receivables from patients and third-party payors at December 31 approximated the following:

	2011	2010
Kaiser Permanente	**29%**	26%
Managed care	**24**	27
Self-pay	**20**	20
Commercial and other	**12**	12
Medicare	**9**	10
Medicaid	**6**	5
	100%	100%

Included in net receivables is the allowance for uncollectible receivables. The allowance for uncollectible receivables is based upon management's assessment of historical and expected net collections and takes into consideration historical business and economic conditions, trends in health care coverage, and other collection indicators. Management periodically assesses the adequacy of the allowances for uncollectible accounts based upon historical write-off experience

2. Significant Accounting Policies (continued)

by payor category. The results of these assessments are used to modify, as necessary, the provision for bad debts and to establish appropriate allowances for uncollectible net patient accounts receivable.

Inventories

Inventories, which consist of medical supplies and pharmaceuticals, are stated at cost as determined on a first-in, first-out basis.

Assets Limited as to Use

Assets limited as to use include investments of assets held by trustees for debt service, a deferred compensation trust fund, and a medical malpractice self-insurance trust reserve fund. These investments are reported at fair value.

Property and Equipment

Property and equipment are stated at historical cost, except for donated items, which are recorded at estimated fair value at the date of contribution. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years for buildings, 5 to 30 years for building improvements, and 3 to 20 years for furniture and equipment. Leasehold improvements are amortized on a straight-line basis over the shorter of the useful life of the improvement or the term of the lease.

Unamortized computer software development costs were $39.1 million and $46.1 million at December 31, 2011 and 2010, respectively. Amortization expense incurred for capitalized computer software costs was $9.1 million and $10.1 million in 2011 and 2010, respectively.

Impairment of Long-Lived Assets

The System periodically evaluates property, equipment, and certain other intangible assets to determine whether assets may have been impaired. During 2011, the System received board 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 was re-evaluated during 2011. Due to the change in estimate in 2011, additional depreciation on

2. Significant Accounting Policies (continued)

building and equipment assets whose estimated useful lives will end on December 31, 2014, was $8.4 million in 2011 and is projected to be $12.0 million each year from 2012 through 2014.

Other Accrued Expenses and Liabilities

Following are the significant components of current and noncurrent accrued expenses:

	2011	2010
	(In Thousands)	
Current accrued expenses:		
Malpractice self-insurance program	**$ 2,696**	$ 2,630
Defined contribution retirement plan funding	**14,080**	13,768
Accrued interest	**8,095**	8,020
Employee deferred income plans	**3,659**	3,181
Other	**2,654**	2,678
Total current	**$ 31,184**	$ 30,277
Noncurrent accrued expenses:	**10,650**	9,864
Asbestos remediation	**5,810**	6,120
Accrued interest	**1,610**	2,865
Other	**549**	1,080
	$ 18,619	$ 19,929

Related-Party Transactions

SCLHS owns and controls the Midtown Medical Centers I & II (Midtown). Midtown functions as a medical office building, leasing space to physician practices and certain operating departments of SJH. The lease fees charged to SJH and Exempla for this space totaled $0.7 million and $1.3 million in 2011 and 2010.

The System purchases medical malpractice insurance coverage from SCLHS, as discussed in Note 10.

Notes payable to SCLHS totaled $324.0 million and $331.0 million at December 31, 2011 and 2010, respectively. Interest payable to SCLHS totaled $6.5 million and $8.0 million at December 31, 2011 and 2010, respectively.

2. Significant Accounting Policies (continued)

During 2011, SCLHS provided certain management and other services to the System. The System recognized $3.5 million in 2011 for these services within supplies, purchased services, and other expenses. During 2010, SCLHS employed certain senior executives of the System and charged the System monthly for the management services of those executives. The System recognized $1.9 million in 2010 for these management services within supplies, purchased services, and other expenses.

The System purchased SCLHS's interest in a medical parking garage during 2010 for $4.0 million, which was SCLHS's carrying value in the asset at the time of the purchase. In addition, SCLHS periodically purchases services and other items on behalf of the System. Such costs are reimbursed by the System monthly. Accounts payable to SCLHS totaled $3.1 million and $5.4 million at December 31, 2011 and 2010, respectively, and included management services, the amount payable for the purchase of the medical parking garage, and reimbursement due for other purchases on behalf of the System. This amount is recognized within accounts payable at December 31, 2011, in the accompanying special-purpose balance sheets.

The System made equity contributions to SCLHS of $0.4 million and $1.6 million in 2011 and 2010, respectively.

Income Taxes

The System accounts for uncertainty in tax positions in accordance with Accounting Standards Codification (ASC) 740, *Income Taxes*, which prescribes criteria for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Management has determined that there are no material uncertain tax positions as of December 31, 2011 and 2010. Tax years 2008 through 2011 remain subject to examination by federal and state tax jurisdictions.

Reclassification

Certain prior-year amounts have been reclassified to conform to the current-year presentation.

2. Significant Accounting Policies (continued)

Adoption of Accounting Pronouncements

In August 2010, the Financial Accounting Standards Board (FASB) issued guidance 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 were adopted in 2011. The Charity and Uncompensated Care section previously within this footnote reflects the amended disclosure requirements, and the costs of caring for charity care patients in prior periods disclosed in this footnote have been restated. Since the new guidance amends disclosure requirements only, its adoption did not impact the System's special-purpose balance sheets, statements of operations and changes in net assets, or statements of cash flows.

In August 2010, new accounting guidance was issued that clarifies that health care entities should not net expected insurance recoveries against a related claim liability. In addition, the claim liability is determined without consideration of insurance recoveries. A cumulative-effect adjustment is to be recognized in the opening net assets in the period of adoption if a difference exists between any liabilities and insurance receivables recorded as a result of applying this new guidance. The System adopted this guidance effective January 1, 2011. There was no impact to the System's special-purpose financial statements.

New Accounting Guidance Not Yet Applicable

In July 2011, the FASB issued Accounting Standards Update (ASU) 2011-7, *Health Care Entities (Topic 954): Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* (ASU 2011-7). In accordance with ASU 2011-7, the System will be required to present its provision for doubtful accounts related to patient service revenue as a deduction from revenue, similar to contractual discounts. Accordingly, the System's revenue will be required to be reported net of both contractual discounts as well as its provision for doubtful accounts related to patient service revenue. Additionally, ASU 2011-7 will require the System to make certain additional disclosures designed to help users understand how contractual discounts and bad debts affect recorded revenue in both interim and annual financial statements. ASU 2011-7 is required to be applied retrospectively and is effective for fiscal years beginning after December 15, 2011, and interim periods within those fiscal years. Early adoption is permitted; however, the System did not early adopt. The adoption of ASU 2011-7 is not expected to impact the System's financial condition, results of operations, or cash flows; however, it will change the presentation of the

2. Significant Accounting Policies (continued)

System's revenue and expenses on its statement of operations and changes in net assets and will result in additional disclosure.

Subsequent Events

The System accounts for subsequent events in accordance with ASC 855, *Subsequent Events,* which establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before the financial statements are available to be issued. The System has evaluated subsequent events through April 25, 2012, the date the financial statements were available to be issued.

3. 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. 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 specified purchase price. Management believes that 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. During 2011 and 2010, certain payments from Kaiser Permanente under the agreement represent advances from Kaiser Permanente and are recorded as subordinated debt (see Note 4).

In 2011, Exempla signed multiyear agreements with a Kaiser Permanente affiliate that specify the terms under which SJH provides hospital services to Kaiser Permanente. Among other things, the agreements specify payment terms and termination conditions.

4. Capital Structure and Commitments

Notes payable, long-term debt, and capital lease obligations consist of the following at December 31 (in thousands):

Description	Interest Rate	2011	2010
2010 note payable to SCLHS, due in annual principal payments varying each year to a maximum of $17,945 through January 1, 2032	1.50% – 5.25%	**$ 261,355**	$ 267,940
2009A note payable to SCLHS, refinanced in 2011	Variable	**–**	33,000
2002B note payable to SCLHS, refinanced in 2011	Variable	**–**	30,100
2011A note payable to SCLHS, due in annual principal payments varying each year to a maximum of $5,955 through January 1, 2039	Variable	**62,620**	–
Note payable to Kaiser Permanente, due November 13, 2032	6.00%	**16,501**	16,718
Other	Variable	**2,716**	2,716
Capitalized lease obligations	5.42% – 6.22%	**3,462**	4,776
		346,654	355,250
Less current portion of notes payable, long-term debt, and capital lease obligation		**10,414**	8,798
		336,240	346,452
Notes payable to related organization, less current portion		**315,000**	323,555
Long-term debt and capital lease obligations, less current portion		**21,240**	22,897
		$ 336,240	$ 346,452

On April 14, 2010, Exempla, along with EGSMC, signed a Restricted Affiliate agreement to become participants in SCLHS's combined credit structure. This involved issuance of debt under SCLHS's Master Trust Indenture (MTI), amended and restated as of January 1, 1994. SJH is also a Restricted Affiliate under the terms of the MTI. SCLHS is the sole member of the SCLHS Obligated Group under the terms of the MTI. Under the terms of the MTI, debt can be incurred for which the SCLHS 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 the original issue discount. In addition, as of December 31, 2011, there were also guarantees of indebtedness by SCLHS outstanding under the MTI of approximately $36.6 million. At December 31, 2011, the

4. Capital Structure and Commitments (continued)

SCLHS Obligated Group had unrestricted net assets of $2,407.0 million, and for the year ended December 31, 2011, had operating revenue of $2,620.0 million with net income of $3.4 million. The SCLHS Obligated Group has agreed to certain covenants, including, among other things, a specified debt service coverage ratio, restrictions on issuance of certain debt outside of the MTI, and a restriction on asset dispositions in excess of specified amounts. The consolidated results of the SCLHS Obligated Group and Restricted Affiliates are used to determine compliance with certain covenants of the MTI.

It is the practice of SCLHS to incur indebtedness under the provisions of the Master Trust Indenture and to subsequently reloan the proceeds to its affiliates via an intercompany note for qualified tax-exempt expenditures or to refinance existing indebtedness.

On May 20, 2010, SCLHS issued Series 2010 tax-exempt revenue bonds, of which $267.9 million was loaned to the System for the purpose of refunding the Exempla, Inc. 2002 Series A bonds, totaling approximately $49.0 million; the EGSMC 2002 Series A bonds, totaling approximately $158.4 million; the SJH 1994 note payable to SCLHS, totaling approximately $26.9 million; and the SJH 2003 note payable to SCLHS, totaling approximately $27.0 million. The total amount of the bond issuance was $1.0 billion.

The refinancing of the Exempla, Inc. 2002 Series A bonds and the EGSMC 2002 Series A bonds resulted in an in-substance legal defeasance of those liabilities. The System transferred funds of $222.5 million to an irrevocable defeasance trust, and the cash flows from those assets approximate the scheduled interest and principal payments of the debt that was extinguished, including redemption premiums of $3.6 million. The System recognized a loss on defeasance of $17.4 million, which included the purchase of $10.3 million in securities to pre-fund future scheduled interest payments of the debt through the irrevocable defeasance trust, the redemption premiums, and the write-off of the unamortized original issue discounts and issue costs of $3.5 million.

The refinancing of the SJH 1994 note payable to SCLHS resulted in an equity transfer to SCLHS of $0.6 million, which was the carrying value of unamortized original issue discount and issue costs at the time of the refinancing.

In connection with the Restricted Affiliate agreement, during 2010, the Exempla, Inc. 2002 Series B and the Exempla, Inc. 2009 Series A bonds were transferred to the SCLHS Master Trust Indenture after the Exempla Master Trust Indenture was released. The System made an equity

4. Capital Structure and Commitments (continued)

transfer of $1.0 million to SCLHS, which was the carrying value of the unamortized original issue discount and issue costs at the time of change in obligor. The 2002B and 2009A notes payable to SCLHS bear interest at a variable rate based on the rate at which the Exempla, Inc. 2002 Series B and 2009 Series A revenue bonds could be sold at par. The interest rate was approximately 0.3% for both notes at December 31, 2010.

On June 13, 2011, SCLHS issued Series 2011 tax-exempt refunding bonds of approximately $62.6 million, which were loaned to the System as the 2011A note payable to SCLHS for the purpose of refinancing the 2002B and 2009A notes payable to SCLHS. This transaction resulted in an equity transfer to SCLHS of $0.4 million, which represented the issuance costs derived from the refinancing. The interest rate of the 2011A note payable to SCLHS was approximately 0.7% at December 31, 2011.

During 1994, SCLHS issued Series 1994 tax-exempt revenue bonds (the Bonds), of which $42.0 million, exclusive of an original issue discount of $1.7 million, was loaned to SJH for the purpose of financing qualified capital expenditures. As a result, the unsecured note payable between SCLHS and SJH was established. During 2010, this note was paid off with the proceeds of the 2010 note payable to SCLHS.

In 2003, SJH borrowed an additional $30.0 million from SCLHS, at 5.65% interest, with payments amortized over 30 years. In connection with the loan, Exempla agreed to make specified levels of capital expenditures at SJH through 2007; this obligation has been met. During 2010, this note was paid off with the proceeds of the 2010 note payable to SCLHS.

Under the terms of the EGSMC revenue bond indenture, EGSMC was liable for all obligations issued thereunder. EGSMC agreed to certain covenants, including establishing debt service funds, restrictions on asset dispositions in excess of specified amounts, and restrictions on additional indebtedness. These bonds were secured by EGSMC's revenue and by a mortgage on the majority of EGSMC's property. The bonds were nonrecourse to Exempla. The various bond documents required that certain funds be established and controlled by a trustee to satisfy debt service requirements for as long as any of the bonds remain outstanding. Under terms of the agreement with Kaiser Permanente described in Note 3, EGSMC was required to refinance the bonds before January 15, 2013. EGSMC satisfied this obligation during 2010.

4. Capital Structure and Commitments (continued)

Through the EGSMC bond documents, Exempla loaned EGSMC $120.0 million and, under the terms of the JOA and in connection with their loan, SJH loaned Exempla $60.0 million. Exempla loaned an additional $3.0 million to EGSMC in 2008. The loan from Exempla to EGSMC accrues interest at 6%, is subordinated to EGSMC's revenue bonds, and payment of interest and principal is dependent on EGSMC meeting certain financial ratios. The loan from SJH to Exempla also accrues interest at 6%. These loans are eliminated in the special-purpose financial statements.

EGSMC's multiyear agreement with a Kaiser Permanente affiliate provides for certain capital and operational funding through a subordinated note payable, with a November 2032 maturity date. The note accrues interest at 6%. Payment of interest and principal is dependent on EGSMC meeting certain financial ratios. The note was subordinate to the EGSMC revenue bonds. The note payable provides for a maximum principal amount of $18.0 million.

During 2007, the System entered into a license agreement with Epic Systems Corporation to access program property for electronic medical record technology. This transaction was recorded as a capital lease and was discounted at 5.4%. Under the terms of the agreement, Exempla will pay $9.2 million over the six-year term of the agreement, including $1.3 million in interest costs and $1.5 million to convert the license agreement to a perpetual agreement at the end of the lease term. Amortization on assets recorded under capital leases is included within depreciation expense.

The System's interest costs were $14.9 million and $17.1 million in 2011 and 2010, respectively. Of this amount, $0.6 million and $3.8 million was capitalized in 2011 and 2010, respectively, for hospital facility construction by SJH and LMC and other major capital projects. Interest paid, net of interest capitalized, was $15.5 million and $7.9 million in 2011 and 2010, respectively.

4. Capital Structure and Commitments (continued)

Scheduled principal repayments of notes payable, long-term debt, and noncancelable operating leases during the next five years, and thereafter, are as follows:

	Notes Payable and Long-Term Debt	Operating Leases	Capital Leases
		(In Thousands)	
Year ending December 31:			
2012	$ 9,254	$ 9,225	$ 1,322
2013	9,649	7,083	1,222
2014	10,099	6,635	1,222
2015	10,569	3,712	–
2016	10,870	2,024	–
Thereafter	292,751	2,454	–
Less imputed interest cost	–	–	(304)
	$ 343,192	$ 31,133	$ 3,462

Rent expense under operating leases was $11.0 million and $13.1 million in 2011 and 2010, respectively.

Exempla estimates fair value of its outstanding bonds. The fair value of the 2010 note payable to SCLHS was approximately $295.5 million and $267.3 million at December 31, 2011 and 2010, respectively, based on quoted market prices for bonds with similar terms and maturities. The 2011A, 2009A, and 2002B notes payable to SCLHS are variable-rate issues, and their rates are set so as to price the bonds at par at each interest reset date. Accordingly, their fair value approximates their carrying value.

5. Significant Future Commitments

In 2006, SJH discovered life-safety code violations in its north and south patient towers. In late 2006, ESJH notified the Centers for Medicare & Medicaid Services (CMS), the Joint Commission, and the Denver Fire Department of such findings, along with an action plan to mitigate the issues, which 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

5. Significant Future Commitments (continued)

rooms through December 2014. SJH is currently engaged in a major construction project to build the replacement hospital with total contractually committed expenditures of $201.2 million and estimated total project costs of $623 million. Spending on this project through December 31, 2011, totaled $47.1 million. The remaining expenditures will be incurred through December 2014.

Exempla has guaranteed $3.3 million of debt on an equity method joint venture, which expires on November 1, 2017, or earlier under certain circumstances. The maximum potential amount of future payments that Exempla could be required to make under the guarantee is $3.2 million. Exempla receives an annual fee for this guarantee. Exempla has also guaranteed repayment of unamortized tenant improvements of an office space lease of an equity method joint venture, which expires on October 31, 2016. The maximum potential amount of future payments that Exempla could be required to make under the guarantee is $0.5 million.

6. Letters of Credit and Surety Bonds

Exempla has executed one letter of credit totaling $0.2 million and one surety bond totaling $1.1 million, both of which have been issued to certain beneficiaries.

7. Investments and Assets Limited as to Use

The fair value of investments and assets limited as to use consists of the following:

	December 31	
	2011	**2010**
	(In Thousands)	
Cash equivalents	**$ 2,110**	$ 15,976
Certificates of deposit	**808**	707
U.S. Treasury obligations	**–**	233
Government-sponsored agency bonds	**2,049**	–
Corporate bonds	**1,711**	997
Equity mutual funds	**–**	923
Fixed-income mutual funds	**–**	1,225
Pooled investments:		
Cash and enhanced cash	**122,310**	142,001
Domestic fixed-income	**53,455**	46,773
Tactical allocation	**27,334**	14,040
Domestic equities	**39,225**	30,484
International equities	**4,824**	–
Real estate investment funds	**30,383**	28,038
Absolute return funds	**15,744**	18,394
Core hedge funds	**7,607**	13,041
	$ 307,560	$ 312,832

All funds invested in the pooled investments program are held in a program sponsored by SCLHS. All investments in the program are professionally managed under the administration of SCLHS. Investments held in the program are represented by pooled units valued monthly under a custodial accounting system. The carrying value of the assets held is an allocation of the underlying fair value of the assets in the program, based upon pooled units held by the participants. Assets classified as "other" include a variety of mutual funds.

The System has designated its investment portfolio as "trading." Accordingly, unrealized gains and losses on marketable securities are reported within the excess of revenues over expenses.

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

Investment income on investments and assets limited as to use comprise the following:

	2011	2010
	(In Thousands)	
Interest and dividend income	**$ 4,995**	$ 3,840
Net realized gain on sales of securities	**4,633**	8,728
Net unrealized (loss) gain on securities	**(8,929)**	9,471
Other investment income	**–**	1,808
Total investment income	**$ 699**	$ 23,847

8. Fair Value Measurement

The System follows the methods of fair value measurement as described in ASC 820, *Fair Value Measurements and Disclosures*, to value its financial assets and liabilities. As defined in ASC 820, fair value is based on 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. In order to increase consistency and comparability in fair value measurements, ASC 820 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the System utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The System also considers counterparty credit risk in its assessment of fair value.

8. Fair Value Measurement (continued)

Investments and assets limited as to use carried at fair value as of December 31, 2011 and 2010, are classified in the table below in one of the three categories described above:

	Level 1	Level 2	Level 3	Total
		(In Thousands)		
December 31, 2011				
Assets				
Cash and cash equivalents	**$ 2,110**	**$ –**	**$ –**	**$ 2,110**
Certificates of deposit	**808**	**–**	**–**	**808**
Government-sponsored agency bonds	**–**	**2,049**	**–**	**2,049**
Corporate bonds	**–**	**1,711**	**–**	**1,711**
Total assets at fair value	**$ 2,918**	**$ 3,760**	**$ –**	**$ 6,678**

	Level 1	Level 2	Level 3	Total
		(In Thousands)		
December 31, 2010				
Assets				
Cash and cash equivalents	$ 15,976	$ –	$ –	$ 15,976
Certificates of deposit	707	–	–	707
U S Treasury securities	233	–	–	233
Corporate bonds	–	997	–	997
Equity mutual funds	922	–	–	922
Fixed-income mutual funds	1,225	–	–	1,225
Total assets at fair value	$ 19,063	$ 997	$ –	$ 20,060

The fair value of Level 2 bonds is determined through evaluated bid prices based on recent trading activity and other relevant information, including market interest rate curves and referenced credit spreads.

Investments held in pooled investments with SCLHS are represented by pooled units; the System's interest, therefore, is accounted for under the equity method of accounting and is not subject to fair value disclosure and is not included in the above tables.

9. Pension Plans

Exempla employees participate in a defined contribution plan (the Exempla Plan) covering substantially all employees of Exempla. 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%

9. Pension Plans (continued)

of wages of employee contributions to a separate 403(b) plan. The System expensed approximately $19.6 million and $19.1 million for contributions to the Exempla Plan for the years ended December 31, 2011 and 2010, respectively.

Prior to January 1, 1998, the predecessor to Exempla had a defined benefit pension plan (the Prior Plan), which covered substantially all of its employees. The benefits were based on years of service and employees' final average compensation. Benefits under the Prior Plan have been frozen. Exempla's funding policy 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.

Exempla recognizes the funded status of the Prior Plan as an asset or liability in its special-purpose balance sheets and recognizes changes in the funded status through changes in unrestricted net assets in the year in which the changes occur. Exempla recognized a decrease to the Prior Plan's funded status of $6.3 million and $0.1 million in 2011 and 2010, respectively, through unrestricted net assets.

Key financial information and assumptions related to the Prior Plan, based on a measurement date of December 31, are summarized below:

	2011	2010
	(In Thousands)	
Change in projected benefit obligation:		
Projected benefit obligation, January 1	**$ 50,519**	$ 46,635
Interest cost	**2,698**	2,744
Actuarial loss	**4,408**	3,621
Benefits paid	**(2,586)**	(2,481)
Projected benefit obligation, December 31	**55,039**	50,519
Change in plan assets:		
Plan assets at fair value, January 1	**46,328**	43,873
Actual return on plan assets	**80**	4,936
Benefits paid	**(2,586)**	(2,481)
Plan assets at fair value, December 31	**43,823**	46,328
Funded status of the plan, December 31	**$ (11,217)**	$ (4,191)

9. Pension Plans (continued)

The accumulated benefit obligation equals the projected benefit obligation.

	2011	2010
Components of net periodic pension expense:		
Interest cost	**$ 2,698**	$ 2,744
Expected return on plan assets	**(3,598)**	(2,985)
Amortization of unrecognized actuarial loss	**1,587**	1,538
Net periodic pension expense	**$ 687**	$ 1,297

Included in unrestricted net assets at December 31, 2011 and 2010, is $22.8 million and $16.5 million, respectively, of unrecognized actuarial losses that have not yet been recognized in net periodic pension cost. The actuarial loss included in net assets and expected to be recognized in net periodic pension cost during the fiscal year ended December 31, 2012, is $2.3 million.

	2011	2010
Weighted-average assumptions to determine benefit obligations at December 31:		
Discount rate	**4.91%**	5.41%
Expected return on plan assets	**7.25**	8.00
Weighted-average assumptions to determine net periodic benefit cost for the year ended December 31:		
Discount rate	**5.41**	6.00
Expected return on plan assets	**8.00**	7.00

Exempla does not expect to make a contribution to the Prior Plan in 2012.

9. Pension Plans (continued)

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:

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

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

Exempla employs a total return investment approach whereby a mix of equities and fixed-income investments is 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.

9. Pension Plans (continued)

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

	Level 1	Level 2	Level 3	Total
December 31, 2011		*(In Thousands)*		
Assets				
Domestic equity mutual funds	**$ 18**	$ –	$ –	**$ 18**
Fixed-income mutual funds	**10,526**	–	–	**10,526**
Money market fund	**27,562**	–	–	**27,562**
Real estate funds	–	–	**5,375**	**5,375**
Cash	**342**	–	–	**342**
Total assets at fair value	**$ 38,448**	$ –	**$ 5,375**	**$ 43,823**

	Level 1	Level 2	Level 3	Total
December 31, 2010		*(In Thousands)*		
Assets				
Domestic equity mutual funds	$ 16,357	$ –	$ –	$ 16,357
International equity mutual funds	7,000	–	–	7,000
Fixed-income mutual funds	16,559	–	–	16,559
Money market fund	2,406	–	–	2,406
Real estate funds	–	–	3,978	3,978
Cash	28	–	–	28
Total assets at fair value	$ 42,350	$ –	$ 3,978	$ 46,328

9. Pension Plans (continued)

Values for the investments in real estate funds have been determined based on the fair value of the underlying assets, which are valued based on the market, income, and/or cost approach. The Plan has no unfunded commitments to the real estate funds. 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:

	Real Estate Partnership	Real Estate Mutual Fund	Total
		(In Thousands)	
Balance, December 31, 2009	$ 998	$ 1,292	$ 2,290
Contributions	–	1,300	1,300
Investment income	48	59	107
Realized gains	1	–	1
Unrealized losses	143	137	280
Balance, December 31, 2010	1,190	2,788	3,978
Contributions	–	**700**	**700**
Investment income	**51**	**141**	**192**
Unrealized gains	**106**	**399**	**505**
Balance, December 31, 2011	**$ 1,347**	**$ 4,028**	**$ 5,375**

Expected benefit payments for the next ten years are as follows:

	Amount
2012	$ 2,878
2013	3,036
2014	3,194
2015	3,324
2016	3,482
2017–2021	18,920

Prior to January 1, 1998, SJH employees participated in the SCLHS Retirement Plan. Consistent with the treatment of multiemployer plans, contributions to the SCLHS Retirement Plan were expensed as they became due. Accordingly, no expense has been recognized in 2011 and 2010 related to this plan.

10. Insurance Programs

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 of SCLHS, 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 coverages, with the exception of workers' compensation insurance.

Effective October 1, 2010, professional liability coverage provides for a self-insured retention of $2.0 million per occurrence and a $20.0 million annual aggregate (shared with SCLHS), and a buffer layer of insurance was purchased from Leaven with limits of $2.0 million per occurrence and a $5.0 million annual aggregate. For claims reported between March 1, 2006 and September 30, 2010, professional liability coverage provides for a self-insured retention for professional liability with limits of $2.0 million per occurrence and $8.0 million in the aggregate, and for general liability with limits of $1.0 million per occurrence and $3.0 million in the aggregate. Excess coverages above those limits have been obtained through Leaven. A trust fund was established for the insurance program in 2006, and as of December 31, 2011, the fund totaled $14.1 million, including a portion for SJH. Funding levels for the trust fund are established annually based upon recommendations of consulting actuaries. The trust fund can only be used for payment of malpractice and general liability losses, related expenses, and the cost of administering the trust. Actuarial-based liabilities of $13.3 million and $12.5 million for unpaid claims incurred since program inception are recorded at December 31, 2011 and 2010, respectively. The portion of such losses related to SJH was allocated and charged to SJH. The loss reserves recorded for estimated self-insured professional and general liability, including estimates of the ultimate costs for both reported claims and claims incurred but not reported, are discounted at annual rates of 4% at December 31, 2011 and 2010.

From March 1, 1999 to February 28, 2005, Exempla had purchased professional and general liability coverage on a claims-made basis from Leaven. Limits of liability were maintained at $2.0 million per occurrence and $8.0 million in the aggregate. Excess coverage above those limits is retained through commercial insurers. In 2010, Exempla received payment from Leaven for retrospective premium adjustments for loss years prior to March 1, 2006, of $5.1 million, a portion of which was allocated to SJH.

10. Insurance Programs (continued)

Exempla has also established self-insurance programs for workers' compensation benefits and certain employee medical benefits. Annual self-insurance expense and funding under the workers' compensation program are based on past claims experience and projected losses. Insurance coverage, in excess of the per occurrence, self-insured retention, has been secured with insurers for specified amounts for workers' compensation. Actuarial estimates of uninsured losses of $2.0 million and $1.4 million as of December 31, 2011 and 2010, respectively, have been accrued on an undiscounted basis and include an estimate for claims incurred but not reported. A portion of this reserve covers uninsured losses of SJH. For medical and dental benefits, the liability for payment of incurred and unpaid claims is included in accrued salaries, wages, and benefits liabilities.

11. Functional Expenses

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

	2011	2010
	(In Thousands)	
Health care services	**$ 864,093**	$ 851,860
General and administrative	**164,053**	145,947
	$ 1,028,146	$ 997,807

12. Subsequent Events

The System evaluated events and transactions occurring subsequent to December 31, 2011 through April 25, 2012, the date the financial statements were available to be issued. During this period, there were no subsequent events requiring recognition in the special-purpose financial statements.

Effective as of December 31, 2011, all of the assets and liabilities of the Exempla defined contribution plan were merged into the SCLHS defined contribution plan. As of January 1, 2012, eligible employees of Exempla and its participating subsidiaries became participants in the SCLHS defined contribution plan.

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