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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 06-01-2011 and ending 05-31-2012

B Check if applicable

☐ Address change

☐ Name change

☐ Initial return

☐ Terminated

☐ Amended return

☐ Application pending

C Name of organization

ST PETER'S HOSPITAL

Doing Business As

Number and street (or P O box if mail is not delivered to street address)

2475 BROADWAY

Room/suite

City or town, state or country, and ZIP + 4

HELENA, MT 59601

F Name and address of principal officer

NATHAN C OLSON
2475 BROADWAY
HELENA, MT 59601

H(a) Is this a group return for affiliates?

☐ Yes ☒ No

H(b) Are all affiliates included?

☐ Yes ☐ No

If "No," attach a list (see instructions)

H(c) Group exemption number

I Tax-exempt status

☒ 501(c)(3) ☐ 501(c) () ☐ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website:

WWW.STPETES.ORG

K Form of organization

☒ Corporation ☐ Trust ☐ Association ☐ Other

L Year of formation

1883

M State of legal domicile

MT

Part I

Summary

Activities & Governance	1	Briefly describe the organization's mission or most significant activities PROVIDE EXCEPTIONAL AND COMPASSIONATE HEALTH CARE		
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3	Number of voting members of the governing body (Part VI, line 1a)	3	15
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	13
	5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	1,289
Revenue	6	Total number of volunteers (estimate if necessary)	6	82
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	61,468
	7b	Net unrelated business taxable income from Form 990-T, line 34	7b	-464,968
	8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9	Program service revenue (Part VIII, line 2g)	2,080,000	593,525
Expenses	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	144,987,588	163,534,823
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	3,813,556	1,677,614
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	75,646	61,533
	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	150,956,790	165,867,495
	14	Benefits paid to or for members (Part IX, column (A), line 4)	50,458	14,253
Net Assets or Fund Balances	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	0	0
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	65,776,330	77,313,898
	17	Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/> 308,911	0	0
	18	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	73,975,436	82,984,400
	19	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	139,802,224	160,312,551
	20	Revenue less expenses Subtract line 18 from line 12	11,154,566	5,554,944
	21	Total assets (Part X, line 16)	Beginning of Current Year	End of Year
	22	Total liabilities (Part X, line 26)	233,863,046	232,092,045
	23	Net assets or fund balances Subtract line 21 from line 20	75,498,434	82,889,308
	24		158,364,612	149,202,737

Part II

Signature Block

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

Sign Here

Signature of officer

2013-04-12

Date

JOHN GREEN CHIEF FINANCIAL OFFICER

Type or print name and title

Paid Preparer's Use Only

Preparer's signature

KIM C HUNWARDSEN

Date

2013-04-12

Check if self-employed

☐

Preparer's taxpayer identification number (see instructions)

P00484560

Firm's name (or yours if self-employed), address, and ZIP + 4

EIDE BAILLY LLP
800 NICOLLET MALL STE 1300
MINNEAPOLIS, MN 554027033

EIN

45-0250958

Phone no

(612) 253-6500

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

☒ Yes ☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2011)

Part IIIStatement of Program Service Accomplishments

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

1Briefly describe the organization’s mission

ST PETER'S HOSPITAL PARTNERS WITH OUR PATIENTS, COMMUNITY, AND MEDICAL STAFF TO PROVIDE EXCEPTIONAL AND COMPASSIONATE HEALTH CARE

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

If “Yes,” describe these new services on Schedule O

3Did the organization cease conducting, or make significant changes in how it conducts, any program services?

If “Yes,” describe these changes on Schedule O

4Describe 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 \$ 103,430,351 including grants of \$ 14,253) (Revenue \$ 125,980,041)

ST PETER'S HOSPITAL IS A 122-BED ACUTE CARE HOSPITAL FACILITY SERVING RESIDENTS OF LEWIS AND CLARK COUNTY AND PORTIONS OF JEFFERSON, BROADWATER, MEAGHER AND POWELL COUNTIES. ST PETER'S IS THE SOLE FACILITY IN THE PRIMARY SERVICE AREA. DURING THE YEAR ENDED MAY 31, 2012, THE HOSPITAL PROVIDED AT COST A TOTAL OF \$16,880,442 IN COMMUNITY BENEFIT. OF THIS TOTAL \$4,820,392 WAS FOR MEDICAL SERVICES TO INDIVIDUALS WHO WERE DETERMINED UNABLE TO PURCHASE SUCH SERVICES UNDER THE HOSPITAL'S CHARITY CARE POLICY. IN ADDITION TO FREE CARE AND/OR SUBSIDIZED CARE, CARE IS ALSO PROVIDED AT BELOW COST RATES TO PERSONS COVERED BY GOVERNMENTAL PROGRAMS. THE TOTAL OPERATING LOSS FOR PROVIDING CARE TO MEDICAID PATIENTS WAS \$1,261,245. THE HOSPITAL PROVIDED \$10,282,351 IN SUBSIDIZED HEALTH SERVICES DURING THE YEAR, INCLUDING ACUTE PATIENT CARE FOR MEDICAL, SURGICAL, PEDIATRIC AND BEHAVIORAL HEALTH PATIENTS, OUTPATIENT PHARMACY, PULMONARY REHAB, DIALYSIS, CLINICAL NUTRITION, ANTICOAGULATION, AND HOSPITALISTS SERVICES, PHYSICIAN CLINICS AND IN-HOME NURSING AND OXYGEN SERVICES. TO FULFILL ITS MISSION OF COMMUNITY SERVICE, THE ORGANIZATION PROVIDES CARE TO PATIENTS WHO MEET CERTAIN CRITERIA UNDER ITS CHARITY CARE POLICY WITHOUT CHARGE OR AT AMOUNTS LESS THAN ITS ESTABLISHED RATES. BECAUSE THE ORGANIZATION DOES NOT PURSUE COLLECTION OF AMOUNTS DETERMINED TO QUALIFY AS CHARITY CARE, THEY ARE NOT REPORTED AS PATIENT SERVICE REVENUE.

4b

(Code) (Expenses \$ 26,930,124 including grants of \$) (Revenue \$ 37,554,782)

THE HOSPITAL OPERATES SEVERAL PHYSICIAN CLINICS, EMPLOYING 55 PHYSICIANS AND PHYSICIAN ASSISTANTS AND NURSE PRACTITIONERS. WITHOUT THE HOSPITAL'S ASSISTANCE, LEWIS AND CLARK COUNTY WOULD BE WITHOUT MANY NEEDED MEDICAL AND SURGICAL SPECIALTIES. PHYSICIANS IN THE SPECIALTIES OF FAMILY PRACTICE, INTERNAL MEDICINE, NEUROLOGY, RHEUMATOLOGY, GASTROENTEROLOGY, ENT, CARDIOLOGY, RADIATION AND MEDICAL ONCOLOGY HAD APPROXIMATELY 93,875 PATIENT ENCOUNTERS.

4c

(Code) (Expenses \$ including grants of \$) (Revenue \$)

4d

Other program services (Describe in Schedule O)





















(Expenses \$ including grants of \$) (Revenue \$)

4e

Total program service expenses \$ 130,360,475

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	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? 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	Yes	
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII. 	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX. 	11d		No
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? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to line 25</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
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		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	35a	Yes	
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance						
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>						
		Yes	No			
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. .	1a	142			
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes			
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return.	2a	1,289			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes			
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	15		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	13
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	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	No
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	No
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	Yes

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	Yes
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b	Yes

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. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> 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 ▶ JOHN GREEN CFO 2475 BROADWAY HELENA, MT 59601 (406) 444-2100

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) RICK HAYES CHAIR	1 00	X		X				0	0	0
(2) MARIA BRAMAN VICE CHAIR	1 00	X		X				0	0	0
(3) PATTY NELSON TREASURER	1 00	X		X				0	0	0
(4) JOHN FLINK SECRETARY	1 00	X		X				0	0	0
(5) JOHN SOLHEIM PRESIDENT/CEO (THRU APRIL 2012)	40 00	X		X				517,170	0	34,306
(6) WILLIAM NORTHEY BOARD MEMBER	1 00	X						0	0	0
(7) DR THOMAS WEINER BOARD/CHIEF OF STAFF/PHYSICIAN	40 00	X						1,400,041	0	20,095
(8) CANDACE CAIN BOARD MEMBER	1 00	X						0	0	0
(9) MARK TAYLOR BOARD MEMBER	1 00	X						0	0	0
(10) KATE MCIVOR BOARD MEMBER	1 00	X						0	0	0
(11) TOM STRIZICH BOARD MEMBER	1 00	X						0	0	0
(12) MARY SHEEHY-MOE BOARD MEMBER	1 00	X						0	0	0
(13) SHEILA HOGAN BOARD MEMBER	1 00	X						0	0	0
(14) RYAN SCRENAR BOARD MEMBER	1 00	X						0	0	0
(15) ROGER STONE BOARD MEMBER	1 00	X						0	0	0
(16) TOM GREGG INTERIM CEO	40 00	X		X				206,683	0	15,052
(17) JOHN GREEN CFO	40 00			X				241,899	0	18,160

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) DR MICHAEL LEE PHYSICIAN	40 00					X		872,754	0	12,259
(19) DR JOHN RIBIC PHYSICIAN	40 00					X		500,981	0	10,468
(20) DR MATTHEW MCLAREN PHYSICIAN	40 00					X		563,745	0	7,023
(21) DR SCOTT PARGOT PHYSICIAN	40 00					X		558,426	0	13,912
(22) DR KRIS GODLEWSKI PHYSICIAN	40 00					X		502,523	0	12,746
(23) DR DAVID LECHNER FORMER PRESIDENT	40 00						X	127,839	0	6,207
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								5,492,061	0	150,228

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▶79

		Yes	No
3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	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? <i>If "Yes," complete Schedule J for such individual</i>	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? <i>If "Yes," complete Schedule J for such person</i>	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
HORIZON MENTAL HEALTH MANAGEMENT PO BOX 840839 DALLAS, TX 75284	PSYCHIATRIC SERVICES	2,480,186
DICK ANDERSON CONSTRUCTION 3424 HIGHWAY 12 E HELENA, MT 59601	GENERAL CONTRACTOR	1,204,395
CAPITAL MEDICAL ANESTHESIA PO BOX 5179 HELENA, MT 59601	ANESTHESIA SERVICES	705,000
GE HEALTHCARE PO BOX 414-SN471 MILWAUKEE, WI 53201	BIOMEDICAL SERVICES	698,460
ARUP LABORATORIES 500 CHIPETA WAY SALT LAKE CITY, UT 84108	LAB TESTING SERVICES	661,659

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 ▶44

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	480,111				
	e	Government grants (contributions)	1e	98,414				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	15,000				
	g	Noncash contributions included in lines 1a-1f \$ _____						
	h	Total. Add lines 1a-1f		593,525				
Program Service Revenue			Business Code					
	2a	PATIENT SERVICE REVENUE	622110	114,261,203	114,261,203			
	b	PHARMACY	446110	47,163,005	47,163,005			
	c	OTHER SERVICES	900099	1,001,603	618,982	382,621		
	d	CAFETERIA	722210	634,255	623,950	10,305		
	e	PETE'S PLACE	624410	321,254	321,254			
	f	All other program service revenue		153,503	484,961	-331,458		
	g	Total. Add lines 2a-2f		163,534,823				
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)		2,449,465			2,449,465	
	4	Income from investment of tax-exempt bond proceeds . .						
	5	Royalties						
	6a	Gross rents	(i) Real	(ii) Personal				
			244,059	115,795				
			239,167	59,154				
			4,892	56,641				
	d	Net rental income or (loss)		61,533			61,533	
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
				771,851				
				-771,851				
			d	Net gain or (loss)		-771,851		
	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 . .						
	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 . .						
	10a	Gross sales of inventory, less returns and allowances	a					
	b	Less cost of goods sold	b					
	c	Net income or (loss) from sales of inventory . .						
Miscellaneous Revenue		Business Code						
11a								
b								
c								
d	All other revenue							
e	Total. Add lines 11a-11d							
12	Total revenue. See Instructions		165,867,495	163,473,355	61,468	1,739,147		

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns
All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)
Check if Schedule O contains a response to any question in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21				
2	Grants and other assistance to individuals in the United States See Part IV, line 22	14,253	14,253		
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	3,572,375	1,409,180	2,163,195	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	50,997	25,499	25,498	
7	Other salaries and wages	58,563,540	48,631,361	9,692,920	239,259
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	4,898,410	3,758,205	1,132,695	7,510
9	Other employee benefits	6,346,581	4,925,012	1,409,038	12,531
10	Payroll taxes	3,881,995	2,965,366	900,226	16,403
11	Fees for services (non-employees)				
a	Management				
b	Legal	673,580	69,445	604,135	
c	Accounting	70,169		70,169	
d	Lobbying	48,104		48,104	
e	Professional fundraising See Part IV, line 17				
f	Investment management fees	402,592		402,592	
g	Other	12,819,184	9,332,451	3,479,535	7,198
12	Advertising and promotion	341,147	81,478	247,059	12,610
13	Office expenses	1,358,155	611,274	740,400	6,481
14	Information technology	1,267,351	314,732	952,619	
15	Royalties				
16	Occupancy	1,964,198	347,640	1,613,790	2,768
17	Travel	272,419	116,918	154,628	873
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	269,226	114,477	154,694	55
20	Interest	2,014,730		2,014,730	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	9,062,998	6,277,440	2,785,558	
23	Insurance	2,101,371	2,080,803	20,568	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	MEDICAL SUPPLIES, OTHER	40,079,165	39,264,515	811,713	2,937
b	BAD DEBT EXPENSE	8,816,374	8,816,374		
c	BED TAX	1,234,900	1,234,900		
d	OTHER TAXES	-66,540	-103,378	36,838	
e					
f	All other expenses	255,277	72,530	182,461	286
25	Total functional expenses. Add lines 1 through 24f	160,312,551	130,360,475	29,643,165	308,911
26	Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing				1	
	2	Savings and temporary cash investments			18,987,821	2	16,135,251
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			16,266,602	4	22,948,724
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L				5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L				6	
	7	Notes and loans receivable, net				7	
	8	Inventories for sale or use			3,544,429	8	3,613,773
	9	Prepaid expenses and deferred charges			2,546,358	9	2,961,254
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	171,833,552			
	b	Less: accumulated depreciation	10b	74,434,367	98,702,114	10c	97,399,185
	11	Investments—publicly traded securities			69,687,326	11	64,567,768
	12	Investments—other securities. See Part IV, line 11			23,688,744	12	24,048,654
	13	Investments—program-related. See Part IV, line 11				13	
	14	Intangible assets				14	
	15	Other assets. See Part IV, line 11			439,652	15	417,436
16	Total assets. Add lines 1 through 15 (must equal line 34)			233,863,046	16	232,092,045	
Liabilities	17	Accounts payable and accrued expenses			14,234,992	17	16,427,015
	18	Grants payable				18	
	19	Deferred revenue				19	
	20	Tax-exempt bond liabilities			44,942,031	20	42,231,476
	21	Escrow or custodial account liability. Complete Part IV of Schedule D				21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L				22	
	23	Secured mortgages and notes payable to unrelated third parties				23	
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D			16,321,411	25	24,230,817
	26	Total liabilities. Add lines 17 through 25			75,498,434	26	82,889,308
	Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
27		Unrestricted net assets			147,252,230	27	138,230,176
28		Temporarily restricted net assets			3,384,821	28	3,217,396
29		Permanently restricted net assets			7,727,561	29	7,755,165
Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.							
30		Capital stock or trust principal, or current funds				30	
31		Paid-in or capital surplus, or land, building or equipment fund				31	
32		Retained earnings, endowment, accumulated income, or other funds				32	
33		Total net assets or fund balances			158,364,612	33	149,202,737
34		Total liabilities and net assets/fund balances			233,863,046	34	232,092,045

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	165,867,495
2	Total expenses (must equal Part IX, column (A), line 25)	2	160,312,551
3	Revenue less expenses Subtract line 2 from line 1	3	5,554,944
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	158,364,612
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-14,716,819
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	149,202,737

Part XII Financial Statements and Reporting

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

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

SCHEDULE A

(Form 990 or 990EZ)

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 PETER'S HOSPITAL	Employer identification number 81-0233121
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Part I

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

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

1

☐

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

2

☐

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

3

☒

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

4

☐

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

5

☐

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

6

☐

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

7

☐

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

8

☐

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

9

☐

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

10

☐

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

11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

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

(i)

a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?

(ii)

a family member of a person described in (i) above?

(iii)

a 35% controlled entity of a person described in (i) or (ii) above?

h

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

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

Section B. Total Support							
Calendar year (or fiscal year beginning in)		(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7	Amounts from line 4						
8	Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9	Net income from unrelated business activities, whether or not the business is regularly carried on						
10	Other income (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
11	Total support (Add lines 7 through 10)						
12	Gross receipts from related activities, etc (See instructions)					12	
13	First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here						

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

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

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

Section B. Total Support						
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support (Add lines 9, 10c, 11 and 12.)						
14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here						

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

Section D. Computation of Investment Income Percentage			
17 Investment income percentage for 2011 (line 10c column (f) divided by line 13 column (f))	17		
18 Investment income percentage from 2010 Schedule A, Part III, line 17	18		
19a 33 1/3% support tests—2011. If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization			
b 33 1/3% support tests—2010. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization			
20 Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions			

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

Facts And Circumstances Test

Explanation

SCHEDULE 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 ST PETER'S HOSPITAL	Employer identification number 81-0233121
---	--

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															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input type="checkbox"/> No													

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

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

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

		(a)		(b)	
		Yes	No	Amount	
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of				
	a Volunteers?				No
	b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?				No
	c Media advertisements?				No
	d Mailings to members, legislators, or the public?	Yes		50	
	e Publications, or published or broadcast statements?		No		
	f Grants to other organizations for lobbying purposes?		No		
	g Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		100	
	h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No		
	i Other activities? If "Yes," describe in Part IV	Yes		48,104	
j Total lines 1c through 1i			48,254		
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).	2a	
a	Current year		
b	Carryover from last year		
c	Total		
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
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	THE HOSPITAL HIRED A CONSULTANT TO PROVIDE LOBBYING SERVICES IN CONNECTION WITH GOVERNMENTAL AFFAIRS REPRESENTATION TO ENSURE HOSPITAL, COMMUNITY, AND EMPLOYEE INTERESTS AND NEEDS ARE REPRESENTED. IN ADDITION, A PORTION OF AHA/MHA DUES ARE ATTRIBUTED TO LOBBYING SERVICES.

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 PETER'S HOSPITAL

Employer identification number

81-0233121

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? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	
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? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	

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
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06

3

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

4

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

5

Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

☐ 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▶ \$ _____

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

Cat No 52283D

Schedule D (Form 990) 2011

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

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

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

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

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

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

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

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

	Amount
1c	
1d	
1e	
1f	

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

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

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

	(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a Beginning of year balance	10,709,927	9,692,852	7,514,363	9,393,554	
b Contributions	489,607	127,911	1,405,761	630,667	
c Investment earnings or losses	-542,431	1,052,329	928,225	-2,297,705	
d Grants or scholarships					
e Other expenditures for facilities and programs	58,752	163,165	155,497	212,153	
f Administrative expenses					
g End of year balance	10,598,351	10,709,927	9,692,852	7,514,363	

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

- a** Board designated or quasi-endowment ▶
- b** Permanent endowment ▶ 73 170 %
- c** Term endowment ▶ 26 830 %

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		3,745,203		3,745,203
b Buildings		97,116,320	24,494,833	72,621,487
c Leasehold improvements				
d Equipment		68,550,910	48,678,527	19,872,383
e Other		2,421,119	1,261,007	1,160,112
Total. Add lines 1a-1e <i>(Column (d) should equal Form 990, Part X, column (B), line 10(c).)</i> ▶				97,399,185

Part XIReconciliation 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 XIIReconciliation 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 XIIIReconciliation 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 XIVSupplemental 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
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	ENDOWMENT FUNDS ARE RESTRICTED FOR SUPPORT OF HOSPITAL PROGRAMS AND SERVICES AND FOR CAPITAL PURCHASES AND IMPROVEMENTS IN ACCORDANCE WITH BOARD POLICIES AND/OR DONOR RESTRICTIONS
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	THE HOSPITAL AND FOUNDATION ARE MONTANA NONPROFIT CORPORATIONS AND HAVE BEEN RECOGNIZED BY THE INTERNAL REVENUE SERVICE (IRS) AS EXEMPT FROM FEDERAL INCOME TAXES UNDER INTERNAL REVENUE CODE SECTION 501(C)(3). THE HOSPITAL AND THE FOUNDATION ARE ANNUALLY REQUIRED TO FILE A RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX (FORM 990) WITH THE IRS. IN ADDITION, THE HOSPITAL IS SUBJECT TO INCOME TAX ON NET INCOME THAT IS DERIVED FROM BUSINESS ACTIVITIES THAT ARE UNRELATED TO ITS EXEMPT PURPOSE. THE HOSPITAL FILES AN EXEMPT ORGANIZATION BUSINESS INCOME TAX RETURN (FORM 990T) WITH THE IRS TO REPORT ITS UNRELATED BUSINESS TAXABLE INCOME. PEAK HEALTH HELENA, LLC IS A LIMITED LIABILITY COMPANY AND IS TREATED AS A CORPORATION FOR FEDERAL AND STATE INCOME TAX PURPOSES. THERE WAS NO TAXABLE INCOME IN 2012 AND 2011. THE ORGANIZATION BELIEVES THAT IT HAS APPROPRIATE SUPPORT FOR ANY TAX POSITIONS TAKEN AFFECTING ITS ANNUAL FILING REQUIREMENTS, AND AS SUCH, DOES NOT HAVE ANY UNCERTAIN TAX POSITIONS THAT ARE MATERIAL TO THE FINANCIAL STATEMENTS. THE ORGANIZATION WOULD RECOGNIZE FUTURE ACCRUED INTEREST AND PENALTIES RELATED TO UNRECOGNIZED TAX BENEFITS AND LIABILITIES IN INCOME TAX EXPENSE IF SUCH INTEREST AND PENALTIES ARE INCURRED. THE ORGANIZATION'S FEDERAL FORM 990T FILINGS ARE NO LONGER SUBJECT TO FEDERAL TAX EXAMINATIONS BY TAX AUTHORITIES FOR YEARS BEFORE 2009.

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 PETER'S HOSPITAL

Employer identification number
81-0233121

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 <div><input checked="" type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> Generally tailored to individual hospitals</div> <div><input type="checkbox"/> Applied uniformly to most hospitals</div>			
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 <i>free</i> care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care <div><input type="checkbox"/> 100%<input checked="" type="checkbox"/> 150%<input type="checkbox"/> 200%<input type="checkbox"/> Other _____%</div> b Did the organization use FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care <div><input type="checkbox"/> 200%<input checked="" type="checkbox"/> 250%<input type="checkbox"/> 300%<input type="checkbox"/> 350%<input type="checkbox"/> 400%<input type="checkbox"/> Other _____%</div> 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	3a	Yes	
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 eligible for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during 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)			8,143,137	3,322,745	4,820,392	3 180 %
b Medicaid (from Worksheet 3, column a)			10,072,705	8,811,460	1,261,245	0 830 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Charity Care and Means-Tested Government Programs			18,215,842	12,134,205	6,081,637	4 010 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			737,409	263,958	473,451	0 310 %
f Health professions education (from Worksheet 5)			43,003		43,003	0 030 %
g Subsidized health services (from Worksheet 6)			43,588,010	33,305,659	10,282,351	6 790 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			134,441		134,441	0 090 %
j Total Other Benefits			44,502,863	33,569,617	10,933,246	7 220 %
k Total. Add lines 7d and 7j			62,718,705	45,703,822	17,014,883	11 230 %

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		20,053		20,053	0 010 %
4	Environmental improvements					
5	Leadership development and training for community members					
6	Coalition building					
7	Community health improvement advocacy					
8	Workforce development					
9	Other		7,933		7,933	0 010 %
10	Total		27,986		27,986	0 020 %

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 8,816,374	
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 38,387,826	
6	Enter Medicare allowable costs of care relating to payments on line 5	6 45,200,007	
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7 -6,812,181	
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input checked="" type="checkbox"/> Other		

Section C. Collection Practices

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

Part IV

Management Companies and Joint Ventures

(see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1 1 HELENA SURGICENTER LLC	SURGERY CENTER	50 000 %	9 150 %	5 290 %
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Section A. Hospital Facilities

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

Name and address

Schedule H (Form 990) 2011

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 PETER'S 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 If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)	5		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>150 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used	9	Yes	

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>250 000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input checked="" type="checkbox"/> Income level b <input checked="" type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input checked="" type="checkbox"/> Insurance status e <input checked="" type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	Yes	
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? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input checked="" type="checkbox"/> Other (describe in Part VI)	13	Yes	

Billing and Collections

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

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

		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? If "No," indicate why	Yes	
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> 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	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> 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	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input type="checkbox"/> Other (describe in Part VI)		
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI		No
21	Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient? If "Yes," explain in Part VI		No

Part V

Facility Information (continued)

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

(list in order of size from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? 2

Name and address		Type of Facility (Describe)
1	HOSPICE & HOMELINK OF ST PETER'S HOSP 201 SOUTH CALIFORNIA HELENA, MT 59601	HOSPICE AND HOME HEALTH
2	APEX OF ST PETER'S HOSPITAL 201 SOUTH CALIFORNIA HELENA, MT 59601	HOME OXYGEN SERVICES
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
		PART I, LINE 6A THE ORGANIZATION'S COMMUNITY BENEFIT REPORT CAN BE FOUND ON ITS WEBSITE AT WWW STPETES ORG

Identifier	ReturnReference	Explanation
		PART I, LINE 7 CHARITY CARE, UNREIMBURSED MEDICAID AND SUBSIDIZED HEALTH SERVICES ARE CONVERTED TO COST USING THE COST TO CHARGE RATIO DERIVED FROM THE HOSPITAL'S COST ALLOCATION SYSTEM THE COST ALLOCATION SYSTEM ADDRESSES ALL PATIENT SEGMENTS THE COSTS ARE ESTIMATED BY ALLOCATING DEPARTMENTAL COSTS BASED ON DIRECT COSTS LESS ANY OTHER OPERATING REVENUE THEN BY DOING AN ALLOCATION OF BENEFITS, DEPRECIATION AND OTHER OVERHEAD COSTS COMMUNITY HEALTH IMPROVEMENT SERVICES, HEALTH PROFESSIONS EDUCATION AND CASH AND IN-KIND CONTRIBUTIONS IS DERIVED FROM THE CBISA PROGRAM

Identifier	ReturnReference	Explanation
		PART I, LINE 7G SUBSIDIZED HEALTH SERVICES INCLUDES \$6,175,756 OF COSTS ATTRIBUTABLE TO A PHYSICIAN CLINIC

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) THE AMOUNT OF BAD DEBT EXPENSE REMOVED FROM THE DENOMINATOR OF THE CALCULATIONS WAS \$8,816,374

Identifier	ReturnReference	Explanation
		PART III, LINE 4 BAD DEBT EXPENSE IS REPORTED AT CHARGES AS RECORDED BY THE ORGANIZATION BAD DEBT EXPENSE IS REPORTED NET OF DISCOUNTS AND CONTRACTUAL ALLOWANCES A PAYMENT ON AN ACCOUNT PREVIOUSLY WRITTEN OFF REDUCES BAD DEBT EXPENSE IN THE CURRENT YEAR FINANCIAL STATEMENT FOOTNOTE PATIENT RECEIVABLES ARE UNCOLLATERALIZED PATIENT AND THIRD-PARTY PAYOR OBLIGATIONS THE ORGANIZATION CHARGES INTEREST AT 10 PERCENT PER ANNUM ON PAST DUE ACCOUNTS AFTER 90 DAYS PAYMENTS OF PATIENT RECEIVABLES ARE ALLOCATED TO THE SPECIFIC CLAIMS IDENTIFIED ON THE REMITTANCE ADVICE OR, IF UNSPECIFIED, ARE APPLIED TO THE EARLIEST UNPAID CLAIM THE CARRYING AMOUNT OF PATIENT RECEIVABLES IS REDUCED BY A VALUATION ALLOWANCE THAT REFLECTS MANAGEMENT'S BEST ESTIMATE OF AMOUNTS THAT WILL NOT BE COLLECTED FROM PATIENTS AND THIRD-PARTY PAYORS MANAGEMENT REVIEWS PATIENT RECEIVABLES BY PAYOR CLASS AND APPLIES PERCENTAGES TO DETERMINE ESTIMATED AMOUNTS THAT WILL NOT BE COLLECTED FROM THIRD PARTIES UNDER CONTRACTUAL AGREEMENTS AND AMOUNTS THAT WILL NOT BE COLLECTED FROM PATIENTS DUE TO BAD DEBTS MANAGEMENT CONSIDERS HISTORICAL WRITE OFF AND RECOVERY INFORMATION IN DETERMINING THE ESTIMATED BAD DEBT PROVISION

Identifier	ReturnReference	Explanation
		PART III, LINE 8 THESE EXPENSES REPRESENT AN OVERALL SHORTFALL OF THE DIRECT MEDICARE PATIENT POPULATION THE COSTS THEMSELVES ARE THEREFORE A COMMUNITY BENEFIT AS THE COMMUNITY WOULD NOT RECEIVE THESE SERVICES IF WE DID NOT PROVIDE THEM TOTAL MEDICARE REVENUE AND MEDICARE ALLOWABLE COSTS OF CARE ARE CALCULATED USING A COST ALLOCATION METHOD CONSISTENT WITH THE COST REPORT

Identifier	ReturnReference	Explanation
		PART III, LINE 9B ST PETER'S HOSPITAL RECOGNIZES ITS RESPONSIBILITY TO RENDER NECESSARY HEALTH CARE SERVICES TO ALL PERSONS IN NEED OF SUCH CARE, REGARDLESS OF RACE, CREED, COLOR OR ECONOMIC CIRCUMSTANCES ST PETER'S HOSPITAL RECOGNIZES THAT PAYMENT FOR SERVICES RENDERED IS DUE AND PAYABLE AT THE TIME OF SERVICE THE HOSPITAL ACCEPTS INSURANCE ASSIGNMENTS AND SOME OTHER APPROVED ARRANGEMENTS FOR DELAYED PAYMENT FINANCIAL ASSISTANCE IS AVAILABLE FOR ALL QUALIFIED PATIENTS PATIENTS NOT COVERED BY INSURANCE OR UNABLE TO PAY IN FULL FOR SERVICES RENDERED MUST CONTACT THE APPROPRIATE PATIENT ACCOUNT REPRESENTATIVE WHO WILL ASSIST THE PATIENT AND/OR FAMILY IN DETERMINING IF HE/SHE QUALIFIES FOR PATIENT ASSISTANCE COLLECTION ACTIVITY WILL BE SUSPENDED WHILE A FINANCIAL ASSISTANCE APPLICATION IS UNDER REVIEW

Identifier	ReturnReference	Explanation
ST PETER'S HOSPITAL		PART V, SECTION B, LINE 13G A COPY OF THE FINANCIAL ASSISTANCE POLICY IS INCLUDED ON THE WEBSITE ADDITIONALLY, A SUMMARY OF THE FINANCIAL ASSISTANCE POLICY IS POSTED IN THE FACILITY'S EMERGENCY ROOM AND WAITING ROOMS AND ADMISSIONS OFFICES THE SUMMARY IS ALSO PROVIDED TO PATIENTS UPON ADMISSION TO THE HOSPITAL FACILITY

Identifier	ReturnReference	Explanation
ST PETER'S HOSPITAL		PART V, SECTION B, LINE 19D CURRENTLY UNINSURED PATIENTS ARE GIVEN A 3% DISCOUNT ON THEIR BILL PRIOR TO DETERMINATION OF QUALIFYING FOR PATIENT ASSISTANCE UPON DETERMINATION THAT PATIENTS DO QUALIFY FOR PATIENT ASSISTANCE, A DISCOUNT IS APPLIED BASED ON THE QUALIFYING LEVEL FOR A DISCOUNT BETWEEN 15% AND 100% THE ORGANIZATION IS WORKING TO UPDATE THEIR POLICY TO ALIGN WITH THE PROPOSED REGULATIONS

Identifier	ReturnReference	Explanation
ST PETER'S HOSPITAL		PART V, SECTION B, LINE 20 CURRENTLY UNINSURED PATIENTS ARE GIVEN A 3% DISCOUNT ON THEIR BILL PRIOR TO DETERMINATION OF QUALIFYING FOR PATIENT ASSISTANCE THE 3% DISCOUNT HAS BEEN ESTABLISHED AS A MEANS TO REDUCE GROSS CHARGES FOR SELF-PAY PATIENTS TO BE CLOSE TO THE AMOUNT CHARGED TO THOSE WITH INSURANCE UPON DETERMINATION THAT PATIENTS DO QUALIFY FOR PATIENT ASSISTANCE, A DISCOUNT IS APPLIED BASED ON THE QUALIFYING LEVEL FOR A DISCOUNT BETWEEN 15% AND 100% THE ORGANIZATION IS WORKING TO UPDATE THEIR POLICY TO ALIGN WITH THE PROPOSED REGULATIONS

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 ST PETER'S HOSPITAL CONDUCTS A COMMUNITY SURVEY EVERY THREE YEARS THE COMMUNITY SURVEY IS PERFORMED BY AN INDEPENDENT CONTRACTOR THAT SELECTS AN ADEQUATE SAMPLE SIZE FOR THE AREA THE HOMES OF ST PETER'S HOSPITAL EMPLOYEES ARE EXCLUDED FROM THE SURVEY THE SURVEY INCLUDES QUESTIONS RELATED TO EVALUATING THE COMMUNITY'S EXPERIENCE AND ABILITY TO ACCESS HEALTHCARE THE SURVEY HELPS TO IDENTIFY SPECIALTY AREAS OF CONCERN THE RESULTS OF THE SURVEYS ARE REVIEWED BY THE SENIOR MANAGEMENT TEAM AS WELL AS THE BOARD TO IDENTIFY THE AREAS OF FOCUS

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 ST PETER'S HOSPITAL (1) POSTS ITS CHARITY CARE POLICY ON ITS WEB SITE AS WELL AS AT THE ADMITTING DESK, EMERGENCY ROOM, ON THE MONTHLY STATEMENTS AND CASHIER AREAS IN WHICH ELIGIBLE PATIENTS ARE LIKELY TO BE PRESENT, (2) OFFERS A SUMMARY OF OUR POLICY AND APPLICATION TO SELF PAY PATIENTS WITH CONTACT INFORMATION TO PATIENTS AS PART OF THE INTAKE PROCESS, (3) PROVIDES A COPY OF FINANCIAL ASSISTANCE CONTACT INFORMATION TO PATIENTS WITH DISCHARGE MATERIALS, (4) FINANCIAL COUNSELORS DISCUSS WITH PATIENTS EXPECTING TO OWE MORE THAN \$500 THE AVAILABILITY OF PATIENT ASSISTANCE AND VARIOUS GOVERNMENT BENEFITS, SUCH AS MEDICAID OR STATE PROGRAMS, AND ASSISTS THE PATIENT WITH QUALIFICATION FOR SUCH PROGRAMS, WHERE APPLICABLE

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 ST PETER'S HOSPITAL IS A 122-BED ACUTE CARE HOSPITAL FACILITY SERVING RESIDENTS OF LEWIS AND CLARK COUNTY AND PORTIONS OF JEFFERSON, BROADWATER, MEAGHER AND POWELL COUNTIES ST PETER'S IS THE SOLE FACILITY IN THE PRIMARY SERVICES AREA THE HOSPITAL FINANCIAL PAYOR MIX CONSISTED OF 6 8% SELF PAY PATIENTS, 7 8% OF MEDICAID PATIENTS AND 43 4% MEDICARE PATIENTS APPROXIMATELY 15 6% OF THE POPULATION IS AGE 65 AND OLDER THE AVERAGE PER CAPITA INCOME IS \$27,583 AND APPROXIMATELY 12 1% OF THE POPULATION IS BELOW THE FEDERAL POVERTY LEVEL THE NEAREST HOSPITAL IN THE AREA IS APPROXIMATELY 35 MILES FROM ST PETER'S CAMPUS

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 5 THE ORGANIZATION'S GOVERNING BODY MEMBERS RESIDE IN THE COMMUNITY MEDICAL STAFF PRIVILEGES ARE EXTENDED TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY SURPLUS FUNDS ARE USED TO MAKE CAPITAL PURCHASES AND UPGRADES TO THE FACILITIES ST PETER'S HOSPITAL IS THE SOLE ACUTE CARE PROVIDER IN THE PRIMARY SERVICE AREA MADE UP OF LEWIS & CLARK COUNTY AND THE NORTHERN PORTION OF JEFFERSON COUNTY THERE IS A POPULATION OF APPROXIMATELY 74,800 OUT-MIGRATION IS GENERALLY LIMITED TO TERTIARY SERVICES NOT AVAILABLE AT ST PETER'S HOSPITAL INCLUDING CARDIAC SURGERY AND NEO-NATAL CARE ST PETER'S HOSPITAL PROVIDES CARE TO ALL PATIENTS REGARDLESS OF THEIR ABILITY TO PAY ST PETER'S HOSPITAL MAINTAINS CHARGES AS ONE OF THE LOWEST HOSPITALS WITHIN THE STATE DEPENDING ON THE SERVICES BEING PROVIDED ST PETER'S HOSPITAL SPONSORS SEVERAL WELLNESS SCREENINGS, HEALTH FAIRS AND EDUCATIONAL LECTURES, CLASSES, AND EVENTS THROUGHOUT THE YEAR TO PROMOTE BETTER LIVING, NUTRITION AND GOOD HEALTH CONTINUING EDUCATION IS ALSO PROVIDED TO THE MEMBERS OF THE MEDICAL COMMUNITY ON AN ON-GOING BASIS IN ADDITION, ST PETER'S HOSPITAL HAD 14,037 VOLUNTEER HOURS FROM THE COMMUNITY ASSISTING IN A VARIETY OF ROLES WITHIN THE ORGANIZATION ST PETER'S HOSPITAL MADE \$134,441 OF CASH AND IN-KIND DONATIONS TO A VARIETY OF ORGANIZATIONS WITHIN THE COMMUNITY THIS INCLUDES BUT IS NOT LIMITED TO CR ANDERSON MIDDLE SCHOOL FOR ITS HONOR STUDENT PROGRAM, ANGEL FUND TO PURCHASE CLOTHING AND SCHOOL SUPPLIES FOR YOUTH, HELENA HIGH SCHOOL FOR SOCCER TENT, LEWIS AND CLARK COUNTY FOR CRISIS RESPONSE TEAM, HEALTHY MOTHER'S/HEALTHY BABIES, HOSA, FRIENDSHIP CENTER, FLORENCE CRITTENTON, YMCA, GOD'S LOVE, CARROLL COLLEGE ATHLETICS WITH EMERGENCY SERVICES AT EVENTS, CARROLL COLLEGE NURSING DEPARTMENT WITH MEDICAL SUPPLIES NEEDED FOR LEARNING LABS, EXPLORATION WORKS WITH MEDICAL SUPPLIES NEEDED FOR STUDENT SCIENCE EXPERIMENTS, UNITED WAY TO ASSIST LOW-INCOME AND HOMELESS RESIDENTS WITH BASIC NEEDS, SPIRIT OF SERVICE CAMPAIGN BY PROVIDING SUPPLIES AND VOLUNTEERS TO HELP ELDERLY RESIDENTS AND OTHERS WITH SPECIAL NEEDS IMPROVE THEIR HOMES AND YARDS, KAY MCKENNA YOUTH FOUNDATION TO PROVIDE SAFE SUMMER YOUTH ACTIVITIES, ARCHIE BRAY FOUNDATION, HELENA FOOD SHARE PROGRAM FOR BACK PACK PROGRAM IN THE SCHOOLS AND BIG BROTHERS AND SISTERS THE DONATIONS WERE MADE TO ASSIST THESE COMMUNITY SPONSORS IN THEIR VARIOUS PROGRAMS</p>

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
ST PETER'S HOSPITAL

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

Employer identification number
81-0233121

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

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

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

Part III

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

(a)Type of grant or assistance	(b)Number of recipients	(c)Amount of cash grant	(d)Amount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance
(1) EDUCATION ASSISTANCE	13	14,253			

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
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 AS DETERMINED BY THE PUBLIC RELATIONS DIRECTOR AND THE CEO, THE ORGANIZATION FINANCIALLY SUPPORTS COMMUNITY INDIVIDUALS PURSUING EDUCATION PROGRAMS THAT ENRICH HEALTH AND SAFETY TO THE COMMUNITY DUE TO KNOWLEDGE OF THE RECIPIENTS AND THE PURPOSE OF THE GRANTS, FURTHER MONITORING ON THE USE OF THE FUNDS WAS NOT DEEMED NECESSARY

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization ST PETER'S HOSPITAL	Employer identification number 81-0233121
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Part I

Questions Regarding Compensation

	Yes	No
1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items		
<input type="checkbox"/> First-class or charter travel		
<input checked="" type="checkbox"/> Travel for companions		
<input type="checkbox"/> Tax idemnification and gross-up payments		
<input checked="" type="checkbox"/> Discretionary spending account		
<input type="checkbox"/> Housing allowance or residence for personal use		
<input type="checkbox"/> Payments for business use of personal residence		
<input checked="" type="checkbox"/> Health or social club dues or initiation fees		
<input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)		
b If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain	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		
<input checked="" type="checkbox"/> Compensation committee		
<input checked="" type="checkbox"/> Independent compensation consultant		
<input type="checkbox"/> Form 990 of other organizations		
<input checked="" type="checkbox"/> Written employment contract		
<input checked="" type="checkbox"/> Compensation survey or study		
<input checked="" type="checkbox"/> Approval by the board or compensation committee		
4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
a Receive a severance payment or change-of-control payment?	4a	No
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	No
8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	8	No
9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	9	

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

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) JOHN SOLHEIM	(i)	368,754	130,141	18,275	14,700	22,392	554,262	0
	(ii)	0	0	0	0	0	0	0
(2) DR THOMAS WEINER	(i)	1,398,194	0	1,847	13,287	6,809	1,420,137	0
	(ii)	0	0	0	0	0	0	0
(3) TOM GREGG	(i)	160,769	36,614	9,300	7,057	8,312	222,052	0
	(ii)	0	0	0	0	0	0	0
(4) JOHN GREEN	(i)	185,821	45,598	10,480	9,581	8,579	260,059	0
	(ii)	0	0	0	0	0	0	0
(5) DR MICHAEL LEE	(i)	871,920	0	834	8,175	4,084	885,013	0
	(ii)	0	0	0	0	0	0	0
(6) DR JOHN RIBIC	(i)	499,001	0	1,980	8,175	2,293	511,449	0
	(ii)	0	0	0	0	0	0	0
(7) DR MATTHEW MCLAREN	(i)	563,745	0	0	0	7,023	570,768	0
	(ii)	0	0	0	0	0	0	0
(8) DR SCOTT PARGOT	(i)	558,426	0	0	10,023	3,889	572,338	0
	(ii)	0	0	0	0	0	0	0
(9) DR KRIS GODLEWSKI	(i)	501,572	0	951	7,350	5,396	515,269	0
	(ii)	0	0	0	0	0	0	0
(10) DR DAVID LECHNER	(i)	121,493	6,000	346	0	6,207	134,046	0
	(ii)	0	0	0	0	0	0	0
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

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
	PART I, LINE 1A	PRESIDENT/CEO RECEIVES REIMBURSEMENT FOR MEMBERSHIP DUES PAID TO A SOCIAL CLUB, AN ANNUAL COMMUNITY SUPPORT ALLOWANCE AND A CAR ALLOWANCE. THE PRESIDENT/CEO IS TAXED ON THE PERSONAL MILEAGE THAT HE USES. THE PRESIDENT/CEO IS PROVIDED TRAVEL FOR COMPANIONS FOR BUSINESS FUNCTIONS. ALL AMOUNTS ARE REPORTED AS TAXABLE COMPENSATION.
	PART I, LINE 4B	JOHN SOLHEIM, TOM WEINER, AND KRIS GODLEWSKI PARTICIPATE IN A NONQUALIFIED RETIREMENT PLAN UNDER 457(F). AMOUNTS FROM THEIR BASE WAGES WERE DEFERRED INTO THEIR PLAN AT THEIR DISCRETION. THE ORGANIZATION DID NOT CONTRIBUTE MONEY INTO THE PLAN ON BEHALF OF THE INDIVIDUALS NAMED ABOVE.

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990).
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ST PETER'S HOSPITAL

Employer identification number
81-0233121

Part I

Bond Issues

(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A MONTANA FACILITY FINANCE AUTHORITY	81-0302402	61204JBR4	05-06-2004	29,748,183	TO FUND EXPANSION AND RENOVATION OF EXISTING HOSPITAL FACILITY		X		X		X
B MONTANA FACILITY FINANCE AUTHORITY	81-0302402	61204JBY9	03-22-2007	22,826,511	FUND MED OFFICE BLDG & WOMEN & CHILDREN'S BED WING & REFUND BONDS 1/23/97		X		X		X

Part II

Proceeds

		A	B	C	D
1	Amount of bonds retired	5,025,000	7,100,000		
2	Amount of bonds defeased				
3	Total proceeds of issue	29,748,183	22,826,511		
4	Gross proceeds in reserve funds	2,242,316	2,509,328		
5	Capitalized interest from proceeds	2,973,582	465,447		
6	Proceeds in refunding escrow		7,154,609		
7	Issuance costs from proceeds	422,346	353,863		
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	27,111,925	14,743,608		
11	Other spent proceeds		7,154,609		
12	Other unspent proceeds				
13	Year of substantial completion	2008		2009	
		Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X	X	
15	Were the bonds issued as part of an advance refunding issue?		X	X	
16	Has the final allocation of proceeds been made?	X		X	
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X	

Part III

Private Business Use

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X		X				
2	Are there any lease arrangements that may result in private business use of bond-financed property?		X		X				

Part III

Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?		X		X				
b	If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X				
d	If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0 %		0 %					
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	0 %		4 500 %					
6	Total of lines 4 and 5	0 %		4 500 %					
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X					

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X				
2	Is the bond issue a variable rate issue?		X		X				
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X				
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		X		X				
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X		X				
6	Did the bond issue qualify for an exception to rebate?		X		X				

Part V

Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations ☐ Yes ☒ No

Part VI

Supplemental Information

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

Identifier	Return Reference	Explanation
SCHEDULE K, PART II, LINE 11(B)		THE AMOUNT REPORTED AS OTHER SPENT PROCEEDS WAS USED TO REFUND A PRIOR BOND ISSUE

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 PETER'S HOSPITAL	Employer identification number 81-0233121
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Identifier	Return Reference	Explanation
NEW PROGRAM SERVICES	FORM 990, PART III, LINE 2	IN 2012 WE PURCHASED AN O-ARM DIGITAL IMAGING SYSTEM FOR THE OPERATING ROOM ALLOWING FOR GREATER DETAIL IN THE IMAGES DURING SURGERY AND REDUCING THE LENGTH OF SURGERY IN INTENSIVE SPINE CASES ST PETER'S MEDICAL GROUP RECRUITED AN ADDITIONAL SURGEON, NEPHROLOGIST AND MEDICAL ONCOLOGIST TO THE COMMUNITY EXPANDING THE AVAILABILITY OF APPOINTMENTS WITHIN THE COMMUNITY IN 2011 WE RECRUITED TWO ORTHOPEDIC SURGEONS TO THE COMMUNITY IN 2012 THESE INDIVIDUALS APPROACHED ST PETER'S HOSPITAL TO JOIN ST PETER'S MEDICAL GROUP AND BECAME EMPLOYED PHYSICIANS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 1	THE EXECUTIVE COMMITTEE CONSISTS OF THE OFFICERS OF THE BOARD OF DIRECTORS, PAST CHAIR OF THE BOARD PROVIDED HE/SHE CONTINUES TO BE A DIRECTOR, AND THE CHIEF OF STAFF. IF THE PAST CHAIR OF THE BOARD IS UNABLE TO SERVE, THE BOARD CHAIR MAY APPOINT ANOTHER MEMBER TO THE EXECUTIVE COMMITTEE. THE EXECUTIVE COMMITTEE HAS THE POWER TO TRANSACT ALL REGULAR BUSINESS OF THE HOSPITAL DURING THE INTERIM BETWEEN MEETINGS OF THE BOARD OF DIRECTORS, PROVIDED THAT ANY ACTION DOES NOT CONFLICT WITH THE POLICIES OF THE BOARD OF DIRECTORS AND ALL MATTERS OF MAJOR IMPORTANCE ARE REFERRED TO THE BOARD OF DIRECTORS. SHOULD ANY MATTER OF EXTREME URGENCY ARISE BETWEEN THE REGULAR MEETINGS OF THE BOARD OF DIRECTORS, IT IS THE DUTY OF THE EXECUTIVE COMMITTEE TO REQUEST THE PRESIDENT CALL A SPECIAL MEETING OF THE BOARD OF DIRECTORS. MINUTES OF THE EXECUTIVE COMMITTEE ARE SUBMITTED TO THE BOARD OF DIRECTORS AND ITS ACTIONS ARE SUBJECT TO APPROVAL OR DISAPPROVAL AT THE NEXT REGULAR BOARD MEETING. THE COMMITTEE IS RESPONSIBLE FOR CONDUCTING THE PRESIDENT'S EVALUATION, SETTING THE PRESIDENT'S COMPENSATION AND NEGOTIATING THE TERMS OF THE PRESIDENT'S EMPLOYMENT CONTRACT.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 7A	THE NOMINATING COMMITTEE SOLICITS QUALIFIED CANDIDATES FOR MEMBERSHIP ON THE BOARD OF DIRECTORS AND PRESENTS A SLATE TO THE BOARD OF DIRECTORS WITH ONE CANDIDATE FOR EACH POSITION TO BE FILLED. MEMBERS OF THE BOARD OF DIRECTORS MAY SUBMIT THE NAMES OF POTENTIAL CANDIDATES TO THE NOMINATING COMMITTEE FOR THE COMMITTEE'S CONSIDERATION. THE NOMINATING COMMITTEE'S SLATE OF POTENTIAL CANDIDATES IS SUBMITTED TO THE BOARD AT THE BOARD OF DIRECTOR'S ANNUAL MEETING. FIVE MEMBERS OF THE BOARD OF DIRECTORS SERVE BY VIRTUE OF THE OFFICES AND FOR THE DURATION OF THE TIME THEY REMAIN IN OFFICE, THE PRESIDENT AND CHIEF EXECUTIVE OFFICER OF THE HOSPITAL, THE CHIEF-OF-STAFF OF THE HOSPITAL, THE CHIEF-OF-STAFF ELECT OF THE HOSPITAL, THE ST. PETER MEDICAL GROUP PRESIDENT, AND THE ST. PETER'S FOUNDATION CHAIR.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	A ROUGH DRAFT OF THE FORM 990 IS REVIEWED BY THE CEO AND CFO AS WELL AS THE FINANCE COMMITTEE PRIOR TO FULL BOARD APPROVAL OF THE FINAL FORM 990 PRIOR TO FILING

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	THE CONFLICT OF INTEREST POLICY COVERS ALL BOARD MEMBERS, OFFICERS, SENIOR ADMINISTRATION AND KEY EMPLOYEES THE BOARD IDENTIFIES POTENTIAL CONFLICTS AND DETERMINES IF VOTING ON RELATED ITEMS WOULD BE A CONFLICT OF INTEREST IF A CONFLICT IS DETERMINED TO EXIST, THE CONFLICTED INDIVIDUAL IS EXCLUDED FROM VOTING ON THE CONFLICTED ITEM

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	AN INDEPENDENT COMPENSATION CONSULTANT PERFORMS A REVIEW OF SALARIES AND BENEFITS USING DATA FROM COMPARABLE HEALTHCARE FACILITIES. A REPORT IS PREPARED AND PRESENTED TO THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS, WHICH USES THE REPORT TO DETERMINE OFFICER AND SENIOR MANAGEMENT COMPENSATION. THE INFORMATION IS THEN REVIEWED WITH THE BOARD OF DIRECTORS. THE ANNUAL PROCESS WAS PERFORMED DURING 2012.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS ARE MADE AVAILABLE TO THE PUBLIC UPON REQUEST

Identifier	Return Reference	Explanation
	FORM 990, PART VII	PERCENTAGE OF TIME SPENT BETWEEN RELATED ORGANIZATIONS JOHN SOLHEIM, HOSPITAL AND FOUNDATION CEO, SPENDS 98% OF HIS TIME ON HOSPITAL BUSINESS AND 2% OF HIS TIME ON FOUNDATION BUSINESS TOM GREGG, HOSPITAL AND FOUNDATION CEO, SPENDS 98% OF HIS TIME ON HOSPITAL BUSINESS AND 2% OF HIS TIME ON FOUNDATION BUSINESS

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -6,210,353 MINIMUM PENSION LIABILITY ADJUSTMENT -8,542,940 CHANGE IN PERMANENTLY AND TEMPORARILY RESTRICTED NET ASSETS OF FOUNDATION -139,821 BOOK/TAX ADJUSTMENT FOR PARTNERSHIPS 176,295 TOTAL TO FORM 990, PART XI, LINE 5 -14,716,819

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 9	JOHN SOLHEIM PO BOX 238 DEERWOOD MN 56444

Identifier	Return Reference	Explanation
LISTING OF ALL CUSIP#S ASSOCIATED WITH BOND ISSUANCE	SCHEDULE K, PART I, BOND A, CUSIP#S FOR SERIES 2004 BOND	61204J BR4, 61204J AX2, 61204J AY0, 61204J AZ7, 61204J BA1, 61204J BB9, 61204J BC7, 61204J BD5, 61204J BE3, 61204J BF0, 61204J BG8, 61204J BH6, 612047J BL7

Identifier	Return Reference	Explanation
LISTING OF ALL CUSIP#S ASSOCIATED WITH BOND ISSUANCE	SCHEDULE K, PART I, BOND A, CUSIP#S FOR SERIES 2007 BOND	61204J BY9, 61204J BS2, 61204J BTO, 61204J BU7, 61204J BV5, 61204J BW3

Identifier	Return Reference	Explanation
	FORM 8621, PART IV	ST PETER'S HOSPITAL IS FILING FORM 8621 AS A SHAREHOLDER IN PASSIVE FOREIGN INVESTMENT COMPANIES ST PETER'S HOSPITAL DISTRIBUTION IS NOT TAXABLE AND THEREFORE NOT INCLUDED ON PART IV OF FORM 8621 THE AMOUNT OF NON-TAXABLE DISTRIBUTION FROM EACH FUND IS IDENTIFIED BELOW BR PROPERTIES S A \$4 PSAM GLOBAL EVENT UCITS FUND \$2

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 PETER'S HOSPITAL

Employer identification number
81-0233121

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
(1) ST PETER'S HOSPITAL FOUNDATION 2475 BROADWAY HELENA, MT 59601 81-0392270	RAISE FUNDS TO SUPPORT ST PETER'S HOSPITAL	MT	501(C)(3)	LINE 11A, I	ST PETER'S HOSPITAL	Yes	

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) Disproporionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) PEAK HEALTH LLC 2475 BROADWAY AVENUE HELENA, MT 59601 27-1863807	HEALTH CLUB	MT	N/A	UNRELATED	4,568	1,993,685		No			No	65 000 %
(2) PEAK HEALTH REALTY LLC 2475 BROADWAY AVENUE HELENA, MT 59601 27-2492966	RENTAL PROPERTY	MT	N/A	UNRELATED	-122,552	-60,115		No			No	65 000 %
(3) PEAK HEALTH HELENA LLC 2475 BROADWAY AVENUE HELENA, MT 59601 27-1863807	HEALTH CLUB	MT	N/A	UNRELATED	-302,004	-318,046		No			No	65 000 %

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

Part V

Yes	No
-----	----

--	--	--

- | | | |
|-----------|------------|-----------|
| 1a | | No |
| 1b | | No |
| 1c | Yes | |
| 1d | | No |
| 1e | | No |

- | | | |
|----|-----|----|
| 1f | | No |
| 1g | | No |
| 1h | | No |
| 1i | Yes | |
| | | |
| 1j | Yes | |
| 1k | | No |
| 1l | Yes | |
| 1m | | No |
| 1n | Yes | |
| | | |
| 1o | Yes | |
| 1p | Yes | |
| | | |
| 1q | | No |
| 1r | Yes | |

2

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) ST PETER'S HOSPITAL FOUNDATION	C	480,111	FMV
(2) ST PETER'S HOSPITAL FOUNDATION	N	275,703	COST
(3) PEAK HEALTH LLC	N	181,146	COST
(4)			
(5)			
(6)			

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.

[illegible]

Part VII

Supplemental Information

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

Identifier	Return Reference	Explanation	
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Consolidated Financial Statements
May 31, 2012 and 2011

St. Peter's Hospital and Affiliates

St. Peter's Hospital and Affiliates

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May 31, 2012 and 2011

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Independent Auditor's Report

The Board of Trustees
St. Peter's Hospital and Affiliates
Helena, Montana

We have audited the accompanying consolidated balance sheets of St. Peter's Hospital and Affiliates as of May 31, 2012 and 2011, and the related statements of operations, changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of St. Peter's Hospital and Affiliate as of May 31, 2012 and 2011, and the results of its operations, changes in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Eide Bailly LLP

Billings, Montana
September 13, 2012

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	2012	2011
Assets		
Current Assets		
Cash and cash equivalents	\$ 16,829,044	\$ 20,057,105
Receivables		
Patient, net of estimated uncollectible accounts of \$22,863,000 in 2012 and \$17,951,000 in 2011	20,900,263	15,783,269
Other	1,813,830	404,597
Assets limited as to use	2,524,801	3,776,083
Inventory of supplies and drugs	3,616,715	3,549,678
Prepaid expenses and deposits	2,961,254	2,546,358
Total current assets	48,645,907	46,117,090
Assets Limited as to Use		
By board for capital improvements	25,596,529	26,818,480
By board for debt repayment	15,701,879	15,218,883
Endowment funds	10,598,351	10,709,927
Under indenture agreements, held by trustee	7,567,505	8,751,149
	59,464,264	61,498,439
Less current portion	(2,524,801)	(3,776,083)
Total non-current assets limited as to use	56,939,463	57,722,356
Property and Equipment	105,442,475	106,338,433
Other Assets		
Investments	24,141,027	26,060,413
Joint venture investments	4,694,080	5,105,628
Deferred financing costs, net of amortization	1,020,963	1,067,321
Notes receivable	3,057,460	3,057,460
Total other assets	32,913,530	35,290,822
Total assets	\$ 243,941,375	\$ 245,468,701

See Notes to Consolidated Financial Statements

St. Peter's Hospital and Affiliates
Consolidated Balance Sheets
May 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	\$ 1,570,555	\$ 2,710,555
Accounts payable		
Trade	4,607,435	5,376,042
Estimated third-party payor settlements	1,922,157	2,132,312
Accrued expenses	12,237,722	8,952,313
Estimated liability to beneficiaries	241,593	235,979
	<u>20,579,462</u>	<u>19,407,201</u>
Total current liabilities		
Long-Term Liabilities		
Long-term debt, less current maturities	49,590,921	51,161,476
Liability for pension benefits	22,308,660	14,189,099
Estimated liability to beneficiaries, less current portion	1,388,875	1,341,771
	<u>93,867,918</u>	<u>86,099,547</u>
Total liabilities		
Net Assets		
Unrestricted	138,230,176	147,252,230
Non-controlling interest-unrestricted	870,720	1,004,542
Temporarily restricted	3,217,396	3,384,821
Permanently restricted	7,755,165	7,727,561
	<u>150,073,457</u>	<u>159,369,154</u>
Total net assets		
Total liabilities and net assets	<u>\$ 243,941,375</u>	<u>\$ 245,468,701</u>

St. Peter's Hospital and Affiliates
Consolidated Statements of Operations
Years Ended May 31, 2012 and 2011

	2012	2011
Unrestricted Revenues, Gains, and Other Support		
Net patient service revenue	\$ 161,424,208	\$ 142,015,779
Other revenue	4,411,415	2,686,697
Net assets released from restrictions used for operations	281,883	556,131
Total unrestricted revenues, gains, and other support	<u>166,117,506</u>	<u>145,258,607</u>
Expenses		
Salaries	62,577,185	52,484,238
Employee benefits	15,713,705	13,600,862
Drugs	21,563,400	19,295,759
Supplies	17,866,373	15,702,323
Depreciation and amortization	9,381,055	8,810,225
Purchased services	8,631,458	7,857,035
Provision for bad debts	8,817,841	7,732,051
Non-medical fees	6,786,156	4,893,456
Insurance	2,112,515	2,213,748
Interest and amortization	2,383,561	2,186,426
Rent	943,072	887,637
Physician fees	2,744,464	2,069,289
Travel and education	490,149	417,450
Miscellaneous	2,612,803	2,506,401
Total expenses	<u>162,623,737</u>	<u>140,656,900</u>
Operating Income	<u>3,493,769</u>	<u>4,601,707</u>
Other Income (Expense)		
Net investment income	2,248,628	3,845,999
Income from joint venture investments	730,479	539,813
Loss on sale of property and equipment	(771,851)	(105,193)
Total other income, net	<u>2,207,256</u>	<u>4,280,619</u>
Revenues in Excess of Expenses	5,701,025	8,882,326
Change in Net Assets Attributable to Non-controlling Interest	133,822	113,527
Net Assets Released From Restrictions for Capital Expenditures	355,111	1,427,780
Change in Unrealized Gains and Losses on Investments	(6,669,072)	6,602,906
Minimum Pension Liability Adjustment	<u>(8,542,940)</u>	<u>(474,876)</u>
Change in Unrestricted Net Assets Attributable to St. Peter's Hospital and Affiliates	<u>\$ (9,022,054)</u>	<u>\$ 16,551,663</u>

St. Peter's Hospital and Affiliates
Consolidated Statements of Changes in Net Assets
Years Ended May 31, 2012 and 2011

	2012	2011
Unrestricted Net Assets		
Revenues in excess of expenses	\$ 5,701,025	\$ 8,882,326
Change in unrealized gains and losses on investments	(6,669,072)	6,602,906
Net assets released from restrictions for capital expenditures	355,111	1,427,780
Minimum pension liability adjustment	(8,542,940)	(474,876)
Change in unrestricted net assets	(9,155,876)	16,438,136
Change in unrestricted net assets attributable to non-controlling interest	133,822	113,527
Change in unrestricted net assets attributable to St Peter's Hospital and Affiliates	(9,022,054)	16,551,663
Temporarily Restricted Net Assets		
Contributions, investment and grant income	862,159	878,207
Change in unrealized gains and losses on investments	(392,590)	738,514
Net assets released from donor restrictions	(636,994)	(1,983,911)
Change in temporarily restricted net assets	(167,425)	(367,190)
Permanently Restricted Net Assets		
Contributions	456,391	90,608
Change in value of split interest agreements	(416,959)	(39,692)
Change in unrealized gains and losses on investments	(11,828)	22,865
Change in permanently restricted net assets	27,604	73,781
Non-controlling Interest		
Change in unrestricted net assets attributable to non-controlling interest	(133,822)	(113,527)
Distributions to non-controlling interest	-	(117,792)
Change in non-controlling interest	(133,822)	(231,319)
Change in Net Assets	(9,295,697)	16,026,935
Net Assets, Beginning of Year	159,369,154	143,342,219
Net Assets, End of Year	<u>\$ 150,073,457</u>	<u>\$ 159,369,154</u>

St. Peter's Hospital and Affiliates
Consolidated Statements of Cash Flows
Years Ended May 31, 2012 and 2011

	2012	2011
Operating Activities		
Change in net assets	\$ (9,295,697)	\$ 16,026,935
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	9,381,055	8,810,225
Amortization of deferred financing costs	46,358	46,355
Amortization of bond discounts and premiums	(60,555)	(60,554)
Loss on sale of property and equipment	771,851	105,193
Realized gain on investments	(1,176,098)	(3,018,995)
Income from joint venture investments	(730,479)	(539,813)
Change in unrealized gains and losses on investments	7,073,490	(7,364,285)
Contributions and investments restricted by donors	(914,132)	(1,730,194)
Distributions to non-controlling interest	-	117,792
Changes in assets and liabilities		
Receivables	(6,526,227)	1,791,403
Supplies	(67,037)	(509,950)
Prepaid expenses and other	(414,896)	28,386
Accounts payable	(768,607)	2,354,389
Estimated third party settlements	(210,155)	673,121
Accrued expenses	3,285,409	1,597,344
Pension liability	8,119,561	(655,910)
Estimated liability to beneficiaries	52,718	(54,997)
Net Cash from Operating Activities	<u>8,566,559</u>	<u>17,616,445</u>
Investing Activities		
Purchase of investments	(98,845,395)	(93,651,268)
Proceeds from maturities and sale of investments	96,901,564	93,444,939
Purchase of property and equipment	(9,256,948)	(18,557,611)
Advances on notes receivable	-	(3,057,460)
Cash received from joint venture investments	1,142,027	1,040,695
Net Cash Used for Investing Activities	<u>(10,058,752)</u>	<u>(20,780,705)</u>
Financing Activities		
Contributions and investments restricted by donors	914,132	1,730,194
Payment for deferred financing costs	-	(651,809)
Borrowing on long-term debt	-	8,930,000
Repayment of long-term debt	(2,650,000)	(2,535,000)
Distributions to non-controlling interest	-	(117,792)
Net Cash From (Used for) Financing Activities	<u>(1,735,868)</u>	<u>7,355,593</u>
Net Change in Cash and Cash Equivalents	(3,228,061)	4,191,333
Cash and Cash Equivalents, Beginning of Year	20,057,105	15,865,772
Cash and Cash Equivalents, End of Year	<u>\$ 16,829,044</u>	<u>\$ 20,057,105</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	<u>\$ 2,521,003</u>	<u>\$ 1,836,767</u>

Note 1 - Organization and Significant Accounting Policies

Organization

The consolidated financial statements include the accounts of St. Peter's Hospital (Hospital), St. Peter's Foundation (Foundation) and Peak Health Helena, LLC (Peak), a 65 percent owned affiliate. The Hospital is a non-profit corporation, which operates a private, general acute care, community hospital facility in Helena, Montana. The Hospital is licensed to operate 99 medical-surgical, obstetrical and intensive/cardiac care beds and 23 behavioral health beds. The Hospital is accredited by the Joint Commission on Accreditation of Health Care Organizations.

The Hospital provides medical and surgical services, including emergency care, obstetrics, intensive care, and coronary care. Supporting these services is a range of diagnostic and therapeutic departments. The Foundation performs fund-raising activities for the Hospital and supports health care activities throughout the community. Peak operates a health and fitness center in Helena, Montana. Operation of the health and fitness center began April 2011. Included in net assets is a non-controlling interest which represents the minority LLC member's proportionate share of equity in Peak.

All significant inter-company accounts and transactions have been eliminated.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less, excluding assets limited as to use.

Patient Receivables and Credit Policy

Patient receivables are uncollateralized patient and third-party payor obligations. The Organization charges interest at 10 percent per annum on past due accounts after 90 days. Payments of patient receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim. The carrying amount of patient receivables is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected from patients and third-party payors. Management reviews patient receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts. Management considers historical write off and recovery information in determining the estimated bad debt provision.

Inventory of Supplies and Drugs

Supplies and drugs are stated at lower of cost (average) or market.

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in revenues in excess of expenses unless donor or law restricts the income or loss. Unrealized gains and losses on investments are excluded from revenues in excess of expenses unless the investments are trading securities. Gains or losses on the sale of securities are determined using the specific-identification method.

Assets Limited as to Use

Assets limited as to use include assets set aside by the Board of Trustees for future capital improvements and debt repayment, over which the Board retains control and may at its discretion subsequently use for other purposes; assets held by trustees under indenture agreements and assets set aside for donor specific purposes and endowment funds. Assets limited as to use that are available for obligations classified as current liabilities are reported in current assets.

Fair Value Measurements

The Organization has determined the fair value of certain assets and liabilities in accordance with generally accepted accounting principles, which provides a framework for measuring fair value.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs.

A fair value hierarchy has been established, which prioritizes the valuation inputs into three broad levels. Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

Property and Equipment

Property and equipment acquisitions greater than \$1,000 are capitalized at cost, or if donated, at fair value at the date of receipt. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. The estimated useful lives of property and equipment are as follows:

Land improvements	2-25 years
Buildings and improvements	10-40 years
Furniture, fixtures and equipment	2-20 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to unrestricted net assets, and are excluded from revenues in excess of expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted net assets. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when donated or when acquired long-lived assets are placed in service.

Deferred Financing Costs

Deferred financing costs are amortized over the period the related obligation is outstanding using the straight-line method, which does not differ materially from results that would be produced under the interest method. The estimated annual amortization of deferred financing costs is approximately \$50,000 for each of the years 2013 through 2017.

Notes Receivable

Notes receivable represents advances made to a community development investment fund in connection with a financing arrangement for construction of the Peak Health and Fitness Center. The terms of the notes are the same as two corresponding notes payable. See Note 7.

Estimated Liability to Beneficiaries

The Organization is party to a number of charitable gift annuities in which the donor has contributed assets to the Organization in exchange for a promise by the Organization to pay a fixed amount for a specified period of time to the donor or to individuals or organizations designated by the donor. The liability to beneficiaries is determined using actuarial assumptions and discount rates prescribed by the Internal Revenue Service. Revenue recognized from new charitable gift annuity contributions was approximately \$17,000 in 2012 and \$74,000 in 2011. The contributions are recorded as increases to temporarily or permanently restricted net assets, pursuant to donor restrictions.

Professional Liability Claims

The Organization has adopted the Financial Accounting Standards Board ASU 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*, as of June 1, 2011. ASU 2010-24 requires the Organization to evaluate its exposure to losses arising from claims and recognize a liability and at the same time recognize an insurance receivable for anticipated insurance recoveries, measured on the same basis as the related liability.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Organization in perpetuity.

Revenues in Excess of Expenses

Revenues in excess of expenses excludes unrealized gains and losses on investments other than trading securities, transfers of assets to and from related parties for other than goods and services, minimum pension liability adjustments, and contributions of long-lived assets, including assets acquired using contributions which were restricted by donors.

Net Patient Service Revenue

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

Charity Care

The Organization provides health care services to patients who meet certain criteria under its Charity Care Policy without charge or at amounts less than established rates. Since the Organization does not pursue collection of these amounts, they are not reported as patient service revenue. The estimated cost of providing these services was \$8,143,137 and \$7,706,168 for the years ended May 31, 2012 and 2011, calculated by multiplying the ratio of cost to gross charges for the Organization by the gross uncompensated charges associated with providing charity care to its patients.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When donor stipulated time restrictions or purpose restrictions are met or accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as net assets released from restrictions.

Advertising Costs

The Organization expenses advertising costs as incurred.

Income Taxes

The Hospital and Foundation are Montana nonprofit corporations and have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Hospital and the Foundation are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Hospital is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Hospital files an Exempt Organization Business Income Tax Return (Form 990T) with the IRS to report its unrelated business taxable income.

Peak Health Helena, LLC is a limited liability company and is treated as a corporation for federal and state income tax purposes. There was no taxable income in 2012 and 2011.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. The Organization's federal Form 990T filings are no longer subject to federal tax examinations by tax authorities for years before 2009.

Subsequent Events

The Organization has evaluated subsequent events through September 13, 2012, the date which the financial statements were available to be issued.

Reclassifications

Certain reclassifications have been made to the prior year consolidated financial statements to conform to the current year presentation. These reclassifications had no effect on the change in net assets.

Note 2 - Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare: (Approximately 43 percent and 44 percent of gross patient service revenues for the years ended May 31, 2012 and 2011). Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates varied according to a patient classification system that was based on clinical, diagnostic, and other factors. The majority of Medicare outpatient services are paid under a prospective payment methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through the year ended May 31, 2007.

Medicaid: (Approximately 7 percent of gross patient service revenues for the years ended May 31, 2012 and 2011). Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Outpatient services and capital costs related to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and settlements thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been settled by the Medicaid fiscal intermediary through May 31, 2007.

Other: The Hospital has also entered into payment agreements with certain commercial insurance carriers and other organizations, which include discounts from established charges.

Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

The Centers for Medicare and Medicaid Services (CMS) has implemented a Recovery Audit Contractor (RAC) program under which claims subsequent to October 1, 2007 are reviewed by contractors for validity, accuracy, and proper documentation. A demonstration project completed in several other states resulted in the identification of potential overpayments, some being significant. As the outcome of potential reviews is unknown and cannot be reasonably estimated, it is the Organization's policy to adjust revenue for deductions from overpayment amounts or additions from underpayment amounts determined under the RAC audits at the time a change in reimbursement is agreed upon between the Organization and CMS.

A summary of patient service revenue and contractual adjustments is as follows:

	<u>2012</u>	<u>2011</u>
Inpatient	\$ 93,630,655	\$ 84,642,034
Outpatient and ancillary	<u>170,956,354</u>	<u>147,325,990</u>
	264,587,009	231,968,024
Contractual adjustments	<u>(103,162,801)</u>	<u>(89,952,245)</u>
Net patient service revenue	<u><u>\$ 161,424,208</u></u>	<u><u>\$ 142,015,779</u></u>

Note 3 - Investments

Assets Limited as to Use

The composition of assets limited as to use and investments at May 31, 2012 and 2011, is shown in the following table. Cash and cash equivalents are stated at historical cost and all other investments are stated at fair value.

	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 13,096,275	\$ 13,721,436
Common stock	28,374,222	31,242,184
U.S. Treasury and government obligations	3,410,265	3,942,661
Corporate bonds	3,259,425	2,920,297
Mutual funds	5,667,628	5,057,804
Alternative investments	4,869,504	3,702,755
Beneficial interests in managed trusts	<u>786,945</u>	<u>911,302</u>
	<u><u>\$ 59,464,264</u></u>	<u><u>\$ 61,498,439</u></u>

Investments

	<u>2012</u>	<u>2011</u>
Common stock	\$ 14,024,928	\$ 16,311,479
Mutual funds	3,985,144	3,731,555
U.S. Treasury and government obligations	1,685,640	2,058,456
Corporate bonds and certificates of deposit	1,839,695	1,817,709
Alternative investments	2,406,917	1,933,201
Beneficial interests in managed trusts	<u>198,703</u>	<u>208,013</u>
	<u><u>\$ 24,141,027</u></u>	<u><u>\$ 26,060,413</u></u>

Investment Income

Investment income and gains and losses on assets limited as to use and investments consist of the following:

	2012	2011
Unrestricted Net Assets		
Interest and dividend income	\$ 1,289,446	\$ 1,015,000
Realized gains on investments	959,182	2,830,999
	<u>\$ 2,248,628</u>	<u>\$ 3,845,999</u>
Temporarily Restricted Net Assets		
Interest and dividend income	\$ 70,274	\$ 144,340
Realized gains on investments	216,916	187,996
	<u>\$ 287,190</u>	<u>\$ 332,336</u>

Fair Value Measurement

The following table sets forth by level, within the fair value hierarchy, the fair values of assets limited as to use and investments as of May 31, 2012 and 2011:

	Quoted Prices in Active Markets (Level 1)	Other Observable (Level 2)	Unobservable Inputs (Level 3)
2012:			
Common stock			
Large Cap Growth	\$ 16,997,819	\$ -	\$ -
Large Cap Value	10,107,957	-	-
International Equity	6,194,516	-	-
Small/Mid Cap Growth	4,562,149	-	-
Small/Mid Cap Value	2,802,584	-	-
Equities Blend	1,734,125	-	-
Mutual funds			
Bond	5,921,219	-	-
Allocation	1,996,239	-	-
Real Estate	930,940	-	-
Growth	588,783	-	-
Commodities	51,203	-	-
Blend	72,397	-	-
Stock	56,803	-	-
Loan	23,980	-	-
Value	11,208	-	-
U.S. Treasury and government obligations	-	5,095,905	-
Corporate bonds and certificates of deposit	-	5,099,120	-
Alternative investments	-	7,276,421	-
Beneficial interests in managed trusts	-	-	985,648
	<u>\$ 52,051,922</u>	<u>\$ 17,471,446</u>	<u>\$ 985,648</u>

2011:	Quoted Prices in Active Markets (Level 1)	Other Observable (Level 2)	Unobservable Inputs (Level 3)
Common stock			
Large Cap Growth	\$ 17,156,198	\$ -	\$ -
Large Cap Value	11,867,786	-	-
International Equity	8,349,132	-	-
Small/Mid Cap Growth	4,335,166	-	-
Small/Mid Cap Value	3,579,984	-	-
Equities Blend	2,265,399	-	-
Mutual funds			
Bond	4,881,238	-	-
Allocation	1,780,225	-	-
Real Estate	739,816	-	-
Growth	667,520	-	-
Commodities	537,500	-	-
Blend	84,568	-	-
Stock	64,215	-	-
Loan	24,423	-	-
Value	9,852	-	-
U.S. Treasury and government obligations	-	6,001,117	-
Corporate bonds and certificates of deposit	-	4,738,006	-
Alternative investments	-	5,635,956	-
Beneficial interests in managed trusts	-	-	1,119,315
	<u>\$ 56,343,022</u>	<u>\$ 16,375,079</u>	<u>\$ 1,119,315</u>

The valuation of common stock and mutual funds is based on quoted prices in principal active markets for identical assets (Level 1). The valuation of U.S. Treasury and government obligations, corporate bonds and certificates of deposits is based on quoted prices in principal active markets and other observable inputs (Level 2).

Alternative investments consist principally of investment funds which are valued based on quotes from brokers that deal in these securities or by an unaffiliated pricing service that may use trade data and pricing models (Level 2). The alternative investments generally have limitations on liquidity which range from 30 to 90 days. The investment strategies include an objective to preserve capital and to generate consistent long-term appreciation and returns. The objective is pursued by investing in assets in a variety of investment vehicles including but not limited to, limited partnerships, limited liability companies, offshore corporations and other foreign investment vehicles, as well as direct investments in marketable securities.

The valuation of beneficial interest in managed trusts uses significant unobservable inputs, including actuarial assumptions and discount rates (Level 3). Following is a reconciliation of activity for 2012 and 2011 for assets measured at fair value based upon significant unobservable (non-market) information (Level 3):

	2012	2011
Balance, beginning of year	\$ 1,119,315	\$ 979,810
Unrealized gains (losses)	(133,667)	139,505
Balance, end of year	<u>\$ 985,648</u>	<u>\$ 1,119,315</u>

Investments in an Unrealized Loss Position

The fair values and gross unrealized losses of assets limited as to use and investments for individual securities that have been in a continuous unrealized loss position as of May 31, 2012 and 2011 are as follows:

	2012			
	Less Than Twelve Months		More Than Twelve Months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
Common stock	\$ 2,735,004	\$ 12,786,704	\$ 1,155,992	\$ 3,034,017
Mutual funds	374,882	3,213,205	130,060	3,302,362
U.S. Treasury and government obligations	1,237	816,423	-	-
Corporate bonds	24,543	1,563,982	6,854	291,035
Alternative investments	167,071	1,160,957	70,990	597,060
	<u>\$ 3,302,737</u>	<u>\$ 19,541,271</u>	<u>\$ 1,363,896</u>	<u>\$ 7,224,474</u>
	2011			
	Less Than Twelve Months		More Than Twelve Months	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
Common stock	\$ 452,700	\$ 5,398,500	\$ 408,141	\$ 2,503,465
Mutual funds	12,161	163,080	108,078	3,090,604
U.S. Treasury and government obligations	2,339	280,781	1,089	34,474
Corporate bonds	30,798	1,064,191	14,512	216,358
Alternative investments	6,228	96,021	80,222	835,091
	<u>\$ 504,226</u>	<u>\$ 7,002,573</u>	<u>\$ 612,042</u>	<u>\$ 6,679,992</u>

The gross unrealized losses on these investments were primarily due to interest rate fluctuations and market-price movements consistent with the cyclical nature of the financial markets. The Organization has a diversified portfolio. Based on its evaluation and the Organization's ability and intent to hold those investments for a reasonable period of time sufficient for a forecasted recovery of fair value, management does not consider these investments to be other-than-temporarily impaired at May 31, 2012 and 2011.

As of May 31, 2012 and 2011, the fair value of investments and assets limited as to use exceeded cost by \$3,507,521 and \$10,581,011, respectively.

Joint Venture Investments

The Organization owns interests in various joint ventures. Joint venture investments include the following:

Helena Surgi Center

The Helena Surgi Center (the Surgi Center) is a 50/50 joint venture between the Hospital and local surgeons. It is estimated that approximately 75 percent of all current hospital outpatient surgery is performed at the Surgi Center. The Surgi Center strengthens the hospital/physician partnership relationship by aligning hospital and physician interests with both parties striving to provide quality, cost effective ambulatory surgical services. The Surgi Center is accounted for by the Hospital using the equity method and is stated at \$520,000, as of May 31, 2012 and 2011. Income from the Surgi Center, included in other income, was \$982,501 and \$845,833 for the years ended May 31, 2012 and 2011, respectively. As of May 31, 2012 the Surgi Center has total assets of approximately \$3,300,000, total liabilities of approximately \$2,260,000, and revenues of approximately \$7,600,000.

VHA Mountain States (a risk retention group)

The Hospital has an interest in VHA Mountain States of approximately 6.25 percent. As a group member the Hospital is obligated to purchase its malpractice insurance through VHA Mountain States. The Hospital accounts for its investment and related advances to VHA Mountain States using the cost method. Total investment was \$205,148 as of May 31, 2012 and 2011.

New West Health Services

The Hospital has an investment ownership of approximately 22 percent in New West Health Services (NWHS), a mutual benefit corporation that provides health insurance. NWHS is accounted for by the Hospital using the equity method and is stated at \$3,968,932 and \$4,380,480 as of May 31, 2012 and 2011, respectively. The Hospital is a class N member of NWHS and has one member on the NWHS board of directors. NWHS has a calendar year end of December 31 and the Hospital follows the practice of stating its investment in NWHS as of this date. Therefore, the operating result of NWHS which is reported in the Hospital's consolidated statement of operations is for NWHS' year ending the previous December 31. The loss from NWHS, included in other income, was \$(252,022) and \$(306,020) for the years ended May 31, 2012 and 2011, respectively. The 2012 loss includes an other than temporary impairment loss of \$671,000, whereby management has determined the fair value of the investment in NWHS is less than its carrying value under the equity method.

As of December 31, 2011, NWHS had total assets of approximately \$39,000,000, total liabilities of approximately \$19,000,000 and total revenues of approximately \$158,000,000.

Note 4 - Endowments

The Organization's endowment consists of individual funds established for a variety of purposes. Endowment assets may include both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

The composition of endowment net assets by fund as of May 31, 2012 and 2011, respectively, is as follows:

		May 31, 2012			
		Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted					
endowment funds		\$ -	\$ 2,843,186	\$ 7,755,165	\$ 10,598,351
		May 31, 2011			
		Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted					
endowment funds		\$ -	\$ 2,982,366	\$ 7,727,561	\$ 10,709,927

Changes in endowments net assets for the years ended May 31, 2012 and 2011, respectively, are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
2012:				
Beginning of year	\$ -	\$ 2,982,366	\$ 7,727,561	\$ 10,709,927
Investment return:				
Investment income	-	285,997	-	285,997
Net depreciation	-	(399,641)	(11,828)	(411,469)
Contributions	-	33,216	456,391	489,607
Appropriation of endowment assets for expenditure	-	(58,752)	-	(58,752)
Change in split value interests	-	-	(416,959)	(416,959)
End of year	<u>\$ -</u>	<u>\$ 2,843,186</u>	<u>\$ 7,755,165</u>	<u>\$ 10,598,351</u>
2011:				
Beginning of year	\$ -	\$ 2,039,072	\$ 7,653,780	\$ 9,692,852
Investment return:				
Investment income	-	330,642	-	330,642
Net depreciation	-	738,514	22,865	761,379
Contributions	-	37,303	90,608	127,911
Appropriation of endowment assets for expenditure	-	(163,165)	-	(163,165)
Change in split value interests	-	-	(39,692)	(39,692)
End of year	<u>\$ -</u>	<u>\$ 2,982,366</u>	<u>\$ 7,727,561</u>	<u>\$ 10,709,927</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual endowment funds may fall below the level that the donor or UPMIFA requires the Organization to maintain as a fund of perpetual duration. Deficiencies of this nature are reported in unrestricted net assets. As of May 31, 2012 and 2011 there were no such deficiencies.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs of the Organization. The endowment assets are invested in a manner that is intended to provide both a reasonably predictable income stream and principal appreciation that exceeds inflation. The Organization expects its endowment funds, over time, to provide a level of return higher than the “market” as represented by a benchmark index or mix of indices reflective of the fund’s asset mixture.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization’s policy is to maintain sufficient financial stability for the operations of the Organization. Investment income, net of investment expense, is currently added to unrestricted and temporarily restricted net assets and appropriated by the Board periodically.

Note 5 - Property and Equipment

A summary of property and equipment at May 31, 2012 and 2011 follows:

	2012		2011	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	\$ 4,245,203	\$ -	\$ 4,251,023	\$ -
Land improvements	1,749,280	1,261,007	1,866,488	1,290,071
Buildings and improvements	103,737,819	24,734,975	101,808,156	22,212,176
Furniture, fixtures and equipment	69,164,960	48,808,643	67,901,023	48,225,361
Construction in progress	1,349,838	-	2,239,351	-
	<u>\$ 180,247,100</u>	<u>\$ 74,804,625</u>	<u>\$ 178,066,041</u>	<u>\$ 71,727,608</u>
Net property and equipment		<u>\$ 105,442,475</u>		<u>\$ 106,338,433</u>

Construction in progress consists of various expansion and remodel projects within the Organization’s facilities. There are no contractual commitments related to these projects.

Note 6 - Leases

The Organization leases certain office space and equipment under non-cancelable long-term lease agreements. These leases have been recorded as operating leases. Total lease expense for the years ended May 31, 2012 and 2011 for all operating leases was approximately \$943,000 and \$887,000, respectively. Minimum lease payments for operating leases in future years are as follows:

<u>Year Ending May 31,</u>	<u>Amount</u>
2013	\$ 333,141
2014	325,385
2015	306,242
2016	71,810
2017	3,900
	<u>\$ 1,040,478</u>

Note 7 - Long-Term Debt

	<u>2012</u>	<u>2011</u>
2004 Series Bonds, due June 1 of each year through 2024 with interest from 4.0% to 5.25%, secured by real estate, equipment and patient receivables	\$ 26,190,000	\$ 26,985,000
2007 Series Bonds, due June 1 of each year through 2036 with interest from 4.375% to 5%, secured by real estate, equipment and patient receivables	15,000,000	16,855,000
Peak Health Helena, LLC notes payable (A)	8,930,000	8,930,000
Unamortized bond premium	1,041,476	1,102,031
	<u>51,161,476</u>	<u>53,872,031</u>
Less current maturities	<u>(1,570,555)</u>	<u>(2,710,555)</u>
Long-term debt, less current maturities	<u>\$ 49,590,921</u>	<u>\$ 51,161,476</u>

Under the terms of the trust indentures, the Hospital is required to maintain certain deposits with a trustee. Such deposits are included in these financial statements as assets limited as to use. In accordance with the debt agreement provisions, the Hospital is entitled to collect and expend its gross receipts until the event of default where all gross receipts shall be payable directly to U.S. Bank National Association. The trust indenture also places limits on the occurrence of additional borrowings in addition to the reserve requirements as long as the bonds are outstanding. Management believes the Hospital is in compliance with these restrictions as of May 31, 2012.

Peak Health Helena, LLC Notes Payable

(A) Peak Health Helena, LLC notes payable consists of six promissory notes. The six promissory notes were issued to finance the construction of a building Peak Health Helena, LLC occupies to operate a health and fitness center in Helena, Montana. The promissory notes are associated with New Market Tax Credits (NMTC) available to two participating lending institutions. Each of the promissory notes require monthly interest only payments through May 2017, with principal and interest payments commencing June 2017 through June 2037, and are secured by real estate.

Terms specific to each note are as follows:

NMTC Loan A1 and NMTC Loan A2 each have an outstanding balance of \$1,906,500 at May 31, 2012 and 2011 and bear interest at 6.72%. Monthly interest only payments will be \$10,676 through May 2017 for each note. Monthly principal and interest payments commencing June 2017 through June 2037 will be \$14,462 for each note.

NMTC Loan B1 and NMTC Loan B2 each have an outstanding balance of \$1,528,730 at May 31, 2012 and 2011 and bear interest at .50%. Monthly interest only payments will be \$637 through May 2017 for each note. Monthly principal and interest payments commencing June 2017 through June 2037 will be \$6,695 for each note. Notes receivable of \$3,057,460 is included on the balance sheet as a long-term asset. The terms of the notes receivable to a community development investment fund are the same as the terms of Loan B1 and Loan B2.

NMTC Loan C1 and NMTC Loan C2 each have an outstanding balance of \$1,029,770 at May 31, 2012 and 2011 and bear interest at 1.70%. Monthly interest only payments will be \$1,459 through May 2017 for each note. Monthly principal and interest payments commencing June 2017 through the June 2037 will be \$5,296 for each note.

Long-term debt maturities, net of amortization of premium on bonds, are as follows:

<u>Year Ending May 31,</u>	<u>Amount</u>
2013	\$ 1,570,555
2014	1,630,555
2015	1,690,555
2016	1,760,555
2017	1,845,556
Thereafter	<u>42,663,700</u>
Total	<u><u>\$ 51,161,476</u></u>

Note 8 - Accrued Expenses

Accrued expenses as of May 31, 2012 and 2011 consist of the following:

	<u>2012</u>	<u>2011</u>
Compensation	\$ 4,065,630	\$ 3,174,015
Personal leave	2,805,654	2,449,453
Malpractice insurance	2,094,710	711,469
Payroll and other taxes	2,107,584	1,509,815
Interest	1,004,247	1,081,134
Other	159,897	26,427
	<u>\$ 12,237,722</u>	<u>\$ 8,952,313</u>

Note 9 - Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets at May 31, 2012 and 2011 are restricted to:

	<u>2012</u>	<u>2011</u>
Charitable gift annuities	\$ 1,544,232	\$ 1,540,541
Jane Hibbard Endowment Fund	600,759	618,320
Allen Cancer Center Endowment Fund	235,232	305,468
Allen Cardiac Catheterization Special Project Fund	171,888	237,163
Mandy Bell Endowment Fund	130,529	137,626
Hospice Memorials	-	124,423
Ludlow Endowment Fund	56,451	61,893
Other	478,305	359,387
	<u>\$ 3,217,396</u>	<u>\$ 3,384,821</u>

In 2012 and 2011, net assets were released from donor restrictions by incurring expenditures satisfying the restricted purpose in the amounts of \$636,994 and \$1,983,911, respectively.

Permanently restricted net assets at May 31, 2012 and 2011 are restricted to:

	<u>2012</u>	<u>2011</u>
St. Peter's Hospital Foundation holdings, net of annuity liabilities	\$ 5,639,618	\$ 5,612,014
Curtin Endowment Fund	1,627,961	1,627,961
Caird Endowment Fund	487,586	487,586
	<u>\$ 7,755,165</u>	<u>\$ 7,727,561</u>

Note 10 - Concentrations of Credit Risk

Patient Receivables

The Organization grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. The mix of receivables from third-party payors and patients at May 31, 2012 and 2011 was as follows:

	<u>2012</u>	<u>2011</u>
Medicare	31%	35%
Medicaid	7%	6%
Blue Cross/Blue Shield	13%	13%
Other third party payors	17%	21%
Private pay	<u>32%</u>	<u>25%</u>
	<u><u>100%</u></u>	<u><u>100%</u></u>

Cash Balances

The Organization's cash balances are maintained in various financial institutions. At various times during the year, the balance of these deposits may be in excess of federally insured limits and other collateral. Management believes the financial institutions have strong credit ratings and that the credit risk related to these deposits is minimal.

Note 11 - Retirement Plans

Defined Contribution Plan

During the year ended May 31, 2011, the Organization established a Tax Deferred Savings Plan covering new employees that are not participating in the defined benefit plan. Employer contributions consist of 3 percent of the employee's compensation plus a 100 percent match of employee contributions up to 3 percent of the employee's compensation. Total pension plan expense for this plan for the years ended May 31, 2012 and 2011 was approximately \$680,000 and \$4,000, respectively.

Defined Benefit Plan

The Organization has established the St. Peter's Hospital CashPlus Retirement Plan (Plan) to provide retirement benefits to its qualifying employees. Employees who have completed a year of service and have worked 832 hours or more are eligible for coverage under the Plan on the first day of the month following the date they met this requirement. Effective for all periods after March 31, 2011, the Board of Trustees closed participation in the Plan to all employees who are not yet participants in the Plan and to any rehired employees.

The Organization recognizes the overfunded or underfunded status of their pension plans in the balance sheet, and measures the fair value of plan assets and benefit obligations as of the date of the fiscal year-end.

St. Peter's Hospital and Affiliates
Notes to Consolidated Financial Statements
May 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Weighted-average assumptions used to determine benefit obligations		
Discount rate	3.79%	4.77%
Expected long term return on plan assets	8.00%	8.00%
Rate of compensation increase	4.00%	4.00%

Calculation of the items below is based on a measurement date and plan asset information as of May 31, 2012 and 2011 and employee census data at January 1, 2012 and 2011.

	<u>2012</u>	<u>2011</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 39,002,665	\$ 32,764,010
Service cost	2,628,775	2,348,954
Interest cost	1,773,863	1,667,664
Actuarial loss	9,485	2,126,437
Effects of actuarial assumptions change	7,616,829	1,890,380
Benefits paid	<u>(1,367,195)</u>	<u>(1,794,780)</u>
Benefit obligation at end of year	<u>\$ 49,664,422</u>	<u>\$ 39,002,665</u>
Accumulated benefit obligation end of year	<u>\$ 41,110,505</u>	<u>\$ 32,607,205</u>
Change in fair value of plan assets:		
Fair value of plan assets at beginning of year	\$ 24,813,566	\$ 17,919,001
Actual return on plan assets	(981,503)	3,872,363
Employer contribution	4,890,894	4,816,982
Benefits paid	<u>(1,367,195)</u>	<u>(1,794,780)</u>
Fair value of plan assets at end of year	<u>\$ 27,355,762</u>	<u>\$ 24,813,566</u>
Funded status (underfunded)	<u>\$ (22,308,660)</u>	<u>\$ (14,189,099)</u>
Amounts recognized in the consolidated balance sheets:		
Liability for pension benefits-long term liability	<u>\$ (22,308,660)</u>	<u>\$ (14,189,099)</u>
Components of net periodic benefit cost:		
Service cost	\$ 2,628,775	\$ 2,348,954
Interest cost	1,773,863	1,667,664
Expected return on plan assets	(1,941,110)	(1,610,156)
Amortization of prior service cost	48,490	48,490
Amortization of net loss	<u>1,957,497</u>	<u>1,201,244</u>
Net periodic benefit cost	<u>\$ 4,467,515</u>	<u>\$ 3,656,196</u>

Investment Objectives

The expected long term rate of return on plan assets was 8 percent in 2012 and 2011, derived using the Plan's asset mix, historical returns by asset category, expectations for future capital market performance, and the fund's past experience. Both the Plan's investment policy and the expected long term rate of return assumptions are reviewed periodically. The Organization's strategy is to focus on a one to three year investment horizon, maintaining equity securities at 50-80 percent of total assets while keeping an average duration in debt securities, extending that duration as interest rates rise and maintaining cash funds at appropriate levels relating to the current economic environment

Plan Assets

The following table provides fair value measurement information for the Hospital's major categories of Plan assets of May 31, 2012 and 2011:

	Quoted Prices in Active Markets (Level 1)	Other Observable (Level 2)	Unobservable Inputs (Level 3)
2012			
Mutual funds			
Large Cap Growth	\$ 5,170,911	\$ -	\$ -
Large Cap Value	5,344,394	-	-
International Equity	4,338,619	-	-
Small/Mid Cap Growth	671,931	-	-
Small/Mid Cap Value	673,520	-	-
Small/Mid Cap Equity	1,367,974	-	-
Bond Funds	9,136,538	-	-
Cash equivalents	651,875	-	-
	<u>\$ 27,355,762</u>	<u>\$ -</u>	<u>\$ -</u>
	Quoted Prices in Active Markets (Level 1)	Other Observable (Level 2)	Unobservable Inputs (Level 3)
2011			
Mutual funds			
Large Cap Growth	\$ 4,987,486	\$ -	\$ -
Large Cap Value	3,719,697	-	-
International Equity	4,073,604	-	-
Small/Mid Cap Growth	622,955	-	-
Small/Mid Cap Value	623,285	-	-
Small/Mid Cap Equity	2,473,656	-	-
Bond Funds	7,994,102	-	-
Cash equivalents	318,781	-	-
	<u>\$ 24,813,566</u>	<u>\$ -</u>	<u>\$ -</u>

Cash flows - Contributions

St. Peter's Hospital expects to contribute \$2,835,763 to the CashPlus Retirement Plan in fiscal year 2013.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

<u>Year Ending May 31,</u>	<u>Benefits</u>
2013	\$ 3,472,997
2014	2,627,866
2015	3,886,536
2016	3,664,355
2017	3,704,410
2018-2022	<u>29,041,585</u>
	<u><u>\$ 46,397,749</u></u>

Note 12 - St. Peter's Hospital Foundation

The Foundation was established to raise funds to support the operation of the Hospital. The Foundation's bylaws provide that all funds raised, except for funds required for operation of the Foundation, be distributed to or be held for the benefit of the Hospital. The Foundation's bylaws also provide the Hospital with the authority to direct its activities, management and policies. The Foundation's general funds, which represent the Foundation's unrestricted resources, are distributed to the Hospital in amounts and in periods determined by the Foundation's Board of Directors, who may also restrict the use of general funds for Hospital plant replacement or expansion funds. Specific-purpose funds and income from endowment funds of the Foundation are distributed to the Hospital as required to comply with the purpose specified by donors. As stated in Note 1, the Foundation's financial statements have been consolidated with the Hospital's financial statements.

Note 13 - Fair Value of Financial Instruments

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Financial Assets: Due to the liquid nature of the instruments, the carrying value of cash and cash equivalents approximates fair value. For all investments and assets limited as to use, the fair value is based upon quoted market prices. The fair value of accounts and notes receivable and accrued interest and other receivables approximates carrying value since the Organization expects receipt in the near-term.

Financial Liabilities: The fair value of accounts payable, accrued expenses and estimated settlements with third party payors approximates carrying value due to expected payment in the near term. The fair value of long-term debt is approximately \$750,000 more than carrying value at May 31, 2012 and \$1,555,000 less than carrying value at May 31, 2011. The estimated liability to beneficiaries approximates carrying value.

Note 14 - Contingencies

Malpractice Insurance

The Organization has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of \$1,000,000 per claim and \$3,000,000 annual aggregate limit. The Organization also carries an umbrella policy subject to a limit of \$5,000,000 per claim and \$15,000,000 annual aggregate limit. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured.

In accordance with Financial Accounting Standards Board ASU 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*, the Organization has recorded a liability, as of May 31, 2012, of \$2,094,710 for an estimate to be paid on outstanding claims. In addition, the Organization has recorded a receivable, as of May 31, 2012, of \$1,177,147 for estimated insurance proceeds on the outstanding claims for which a liability has been recorded.

Litigations, Claims, and Disputes

The Organization is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. In the opinion of management, the ultimate settlement of any litigation, claims, and disputes in process will not be material to the financial position, operations, or cash flows of the Organization.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patient and resident services.

Self Insurance Plans

The Hospital maintains a self-insured unemployment insurance program whereby the Hospital reimburses the Employment Security Division of the State of Montana for actual unemployment claims chargeable to the Hospital.

The Hospital provides for workers' compensation through a self insurance plan administered by a private insurance carrier. The Hospital makes payments to the self insurance plan based on claims made. The Hospital's liability is limited to \$250,000 per claim and aggregate claims of \$1,700,000 per year. An estimated liability for claims incurred but not paid as of May 31, 2012, and 2011 of approximately \$647,000 and \$590,000, respectively, is included in accrued expenses.

Note 15 - Functional Expenses

Functional expenses for the years ended May 31, 2012 and 2011 are as follows:

	2012	2011
Healthcare services	\$ 129,091,905	\$ 113,304,410
Supporting services	32,832,965	26,684,833
Fundraising	665,197	667,657
	<u>\$ 162,590,067</u>	<u>\$ 140,656,900</u>

Note 16 - Un-sponsored Community Benefits (Unaudited)

The Hospital has policies that provide for serving those without the ability to pay. In addition to direct charity, the Hospital provides services that benefit the poor and others in the community. The cost of providing these community benefits can exceed the revenue source available. Records are maintained to identify and monitor the cost of charity and other sponsored services. These costs are offset by contributions and other amounts received as direct assistance. Information for the year ended May 31, 2012 is summarized below:

	Persons Served	Community Benefit at Cost	Direct Offsetting Reimbursement	Un-sponsored Community Benefit
Benefits for the Poor				
Traditional charity care	5,484	\$ 8,143,137	\$ 3,322,745	\$ 4,820,392
Unpaid cost of Medicaid	15,941	10,072,705	8,811,460	1,261,245
		<u>18,215,842</u>	<u>12,134,205</u>	<u>6,081,637</u>
Benefits for the Broader Community				
Subsidized health services		43,588,011	33,305,660	10,282,351
Cash and in-kind donations	93,000	134,441	-	134,441
Community education outreach	24,197	546,036	263,958	282,078
Medical education	175	43,003	-	43,003
Community building activities	655	188,044	-	188,044
Community benefit operations		11,262	-	11,262
		<u>44,510,797</u>	<u>33,569,618</u>	<u>10,941,179</u>
		<u>\$ 62,726,639</u>	<u>\$ 45,703,823</u>	<u>\$ 17,022,816</u>



Consolidating Information
May 31, 2012 and 2011

St. Peter's Hospital and Affiliates



Independent Auditor's Report on Consolidating Information

The Board of Directors
St. Peter's Hospital and Affiliates
Helena, Montana

We have audited the consolidated financial statements of St Peter's Hospital and Affiliates as of and for the years ended May 31, 2012 and 2011, and our report thereon dated September 13, 2012, which expressed an unqualified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements, rather than to present financial position, results of operations, and cash flows of the individual entities, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Eide Bailly LLP

Billings, Montana
September 13, 2012

St. Peter's Hospital and Affiliates
Consolidating Schedules of Assets
May 31, 2012 and 2011

	2012					2011				
	Hospital	Foundation	Peak	Eliminations	Total	Hospital	Foundation	Peak	Eliminations	Total
Current Assets										
Cash and cash equivalents	\$ 16 135 251	\$ 509 454	\$ 184 339	\$ -	\$ 16 829 044	\$ 18 987 821	\$ 547 786	\$ 521 498	\$ -	\$ 20 057 105
Receivables										
Patient net	20 900 263	-	-	-	20 900 263	15 783 269	-	-	-	15 783 269
Other	2 048 461	9 014	2 318	(245 963)	1 813 830	483 333	63 974	500	(143 210)	404 597
Assets limited as to use	2 524 801	-	-	-	2 524 801	3 776 083	-	-	-	3 776 083
Inventories of supplies and drugs	3 613 773	-	2 942	-	3 616 715	3 544 429	-	5 249	-	3 549 678
Prepaid expenses and deposits	2 961 254	-	-	-	2 961 254	2 546 358	-	-	-	2 546 358
Total current assets	<u>48 183 803</u>	<u>518 468</u>	<u>189 599</u>	<u>(245 963)</u>	<u>48 645 907</u>	<u>45 121 293</u>	<u>611 760</u>	<u>527 247</u>	<u>(143 210)</u>	<u>46 117 090</u>
Assets Limited as to Use										
By board for capital improvements	25 596 529	-	-	-	25 596 529	26 818 480	-	-	-	26 818 480
By board for debt repayment	15 701 879	-	-	-	15 701 879	15 218 883	-	-	-	15 218 883
Endowment funds	2 115 547	8 482 804	-	-	10 598 351	2 115 547	8 594 380	-	-	10 709 927
Under indenture agreements										
held by trustee	7 379 505	-	188 000	-	7 567 505	8 563 149	-	188 000	-	8 751 149
Less current portion	(2 524 801)	-	-	-	(2 524 801)	(3 776 083)	-	-	-	(3 776 083)
Total non-current assets limited as to use	<u>48 268 659</u>	<u>8 482 804</u>	<u>188 000</u>	<u>-</u>	<u>56 939 463</u>	<u>48 939 976</u>	<u>8 594 380</u>	<u>188 000</u>	<u>-</u>	<u>57 722 356</u>
Property and Equipment	<u>97 399 184</u>	<u>-</u>	<u>8 043 291</u>	<u>-</u>	<u>105 442 475</u>	<u>98 702 114</u>	<u>-</u>	<u>7 636 319</u>	<u>-</u>	<u>106 338 433</u>
Other Assets										
Investments	20 711 581	3 429 446	-	-	24 141 027	22 332 985	3 727 428	-	-	26 060 413
Joint venture investments	6 311 132	-	-	(1 617 052)	4 694 080	6 971 208	-	-	(1 865 580)	5 105 628
Deferred financing costs										
net of amortization	417 436	-	603 527	-	1 020 963	439 652	-	627 669	-	1 067 321
Notes receivable	-	-	3 057 460	-	3 057 460	-	-	3 057 460	-	3 057 460
Interest in net assets of Foundation	10 800 250	-	-	(10 800 250)	-	11 355 818	-	-	(11 355 818)	-
Total other assets	<u>38 240 399</u>	<u>3 429 446</u>	<u>3 660 987</u>	<u>(12 417 302)</u>	<u>32 913 530</u>	<u>41 099 663</u>	<u>3 727 428</u>	<u>3 685 129</u>	<u>(13 221 398)</u>	<u>35 290 822</u>
Total assets	<u>\$ 232 092 045</u>	<u>\$ 12 430 718</u>	<u>\$ 12 081 877</u>	<u>\$ (12 663 265)</u>	<u>\$ 243 941 375</u>	<u>\$ 233 863 046</u>	<u>\$ 12 933 568</u>	<u>\$ 12 036 695</u>	<u>\$ (13 364 608)</u>	<u>\$ 245 468 701</u>

St. Peter's Hospital and Affiliates
Consolidating Schedules of Liabilities and Net Assets
May 31, 2012 and 2011

	2012					2011				
	Hospital	Foundation	Peak	Eliminations	Total	Hospital	Foundation	Peak	Eliminations	Total
Current Liabilities										
Current maturities of long-term debt	\$ 1 570 555	\$ -	\$ -	\$ -	\$ 1 570 555	\$ 2 710 555	\$ -	\$ -	\$ -	\$ 2 710 555
Accounts payable										
Trade	4 217 462	-	389 973	-	4 607 435	5 298 285	-	220 967	(143 210)	5 376 042
Estimated third-party payor settlements	1 922 157	-	-	-	1 922 157	2 132 312	-	-	-	2 132 312
Accrued expenses	12 209 553	-	28 169	-	12 237 722	8 936 707	-	15 606	-	8 952 313
Estimated liability to beneficiaries	-	241 593	-	-	241 593	-	235 979	-	-	235 979
Total current liabilities	19 919 727	241 593	418 142	-	20 579 462	19 077 859	235 979	236 573	(143 210)	19 407 201
Long-Term Liabilities										
Long-term debt less current maturities	40 660 921	-	9 175 963	(245 963)	49 590 921	42 231 476	-	8 930 000	-	51 161 476
Liability for pension benefits	22 308 660	-	-	-	22 308 660	14 189 099	-	-	-	14 189 099
Estimated liability to beneficiaries	-	1 388 875	-	-	1 388 875	-	1 341 771	-	-	1 341 771
Total liabilities	82 889 308	1 630 468	9 594 105	(245 963)	93 867 918	75 498 434	1 577 750	9 166 573	(143 210)	86 099 547
Net Assets										
Unrestricted	138 230 176	1 943 237	1 617 052	(3 560 289)	138 230 176	147 252 230	2 358 984	1 865 580	(4 224 564)	147 252 230
Non-controlling interest-unrestricted	-	-	870 720	-	870 720	-	-	1 004 542	-	1 004 542
Temporarily restricted	3 217 396	3 217 396	-	(3 217 396)	3 217 396	3 384 821	3 384 821	-	(3 384 821)	3 384 821
Permanently restricted	7 755 165	5 639 617	-	(5 639 617)	7 755 165	7 727 561	5 612 013	-	(5 612 013)	7 727 561
Total net assets	149 202 737	10 800 250	2 487 772	(12 417 302)	150 073 457	158 364 612	11 355 818	2 870 122	(13 221 398)	159 369 154
Total liabilities and net assets	\$ 232 092 045	\$ 12 430 718	\$ 12 081 877	\$ (12 663 265)	\$ 243 941 375	\$ 233 863 046	\$ 12 933 568	\$ 12 036 695	\$ (13 364 608)	\$ 245 468 701

St. Peter's Hospital and Affiliates
Consolidating Schedules of Operations
Years Ended May 31, 2012 and 2011

	2012					2011				
	Hospital	Foundation	Peak	Eliminations	Total	Hospital	Foundation	Peak	Eliminations	Total
Unrestricted Revenues Gains and Other Support										
Net patient service revenue	\$ 161 424 208	\$ -	\$ -	\$ -	\$ 161 424 208	\$ 142 015 779	\$ -	\$ -	\$ -	\$ 142 015 779
Other revenue	3 174 084	69 469	1 650 773	(482 911)	4 411 415	4 282 297	70 468	308 932	(1 975 000)	2 686 697
Net assets released from restrictions for operations	-	281 883	-	-	281 883	-	556 131	-	-	556 131
Total unrestricted revenues gains and other support	164 598 292	351 352	1 650 773	(482 911)	166 117 506	146 298 076	626 599	308 932	(1 975 000)	145 258 607
Expenses										
Salaries	61 982 860	-	594 325	-	62 577 185	52 291 965	-	192 273	-	52 484 238
Employee benefits	15 530 500	-	183 205	-	15 713 705	13 576 800	-	24 062	-	13 600 862
Drugs	21 563 400	-	-	-	21 563 400	19 295 759	-	-	-	19 295 759
Supplies	17 754 978	-	111 395	-	17 866 373	15 675 818	-	26 505	-	15 702 323
Depreciation and amortization	9 062 998	-	318 057	-	9 381 055	8 758 024	-	52 201	-	8 810 225
Purchased services	8 347 351	-	284 107	-	8 631 458	7 857 035	-	-	-	7 857 035
Provision for bad debts	8 816 374	-	1 467	-	8 817 841	7 732 051	-	-	-	7 732 051
Non-medical fees	6 786 156	-	-	-	6 786 156	4 893 456	-	-	-	4 893 456
Insurance	2 101 371	-	11 144	-	2 112 515	2 204 368	-	9 380	-	2 213 748
Interest and amortization	2 014 730	-	368 831	-	2 383 561	2 137 292	-	49 134	-	2 186 426
Rent	943 072	-	-	-	943 072	887 637	-	-	-	887 637
Physician fees	2 744 464	-	-	-	2 744 464	2 069 289	-	-	-	2 069 289
Travel and education	490 149	-	-	-	490 149	417 450	-	-	-	417 450
Miscellaneous	2 069 877	839 196	186 640	(482 910)	2 612 803	1 869 679	2 315 737	295 985	(1 975 000)	2 506 401
Total expenses	160 208 280	839 196	2 059 171	(482 910)	162 623 737	139 666 623	2 315 737	649 540	(1 975 000)	140 656 900
Operating Income (Loss)	4 390 012	(487 844)	(408 398)	(1)	3 493 769	6 631 453	(1 689 138)	(340 608)	-	4 601 707
Other Income (Expense)										
Net investment income	2 046 875	175 705	26 048	-	2 248 628	3 523 777	305 975	16 247	-	3 845 999
Equity in income (loss) of Foundation	(415 747)	-	-	415 747	-	455 982	-	-	(455 982)	-
Equity in loss of Peak	(248 529)	-	-	248 529	-	(210 834)	-	-	210 834	-
Income from joint venture investments	730 479	-	-	-	730 479	539 813	-	-	-	539 813
Loss on sale of property and equipment	(771 851)	-	-	-	(771 851)	(105 193)	-	-	-	(105 193)
Total other income net	1 341 227	175 705	26 048	664 276	2 207 256	4 203 545	305 975	16 247	(245 148)	4 280 619
Revenues in Excess of (Less Than) Expenses	5 731 239	(312 139)	(382 350)	664 275	5 701 025	10 834 998	(1 383 163)	(324 361)	(245 148)	8 882 326
Less Change in Net Assets Attributable to Non-controlling Interest	-	-	-	133 822	133 822	-	-	-	113 527	113 527
Net Assets Released from Restrictions for Capital Expenditures	-	355 111	-	-	355 111	-	1 427 780	-	-	1 427 780
Return of Capital	-	-	-	-	-	-	-	(336 549)	336 549	-
Change in Unrealized Gains and Losses on Investments	(6 210 353)	(458 719)	-	-	(6 669 072)	6 191 541	411 365	-	-	6 602 906
Minimum Pension Liability Adjustment	(8 542 940)	-	-	-	(8 542 940)	(474 876)	-	-	-	(474 876)
Change in Unrestricted Net Assets Attributable to St. Peter's Hospital and Affiliates	<u>\$ (9 022 054)</u>	<u>\$ (415 747)</u>	<u>\$ (382 350)</u>	<u>\$ 798 097</u>	<u>\$ (9 022 054)</u>	<u>\$ 16 551 663</u>	<u>\$ 455 982</u>	<u>\$ (660 910)</u>	<u>\$ 204 928</u>	<u>\$ 16 551 663</u>