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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 07-01-2011 and ending 06-30-2012

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

C Name of organization
Providence Hospital

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
16001 West Nine Mile Road

City or town, state or country, and ZIP + 4
Southfield, MI 48037

D Employer identification number
38-1358212

E Telephone number
(248) 849-5707

G Gross receipts $ 645,077,246

F Name and address of principal officer
Michael Wiemann
16001 West Nine Mile Road
Southfield, MI 48037

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

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

H(c) Group exemption number ▶ 0928

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

J Website: ▶ www stjohn org/providence

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1922 | **M** State of legal domicile MI

Part I Summary

1 Briefly describe the organization's mission or most significant activities
Our Catholic Health Ministry is dedicated to spiritually centered, holistic care

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	14
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	11
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	5,377
6	Total number of volunteers (estimate if necessary)	**6**	847
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	33,189
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	2,394,754	584,852
	9 Program service revenue (Part VIII, line 2g)	666,843,735	625,545,780
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	25,625,223	3,166,420
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	11,777,843	15,475,839
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	706,641,555	644,772,891
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	301,743,921	269,741,954
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶1,314,269		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	377,092,558	335,258,987
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	678,836,479	605,000,941
	19 Revenue less expenses Subtract line 18 from line 12	27,805,076	39,771,950

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	851,695,255	831,021,280
	21 Total liabilities (Part X, line 26)	228,741,230	229,542,110
	22 Net assets or fund balances Subtract line 21 from line 20	622,954,025	601,479,170

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 — 2013-05-14 Date

▶ Douglas Winner Chief Financial Officer
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶ Matthew Montgomery	Date	Check if self-employed ▶☐	Preparer's taxpayer identification number (see instructions) P00492843
Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ Deloitte Tax LLP 250 East Fifth Street Suite 1900 Cincinnati, OH 45202			EIN ▶ 86-1065772 Phone no ▶ (513) 784-7100

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

St John Providence Health System, as a Catholic Health Ministry, is committed to providing spiritually centered, holistic care which sustains and improves the health of individuals in the communities we serve, with special attention to the poor and vulnerable

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

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

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

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 509,500,497 including grants of $) (Revenue $ 635,177,812)

In furtherance of its mission and in an effort to reduce the government's financial burden, Providence Hospital provides essential heath care services, such as outpatient clinics, emergency rooms, ambulatory facilities that serve low-income patients as well as community services Providence Hospital also provides preventative therapeutic and rehabilitative services for inpatient and ambulatory patients in a service-oriented and cost effective manner regardless of ability to pay See Community Benefit Report on Schedule O

4b (Code) (Expenses $ including grants of $) (Revenue $)

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** ▶ $ 509,500,497

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, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Part I*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Part II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Part III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** All Form 990 filers that operated one or more hospitals must attach audited financial statements	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

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

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

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	**1a**	0		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1c**		
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	5,377		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b**	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?			**4a**		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**	0			
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	14		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	11		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2	Yes	
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	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		7a	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a	Yes	
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	Yes	
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

☐ Own website ☐ Another's website ☑ Upon request

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

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

Dennis MacDonald
28000 Dequindre Road
Warren, MI 48092
(586) 753-1839

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) Raymond Buratto Chairman	1 00	X		X				0	0	0
(2) Blair Bowman Vice Chair, Treasurer	1 00	X		X				0	0	0
(3) Helen Habib Secretary	1 00	X		X				0	0	0
(4) Max Berlin Board Member	1 00	X						0	0	0
(5) Shukri David MD Board Member	1 00	X						0	0	0
(6) Dan Elsea Board Member	1 00	X						0	0	0
(7) Barbara Gattorn Board Member	1 00	X						0	0	0
(8) Sr Betty Granger CSJ Sch O Board Member	50 00	X						0	0	0
(9) Brenda Lawrence Board Member	1 00	X						0	0	0
(10) Joan Ryan Board Member	1 00	X						0	0	0
(11) Kathleen Ryan Board Member	1 00	X						0	0	11,025
(12) Richard Surhreinrich Board Member	1 00	X						0	0	0
(13) Cherolee Trembath MD Sch O Board Member	50 00	X						238,075	0	20,482
(14) Joe Walker Ex-Officio Board Member	1 00	X						0	0	0
(15) Michael Wiemann MD Sch O Ex-Officio	50 00	X		X				656,562	0	21,998
(16) Tammy S Lundstrom end 1011 CMO West Region	50 00			X				430,507	0	6,125
(17) Diane Radloff end 0312 Ex-Officio	50 00			X				0	622,096	21,998

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) Gerald N Gilman VP, Recruitment	50 00				X			214,392	0	16,333
(19) Douglas W Winner Chief Financial Officer	50 00				X			274,594	0	21,435
(20) Maria Strom VP, Nursing Services/CNO	50 00				X			313,559	0	21,890
(21) Joseph Hurshe VP, Operations	50 00				X			227,832	0	16,669
(22) Robert A Welch Chairman OB/GYN	50 00					X		623,705	0	19,814
(23) Laurence Y Cheung Chairman - Surgery	50 00					X		447,678	0	20,773
(24) Ernesto R Drelichman Physician	50 00					X		439,970	0	17,098
(25) William B Blessed Med Dir - Maternal/Fetal Med	50 00					X		475,586	0	19,972
(26) Rizwana Fareedduddin Physician	50 00					X		342,341	0	19,629
1b Sub-Total . . . . . ▶										
c Total from continuation sheets to Part VII, Section A . . . . ▶										
d Total (add lines 1b and 1c) . . . . . ▶								4,684,801	622,096	255,241

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 ▶ 284

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

Section B. Independent Contractors

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

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

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

Part VIII Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d				
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f 584,852				
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		584,852			
Program Service Revenue			Business Code				
	2a	Net Patient Revenue	621500	622,557,260	622,557,260		
	b	Ancillary Revenue	900099	2,988,520	2,988,520		
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		625,545,780			
	3	Investment income (including dividends, interest and other similar amounts)		3,233,662		-7,474	3,241,136
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
			(i) Real / (ii) Personal				
	6a	Gross rents	3,656,096 /				
	b	Less rental expenses	212,113 /				
	c	Rental income or (loss)	3,443,983 /				
	d	Net rental income or (loss)		3,443,983		36,301	3,407,682
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	25,000				
	b	Less cost or other basis and sales expenses	92,242				
	c	Gain or (loss)	-67,242				
	d	Net gain or (loss)		-67,242			-67,242
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events					
	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	Dietary Revenue	722210	2,395,462			2,395,462
	b	Patient Education	611600	1,268,815	1,268,815		
	c	Resident Income	561000	354,162	354,162		
	d	All other revenue		8,013,417	8,009,055	4,362	
	e	**Total.** Add lines 11a–11d		12,031,856			
	12	**Total revenue.** See Instructions		644,772,891	635,177,812	33,189	8,977,038

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				
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	1,794,362		1,794,362	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	237,476,206	231,517,443	5,958,763	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	-2,395,529	-2,318,872	-76,657	
9	Other employee benefits	16,303,323	15,781,617	521,706	
10	Payroll taxes	16,563,592	16,033,557	530,035	
11	Fees for services (non-employees)				
a	Management	13,491,676		13,491,676	
b	Legal	691,256		691,256	
c	Accounting				
d	Lobbying	21,369	21,369		
e	Professional fundraising *See Part IV, line 17* . .				
f	Investment management fees				
g	Other	3,143,066		3,143,066	
12	Advertising and promotion	184,578		184,578	
13	Office expenses	842,091	789,922	52,169	
14	Information technology				
15	Royalties . .				
16	Occupancy	17,086,730	14,360,111	2,726,619	
17	Travel	1,222,197	1,206,003	16,194	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings				
20	Interest	6,037,714		6,037,714	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	39,856,159	34,037,160	5,818,999	
23	Insurance	3,872,382	3,872,382		
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	Purchased Services	124,722,259	73,851,469	50,870,790	
b	Supplies for Services	82,228,705	82,031,940	196,765	
c	Physician Guarantees	30,482,229	30,482,229		
d	Repairs & Maintenance	4,983,513	2,755,373	2,228,140	
e					
f	All other expenses	6,393,063	5,078,794		1,314,269
25	**Total functional expenses.** Add lines 1 through 24f	605,000,941	509,500,497	94,186,175	1,314,269
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing			1	
	2	Savings and temporary cash investments		26,627,427	2	14,676,908
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		63,380,372	4	56,671,350
	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		10,086,712	7	4,628,481
	8	Inventories for sale or use		6,403,324	8	5,923,609
	9	Prepaid expenses and deferred charges		2,187,559	9	10,445,680
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 820,220,785			
	b	Less accumulated depreciation	10b 464,255,101	375,383,729	10c	355,965,684
	11	Investments—publicly traded securities		271,835,821	11	176,252,119
	12	Investments—other securities See Part IV, line 11		1,554,382	12	1,232,663
	13	Investments—program-related See Part IV, line 11		19,137,662	13	19,610,554
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		75,098,267	15	185,614,232
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		851,695,255	16	831,021,280
Liabilities	17	Accounts payable and accrued expenses		40,852,251	17	43,679,845
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities			20	
	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		187,888,979	25	185,862,265
	26	**Total liabilities.** Add lines 17 through 25		228,741,230	26	229,542,110
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		621,399,643	27	600,246,506
	28	Temporarily restricted net assets		1,554,382	28	1,232,664
	29	Permanently restricted net assets			29	0
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		622,954,025	33	601,479,170
	34	Total liabilities and net assets/fund balances		851,695,255	34	831,021,280

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	644,772,891
2	Total expenses (must equal Part IX, column (A), line 25)	2	605,000,941
3	Revenue less expenses Subtract line 2 from line 1	3	39,771,950
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	622,954,025
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-61,246,805
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	601,479,170

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Providence Hospital

Employer identification number
38-1358212

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

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

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

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

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

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

_____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

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

Section C. Computation of Public Support Percentage

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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

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

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

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

Facts And Circumstances Test

Explanation

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

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

OMB No 1545-0047

2011

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
Providence Hospital	38-1358212

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

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

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

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		21,369
j	Total lines 1c through 1i			21,369
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
Part IV, Supplemental Information		Part II-B, Line 1(i), Other Lobbying Activities Lobbying expenses represent the portion of dues paid to national and state hospital associations that is specifically allocable to lobbying Providence Hospital does not participate in or intervene in (including the publishing or distributing of statements) any political campaign on behalf of (or in opposition to) any candidate for public office

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Providence Hospital

Employer identification number
38-1358212

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance	1,304,694	1,304,485	1,283,817	1,257,593	
b Contributions	19,011	21,789	55	12,140	
c Investment earnings or losses	66,117	64,261	64,198	62,584	
d Grants or scholarships					
e Other expenditures for facilities and programs	43,151	85,841	43,585	48,500	
f Administrative expenses					
g End of year balance	1,346,671	1,304,694	1,304,485	1,283,817	

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶ 90 000 %
- c Term endowment ▶ 10 000 %

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		31,503,991		31,503,991
b Buildings		493,850,855	261,780,842	232,070,013
c Leasehold improvements		7,666,556	5,157,835	2,508,721
d Equipment		282,826,732	197,316,424	85,510,308
e Other		4,372,651		4,372,651
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				355,965,684

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

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

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

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

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

(a) Description	(b) Book value
(1) Advances to Affiliates	169,277,188
(2) Prepaid Pension	16,337,044
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	185,614,232

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
Intercompany Debt with Ascension Health Alliance	154,497,050
Payable to Third Party	18,627,606
Self-Insurance Liability	12,737,609
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	185,862,265

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

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

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

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

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
Description of Intended Use of Endowment Funds	Part V, Line 4	Endowment funds are created to support the healthcare ministry of St John Health System Hospitals The distributions from an endowment provide a dependable source of income each year to help St John continue to meet the community's healthcare needs
Description of Uncertain Tax Positions Under FIN 48	Part X	From the consolidated audited financial statements of St John Providence Health System (the "System") (which include the activity of Providence Hospital) The member health care entities of the System are primarily tax-exempt organizations under Internal Revenue Code Section 501(c)(3) or 501(c)(2), and their related income is exempt from federal income tax under Section 501(a) The System accounts for uncertainty in income tax positions by applying a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Providence Hospital

Employer identification number
38-1358212

Part I Charity Care and Certain Other Community Benefits at Cost

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

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			4,730,546		4,730,546	0 780 %
b Medicaid (from Worksheet 3, column a)			54,429,325	37,327,213	17,102,112	2 830 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs			59,159,871	37,327,213	21,832,658	3 610 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			1,321,014	30,910	1,290,104	0 210 %
f Health professions education (from Worksheet 5)			22,438,222	13,889,207	8,549,015	1 410 %
g Subsidized health services (from Worksheet 6)			994,221		994,221	0 160 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			35,079		35,079	0 010 %
j **Total** Other Benefits			24,788,536	13,920,117	10,868,419	1 790 %
k **Total.** Add lines 7d and 7j			83,948,407	51,247,330	32,701,077	5 400 %

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

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1		No
2	Enter the amount of the organization's bad debt expense	2	43,306,480		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	13,766,235		
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	239,633,812		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	245,110,316		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-5,476,504		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures (see instructions)

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

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

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	Providence Hospital 16001 W Nine Mile Southfield, MI 48037	X	X		X			X		
2	Providence Park Hospital 47601 Grand River Avenue Novi, MI 48374	X	X		X			X		

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

Providence Hospital

Name of Hospital Facility:

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

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	1		
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☐ A definition of the community served by the hospital facility			
b ☐ Demographics of the community			
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☐ How data was obtained			
e ☐ The health needs of the community			
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☐ The process for identifying and prioritizing community health needs and services to meet those needs			
h ☐ The process for consulting with persons representing the community's interests			
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ___			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		
5 Did the hospital facility make its Needs Assessment widely available to the public?	5		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a ☐ Hospital facility's website			
b ☐ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☐ Execution of the implementation strategy			
c ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in community-wide community benefit plan			
e ☐ Inclusion of a community benefit section in operational plans			
f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☐ Prioritization of health needs in the community			
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	9	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 000000000000%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 300 000000000000%			
	If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a ☑ Income level			
	b ☑ Asset level			
	c ☐ Medical indigency			
	d ☑ Insurance status			
	e ☑ Uninsured discount			
	f ☐ Medicaid/Medicare			
	g ☐ State regulation			
	h ☐ Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	a ☐ The policy was posted at all times on the hospital facility's web site			
	b ☐ The policy was attached to all billing invoices			
	c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d ☐ The policy was posted in the hospital facility's admissions offices			
	e ☐ The policy was provided, in writing, to patients upon admission to the hospital facility			
	f ☐ The policy was available upon request			
	g ☑ Other (describe in Part VI)			
Billing and Collections				
14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments or arrests			
	e ☐ Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16		No
	If "Yes," check all actions in which the hospital facility or a third party engaged			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments			
	e ☐ Other similar actions (describe in Part VI)			
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
	a ☐ Notified patients of the financial assistance policy upon admission			
	b ☐ Notified patients of the financial assistance policy prior to discharge			
	c ☐ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
	d ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
	e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

Providence Park Hospital

Name of Hospital Facility:

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 2

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	1		
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☐ A definition of the community served by the hospital facility			
b ☐ Demographics of the community			
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☐ How data was obtained			
e ☐ The health needs of the community			
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☐ The process for identifying and prioritizing community health needs and services to meet those needs			
h ☐ The process for consulting with persons representing the community's interests			
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ___			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		
5 Did the hospital facility make its Needs Assessment widely available to the public?	5		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a ☐ Hospital facility's website			
b ☐ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☐ Execution of the implementation strategy			
c ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in community-wide community benefit plan			
e ☐ Inclusion of a community benefit section in operational plans			
f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☐ Prioritization of health needs in the community			
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	9	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 000000000000%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 300 000000000000%			
	If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a ☑ Income level			
	b ☑ Asset level			
	c ☐ Medical indigency			
	d ☑ Insurance status			
	e ☑ Uninsured discount			
	f ☐ Medicaid/Medicare			
	g ☐ State regulation			
	h ☐ Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	a ☐ The policy was posted at all times on the hospital facility's web site			
	b ☐ The policy was attached to all billing invoices			
	c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d ☐ The policy was posted in the hospital facility's admissions offices			
	e ☐ The policy was provided, in writing, to patients upon admission to the hospital facility			
	f ☐ The policy was available upon request			
	g ☑ Other (describe in Part VI)			
Billing and Collections				
14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments or arrests			
	e ☐ Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16		No
	If "Yes," check all actions in which the hospital facility or a third party engaged			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments			
	e ☐ Other similar actions (describe in Part VI)			
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
	a ☐ Notified patients of the financial assistance policy upon admission			
	b ☐ Notified patients of the financial assistance policy prior to discharge			
	c ☐ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
	d ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
	e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

Part V Facility Information *(continued)*

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

How many non-hospital facilities did the organization operate during the tax year? **8**

	Name and address	Type of Facility (Describe)
1	Providence CT Center 30055 Northwestern Hwy Farmington Hills, MI 48334	Physician Group
2	Family Medical Center 210 N Lafayatt South Lyon, MI 48178	Physician Group
3	Dr Sharp Crumley & Moore 21700 Northwestern Hwy Southfield, MI 48075	Physician Group
4	Geriatric Clinical Services 25800 W Elevin Mile Southfield, MI 48034	Clinic
5	Internal Medicine 24430 Ford Rd Dearborn Heights, MI 48127	Physician Group
6	Michigan Urgent Care 37595 Seven Mile Road Livonia, MI 48152	Urgent Care Center
7	Thea Bowman Center 20548 Fenkell Detroit, MI 48223	Physician Group
8	Providence Cardiac Surgery Institute 22151 Moross Detroit, MI 48236	Physician Group
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 3c The organization provides medically necessary care to all patients, regardless of race, color, creed, ethnic origin, gender, disability or economic status The organization uses a percentage of Federal Poverty Level (FPL) to determine free and discounted care At a minimum, patients with income less than or equal to 200% of the FPL, which may be adjusted for cost of living utilizing the local wage index compared to national wage index, will be eligible for 100% charity care write off of charges for services that have been provided to them Also, at a minimum, patients with incomes above 200% of the FPL but not exceeding 300% of the FPL, subject to adjustments for cost of living utilizing the local wage index compared to national wage index, will receive a discount of 70% on the services provided to them Additionally, for any Pure Self Pay patient (someone presenting with no insurance regardless of income), there is a 40% Uninsured Discount automatically applied against total charges

Identifier	ReturnReference	Explanation
		Part I, Line 6a The organization is part of a community benefit report which is prepared by St John Providence Health System on a consolidated basis

Identifier	ReturnReference	Explanation
		Part I, Line 7 The cost of providing charity care, means tested government programs, and community benefit programs is estimated using internal cost data, and is calculated in compliance with Catholic Health Association (CHA) guidelines The organization uses a cost accounting system that addresses all patient segments (for example, inpatient, outpatient, emergency room, private insurance, Medicaid, Medicare, uninsured or self pay) The best available data was used to calculate the amounts reported in the table For certain categories in the table, this was a cost accounting system, in other categories, a specific cost-to-charge ratio was applied

Identifier	ReturnReference	Explanation
		Part I, Line 7g The organization has not included costs attributable to a physician clinic as part of subsidized health services

Identifier	ReturnReference	Explanation
		Part II Community Building Activities are critical to the five counties that St John Pro vidence Health System serves The May 2010 report of "Michigan's Economic O utlook and Budg et Review" from the Senate Fiscal Agency listed health services as the only employment gro wth area in the state at 23 8% compared to all other employment sectors whose decline rang ed between -7 1% and -64 3% Workforce development in healthcare is vital to the state's e conomic future The unemployment rate in St John Providence Health System's service area was 9 7 percent in 2012 This weakened economy makes for an extremely reduced tax base in both property and income tax St John Providence Health System makes a contribution to th e community by physically improving the community through beautification efforts which rel ieves some of the local government's burden "The Michigan Critical Indicators Report" and Healthy People 2010 Targets showed that the "Healthy People O bjectives" for reducing the n umber of adults who binge drink regularly, and adults and adolescence that use tobacco wer e unmet Both of these gateway drugs make it necessary for St John Providence Health Syst em to support advocacy and participate in coalitions aimed at preventing and reducing drug and alcohol use Brighton Hospital is a behavioral health specialty hospital providing tr eatment for substance abuse The latest "Annie E Casey's Foundation Kids Count" data repor ted Michigan as having an infant mortality rate higher than 39 states at 7 9 compared to t he national rate of 6 8 The city of Detroit, which is the health system's largest service area, has an infant mortality rate of 14 0% during this same time period The 2009 FBI un iform crime report listed Detroit as having 1,966 violent crimes per 100,000 These statis tics compel St John Providence Health System to use its resources in working toward signi ficantly reducing these negative community health outcomes A community assessment led St John Providence Health System, in collaboration with community leaders, to create a separa te 501(c)(3) called Healthy Neighborhoods Detroit (HND) Healthy Neighborhoods Detroit's c ore activities are community building The assessment illustrated that there was a signifi cant absence or gap in services that addressed the communities' access to healthcare, work force development and safe and affordable housing HND works collaboratively with communit y organizations and community members to co-create interventions to address these problems Inventories of some of St John Providence's community building activities include ST JO HN HOSPITAL & MEDICAL CENTER COMMUNITY BUILDING ACTIVITIESPHYSICAL IMPROVEMENTSSJHMC Maint enance and Engineering Department provides physical improvements by annually beautifying a main intersection on the Detroit-Grosse Pointe border COMMUNITY SUPPORT SJHMC in-patient pharmacy restocks the medical supplies for EMS that come to their facility Their Work Lif e Service Department (Human Resources) also provides mentoring and job shadowing programs for high school students COMMUNITY HEALTH IMPROVEMENT ADVOCACYAdministrative leaders supp ort advocacy efforts through their membership and participation on various task-forces and committees PROVIDENCE HOSPITALS, SOUTHFIELD AND NOVI COMMUNITY BUILDING ACTIVITIESCOMMUNI TY SUPPORT The hospital provides disaster recovery above and beyond the normal requirement s They also provide mentoring to students interested in health careers COMMUNITY HEALTH I MPROVEMENT ADVOCACYThe hospital was sponsor of the "On My Own" Foundation Gala fundraiser This foundation works to increase independence for people with disabilities The Radiolog y department provides community support and a mentoring program Administrative leaders su pport advocacy efforts through their membership and participation on various task-forces a nd committees ST JOHN MACOMB-OAKLAND HOSPITAL COMMUNITY BUILDING ACTIVITIESPHYSICAL IMPR OVEMENTS/HOUSING The hospital helped to build and improve houses through the local Habitat for Humanity and for low-income families They also helped to develop a barrier-free envi ronment for individuals with disabilities COMMUNITY SUPPORT The hospital provided medical support for the annual "gold cup" boat races in Detroit ST JOHN RIVER DISTRICT HOSPITAL C OMMUNITY BUILDING ACTIVITIESCOALITION BUILDINGThe hospital participates on the Great Paren ts-Great Start Coalition which supports services for children 0-5 years in St Clair Count y The Richmond Physician Office supported the "Recycled Paper Project" and donated recycl ed paper to the Richmond School District so that they can earn money to support their educ ational programs WORKFORCE DEVELOPMENT The hospital mentors high school students in St Cl air County and educates them about careers in the medical fields They also assist with co llege course selection of medical careers and/or assist in streamlining technical students BRIGHTON COMMUNITY BUILDING ACTIVITIESWORKFORCE

Identifier	ReturnReference	Explanation
		DEVELOPMENTThe hospital's administration participated in community mentoring programs by w orking with students at the high school or college level to assist them in their future en deavors, particularly in the health care field LEADERSHIP DEV/TRAINING FOR COMMUNITY MEMB ERS The hospital's administration participated in Executive Women International and the me dical department participated in Leadership Development Training for community members in the process of addiction recovery COALITION BUILDINGThe hospital provides professional sup port to the Farmington/Farmington Hills community, law enforcement, community leaders, par ent groups, teachers, schools and administrators, city governments, mental health, treatme nt centers to bring awareness of drug and violence prevention efforts and to decrease gaps and fragmentation in information and resources There goal is for community groups to dec rease gaps and fragmentation within drug and violence prevention efforts COMMUNITY HEALTH IMPROVEMENT ADVOCACY The fundraising department supported Community Health Improvement Ad vocacy and fundraising for a special event for community awareness, prevention, & interven tion The hospital also provides addiction education, prevention, and intervention, includ ing but not limited to helping the broader community recognize the disease and its affects as well as the benefit of treatment ST JOHN PROVIDENCE HEALTH SYSTEM COMMUNITY BUILDING ACTIVITIESECONOMIC DEVELOPMENT SJPHS Administration is active in various Chambers of Comme rce throughout our service area COALITION BUILDINGSJPHS Business Development department p articipated in Coalition Building Eastwood Clinics also participates on the "Save Our You th" Coalition whose goal is to prevent substance abuse among youth in Royal Oak SJPHS Com munity Health participates on the infant morality task force, state coalition of school-ba sed health centers and youth violence prevention task force WORKFORCE DEVELOPMENT/JOB CREA TION AND TRAINING PROGRAMSSJPHS Work Life Services partners with area schools, universitie s and technical schools to mentor students and educate them about careers in healthcare T hey also provide assistance with resume writing and interviewing techniques COMMUNITY HEA LTH IMPROVEMENT ADVOCACY Eastwood Clinics participates on the Behavioral Health Legislativ e Drug Court Committee which partners with judges and prosecutors from counties throughout Michigan and provides advocacy and support for drug and alcohol treatment for legislative staff

Identifier	ReturnReference	Explanation
		Part III, Line 4 The provision for bad debts is based upon management's assessment of expected net collections considering economic conditions, historical experience, trends in health care coverage, and other collection indicators Periodically throughout the year, management assesses the adequacy of the allowance for uncollectible accounts based upon historical write-off experience by payor category, including those amounts not covered by insurance The results of this review are then used to make any modifications to the provision for bad debts to establish an appropriate allowance for uncollectible accounts After satisfaction of amounts due from insurance and reasonable efforts to collect from the patient have been exhausted, the System follows established guidelines for placing certain past-due patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by Ascension Health Accounts receivable are written off after collection efforts have been followed in accordance with the System's policies

Identifier	ReturnReference	Explanation
		Part III, Line 8 Ascension Health and related health ministries follow the Catholic Health Association (CHA) guidelines for determining community benefit CHA community benefit reporting guidelines suggest that Medicare shortfall is not treated as community benefit

Identifier	ReturnReference	Explanation
		Part III, Line 9b The organization has a written debt collection policy that also includes a provision on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance If a patient qualifies for charity or financial assistance certain collection practices do not apply

Identifier	ReturnReference	Explanation
Providence Hospital		Part V, Section B, Line 13g Information regarding the availability of the financial assistance policy is on the website and included on the billing statements

Identifier	ReturnReference	Explanation
Providence Park Hospital		Part V, Section B, Line 13g Information regarding the availability of the financial assistance policy is on the website and included on the billing statements

Identifier	ReturnReference	Explanation
Providence Hospital		Part V, Section B, Line 19d Uninsured patients receive a discount off charges which is comparable to the discount provided to the highest paying payor, accounting for at least 3%of the population as measured by volume or gross patient revenue In addition, uninsured patients with income greater that 300% of the FPL may receive an additional discount based on a "Means Test"

Identifier	ReturnReference	Explanation
Providence Park Hospital		Part V, Section B, Line 19d Uninsured patients receive a discount off charges which is comparable to the discount provided to the highest paying payor, accounting for at least 3%of the population as measured by volume or gross patient revenue In addition, uninsured patients with income greater that 300% of the FPL may receive an additional discount based on a "Means Test"

Identifier	ReturnReference	Explanation
		Part VI, Line 2 A community health needs assessment of the St John Providence Health System service area has occurred every three years since 2001 An assessment was done and published in 2001, 2004, and 2008, and most recently in 2011 The current assessment was led by a steering committee composed of members with diverse health professional backgrounds representing the services provided by St John Providence Health System Members included professionals with backgrounds in Finance, Marketing, Nursing, Social Work, Medicine, Pharmacy and Public Health to name a few The process was based on the 6 steps outlined by the Association for Community Health Improvement (ACHI) Each county in the service area was determined to be the focus of the assessment Data was collected from a variety of reliable sources including but not limited to CDC, Michigan Department of Public Health, local health departments, and the US Census Data was collected and organized by county for analysis The University of Wisconsin State and County Health Rankings of 2011 were also discussed after it was released The latter was consistent with the data collected The data collected was discussed and input received from several stakeholder groups including the health system board of directors, advisory committee and other local agencies The process resulted in a ranking of the health needs by county and then three were selected as priority areas of focus These three are 1) Diabetes Prevention and Management2) Infant Mortality Prevention3) Access to Primary Care for Underinsured and Uninsured The risk factors related to these three, when addressed will have a positive impact on the other major community health needs related to heart failure, kidney failure, cancer early identification and treatment, asthma education and treatment, infant mortality, and obesity in children and adults Subcommittees were formed and led by community health staff The subcommittees consisted of SJPHS staff, county health department representatives and community members A strategic plan was developed, approved by the steering committee, and will now go to the hospitals for individual tactics to help meet the strategies listed below For Infant Mortality, the overall strategies are to - Increase connectivity and resources for pregnant women and their families- Provide enhanced nutrition information and services, and improve the health of high-risk babies- Improve inter-conceptual care Diabetes Prevention/Diabetes strategies include - Increase opportunities for healthy lifestyle activities- Increase education of Diabetes prevention, early identification and disease managementAccess to Care strategies are - Reduce barriers to the full access of healthcare services which are components of and constitute a continuum of quality patient care- Continue to address the need for access to care through the SJPHS initiative "Call to Action" which provides care to the underinsured and uninsured residents in the SJPHS service area The identification of the health needs of the community resulting from previous CHNA was used to affirm and/or modify the existing St John Providence Health System community health programs and partnerships For example, an identified unmet need of accessible primary care for low-income uninsured adults in the city of Detroit resulted in the establishment of a St John Providence Health System safety net health center, a partnership with a local Federally Qualified Health Center (FQHC) agency, and creation of a volunteer network of physician specialists to improve access to care for this population who are enrolled in the primary care program Consequently, the establishment of two new FQHC health centers and recruitment of more than 400 volunteer physicians has increased access and capacity to serve this population in the St John Providence Health System service area

Identifier	ReturnReference	Explanation
		Part VI, Line 3 Financial assistance staff is trained on how to qualify patients for Medicaid, SCHIP and other such programs During the pre-registration, registration, admissions, and discharge processes, the hospital attempts to identify all self-pay patients who may be eligible for government programs or for discounted care through the health system charity care policy A financial assistance counselor is provided to all patients identified as eligible for charity care and the process and paper work is explained by the counselor Patients with limited English proficiency are provided with a translator as needed Those who are deemed eligible for government programs are provided with the needed information, forms and contact information including assistance in filling out forms as needed The Hospital's charity care policy is posted on the website A summary of the policy along with financial assistance contact information is provided to patients in the ED and inpatients or upon discharge Self pay patients are also provided with referrals to partner FQHCs or free primary care clinics in the area as well as locations to obtain low cost pharmaceuticals A written summary of financial guidelines/charity policy and contact information is also provided in all communications with patients regarding bills and accounts Non-English speaking patients receive translation assistance as needed All third parties that work on behalf of the organization to collect fees (such as collection agencies and legal firms) are required to follow the hospital's policies regarding patient notification about the availability of financial assistance including its guidelines for collection of payment

Identifier	ReturnReference	Explanation
		Part VI, Line 4 St John Providence Health System and its five hospital campuses includin g one specialty hospital are located in a five-county area of southeastern Michigan The h ealth system campuses are organized as follows Providence/Providence Park Hospitals, St John Macomb-Oakland Hospital, St John Hospital, St John River District Hospital, and Bri ghton Hospital The community served by the organization includes Wayne, Oakland, Macomb, Livingston and St Clair counties The city of Detroit is part of Wayne County This servi ce area is predominately urban and suburban with pockets of rural in St Clair and Livings ton counties Also, there is one Medical Underserved Area (MUA) in St Clair county, two i n Macomb county, and one in Oakland county Almost the entire city of Detroit is either a MUA or Health Professional Shortage Area (HPSA) or both In the remaining part of Wayne Co unty, there are three areas designated as MUAs There are no MUA's in Livingston County T here are six other health systems represented in the service area One is a for-profit ent ity and the others remain nonprofit The East Community includes Macomb and St Clair Coun ties, and parts of Wayne and Oakland Counties The West Community includes Livingston coun ty, most of Oakland county and parts of Wayne County Total population in the West Communi ty (2010 Thompson Reuters) is 1,633,906 with 57 7% White, 34 7% Black, 0 2% American India n and Alaska native, 0 2% Hispanic, 4 3% Asian/Pacific Islander and 0 7% other Total esti mated population in the East Community is 1,432,398 with 70 7% White, 23 0% Black, 0 3% Hi spanic, 2 9% Asian/Pacific Islander, and 0 5% other Note the following additional informa tion by county Unless otherwise indicated, the data is from the U S Census Bureau - Wayn e County has a total population of 1,820,584 with 12 8% of the population over age 65, med ian household income is $41,886, 22 7% of households are in poverty with 19 6% of individu als with incomes below 200% of the federal poverty level, 10 3% are uninsured and 23 7% (i ncluding Detroit) are enrolled in Medicaid (State of Michigan, June 2010) The city of Det roit has a total population of 713,777 and 11 5% of the population is over age 65, median household income of $27,862, 36 2% of the population in poverty, 48 5% are below 200% of t he federal poverty level and 21% uninsured (State of Michigan, June 2010) Wayne County in cludes 54 3% White, 40 3% Black, 2 7% Asian, and 5 4% Hispanics The city of Detroit's pop ulation is 10 6% White, 82 7% Black, 1 1% Asian and 6 8% Hispanic/Latino - Oakland County has a total population of 1,202,362 with 13 6% of its population over 65 years of age, the median household income is $66,456, 9 5% of the households are in poverty, 14 5% of indiv iduals are below 200% of the federal poverty level, 7 5% are uninsured and 9 5% are Medica id enrollees (State of Michigan, June 2010) Population includes 77 7% White, 14 1% Black, 5 8% Asian, and 3 6% Hispanic/Latino - Macomb County has a total population of 840,978 wi th 14 5% of the population over the age of 65, median household income is $54,087, 11 0% o f households live in poverty, 16 3% of individuals live below 200% of the federal poverty level, 11 2% are uninsured and 13% are Medicaid enrollees (State of Michigan, June 2010) Population includes 85 2% White, 9 3% Black, 3 1% Asian, and 2 4% Hispanic/Latino - St C lair County has a total population of 163,040 with 15 0% of the population over age 65, me dian household income of $48,869, 13 2% of households in poverty, 21 9% of individuals hav e incomes below 200% of the federal poverty level, 9 1% uninsured and 16 8% enrolled in Me dicaid (State of Michigan, 2010) Population includes 94 5% White, 2 6% Black, and 2 9% Hi spanic/Latino - Livingston County has a total population of 180,967, with 12 5% of the pop ulation over age 65, median household income of $71,694, 6 3% of households live in povert y, 10 4% of individuals live below 200% of the federal poverty level, 9 3% uninsured, and 7 1% enrolled in Medicaid (State of Michigan, June 2010) Population includes 96 9% White, 0 6% Black, 0 8% Asian, and 2 0% Hispanic or Latino In summary these counties represent t he southeastern Michigan region of the state The total population is approximately 4 mill ion, which represents 43% of the state's population and accounts for 46% of the federal mo nies received Seventeen percent of the service area population is represented by the city of Detroit Approximately 90% of Detroit consists of minorities, compared to 21% for the state Thirty-six percent of Detroiters live below the poverty level compared to 16% state wide The average income for Detroit is $27,862 while the statewide average is almost doub le that at $48,669 In Detroit, 22% of residents are uninsured compared to a statewide tot al of 11 7% The city's unemployment rate is nearly 20% compared to 9 3% for the rest of t he state and 8 2% for the nation Historically, au

Identifier	ReturnReference	Explanation
		to manufacturing, government and health care are the largest employers In each of these a reas, heart disease followed by cancer is the leading cause of death Further, congestive heart failure and bacterial pneumonia are some of the leading causes of preventable hospit alizations Additionally, Detroit has higher rates of illness and chronic disease than oth er parts of the state, and a lack of access to primary care and a shortage of health care professionals Sixty percent of Wayne county residents reside in medically underserved are a, compared to 8% for the remaining southwestern Michigan area St John Providence Health System provides many community based programs and services In FY 2012, over 130,000 enco unters were provided through its community outreach programs The distribution of these se rvices include 59% in Detroit, 14% in Macomb County, 13% Oakland County, 8% in Wayne Count y, 4% St Clair County and 2% in Livingston County Services provided include safety net p rimary care, through ten school-based health centers and two adult primary care centers, H IV/AIDS treatment, health education and screening referral support services and faith comm unity nursing to name a few Additionally, the hospitals in Detroit, Wayne, Oakland and Ma comb serve a disproportionate share of uninsured or Medicaid beneficiaries Access to prim ary care for the uninsured and underinsured remains a challenge in most of the service are a Partnership with local FQHCs is improving access and the health system hospitals suppor t their expansion

Identifier	ReturnReference	Explanation
		Part VI, Line 5 The health system provides internship opportunities for administrative, marketing, finance, information technology, and public health and medical billing professionals ST JOHN PROVIDENCE HEALTH SYSTEMSt John Providence Health System administrators and staff have provided leadership and participated on collaborative initiatives with Voices of Detroit Initiative, Greater Detroit Area Health Council, Wayne County Health Department, The City of Detroit Department of Health and Wellness Promotion, Wayne County Health Authority, Tomorrow's Child, The Michigan Department of Community Health, Michigan Primary Care association and area Federally Qualified Health Centers, and other community organizations to identify community needs and address community problems The health system has a model program that serves the vulnerable and poor in our community and is not offered by any other hospitals in this area called Physicians Who Care (PWC) The program is a network of St John Providence Health System (SJPHS) credentialed specialty physicians who volunteer their time to provide health care services to uninsured adults It is designed to ensure a continuum of care exists for "the working poor" in the communities SJPHS serves Each physician pledges to see a self-defined number of eligible patients per year Currently, more than 400 physicians are registered in a common database using a web-based specialty referral network, which is maintained by the Physicians Who Care staff The patient load is spread equally among all physicians that have agreed to participate in the project The program provides diagnostics and hospitalizations, and prescription drugs St John Providence Health System has a demonstrated history and strong foundation built upon its Mission, Vision, and Values It is this spirit that leads the institution and drives health care services Often patients, family members, friends, and the like, are pleased with our position on care - to heal the body, mind, and spirit, have experienced it first-hand, and wish to show their appreciation by making a gift to support care of others that are vulnerable The spiritual essence that's woven into the fabric of our daily operations allows members of the community to comfortably and directly impact the lives of others through philanthropy We work to create an ethical legacy for emphasizing the important value of community and encourage the compassionate generosity of others to make gifts that enhance the exemplary care St John Providence Health System has become recognized for MEDICAL STAFF PRIVILEGESSt John Providence Health System extends medical staff privileges to all qualified physicians in its community for some or all of its departments Physicians who apply for St John Providence staff membership and privileges go through a credentialing process CLINICAL RESEARCH FUNDED BY FOR-PROFIT COMPANIESThe majority of clinical research conducted at SJPHS is funded by for-profit organizations such as pharmaceutical and medical device companies that test the efficacy and safety of health products Examples include research projects funded by Boston Scientific, Eli Lily & Company and Medtronic BOARD MEMBERSHIPSt John Providence Health System board membership is comprised of persons who reside in the five counties that represent SJPHS's primary service area

Identifier	ReturnReference	Explanation
		Part VI, Line 6 St John Hospital & Medical Center is part of the St John Providence Health System ("SJPHS") SJPHS, as a Catholic health ministry, is committed to providing spiritually centered, holistic care which sustains and improves the health of individuals in the communities we serve, with special attention to the poor and vulnerable SJPHS owns and operates 5 hospital campuses plus more than 125 medical facilities in southeast Michigan System wide, for the year ended June 30, 2012, SJPHS provided more than $121,347,000 in community health services including health services, professional education, subsidized health care, research, financial contributions, and other community building activities In addition, SJPHS is part of Ascension Health (AH), a Catholic, national health care system consisting primarily of nonprofit corporations that own and operate local health care facilities, or Health Ministries, located in 20 states and the District of Columbia For the year ended June 30, 2012, AH provided more than $1,286,000,000 in community health services including, health services, professional education, subsidized health care, research, financial contributions, and other community building activities

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Providence Hospital

Employer identification number
38-1358212

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**		
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply ☐ Compensation committee ☐ Written employment contract ☐ Independent compensation consultant ☐ Compensation survey or study ☐ Form 990 of other organizations ☐ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**		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 accured pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

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

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) Cherolee Trembath MD Sch O	(i) (ii)	230,898 0	6,777 0	400 0	9,509 0	10,973 0	258,557 0	0 0
(2) Michael Wiemann MD Sch O	(i) (ii)	525,249 0	93,769 0	37,544 0	11,025 0	10,973 0	678,560 0	0 0
(3) Tammy S Lundstrom end 1011	(i) (ii)	335,852 0	33,590 0	61,065 0	6,125 0	0 0	436,632 0	0 0
(4) Diane Radloff end 0312	(i) (ii)	0 530,790	0 86,117	0 5,189	0 11,025	0 10,973	0 644,094	0 0
(5) Gerald N Gilman	(i) (ii)	177,719 0	23,803 0	12,870 0	5,360 0	10,973 0	230,725 0	0 0
(6) Douglas W Winner	(i) (ii)	253,425 0	21,169 0	0 0	10,462 0	10,973 0	296,029 0	0 0
(7) Maria Strom	(i) (ii)	242,399 0	42,394 0	28,766 0	10,917 0	10,973 0	335,449 0	0 0
(8) Joseph Hurshe	(i) (ii)	208,894 0	16,838 0	2,100 0	5,696 0	10,973 0	244,501 0	0 0
(9) Robert A Welch	(i) (ii)	454,548 0	169,157 0	0 0	8,841 0	10,973 0	643,519 0	0 0
(10) Laurence Y Cheung	(i) (ii)	447,678 0	0 0	0 0	9,800 0	10,973 0	468,451 0	0 0
(11) Ernesto R Drelichman	(i) (ii)	414,970 0	25,000 0	0 0	6,125 0	10,973 0	457,068 0	0 0
(12) William B Blessed	(i) (ii)	381,924 0	93,646 0	16 0	8,999 0	10,973 0	495,558 0	0 0
(13) Rizwana Fareedduddin	(i) (ii)	334,188 0	8,153 0	0 0	8,656 0	10,973 0	361,970 0	0 0

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
Supplemental Information	Part III	Part I, Line 3 St John Health, a related organization of Providence Hospital, uses the following to establish the compensation of the organization's CEO - Compensation Committee - Independent Compensation Consultant - Compensation Survey or Study - Approval by the Board or Compensation Committee
Supplemental Information	Part III	Part I, Line 4b Eligible executives participate in a program that provides for supplemental retirement benefits The payment of benefits under the program, if any, is entirely dependent upon the facts and circumstances under which the executive terminates employment with the organization Benefits under the program are unfunded and non-vested Due to the substantial risk of forfeiture provision, there is no guarantee that these executives will ever receive any benefit under the program Any amount ultimately paid under the program to the executive is reported as compensation on Form 990, Schedule J, Part II, Column B in the year paid Amount Paid Maria Strom - $28,766 Gerald N Gilman - $12,870

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Providence Hospital

Employer identification number
38-1358212

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 2	Many of the persons listed on Part VII have a "business relationship" with each other by virtue of sitting on related St John Providence Health System entity boards

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 6	Providence Hospital has a single corporate member, St John Health

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 7a	Providence Hospital has a single corporate member, St John Health, who has the ability to elect members to the governing body of Providence Hospital

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 7b	All decisions that have a material impact to Providence Hospital financial information or corporation as a whole are subject to approval by its sole corporate member, St John Health

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 11	Management works diligently to complete the Form 990 and attached schedules in a through manner Prior to filing the return all Board Members are provided the Form 990 and Management team members are available to answer any Board Members questions

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 12c	The organization regularly and consistently monitors and enforces compliance with the conflict of interest policy in that any director, officer, key employee, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of the committees with governing board delegated powers considering the proposed transaction or arrangement The remaining individuals on the governing board or committee will decide if conflicts of interest exist Each director, principal officer and member of a committee with governing board delegated powers annually signs a statement which affirms such person has received a copy of the conflict of interest policy, has read and understands the policy, has agreed to comply with the policy, and understands that the organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish its tax-exempt purpose

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 15	In determining compensation of the organization's top management official, the process, performed by St John Health, a related organization of Providence Hospital, included a review and approval by independent persons, comparability data and contemporaneous substantiation of the deliberation and decision Management reviewed and approved the compensation In the review of the compensation, top management official was compared individuals at other organizations in the area who hold the same title During the review and approval of the compensation, documentation of the decision was recorded in the board minutes Individual was not present when her compensation was decided In determining compensation of other officers or key employees of the organization, the process, performed by St John Health, a related organization of Providence Hospital, included a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision Management reviewed and approved the compensation In the review of the compensation, the other officers or key employees of the organizations were compared to individuals at other organizations in the area who hold the same title Wage bands are adjusted annually and wages paid for all positions are within those bands During the review and approval of the compensation, documentation of the decision was recorded in the committee minutes

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section C, line 19	The organization will provide any documents open to public inspection upon request

Identifier	Return Reference	Explanation
	Form 990, Part VII, Section A	Where noted with a "(Sch O)" reference, the compensation listed is for services provided to this organization or a related organization in an employee capacity and not for participation in this organization's board

Identifier	Return Reference	Explanation
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 5	Net unrealized losses on investments -12,424,348 Deferred Pension Costs -49,292,002 Transfers to Affiliates -1,455,426 Transfer to Sponsor -1,397,406 Other 3,322,377 Total to Form 990, Part XI, Line 5 -61,246,805

Identifier	Return Reference	Explanation
	Form 990, Part III	PROVIDENCE HOSPITAL & PROVIDENCE FOUNDATION COMMUNITY BENEFIT REPORT FISCAL YEAR END JUNE 30, 2012 This report illustrates the significant degree to which Providence Hospital contributes to the positive health status of the communities it serves As a member of Ascension Health, the nation's largest Catholic healthcare system, Providence Hospital continues to build and strengthen sustainable collaborative efforts that benefit the health of individuals, families, and society as a whole The goal of Providence Hospital is to perpetuate the healing mission of the church Providence Hospital furthers this goal through delivery of patient services, care to the elderly and indigent, patient education and health awareness programs for the community, and medical research Our concern for all human life and dignity of each person leads the organization to provide medical services to all people in the community without regard to the patient's race, creed, national origin, economic status, or ability to pay FINANCIAL INFORMATION The financial information presented below was prepared in accordance with the Catholic Health Association's (CHA) community benefit reporting guidelines These guidelines recommend the following - Report care of the poor at cost, not charges - Do not include bad debt, contractual allowances, and quick pay discounts as part of care of the poor expense - Do not count Medicare shortfall as a community benefit - Report the net expense for community benefit services, i e , the total community benefit expense minus any associated revenue from patients, payers, and other external sources The CHA reporting guidelines reflect a conservative approach to reporting quantifiable community benefit The goal of the reporting guidelines is to produce community benefit financial reports that reflect true costs and that describe community benefit activities that increase access to health care and improve community health Providence Hospital information for fiscal year ended June 30, 2012 1) Care of the poor (at cost) = $4,730,546 2) Government sponsored health care (net expense) = $994,221 3) Unpaid cost of public indigent care programs (includes Medicaid, Schip, and other safety net programs, does not include Medicare shortfalls) = $17,102,112 4) Community benefit programs (net expense) = $8,54 9,015 Total quantifiable community benefit, as determined in accordance with CHA reporting guidelines = $31,375,894 SUPPLEMENTAL INFORMATION Bad debt costs attributable to charity = $10,883,245 Medicare shortfall = $5,476,504 Total quantifiable community benefit, including bad debt and Medicare shortfall = $47,735,642 CHARITY CARE Nearly 11 7% of Michigan residents or 1 2 million people lacked health insurance in 2012 The uninsured are likely to seek care in hospital emergency rooms The Hospital had 109,267 Emergency Department (ED) visits in fiscal 2012, an increase of 4% over FY11 Increasingly, patients are experiencing limited abilities to pay for health care services or qualify for state and federally funded programs like Medicaid and Medicare programs that cover only a portion of the cost of services provided Providence Hospital provides a substantial portion of its services to the elderly and poor During the fiscal year ending June 30, 2012, approximately 43% of the value of services rendered was to elderly patients under the Medicare program, and approximately 10% of the services were provided to patients who were deemed indigent under state, county, or Medical Center Guidelines ORGANIZATIONAL COMMITMENT TO PROVIDING COMMUNITY BENEFIT Providence Hospital and Medical Center is made up of a 392-bed teaching hospital located in Southfield, Michigan and a 218-bed hospital located in Novi, Michigan Providence Hospital seeks to improve the physical, mental, social and spiritual health status of its surrounding community In addition to providing health care services to all individuals who require medical attention, Providence Hospital has developed the following programs to help achieve its mission HEALTH ACCESS Support of the Thea Bowman Community Health Center, located in Northwest Detroit, the St Vincent DePaul Clinic in Northwest Detroit, Physicians Who Care Program, donation of pharmaceuticals to the World Medical Relief program, and donations of supplies through materials management Since 2003, Providence Hospital, along with our partner Advantage Health, has provided support for the Thea Bowman Community Health Center, located in Northwest Detroit Thea Bowman has provided access to quality primary care, dental care, social workers and behavioral medicine These services are offered on a sliding fee scale PHYSICIANS WHO CARE Providence physicians have enrolled in Physicians Who Care The goal of this program is to link uninsured patients with medical specialists, who have agreed to provide medical services at no charge Providence Hospital covers testing and hospitalization costs SCHOOL PROG

Identifier	Return Reference	Explanation
	Form 990, Part III	RAMS Partners in Prevention program, Partnership with Southfield Schools Medical and Natural Sciences Academy, and volunteer opportunities with numerous students PHILOSOPHY OF SERVICE COMMITTEE Ice cream social, Manna Meal Soup Kitchen, Providence Choir, Christmas Store, Crisis Assistance Program, and various other charitable drives during the year THE INFANT MROTALITY PROJECT Serves Detroit and Wayne County Providence donated $35,000 toward this program In FY12 the IMP mentored 184 mothers and 75 parents graduated from Jubilee Parenting Classes Other positive results were prevention of low birth babies and premature infant births among our clients SHALOM PROVIDENCE PROJECT Providence partnered with the Jewish Hospice & Chaplaincy Network in FY08 to start up Shalom Providence Rabbi's come in 4 days per week to visit the Jewish patients The program includes education for associates, a dedicated phone line to the Director and a library of Jewish Prayer books and symbols for the bedside Shalom Providence Project Manager of Spiritual care PARISH NURSING Providence Hospital contributes $108,000 to the Parish Nurse Program A Parish Nurse is a RN who practices under the Faith Community Nursing Standards and focuses on the intentional care of the spirit as part of the process of promoting holistic health and preventing or minimizing illnesses within a faith community The nurses provide numerous screening and educational programs at the churches GRADUATE MEDICAL EDUCATION PROGRAM The residents provide care to those who are economically disadvantaged in a variety of specialties including Family Practice, Internal Medicine, Cardiovascular, OB GYN, Gastrointestinal, Plastic Surgery, General Surgery, Neurosurgery, and Hematology/Oncology Work with various public schools to provide health education and screening Provide care at the St Vincent De Paul Health Center and to the elderly at several nursing homes Residents participated in Cover the Uninsured Health Fair Residents participated in the Southfield Senior Appreciation Day, Strides For Breast Cancer, AHA Heart Walk, and the Thea Bowman Health Fair Provide care at the St Vincent De Paul Health Center (IHM), East-side Pavilion Practice and to the elderly at several nursing homes Participate in a variety of medical missionary trips OUR LADY OF PROVIDENCE LEAGUE VOLUNTEERS 340 Active Volunteers work with Providence Hospital The "No One Dies Alone" Program continues Interested volunteers sit at the bedside of patients, who are dying, to provide families respite or are there for those who have no family A new program, Therapy Dog Program', has been started Each hospital has a dog that visits with patients, families and associates (with a trained volunteer handler) to enhance their day and healthcare experience SUMMARY Providence Hospital furthers its charitable purposes by providing a broad array of services to meet the healthcare needs of patients and organizations in the community We provide essential medical services to the community, train and recruit healthcare professionals to serve the needs of the broader community, provide appropriate charity services to those patients who are not able to pay for their own healthcare needs, provide services to other organizations that allow them to provide quality services to their patients or constituents, and present education information classes and activities to the community in order to improve its overall health status

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Providence Hospital

Employer identification number
38-1358212

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
(1) Hospital Consolidated Laboratories 28000 Dequindre Road Warren, MI 48092 38-3318428	Laboratory Tests	MI	0	381	Providence Hospital and Medical Center

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) Advent Partners LP 28000 Dequindre Road Warren, MI 48092 38-3494197	Investment	MI	N/A									
(2) Open MRI of Michigan 28000 Dequindre Road Warren, MI 48092 38-3544539	Medical Services	MI	N/A									

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) Advent Inc 28000 Dequindre Road Warren, MI 48092 38-2971743	Investment	MI	N/A	C			
(2) Affiliated Health Services Inc 28000 Dequindre Road Warren, MI 48092 38-2292922	Medical Supply Sales	MI	N/A	C			

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

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

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

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

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

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

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

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

Schedule R (Form 990) 2011

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 38-1358212
Name: Providence Hospital

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

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity	g Section 512(b)(13) controlled organization	
Ascension Health PO Box 45998 St Louis, MO 63145 31-1662309	National Health System	MO	Section 501(c)(3)	Schedule A, Line 11a	Ascension Health Alliance		No
StJohn Health 28000 Dequindre Road Warren, MI 48092 38-2244034	Parent	MI	Section 501(c)(3)	Schedule A, Line 11c	Ascension Health		No
Brighton Hospital 12851 Grand River Brighton, MI 48116 38-1576680	Hospital	MI	Section 501(c)(3)	Schedule A, Line 3	St John Health	Yes	
Brighton National Addiction Foundation 12851 Grand River Brighton, MI 48116 26-0694680	Fundraising	MI	Section 501(c)(3)	Schedule A, Line 7	Brighton Hospital	Yes	
Father Murray Nursing Center 8444 Engleman Centerline, MI 48015 38-2601348	Medical Care	MI	Section 501(c)(3)	Schedule A, Line 9	St John Health	Yes	
Macomb Hospital Center Auxiliary 11800 E Twelve Mile Warren, MI 48093 38-6091287	Fundraising	MI	Section 501(c)(3)	Schedule A, Line 11c	St John Macomb-Oakland Hospital Corp		No
Medical Resources Group 43800 Garfield Rd Suite 201 Clinton Township, MI 48038 38-3494637	Medical Care	MI	Section 501(c)(3)	Schedule A, Line 9	St John Health	Yes	
Providence Health Foundation 22101 Moross Suite 102 Detroit, MI 48236 38-3526629	Fundraising	MI	Section 501(c)(3)	Schedule A, Line 11c	St John Health	Yes	
Seton Health Corp of SE Michigan 16001 West Nine Mile Rd Southfield, MI 48037 38-2820107	Medical Care	MI	Section 501(c)(3)	Schedule A, Line 11c	St John Health	Yes	
St John Community Health Investment Corp 28000 Dequindre Road Warren, MI 48092 38-2262856	Medical Care	MI	Section 501(c)(3)	Schedule A, Line 3	St John Health	Yes	
St John Health Foundation 22101 Moross Rd Mack Office Bldg St Detroit, MI 48236 38-2769385	Fundraising	MI	Section 501(c)(3)	Schedule A, Line 7	St John Health	Yes	
St John Home Care 37650 Garfield Rd Clinton Township, MI 48036 38-3408684	Medical Care	MI	Section 501(c)(3)	Schedule A, Line 7	St John Health	Yes	
St John Hospital & Medical Center 28000 Dequindre Road Warren, MI 48092 38-1359063	Hospital	MI	Section 501(c)(3)	Schedule A, Line 3	St John Health	Yes	
St John Hospital Foundation 22101 Moross Rd Mack Office Bldg St Detroit, MI 48236 20-2961579	Fundraising	MI	Section 501(c)(3)	Schedule A, Line 7	St John Health	Yes	
St John Hospital Guild 28000 Dequindre Road Warren, MI 48092 38-6091110	Fundraising	MI	Section 501(c)(3)	Schedule A, Line 11c	St John Hospital & Medical Center		No
St John River District Hospital 4100 River Road East China, MI 48054 38-3160564	Hospital	MI	Section 501(c)(3)	Schedule A, Line 3	St John Health	Yes	
St John Senior Community 18300 East Warren Detroit, MI 48224 38-2631907	Medical Care	MI	Section 501(c)(3)	Schedule A, Line 9	St John Health	Yes	
Our Lady of Providence League 28000 Dequindre Road Warren, MI 48092 38-6108200	Fundraising	MI	Section 501(c)(3)	Schedule A, Line 11c	Providence Hospital		No
St John Macomb-Oakland Hospital 28000 Dequindre Road Warren, MI 48092 38-3322109	Hospital	MI	Section 501(c)(3)	Schedule A, Line 3	St John Health	Yes	
Fontbonne Auxiliary of St John Hospital 28000 Dequindre Road Warren, MI 48092 38-6082173	Fundraising	MI	Section 501(c)(3)	Schedule A, Line 11c	St John Health		No

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

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity	g Section 512(b)(13) controlled organization	
Eastwood Community Clinics 28000 Dequindre Road Warren, MI 48092 38-1958763	Medical Care	MI	Section 501(c)(3)	Schedule A, Line 9	St John Health	Yes	

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

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)	(d) Method of determining amount involved
(1)	Providence Health Foundation	Q	1,885,878	Actual Amount Paid
(2)	St John Community Health Investment Corporation	Q	1,091,185	Actual Amount Paid
(3)	St John Health	Q	310,121	Actual Amount Paid
(4)	St John Hospital & Medical Center	Q	178,613	Actual Amount Paid
(5)	Providence Health Foundation	Q	1,635,377	Actual Amount Paid
(6)	St John Hospital & Medical Center	I	327,527	Actual Amount Paid
(7)	St John Health	N	161,877,262	Actual Amount Paid
(8)	Open MRI of Michigan	N	622,779	Actual Amount Paid
(9)	Medical Resources Group	O	8,312,955	Actual Amount Paid
(10)	Providence Health Foundation	O	1,068,155	Actual Amount Paid
(11)	St John Health	O	475,714,854	Actual Amount Paid
(12)	Eastwood Community Clinics	O	172,571	Actual Amount Paid
(13)	St John Hospital & Medical Center	O	1,897,269	Actual Amount Paid
(14)	Affiliated Health Services Inc	O	847,379	Actual Amount Paid
(15)	Open MRI of Michigan	P	97,580	Actual Amount Paid
(16)	St John Macomb-Oakland Hospital	P	306,052	Actual Amount Paid
(17)	St John Home Care	P	789,108	Actual Amount Paid
(18)	Eastwood Community Clinics	Q	184,076	Actual Amount Paid
(19)	St John Macomb-Oakland Hospital	Q	242,079	Actual Amount Paid
(20)	Medical Resources Group	Q	2,288,471	Actual Amount Paid

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

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)	(d) Method of determining amount involved
(21)	St John Community Health Investment Corporation	Q	376,395	Actual Amount Paid
(22)	St John Health	Q	753,146,472	Actual Amount Paid
(23)	St John Hospital & Medical Center	Q	979,155	Actual Amount Paid
(24)	Affiliated Health Services Inc	Q	658,094	Actual Amount Paid
(25)	Providence Health Foundation	R	270,884	Actual Amount Paid
(26)	St John Home Care	R	463,196	Actual Amount Paid
(27)	Open MRI of Michigan	R	825,040	actual Amount Paid

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

St John Providence Health System
Member of Ascension Health, a Subsidiary of
Ascension Health Alliance
Years Ended June 30, 2012 and 2011
With Report of Independent Auditors

Ernst & Young LLP

ERNST & YOUNG

St. John Providence Health System

Consolidated Financial Statements and Supplementary Information

Years Ended June 30, 2012 and 2011

Contents

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Report of Independent Auditors

The Board of Trustees
St John Providence Health System

We have audited the accompanying consolidated balance sheets of St John Providence Health System as of June 30, 2012 and 2011, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended These financial statements are the responsibility of St John Providence Health System 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 Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement We were not engaged to perform an audit of St John Providence Health System's internal control over financial reporting Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of St John Providence Health System's internal control over financial reporting Accordingly, we express no such opinion An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation We believe that our audits provide a reasonable basis for our opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of St John Providence Health System at June 30, 2012 and 2011, and the consolidated results of their operations and changes in net assets and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States

Ernst & Young LLP

September 28, 2012

St. John Providence Health System

Consolidated Balance Sheets

(Dollars in Thousands)

	June 30	
	2012	**2011**
Assets		
Current assets		
Cash and cash equivalents	**$ 39,558**	$ 81,793
Interest in investments held by Ascension Health Alliance	**20,112**	–
Accounts receivable, less allowances for uncollectible accounts ($121,352 and $111,885 in 2012 and 2011, respectively)	**204,403**	212,393
Current portion of assets limited as to use	**3,424**	3,229
Estimated third-party payor settlements	**26,554**	12,700
Inventories	**25,401**	22,671
Assets reated to discontinued operations	**275**	10,102
Other	**41,649**	22,970
Total current assets	**361,376**	365,858
Assets limited as to use and other long-term investments	**14,327**	762,610
Interest in investments held by Ascension Health Alliance	**857,267**	–
Property and equipment, net	**722,728**	757,268
Other assets		
Investment in unconsolidated entities	**24,491**	23,246
Other intangibles	**78,139**	94,579
Other	**62,336**	95,180
Total other assets	**164,966**	213,005
Total assets	**$ 2,120,664**	$ 2,098,741

See accompanying notes.

	June 30	
	2012	**2011**
Liabilities and net assets		
Current liabilities		
Current portion of long-term debt	**$ 5,330**	$ 4,760
Accounts payable and accrued liabilities	**242,909**	230,894
Estimated third-party payor settlements	**67,081**	67,656
Current portion of self-insurance liabilities	**17,373**	16,238
Liabilities related to discontinued operations	**2,425**	6,185
Other	**14,553**	20,636
Total current liabilities	**349,671**	346,369
Noncurrent liabilities		
Long-term debt	**605,764**	590,094
Self-insurance liabilities	**25,124**	24,109
Pension and other postretirement liabilities	**88,232**	73,384
Other	**47,854**	58,573
Total noncurrent liabilities	**766,974**	746,160
Total liabilities	**1,116,645**	1,092,529
Net assets		
Unrestricted		
Controlling interest	**956,720**	960,274
Noncontrolling interests	**2,425**	2,396
Unrestricted net assets	**959,145**	962,670
Temporarily restricted	**34,699**	34,438
Permanently restricted	**10,175**	9,104
Total net assets	**1,004,019**	1,006,212
Total liabilities and net assets	**$ 2,120,664**	$ 2,098,741

See accompanying notes.

St. John Providence Health System

Consolidated Statements of Operations and Changes in Net Assets

(Dollars in Thousands)

	Year Ended June 30	
	2012	**2011**
Operating revenue		
Net patient service revenue	**$ 1,958,627**	$ 1,890,821
Other revenue	**135,793**	119,624
Income from unconsolidated entities	**6,280**	4,595
Net assets released from restrictions for operations	**4,702**	4,775
Total operating revenue	**2,105,402**	2,019,815
Operating expenses		
Salaries and wages	**862,433**	863,932
Employee benefits	**143,849**	174,253
Purchased services	**200,543**	194,004
Professional fees	**130,243**	107,890
Supplies	**280,813**	272,742
Insurance	**15,799**	13,857
Bad debts	**119,279**	117,395
Interest	**20,612**	22,307
Depreciation and amortization	**93,441**	93,437
Other	**174,503**	172,294
Total operating expenses before impairment, restructuring, and nonrecurring gains (losses), net	**2,041,515**	2,032,111
Income (loss) from operations before impairment, restructuring, and nonrecurring gains (losses), net	**63,887**	(12,296)
Impairment, restructuring, and nonrecurring gains (losses), net	**25,276**	(5,095)
Income (loss) from operations	**89,163**	(17,391)
Nonoperating gains (losses)		
Investment return	**(16,601)**	115,326
Other	**(13,694)**	(14,902)
Total nonoperating (losses) gains, net	**(30,295)**	100,424
Excess of revenues and gains over expenses and losses	**58,868**	83,033
Less excess of revenue and gains over expenses and losses attributable to noncontrolling interests	**(175)**	(153)
Excess of revenues and gains over expenses and losses attributable to controlling interest	**58,693**	82,880

St. John Providence Health System

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

(Dollars in Thousands)

	Year Ended June 30	
	2012	**2011**
Unrestricted net assets		
Excess of revenues and gains over expenses and losses	**$ 58,693**	$ 82,880
Pension and other postretirement liability adjustments	**(47,801)**	143,042
Transfers to sponsor and other affiliates, net	**(19,669)**	(25,448)
Net assets released from restrictions for property acquisitions	**7,786**	13,802
Other	**–**	357
(Decrease) increase in unrestricted net assets, controlling interest, before (loss) income from discontinued operations and cumulative effect of change in accounting principle	**(991)**	214,633
(Loss) income from discontinued operations	**(2,563)**	2,842
Cumulative effect of change in accounting principle	**–**	(9,195)
(Decrease) increase in unrestricted net assets, controlling interest	**(3,554)**	208,280
Unrestricted net assets, noncontrolling interest		
Excess of revenues and gains over expenses and losses	**175**	153
Other	**(145)**	(371)
Increase (decrease) in unrestricted net assets, noncontrolling interest	**30**	(218)
Temporarily restricted net assets		
Contributions and grants	**12,217**	10,724
Investment return	**532**	695
Net assets released from restrictions	**(12,488)**	(18,578)
Other	**–**	(205)
Increase (decrease) in temporarily restricted net assets	**261**	(7,364)
Permanently restricted net assets		
Contributions	**1,070**	730
Other	**–**	206
Increase in permanently restricted net assets	**1,070**	936
(Decrease) increase in net assets	**(2,193)**	201,634
Net assets, beginning of year	**1,006,212**	804,578
Net assets, end of year	**$ 1,004,019**	$ 1,006,212

See accompanying notes

St. John Providence Health System

Consolidated Statements of Cash Flows

(Dollars in Thousands)

	Year Ended June 30 2012	2011
Operating activities		
(Decrease) increase in net assets	**$ (2,193)**	$ 201,634
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation and amortization	**93,441**	93,437
Provision for bad debts	**119,279**	117,395
Interest, dividends, and net (gains) losses on investments	**16,601**	(115,326)
Loss (gain) on sale of assets, net	**317**	(5,729)
Impairment and nonrecurring expenses	**9,026**	–
Pension and other postretirement benefits	**47,801**	(143,042)
Transfers to sponsor and other affiliates, net	**19,669**	25,448
Equity earnings in unconsolidated entities	**(6,280)**	(4,595)
Restricted contributions, investment return, and other restricted activity	**(13,819)**	(12,150)
(Increase) decrease in		
Accounts receivable	**(111,289)**	(120,282)
Inventories and other current assets	**(27,359)**	25,415
Investments, including interest in investments held by Ascension Health Alliance	**(144,344)**	(153,242)
Assets related to discontinued operations	**9,827**	(677)
Increase (decrease) in		
Accounts payable and accrued liabilities	**12,015**	(20,399)
Estimated third-party payor settlements	**(14,429)**	5,565
Other current liabilities	**(6,083)**	(56)
Liabilities related to discontinued operations	**(3,760)**	(2,626)
Other noncurrent liabilities	**(11,653)**	1,479
Net cash used in operating activities	**(13,233)**	(107,751)
Investing activities		
Property and equipment additions, net	**(45,986)**	(28,660)
Proceeds from sale of property and equipment	**5,992**	7,334
Increase in self-insurance, net	**1,935**	1,451
(Increase) decrease in restricted net assets	**(1,333)**	6,896
Net cash used in investing activities	**(39,392)**	(12,979)

St. John Providence Health System

Consolidated Statements of Cash Flows (continued)

(Dollars in Thousands)

	Year Ended June 30	
	2012	**2011**
Financing activities		
Issuance of long-term debt	**$ 21,000**	$ –
Repayment of long-term debt	**(4,760)**	(5,248)
Transfers to sponsors and other affiliates, net	**(19,669)**	(25,448)
Restricted contributions, investment income, and other	**13,819**	12,150
Net cash provided by (used in) financing activities	**10,390**	(18,546)
Net decrease in cash and cash equivalents	**(42,235)**	(139,276)
Cash and cash equivalents at beginning of year	**81,793**	221,069
Cash and cash equivalents at end of year	**$ 39,558**	$ 81,793

See accompanying notes.

1. Organization and Mission

Organizational Structure

St John Providence Health System (the System) is a member of Ascension Health In December 2011, Ascension Health Alliance became the sole corporate member and parent organization of Ascension Health, a Catholic, national health system consisting primarily of nonprofit corporations that own and operate local health care facilities, or Health Ministries, located in 21 of the United States and the District of Columbia In addition to serving as the sole corporate member of Ascension Health, Ascension Health Alliance serves as the member or shareholder of various other subsidiaries Ascension Health Alliance, its subsidiaries, and the Health Ministries are referred to collectively from time to time hereafter as the System

Ascension Health Alliance is sponsored by Ascension Health Ministries, a Public Juridic Person The Participating Entities of Ascension Health Ministries are the Daughters of Charity of St Vincent de Paul in the United States, St Louise Province, the Congregation of St Joseph, the Congregation of the Sisters of St Joseph of Carondelet, and the Congregation of Alexian Brothers of the Immaculate Conception Province – American Province

The System located in Southeast Michigan is a nonprofit acute care hospital. The System operates five acute care hospitals and various other health care entities in Southeastern Michigan. The Hospital provides inpatient, outpatient, and emergency care services for the residents of Southeastern Michigan Admitting physicians are primarily practitioners in the local area The System is related to Ascension Health's other sponsored organizations through common control Substantially all expenses of the System are related to providing health care services

Mission

The System directs its governance and management activities toward strong, vibrant, Catholic Health Ministries united in service and healing and dedicates its resources to spiritually centered care, which sustains and improves the health of the individuals and communities it serves In accordance with the System's mission of service to those persons living in poverty and other vulnerable persons, each Health Ministry accepts patients regardless of their ability to pay The System uses four categories to identify the resources utilized for the care of persons living in poverty and community benefit programs

1. Organization and Mission (continued)

- Traditional charity care includes the cost of services provided to persons who cannot afford health care because of inadequate resources and/or who are uninsured or underinsured

- Unpaid cost of public programs, excluding Medicare, represents the unpaid cost of services provided to persons covered by public programs for persons living in poverty and other vulnerable persons

- Cost of other programs for persons living in poverty and other vulnerable persons includes unreimbursed costs of programs intentionally designed to serve the persons living in poverty and other vulnerable persons of the community, including substance abusers, the homeless, victims of child abuse, and persons with acquired immune deficiency syndrome

- Community benefit consists of the unreimbursed costs of community benefit programs and services for the general community, not solely for the persons living in poverty, including health promotion and education, health clinics and screenings, and medical research

Discounts are provided to all uninsured patients, including those with the means to pay Discounts provided to those patients who did not qualify for assistance under charity care guidelines are not included in the cost of providing care of persons living in poverty and community benefit programs The cost of providing care of persons living in poverty and community benefit programs is estimated using internal cost data and is calculated in compliance with guidelines established by both the Catholic Health Association (CHA) and the Internal Revenue Service (the IRS)

The amount of traditional charity care provided, determined on the basis of cost, excluding the provision for bad debt expense, was approximately $32,797 and $37,387 for the years ended June 30, 2012 and 2011, respectively The amount of unpaid cost of public programs, cost of other programs for persons living in poverty and other vulnerable persons, and community benefit cost are reported in the accompanying supplementary information

(Dollars in Thousands)

2. Significant Accounting Policies

Principles of Consolidation

All corporations and other entities for which operating control is exercised by the System or one of its member corporations are consolidated, and all significant inter-entity transactions have been eliminated in consolidation

Investments in entities where the System does not have operating control are recorded under the equity or cost method of accounting For entities recorded under the equity method of accounting, the following reflects the System's interest in unconsolidated entities in the consolidated balance sheets, as well as income or loss for such entities included in the consolidated excess of revenues and gains over expenses and losses in the accompanying consolidated statements of operations and changes in net assets

Investment Recorded in Consolidated Balance Sheets as of June 30		Effect on Consolidated Excess of Revenues and Gains Over Expenses and Losses for the Years Ended June 30	
2012	**2011**	**2012**	**2011**
$ 10,636	$ 10,839	**$ 1,472**	$ 2,095
6,303	6,526	**(147)**	(108)
1,593	1,538	**55**	100
1,185	988	**397**	449
4,774	3,355	**4,503**	2,059
$ 24,491	$ 23,246	**$ 6,280**	$ 4,595

The System's equity in the net income (loss) of unconsolidated entities is recorded in income from unconsolidated entities The System recorded $6,280 and $4,595 in income from unconsolidated entities for the years ended June 30, 2012 and 2011, respectively

2. Significant Accounting Policies (continued)

Use of Estimates

Management has made estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, and expenses Actual results could differ from those estimates

Fair Value of Financial Instruments

The carrying value of financial instruments classified as current assets and current liabilities approximates fair value The fair values of financial instruments classified other than current assets and current liabilities are disclosed in the Fair Value Measurements note

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and interest-bearing deposits with maturities of three months or less

Interest in Investments held by Ascension Health Alliance, Investments, and Investment Return

At June 30, 2011 and prior to April 2012, the System held a significant portion of its investments through the Health System Depository (HSD), an investment pool of funds in which the System and a limited number of nonprofit health care providers participated The HSD investments were managed primarily by external investment managers within established investment guidelines The value of the System's investment in the HSD represented the System's pro rata share of the HSD's funds held for participants At June 30, 2011, the System's investment in the HSD was $788,653, reflected in cash and cash equivalents, and assets limited as to use and other long-term investments in the consolidated balance sheet

During the year ended June 30, 2012, the CHIMCO Alpha Fund, LLC (Alpha Fund) was created to hold primarily all investments previously held through the HSD Catholic Healthcare Investment Management Company (CHIMCO), a wholly owned subsidiary of Ascension Health Alliance, acts as manager and serves as the principal investment advisor for the Alpha Fund within established investment guidelines, including socially responsible investment guidelines

2. Significant Accounting Policies (continued)

In April 2012, a significant portion of the HSD's funds held for participants was transferred to the Alpha Fund, in which Ascension Health Alliance has an investment interest, as a member of the Alpha Fund Ascension Health Alliance invests funds in the Alpha Fund on behalf of the System As of June 30, 2012, the System has an interest in investments held by Ascension Health Alliance, which is reflected in the consolidated balance sheet, and represents the System's pro rata share of Ascension Health Alliance's investment interest in the Alpha Fund

The System also invests in corporate obligations and marketable equity securities that are locally managed Most of these funds are held in locally managed foundations where the System has control over foundation assets

The System reports its interest in investments held by Ascension Health Alliance in the accompanying consolidated June 30, 2012, balance sheet as a current or long-term asset, based on liquidity needs as directed by the System and whether such investments are restricted by law or donors or designated for specific purposes by a governing body of the System The System reports its other investments, including Foundation investments, in the accompanying consolidated balance sheets based upon the long- or short-term nature of the investments and whether such investments are restricted by law or donors or designated for specific purposes by a governing body of the System

The System's investments, excluding its interest in investments held by Ascension Health Alliance, are measured at fair value and are classified as trading securities The Alpha Fund's and the HSD's investments, which are required to be recorded at fair value, are classified as trading securities and include pooled short-term investment funds, U S government, state, municipal, and agency obligations, asset-backed securities, corporate and foreign fixed income maturities, and equity securities, including private equity securities The Alpha Fund's and HSD's investments also include alternative investments, including investments in real assets, hedge funds, private equity funds, commodity funds, and private credit funds, which are valued based on the net asset value of the investments In addition, the Alpha Fund participates, and the HSD participated, in securities lending transactions whereby a portion of its investments is loaned to selected established brokerage firms in return for cash and securities from the brokers as collateral for the investments loaned

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

Purchases and sales of investments are accounted for on a trade-date basis Investment returns are comprised of dividends, interest, and gains and losses on the System's investments, as well as the System's return on its interest in investments held by Ascension Health Alliance, and are reported as nonoperating gains (losses) in the consolidated statements of operations and changes in net assets, unless the return is restricted by donor or law

Inventories

Inventories, consisting primarily of medical supplies and pharmaceuticals, are stated at the lower of cost or market value utilizing first-in, first-out (FIFO), or a methodology that closely approximates FIFO

Intangible Assets

Intangible assets primarily consist of capitalized computer software costs, including software internally developed Costs incurred in the development and installation of internal use software are expensed or capitalized depending on whether they are incurred in the preliminary project stage, application development stage, or post-implementation stage Intangible assets are included in other noncurrent assets on the consolidated balance sheets and are comprised of the following

	June 30	
	2012	**2011**
Capitalized computer software costs	**$ 256,212**	$ 253,140
Capitalized computer software in progress	**6,268**	3,570
	262,480	256,710
Less accumulated amortization	**184,341**	162,131
Total intangible assets, net	**$ 78,139**	$ 94,579

Amortization for capitalized computer software costs is determined on a straight-line basis using estimated useful lives of 5 to 8 years Amortization expense in 2012 and 2011 was $22,300 and $21,624, respectively

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

The System adopted the guidance relative to the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No 2010-07, *Not-for-Profit Entities: Mergers and Acquisitions*, as of July 1, 2010 The adoption of this guidance resulted in a goodwill impairment of $9,195 recorded as a cumulative effect of change in accounting principle in the consolidated statement of operations and changes in the net assets for the year ended June, 30, 2011

Property and Equipment

Property and equipment are stated at cost or, if donated, at fair market value at the date of the gift A summary of property and equipment at June 30, 2012 and 2011, is as follows

	June 30	
	2012	**2011**
Land and improvements	**$ 59,458**	$ 58,533
Building and equipment	**1,812,083**	1,809,585
	1,871,541	1,868,118
Less accumulated depreciation	**1,156,573**	1,115,594
Construction in progress	**7,760**	4,744
Total property and equipment, net	**$ 722,728**	$ 757,268

Depreciation is determined on a straight-line basis over the estimated useful lives of the related assets Depreciation expense in 2012 and 2011 was $71,141 and $71,813, respectively

Estimated useful lives by asset category are as follows land improvements – 20 years, buildings – 8 to 40 years, and equipment – 4 to 15 years Interest costs incurred as part of related construction are capitalized during the period of construction Net interest capitalized in 2012 and 2011 was $21 and $86, respectively

2. Significant Accounting Policies (continued)

Noncontrolling Interest

The consolidated financial statements include all assets, liabilities, revenue, and expenses of less than 100% owned or controlled entities the System controls in accordance with applicable accounting guidance Accordingly, the System has reflected a noncontrolling interest for the portion of net assets not owned or controlled by the System separately in the consolidated balance sheets

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those assets whose use by the System has been limited by donors to a specific time period or purpose Permanently restricted net assets consist of gifts with corpus values that have been restricted by donors to be maintained in perpetuity Temporarily restricted net assets and earnings on permanently restricted net assets are used in accordance with the donor's wishes, primarily to purchase equipment and to provide charity care and other health and educational services Contributions with donor-imposed restrictions that are met in the same reporting period are reported as unrestricted

Performance Indicator

The performance indicator is excess of revenues and gains over expenses and losses Changes in unrestricted net assets that are excluded from the performance indicator primarily include pension and other postretirement liability adjustments, transfers to or from sponsors and other affiliates, net assets released from restrictions for property acquisitions, results of discontinued operations, and contributions of property and equipment

Operating and Nonoperating Activities

The System's primary mission is to meet the health care needs in its market area through a broad range of general and specialized health care services, including inpatient acute care, outpatient services, long-term care, and other health care services Activities directly associated with the furtherance of this purpose are considered to be operating activities Other activities that result in gains or losses peripheral to the System's primary mission are considered to be nonoperating, consisting primarily of investment activity Several primary care clinics that are not associated with an acute care hospital and that rely significantly on contributions from foundations are also considered nonoperating

2. Significant Accounting Policies (continued)

Net Patient Service Revenue, Accounts Receivable, and Allowance for Uncollectible Accounts

Net patient service revenue is reported at the estimated realizable amounts from patients, third-party payors, and others for services provided, excluding the provision for bad debt expense, and includes estimated retroactive adjustments under reimbursement agreements with third-party payors Revenue under certain third-party payor agreements is subject to audit, retroactive adjustments, and significant regulatory actions Provisions for third-party payor settlements and adjustments are estimated in the period the related services are provided and adjusted in future periods as additional information becomes available and as final settlements are determined Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation As a result, there is at least a possibility that recorded estimates will change by a material amount in the near term Adjustments to revenue related to settlement of open cost reports, resolution of payment appeal issues, and settlement of contracts related to prior periods increased net patient service revenue by approximately $70,582 and $22,929 for the years ended June 30, 2012 and 2011, respectively

During 2012, approximately 41% of net patient service revenue was received under the Medicare program, 11% under various state Medicaid programs and 23% from Blue Cross of Michigan During 2011, approximately 40% of net patient service revenue was received under the Medicare program, 11% under various state Medicaid programs and 24% from Blue Cross of Michigan The System grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor arrangements Significant concentrations of net accounts receivable at June 30, 2012, include Medicare (27%) and various states' Medicaid programs (12%) and Blue Cross of Michigan (6%) Significant concentrations of net accounts receivable at June 30, 2011, include Medicare (29%) and various states' Medicaid programs (10%) and Blue Cross of Michigan (11%)

The provision for bad debt expense is based upon management's assessment of expected net collections considering economic conditions, historical experience, trends in health care coverage, and other collection indicators Periodically throughout the year, management assesses the adequacy of the allowance for uncollectible accounts based upon historical write-off experience by payor category, including those amounts not covered by insurance The results of this review are then used to make any modifications to the provision for bad debt expense to establish an appropriate allowance for uncollectible accounts After satisfaction of amounts due

2. Significant Accounting Policies (continued)

from insurance and reasonable efforts to collect from the patient have been exhausted, the System follows established guidelines for placing certain past-due patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by Ascension Health Accounts receivable are written off after collection efforts have been followed in accordance with the System's policies

Electronic Health Record Incentive Payments

The American Recovery and Reinvestment Act of 2009 (ARRA) included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act (HITECH) The provisions were designed to increase the use of electronic health record (EHR) technology and establish the requirements for a Medicare and Medicaid incentive payment program beginning in 2011 for eligible providers that adopt and meaningfully use certified EHR technology Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period Initial Medicaid incentive payments are available to providers that adopt, implement, or upgrade certified EHR technology Providers must demonstrate meaningful use of such technology in subsequent years to qualify for additional Medicaid incentive payments

The System accounts for HITECH incentive payments as a gain contingency Income from Medicare incentive payments is recognized as revenue after the System has demonstrated that it complied with the meaningful use criteria over the entire applicable compliance period and the cost report period that will be used to determine the final incentive payment has ended The System recognized revenue from Medicaid incentive payments after it adopted certified EHR technology Incentive payments totaling $10,877 for the year ended June 30, 2012, are included in total operating revenue in the accompanying consolidated statement of operations and changes in net assets Income from Medicare incentive payments is subject to retrospective adjustment as the incentive payments are calculated using Medicare cost report data that is subject to audit Additionally, the System's compliance with the meaningful use criteria is subject to audit by the federal government

2. Significant Accounting Policies (continued)

Impairment, Restructuring, and Nonrecurring Expenses

Long-lived assets are reviewed for impairment whenever events or business conditions indicate the carrying amount of such assets may not be fully recoverable Initial assessments of recoverability are based on estimates of undiscounted future net cash flows associated with an asset or group of assets Where impairment is indicated, the carrying amount of these long-lived assets is reduced to fair value based on discounted net cash flows or other estimates of fair value

During the years ended June 30, 2012 and 2011, the System recorded total impairment, restructuring, and nonrecurring (income) expenses of $(25,276) and $5,095, respectively For the year ended June 30, 2012, this amount was comprised of long-lived asset impairments of approximately $9,026 related to River District Hospital to write down assets due to expected continued negative cash flow for the facility and restructuring and nonrecurring income of approximately $(34,303) The restructuring and nonrecurring income for the year ended June 30, 2012, included approximately $(40,555) related to the pension curtailment adjustment

For the year ended June 30, 2011, total impairment, restructuring, and nonrecurring expenses of $5,095 were comprised of approximately $4,331 of restructuring and nonrecurring expenses related to changes in business operations, including reorganization and severance charges, as well as approximately $764 of long-lived asset impairments

Amortization

Bond issuance costs, discounts, and premiums are amortized over the term of the bonds using a method approximating the effective interest method

Health Ministry Income Taxes

The member health care entities of the System are primarily tax-exempt organizations under Internal Revenue Code Section 501(c)(3) or 501(c)(2), and their related income is exempt from federal income tax under Section 501(a) The System accounts for uncertainty in income tax positions by applying a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return

2. Significant Accounting Policies (continued)

Regulatory Compliance

Various federal and state agencies have initiated investigations regarding reimbursement claimed by the System The investigations are in various stages of discovery, and the ultimate resolution of these matters, including the liabilities, if any, cannot be readily determined, however, in the opinion of management, the results of these investigations will not have a material adverse impact on the consolidated financial statements of the System

Subsequent Events

The System evaluates the impact of subsequent events, which are events that occur after the balance sheet date but before the financial statements are issued, for potential recognition in the financial statements as of the balance sheet date For the year ended June 30, 2012, the System evaluated subsequent events through September 28, 2012, representing the date on which the financial statements were available to be issued During this period, there were no subsequent events that required recognition or disclosure in the financial statements Additionally, there were no nonrecognized subsequent events that required disclosure

Adoption of New Accounting Standards

In January 2010, the FASB issued ASU No 2010-06, *Improving Disclosures about Fair Value Measurements* ASU 2010-06 clarified certain fair value measurement guidance and required that additional fair value measurement disclosures be made The System adopted a portion of this guidance during the fiscal year ended June 30, 2010, and the remaining requirements as of July 1, 2011, as required The disclosure updates adopted as of July 1, 2011, result in the provision of additional detail within the reconciliation of beginning and ending balances for assets and liabilities measured at fair value, whose fair value inputs are based on significant unobservable inputs (i e , Level 3 assets and liabilities) These additional disclosure requirements are provided in the Fair Value Measurements note The adoption of this guidance did not have a material impact on the System's consolidated financial statements for the year ended June 30, 2012

2. Significant Accounting Policies (continued)

In August 2010, the FASB issued ASU No 2010-03, *Measuring Charity Care for Disclosure* The provisions of ASU 2010-23 require health care entities to disclose charity care based on cost measurements, defined as the direct and indirect costs of providing the charity care The System adopted this guidance on July 1, 2011, however, as the System has historically used cost-based measures for the calculation and disclosure of its charity care, the adoption of this guidance did not have a material impact on the System's consolidated financial statements for the year ended June 30, 2012

In May 2011, the FASB issued ASU No 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS)* ASU 2011-04 provides clarifications to certain existing fair value measurement guidance and includes updated guidance for certain fair value measurement principles and disclosures The System adopted this guidance as of January 1, 2012 The adoption of this guidance did not have a material impact on the System's consolidated financial statements for the year ended June 30, 2012

In July 2011, the FASB issued ASU No 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debt and the Allowance for Doubtful Accounts for Certain Health Care Entities* ASU 2011-07 requires health care entities that recognize significant amounts of patient service revenue at the time services are rendered to present the provision for bad debts related to patient service revenue as a deduction from patient service revenue in the statement of operations rather than as operating expense Additional disclosures relating to sources of patient service revenue and the allowance for uncollectible accounts are also required This new guidance is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2011, with early adoption permitted The System plans to adopt the provisions of ASU 2011-07 as of and for the year ended June 30, 2013, and retrospectively apply the presentation requirements to all periods presented

3. Discontinued Operations

During the year ended June 30, 2011, the System's management undertook the action to sell the Father Murray Nursing Center On June 30, 2011, the System completed the sale of Father Murray Nursing Center to a developer The System received net proceeds on the sale of $5,950 and recognized a gain of $3,368 on the sale during the year ended June 30, 2011 The results of operations for Father Murray Nursing Center have been included in discontinued operations in the accompanying consolidated financial statements

During the year ended June 30, 2010, the System's management undertook the action to sell the St John Senior Community On May 26, 2010, the System signed an agreement to sell St John Senior Community to a developer who acquired the licensed beds for use at the Detroit Riverview facility and recognized an impairment loss in fiscal 2010 On January 30, 2011, the System completed the sale and received net proceeds on the sale of $3,027, which resulted in a gain of $22 during the year ended June 30, 2011 The transaction has been accounted for as a discontinued operation in the accompanying consolidated financial statements

During 2008, the System's management undertook action to sell the Connor Creek facility in Detroit, Michigan Accordingly, the Connor Creek facility is considered to be an asset held for sale as of June 30, 2012 and 2011, in accordance with ASC Topic 360 The System has previously recognized an impairment charge to reduce the carrying value of the Connor Creek facility to its net realizable value The transaction has been accounted for as a discontinued operation in the accompanying consolidated financial statements

During 2007, the System management undertook action to sell Detroit Riverview Hospital in Detroit, Michigan The System has previously recognized an impairment charge to reduce the carrying value of the Detroit Riverview Hospital facility to its net realizable value During 2011, the System completed the sale of Detroit Riverview Hospital and received net proceeds of $4,307, which resulted in a gain of $3,881 being recognized during the year ended June 30, 2011 The transaction has been accounted for as a discontinued operation in the accompanying consolidated financial statements

Revenues and net losses for the St John Senior Community, Connor Creek facility, Detroit Riverview Hospital, and Father Murray Nursing Center included in the results of discontinued operations for the year ended June 30, 2012, were $2,421 and $(2,563), respectively, and the revenues and net gain included in the results of discontinued operations for the year ended June 30, 2011, were $29,066 and $2,842, respectively

(Dollars in Thousands)

3. Discontinued Operations (continued)

Major classes of assets and liabilities comprising assets and liabilities for discontinued operations within the consolidated balance sheets as of June 30, 2012 and 2011, are as follows

	June 30	
	2012	**2011**
Assets related to discontinued operations		
Accounts receivable, net	**$ (136)**	$ 3,648
Estimated third-party payor settlements	**340**	780
Other receivables and prepaid expenses	**70**	5,672
Other investments	**1**	2
Total assets related to discontinued operations	**$ 275**	$ 10,102
Liabilities related to discontinued operations		
Accounts payable and accrued liabilities	**$ 1,810**	$ 2,807
Estimated third-party payor settlements, net	**266**	2,732
Other current liabilities	**261**	404
Self-insurance liability	**88**	242
Total liabilities related to discontinued operations	**$ 2,425**	$ 6,185

4. Cash and Cash Equivalents, Interest in Investments Held by Ascension Health Alliance, and Assets Limited as to Use and Other Long-Term Investments

At June 30, 2012, the System's investments are comprised of its interest in investments held by Ascension Health Alliance and certain other investments At June 30, 2011, the System's investments were comprised of the System's pro rata share of the HSD's funds held for participants and certain other investments Board-designated investments represent investments designated by resolution of the System to put amounts aside primarily for future capital expansion and improvement Assets limited as to use primarily include investments restricted by donors The System's cash, cash equivalents, interest in investments held by Ascension Health Alliance, and assets limited as to use and other long-term investments are reported in the accompanying consolidated balance sheets as presented in the following table

(Dollars in Thousands)

4. Cash and Cash Equivalents, Interest in Investments Held by Ascension Health Alliance, and Assets Limited as to Use and Other Long-Term Investments (continued)

	June 30	
	2012	**2011**
Cash and cash equivalents	**$ 39,558**	$ 81,793
Current portion of assets limited as to use	**3,424**	3,229
Assets limited as to use and other long-term investments		
Board-designated investments	**–**	17,715
Assets limited as to use – donor restricted	**14,327**	40,313
Other long-term investments	**–**	704,582
Total assets limited as to use and other long-term investments	**14,327**	762,610
Interest in investments held by Ascension Health Alliance	**877,379**	–
Total	**$ 934,688**	$ 847,632

(Dollars in Thousands)

4. Cash and Cash Equivalents, Interest in Investments Held by Ascension Health Alliance, and Assets Limited as to Use and Other Long-Term Investments (continued)

The composition of cash and investments classified as cash and cash equivalents, short-term investments, assets limited as to use, and other investments is summarized as follows

	June 30	
	2012	**2011**
Cash and cash equivalents	**$ 40,694**	$ 40,388
U S government obligations	**1,986**	1,637
Corporate and foreign fixed income investments	**1,811**	1,765
Asset-backed securities	**739**	877
Equity securities	**1,754**	1,752
Pledges receivable, net	**10,203**	11,858
Other assets limited as to use	**122**	702
Subtotal, included in cash and cash equivalents, short-term investments, assets limited as to use, and other long-term investments	**57,309**	58,979
Interest in investments held by Ascension Health Alliance	**877,379**	–
Pro rata share of HSD funds held for participants	–	788,653
Cash and cash equivalents, short-term investments, interest in investments held by Ascension Health Alliance, assets limited as to use, and other long-term investments	**$ 934,688**	$ 847,632

(Dollars in Thousands)

4. Cash and Cash Equivalents, Interest in Investments Held by Ascension Health Alliance, and Assets Limited as to Use and Other Long-Term Investments (continued)

As of June 30, 2012 and 2011, the composition of total Alpha Fund and HSD investments is as follows

	June 30	
	2012	**2011**
Cash, cash equivalents, and short-term investments, including pooled short-term investment funds	**4.7%**	6 9%
U S government obligations	**32.1**	27 4
Asset-backed securities	**10.3**	15 8
Corporate and foreign fixed income maturities	**9.0**	11 3
Equity, private equity, and other investments	**43.9**	38 6
	100.0%	100 0%

Investment (loss) return recognized by the System is summarized as follows

	Year Ended June 30	
	2012	**2011**
Return on interest in investments held by Ascension Health Alliance and investment return in HSD	**$ (16,412)**	$ 112,587
Interest and dividends	**297**	592
Net gains on investments reported at fair value	**299**	3,154
Total investment (loss) return	**$ (15,816)**	$ 116,333
Investment return included in operating income	**$ 253**	$ 312
Investment (loss) return included in nonoperating (losses) gains	**(16,601)**	115,326
Increase in temporarily restricted net assets	**532**	695
Total investment (loss) return	**$ (15,816)**	$ 116,333

5. Fair Value Measurements

The System categorizes, for disclosure purposes, assets and liabilities measured at fair value in the financial statements based upon whether the inputs used to determine their fair values are observable or unobservable Observable inputs are inputs that are based on market data obtained from sources independent of the reporting entity Unobservable inputs are inputs that reflect the reporting entity's own assumptions about pricing the asset or liability based on the best information available in the circumstances

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy In such cases, an asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement of the asset or liability The System's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability

The System follows the three-level fair value hierarchy to categorize these assets and liabilities recognized at fair value at each reporting period, which prioritizes the inputs used to measure such fair values Level inputs are defined as follows

Level 1 – Quoted prices (unadjusted) that are readily available in active markets or exchanges for identical assets or liabilities on the reporting date

Level 2 – Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly Level 2 pricing inputs include prices quoted for similar investments in active markets or exchanges or prices quoted for identical or similar investments in markets that are not active If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability

Level 3 – Significant pricing inputs that are unobservable for the asset or liability, including assets or liabilities for which there is little, if any, market activity for such asset or liability Inputs to the determination of fair value for Level 3 assets and liabilities require management judgment and estimation

5. Fair Value Measurements (continued)

As of June 30, 2012 and 2011, the Level 2 and Level 3 assets and liabilities listed in the fair value hierarchy tables below utilize the following valuation techniques and inputs

Cash and cash equivalents and short-term investments

Short-term investments designated as Level 2 investments are primarily comprised of commercial paper, whose fair value is based on amortized cost Significant observable inputs include security cost, maturity, and credit rating, interest rate, and par value Cash and cash equivalents and additional short-term investments include certificates of deposit, whose fair value is based on cost plus accrued interest Significant observable inputs include security cost, maturity, and relevant short-term interest rates

Guaranteed pooled fund

The fair value of guaranteed pooled fund investments is based on cost plus guaranteed, annuity contract-based interest rates Significant unobservable inputs to the guaranteed rate include the fair value and average duration of the portfolio of investments underlying the annuity contract, the contract value, and the annualized weighted-average yield to maturity of the underlying investment portfolio

U.S. government, state, municipal, and agency obligations

The fair value of investments in U S government, state, municipal, and agency obligations is primarily determined using techniques consistent with the income approach Significant observable inputs to the income approach include data points for benchmark constant maturity curves and spreads

Corporate and foreign fixed income maturities

The fair value of investments in U S and international corporate bonds, including commingled funds that invest primarily in such bonds, and foreign government bonds is primarily determined using techniques that are consistent with the market approach Significant observable inputs include benchmark yields, reported trades, observable broker/dealer quotes, issuer spreads, and security specific characteristics, such as early redemption options

5. Fair Value Measurements (continued)

Asset-backed securities

The fair value of U S agency and corporate asset-backed securities is primarily determined using techniques consistent with the income approach, such as a discounted cash flow model Significant observable inputs include prepayment speeds and spreads, benchmark yield curves, volatility measures, and quotes

Equity securities

The fair value of investments in U S and international equity securities is primarily determined using the calculated net asset value The values for underlying investments are fair value estimates determined by external fund managers based on operating results, balance sheet stability, growth, and other business and market sector fundamentals

Private equity and other investments

The fair value of private equity investments is primarily determined using techniques consistent with both the market and income approaches, based on the System's estimates and assumptions in the absence of observable market data The market approach considers comparable company, comparable transaction, and company-specific information, including but not limited to restrictions on disposition, subsequent purchases of the same or similar securities by other investors, pending mergers or acquisitions, and current financial position and operating results The income approach considers the projected operating performance of the portfolio company

Alternative investments consist of hedge funds, private equity funds, and real estate partnerships Alternative investments are valued using net asset values as determined by external investment managers

Derivative assets and liabilities

The fair value of derivative contracts is primarily determined using techniques consistent with the market approach Derivative contracts include interest rate, credit default, and total return swaps Significant observable inputs to valuation models include interest rates, Treasury yields, volatilities, credit spreads, maturity, and recovery rates

(Dollars in Thousands)

5. Fair Value Measurements (continued)

As discussed in the Significant Accounting Policies and the Cash and Cash Equivalents, Interest in Investments Held by Ascension Health Alliance, and Assets Limited as to Use and Other Long-Term Investments notes, the System has interest in investments held by Ascension Health Alliance As of June 30, 2012, 17%, 52%, and 31% of total Alpha Fund assets that are measured at fair value on a recurring basis were measured based on Level 1, Level 2, and Level 3 inputs, respectively, while 0%, 100%, and 0% of total Alpha Fund liabilities that are measured at fair value on a recurring basis were measured at such fair values based on Level 1, Level 2, and Level 3 inputs, respectively As of June 30, 2011, 31%, 67%, and 2% of total HSD assets that were measured at fair value on a recurring basis were measured based on Level 1, Level 2, and Level 3 inputs, respectively, while 1%, 84%, and 15% of total HSD liabilities that were measured at fair value on a recurring basis were measured based on Level 1, Level 2, and Level 3 inputs, respectively

The following table summarizes fair value measurements, by level, at June 30, 2012, for all other financial assets and liabilities that are measured at fair value on a recurring basis in the consolidated financial statements

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	**$ 2,011**	**$ –**	**$ –**	**$ 2,011**
U S government obligations	**–**	**1,986**	**–**	**1,986**
Corporate and foreign fixed income investments	**–**	**1,811**	**–**	**1,811**
Private equity and other investments	**1,598**	**961**	**–**	**2,559**
Subtotal, included in cash and cash equivalents, short-term investments, Board-designated investments, assets limited as to use, and other investments	**3,609**	**4,758**	**–**	**8,367**
Deferred compensation assets, included in other noncurrent assets, invested in Guaranteed pooled fund	**–**	**–**	**2,875**	**2,875**
Total	**$ 3,609**	**$ 4,758**	**$ 2,875**	**$ 11,242**

(Dollars in Thousands)

5. Fair Value Measurements (continued)

The following table summarizes fair value measurements, by level, at June 30, 2011, for all other financial assets and liabilities, measured at fair value on a recurring basis in the System's consolidated financial statements

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 4,769	$ –	$ –	$ 4,769
U S government obligations	–	1,637	–	1,637
Corporate and foreign fixed income investments	–	1,765	–	1,765
Private equity and other investments	1,614	1,086	–	2,700
Subtotal, included in cash and cash equivalents, short-term investments, Board-designated investments, assets limited as to use, and other investments	6,383	4,488	–	10,871
Deferred compensation assets, included in other noncurrent assets, invested in Guaranteed pooled fund	–	–	2,812	2,812
Total	$ 6,383	$ 4,488	$ 2,812	$ 13,683

Assets and liabilities classified as Level 1 are valued using unadjusted quoted market prices for identical assets or liabilities in active markets The System uses techniques consistent with the market approach and income approach for measuring fair value of its Level 2 and Level 3 assets and liabilities The market approach is a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities The income approach generally converts future amounts (cash flows or earnings) to a single present value amount (discounted)

(Dollars in Thousands)

5. Fair Value Measurements (continued)

During the years ended June 30, 2012 and 2011, the changes in the fair value of the guaranteed pool fund measured using significant unobservable inputs (Level 3) were comprised of the following

	Year Ended June 30	
	2012	**2011**
Beginning balance	**$ 2,812**	$ 2,886
Purchases, issuances, and settlements	**56**	56
Sales	**(24)**	–
Transfers into Level 3	**32**	–
Transfers out of Level 3	**(1)**	(130)
Ending balance	**$ 2,875**	$ 2,812

The basis for recognizing and valuing transfers into or out of Level 3, in the Level 3 rollforward, is as of the beginning of the period in which the transfers occur

6. Long-Term Debt

Long-term debt consists of the following

	June 30	
	2012	**2011**
Intercompany debt with Ascension Health Alliance, payable in installments through November 2052, interest (3 79% and 3 88% at June 30, 2012 and 2011, respectively) adjusted based on prevailing blended market interest rate of underlying debt obligations	**$ 602,504**	$ 585,717
Obligations under capital leases	**8,590**	9,137
	611,094	594,854
Less current portion	**5,330**	4,760
Long-term debt, less current portion	**$ 605,764**	$ 590,094

(Dollars in Thousands)

6. Long-Term Debt (continued)

Scheduled principal repayments of long-term debt are as follows

Year ending June 30	
2013	$ 5,330
2014	9,615
2015	9,973
2016	8,558
2017	10,458
Thereafter	567,160
Total	$ 611,094

Certain members of Ascension Health Alliance formed the Ascension Health Credit Group (Senior Credit Group) Each Senior Credit Group member is identified as either a senior obligated group member, senior designated affiliate, or senior limited designated affiliate Senior obligated group members are jointly and severally liable under a Senior Master Trust Indenture (Senior MTI) to make all payments required with respect to obligations under the Senior MTI and may be entities not controlled directly or indirectly by Ascension Health Alliance Though senior designated affiliates and senior limited designated affiliates are not obligated to make debt service payments on the obligations under the Senior MTI, Ascension Health Alliance may cause each senior designated affiliate to transfer such amounts as are necessary to enable the obligated group to comply with the terms of the Senior MTI, including repayment of the outstanding obligations Additionally, each senior limited designated affiliate has an independent limited designated affiliate agreement and promissory note with Ascension Health Alliance with stipulated repayment terms and conditions, each subject to the governing law of the senior limited designated affiliate's state of incorporation The System is a senior obligated group member under the terms of the Senior MTI

Pursuant to a Supplemental Master Indenture dated February 1, 2005, senior obligated group members, which are operating entities, have pledged and assigned to the Master Trustee a security interest in all of their rights, title, and interest in their pledged revenues and proceeds thereof

6. Long-Term Debt (continued)

A Subordinate Credit Group, which is comprised of subordinate obligated group members, subordinate designated affiliates, and subordinate limited designated affiliates, was created under the Subordinate Master Trust Indenture (Subordinate MTI) The subordinate obligated group members are jointly and severally liable under the Subordinate MTI to make all payments required with respect to obligations under the Subordinate MTI and may be entities not controlled directly or indirectly by Ascension Health Alliance Though subordinate designated affiliates and subordinate limited designated affiliates are not obligated to make debt service payments on the obligations under the Subordinate MTI, Ascension Health Alliance may cause each subordinate designated affiliate to transfer such amounts as are necessary to enable the obligated group members to comply with the terms of the Subordinate MTI, including payment of the outstanding obligations Additionally, each subordinate limited designated affiliate has an independent subordinate limited designated affiliate agreement and promissory note with Ascension Health Alliance, with stipulated repayment terms and conditions, each subject to the governing law of the subordinate limited designated affiliate's state of incorporation The System is a subordinate obligated group member under the terms of the Subordinate MTI

The borrowing portfolio of the Senior and Subordinate Credit Group includes a combination of fixed and variable rate hospital revenue bonds, commercial paper, and other obligations, the proceeds of which are in turn loaned to the Senior and Subordinate Credit Group members subject to a long-term amortization schedule of 1 to 39 years

Certain portions of Senior and Subordinate Credit Group borrowings may be periodically subject to interest rate swap arrangements to effectively convert borrowing rates on such obligations from a floating to a fixed interest rate or vice versa based on market conditions Additionally, Senior and Subordinate Credit Group borrowings may, from time to time, be refinanced or restructured in order to take advantage of favorable market interest rates or other financial opportunities Any gain or loss on refinancing, as well as any bond premiums or discounts, are allocated to the Senior and Subordinate Credit Group members based on their pro rata share of the Senior and Subordinate Credit Group's obligations Senior and Subordinate Credit Group refinancing transactions rarely have a significant impact on the outstanding borrowings or intercompany debt amortization schedule of any individual Senior and Subordinate Credit Group member

6. Long-Term Debt (continued)

The carrying amounts of intercompany debt with Ascension Health Alliance and other debt approximate fair value based on a portfolio market valuation provided by a third party

The Senior and Subordinate Credit Group financing documents contain certain restrictive covenants, including a debt service coverage ratio

As of June 30, 2012, the Senior Credit Group has a line of credit of $1,000,000 that may be used as a source of funding for unremarketed variable rate debt (including commercial paper) or for general corporate purposes, toward which bank commitments totaling $1,000,000 extend to November 9, 2014 As of June 30, 2012 and 2011, there were no borrowings under the line of credit

As of June 30, 2012, the Subordinate Credit Group has a $50,000 revolving line of credit related to its letters of credit program toward which a bank commitment of $50,000 extends to December 27, 2012 As of June 30, 2012, $26,607 of letters of credit had been extended under the revolving line of credit, although there were no borrowings under any of the letters of credit

The outstanding principal amount of all hospital revenue bonds of Senior and Subordinate Credit Group members is $4,451,285, which represents 41% of the combined unrestricted net assets of the Senior and Subordinate Credit Group members at June 30, 2012

Guarantees are contingent commitments issued by the Senior and Subordinate Credit Groups, generally to guarantee the performance of a sponsored organization or an affiliate to a third party in borrowing arrangements such as commercial paper issuances, bond financing, and similar transactions The term of the guarantee is equal to the term of the related debt that can be as short as 30 days or as long as 27 years The maximum potential amount of future payments the Senior and Subordinate Credit Groups could be required to make under its guarantees and other commitments at June 30, 2012, is approximately $170,000

During the years ended June 30, 2012 and 2011, interest paid was approximately $22,327 and $23,607, respectively Capitalized interest was approximately $21 and $86 for the years ended June 30, 2012 and 2011, respectively

7. Pension Plans

The System participates in the Ascension Health Pension Plan (the Ascension Plan), the Ascension Health Defined Contribution Plan, the St John Health System Retirement Plan (the St John Plan), and the Brighton Hospital Retirement Plan (the Brighton Plan) Details of these plans are as follows

Ascension Health Pension Plan

The System participates in the Ascension Plan, a noncontributory, defined-benefit pension plan that covers substantially all eligible employees of certain System entities Benefits are based on each participant's years of service and compensation The Ascension Plan's assets are invested in the Ascension Health Master Pension Trust (the Trust), a master trust consisting of cash and cash equivalents, equity, fixed income funds, and alternative investments The Trust also invests in derivative instruments, the purpose of which is to economically hedge the change in the net funded status of the Ascension Plan for a significant portion of the total pension liability that can occur due to changes in interest rates Contributions to the Ascension Plan are based on actuarially determined amounts sufficient to meet the benefits to be paid to plan participants Net periodic pension (credit) cost of $(6,041) in 2012 and $8,527 in 2011 was charged to the System The service cost (credit) component of net periodic pension cost charged to the System is actuarially determined while all other components are allocated based on the System's pro rata share of Ascension Health's overall projected benefit obligation

During the year ended June 30, 2012, the System approved and communicated to employees a redesign of associate retirement benefits, which affects the Ascension Plan, as well as provides an enhanced comprehensive defined-contribution plan These changes will become effective January 1, 2013 These changes resulted in the System's recognition of a nonrecurring curtailment gain of $40,555 during the year ended June 30, 2012 These changes also resulted in one-time decreases to the projected benefit obligation of $28,001 The projected benefit obligation is included in pension and other postretirement liabilities in the accompanying consolidated balance sheets

The assets of the Ascension Plan are available to pay the benefits of eligible employees of all participating entities In the event participating entities are unable to fulfill their financial obligations under the Ascension Plan, the other participating entities are obligated to do so As of June 30, 2012, the Ascension Plan had a net unfunded liability of $267,268 The System allocated share of the Ascension Plan's net unfunded liability reflected in the accompanying

7. Pension Plans (continued)

consolidated balance sheets at June 30, 2012 and 2011, was $7,275 and $9,856, respectively As a result of updating the funded status of the Plan, Ascension Health transferred an additional pension asset (liability) of $(35,337) and $46,911 to the System during 2012 and 2011, respectively

As of June 30, 2012 and 2011, the fair value of the Ascension Plan's assets available for benefits was $3,948,293 and $3,616,141, respectively As discussed in the Fair Value Measurements note, the Ascension Health Plan is invested in the Trust, which follows a three-level hierarchy to categorize assets and liabilities measured at fair value In accordance with this hierarchy, as of June 30, 2012, 16%, 51%, and 33% of the Trust's assets that are measured at fair value on a recurring basis were categorized as Level 1, Level 2, and Level 3, respectively With respect to the Trust's liabilities measured at fair value on a recurring basis, 6%, 87%, and 7% were categorized as Level 1, Level 2, and Level 3, respectively, as of June 30, 2012 Additionally, as of June 30, 2011, 27%, 45%, and 28% of the Trust's assets that are measured at fair value on a recurring basis were categorized as Level 1, Level 2, and Level 3, respectively With respect to the Trust's liabilities measured at fair value on a recurring basis, 0%, 17%, and 83% were categorized as Level 1, Level 2, and Level 3, respectively, as of June 30, 2011

St. John Health System Retirement Plan

System entities, with the exception of Providence Hospital and Brighton Hospital, participate in the St John Plan, a noncontributory, defined benefit-pension plan, which substantially all employees are eligible to participate St John Plan benefits are based on each participant's years of service and compensation during the last five years of credited service During the year ended June 30, 2012, the System approved and communicated to employees a redesign of associate retirement benefits, which affects the St John Plan, as well as provides an enhanced comprehensive defined-contribution plan These changes will become effective January 1, 2013 St John Plan assets are invested principally in equity and fixed income funds, either through the Trust or separate funds Contributions to the St John Plan are equal to an amount necessary to meet or exceed the minimum funding requirements of the Employee Retirement Income Security Act (ERISA) Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future

(Dollars in Thousands)

7. Pension Plans (continued)

The following table provides a reconciliation of the changes in the St John Plan benefit obligation and fair value of assets for the years ended June 30, 2012 and 2011, and a statement of the funded status as of June 30, 2012 and 2011

	Year Ended June 30	
	2012	**2011**
Change in benefit obligation		
Benefit obligation at beginning of year	**$ 635,658**	$ 626,354
Service cost	**24,247**	27,133
Interest cost	**34,248**	35,177
Actuarial loss	**1,363**	1,366
Amendments and assumptions	**97,957**	(30,709)
Curtailment	**(72,331)**	–
Benefits paid	**(24,091)**	(23,663)
Benefit obligation at end of year	**697,051**	635,658
Change in plan assets		
Fair value of plan assets at beginning of year	**562,462**	480,092
Actual return on plan assets	**70,669**	88,785
Employer contributions	**–**	17,248
Benefits paid	**(24,091)**	(23,663)
Fair value of plan assets at end of year	**609,040**	562,462
Funded status and accrued benefit cost	**$ 88,011**	$ 73,196
Accumulated benefit obligation at end of year	**$ 691,888**	$ 565,427

Included in unrestricted net assets at June 30, 2012 and 2011, are the following amounts that have not yet been recognized in net periodic pension cost

	June 30	
	2012	**2011**
Unrecognized prior service credit	**$ 13**	$ 234
Unrecognized net loss	**(64,406)**	(65,980)
Net amount recognized	**$ (64,393)**	$ (65,746)

(Dollars in Thousands)

7. Pension Plans (continued)

The adjustment to unrestricted net assets represents the net unrecognized actuarial losses and unrecognized prior service credit that were previously netted against the System's funded status in the System's consolidated balance sheets pursuant to the provisions of ASC 715 These amounts will be subsequently recognized as net periodic pension cost pursuant to the System's historical accounting policy for amortizing such amounts Furthermore, actuarial gains and losses that arise in subsequent periods and are not recognized as net periodic pension cost in the same periods will be recognized as a component of unrestricted net assets These amounts will be subsequently recognized as a component of net periodic pension costs on the same basis as the amounts recognized in unrestricted net assets

Changes in plan assets and obligations recognized in unrestricted net assets during 2012 and 2011 include

	Year Ended June 30	
	2012	**2011**
Current year actuarial (gain) loss	**$ (1,660)**	$ 78,787
Amortization of actuarial loss	**3,234**	10,296
Amortization of service cost	**(221)**	134
Net amount recognized	**$ 1,353**	$ 89,217

(Dollars in Thousands)

7. Pension Plans (continued)

The assumptions used to determine the accrued pension cost are set forth below

	June 30 2012	2011
Weighed-average discount rate	**4.45%**	5 65%
Weighted-average rate of compensation increase	**4.00**	4 00
Components of net periodic benefit cost		
Service cost	**$ 24,247**	$ 27,133
Interest cost	**34,248**	35,177
Expected return on plan assets	**(45,340)**	(39,180)
Curtailment	**(194)**	–
Amortization of prior year service cost	**(27)**	(27)
Amortization of actuarial loss	**3,234**	10,296
Net St John Plan pension benefit cost	**$ 16,168**	$ 33,399

The prior service credit and actuarial loss included in unrestricted net assets and expected to be recognized in net periodic pension cost during the year ended June 30, 2013, is $1,200

The assumptions used to determine net periodic pension cost are set forth below

	Year Ended June 30 2012	2011
Weighted-average discount rate	**5.65%**	5 55%
Weighted-average rate of compensation increase	**4.00**	4 00
Weighted-average rate of expected long-term rate of return on plan assets	**8.50**	8 50

(Dollars in Thousands)

7. Pension Plans (continued)

Asset Allocation

The weighted-average asset allocation for the St John's Plan at the end of fiscal 2012 and 2011, and the target allocation for fiscal 2013, by asset category, are as follows

	Target Allocation	Percentage of Plan Assets at Year Ended	
Asset Category	**2013**	**2012**	**2011**
Growth	50%	**49%**	52%
Recession/deflation	30	**32**	32
Inflation	20	**19**	16
Total	100%	**100%**	100%

The Trust has entered into a series of interest rate swap agreements with a net notional amount of approximately $948,150,000 The combined targeted duration of these swaps and the Trust's fixed income investments approximates the duration of the liabilities of the Trust Currently, 60% of the dollar duration of the liability is subject to this economic hedge The purpose of this strategy is to economically hedge the change in the net funded status for a significant portion of the liability that can occur due to changes in interest rates

Investment Strategy

The St John Plan pension assets are commingled with the Ascension Health Pension Plan assets and are managed by Ascension Health The Ascension Health Pension Plan's asset allocation and investment strategies are designed to earn superior returns on plan assets consistent with a reasonable and prudent level of risk Investments are diversified across classes, sectors, and manager style to minimize the risk of large losses Derivatives may be used to bridge specific exposure, reduce transaction costs, or modify the portfolio's duration or yield Ascension Health uses investment management specializing in each asset category and, where appropriate, provides the investment manager with specific guidelines, which include allowable and/or prohibited investment types Ascension Health regularly monitors manager performance and compliance with investment guidelines

(Dollars in Thousands)

7. Pension Plans (continued)

Expected Rate of Return

The expected long-term rate of return on plan assets is based on historical and projected rates of return for current and planned asset categories in the Ascension Health Pension Plan's investment portfolio Assumed projected rates of return for each asset category were selected after analyzing historical experience and future expectations of the returns and volatility for assets of that category using benchmark rates Based on the target asset allocation among the asset categories, the overall expected rate of return for the portfolio was developed and adjusted for historical and expected experience of active portfolio management results compared to benchmark returns and for the effect of expenses paid from plan assets

Expected Cash Flows

Information about the expected cash flows for the pension plans follows

Expected employer contributions in 2013	$ –
Expected benefit payments	
2013	37,600
2014	39,100
2015	38,600
2016	40,000
2017	41,900
2018 – 2022	212,500

The contribution amounts above include amounts paid to the Trust The benefit payment amounts above also reflect the total benefits expected to be paid from the Trust

(Dollars in Thousands)

7. Pension Plans (continued)

As discussed in the Significant Accounting Policies note, the System adopted the FASB's authoritative disclosure guidance on reporting for assets of postretirement benefit plans for the fiscal year ended June 30, 2012 The majority of the Plan's assets are included in the Trust The following tables summarize fair value measurements at June 30, 2012 and 2011, by asset class and by level, for the St John Health System Retirement Plan's assets and liabilities, which are not included in the Trust, in accordance with that guidance

	Level 1	Level 2	Level 3	Total
June 30, 2012				
Corporate and foreign fixed income investments	**$ –**	**$ 6,261**	**$ –**	**$ 6,261**
Equity securities	**16,256**		**1,510**	**17,766**
Fair value of plan assets, excluded from Trust	**$ 16,256**	**$ 6,261**	**$ 1,510**	**$ 24,027**
June 30, 2011				
Corporate and foreign fixed income investments	$ –	$ 5,951	$ –	$ 5,951
Equity securities	16,739		1,701	18,440
Fair value of plan assets, excluded from Trust	$ 16,739	$ 5,951	$ 1,701	$ 24,391

For the years ended June 30, 2012 and 2011, the changes in the fair value of the St John Plan's assets measured using significant unobservable inputs (Level 3) were comprised of the following

	Year Ended June 30 2012	2011
Beginning balance	**$ 1,701**	$ 1,933
Total actual loss on plan assets	**(191)**	(232)
Ending balance	**$ 1,510**	$ 1,701

7. Pension Plans (continued)

Ascension Health Defined Contribution Plan

The System participates in the Ascension Health Defined Contribution Plan (the Defined Contribution Plan), a contributory and noncontributory, defined-contribution plan sponsored by Ascension Health, which covers all eligible associates There are three primary types of contributions to the Defined Contribution Plan employer automatic contributions, employee contributions, and employer matching contributions Benefits for employer automatic contributions are determined as a percentage of a participant's salary and increase over specified periods of employee service These benefits are funded annually and participants become fully vested over a period of time Benefits for employer matching contributions are determined as a percentage of an eligible participant's contributions each payroll period These benefits are funded each payroll period and participants become fully vested in all employer contributions immediately Defined-contribution expense, representing both employer automatic contributions and employer matching contributions, was $14,116 and $13,467 for the years ended June 30, 2012 and 2011, respectively

Brighton Hospital Retirement Plan

Brighton Hospital (Brighton) employees participates in the Brighton Hospital Retirement Plan (the Brighton Plan), a noncontributory, defined-benefit pension plan Benefits are based on each participant's years of service and compensation The Brighton Plan assets are invested principally in equity and fixed income funds Contributions to the Brighton Plan are based on actuarially determined amounts sufficient to meet the benefits to be paid to plan participants Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future

(Dollars in Thousands)

7. Pension Plans (continued)

The following table provides a reconciliation of the changes in the Brighton Plan benefit obligation and fair value of assets for the years ended June 30, 2012 and 2011, and a statement of the funded status as of June 30, 2012 and 2011

	Year Ended June 30	
	2012	**2011**
Change in benefit obligation		
Benefit obligation at beginning of year	**$ 6,003**	$ 6,131
Interest cost	**327**	316
Actuarial loss (gain)	**823**	(145)
Benefits paid	**(336)**	(299)
Benefit obligation at end of year	**6,817**	6,003
Change in plan assets		
Fair value of plan assets at beginning of year	**6,100**	5,059
Actual return on plan assets	**76**	901
Employer contributions	**–**	439
Benefits paid	**(336)**	(299)
Fair value of plan assets at end of year	**5,840**	6,100
Funded status and accrued benefit cost (asset)	**$ 977**	$ (97)

Included in unrestricted net assets are unrecognized net gains of $1,899 and $796 at June 30, 2012 and 2011, respectively

The adjustment to unrestricted net assets represents the net unrecognized actuarial losses and unrecognized prior service credits that were previously netted against the System's funded status in the System's consolidated balance sheets pursuant to the provisions of ASC 715 These amounts will be subsequently recognized as net periodic pension cost pursuant to the System's historical accounting policy for amortizing such amounts Furthermore, actuarial gains and losses that arise in subsequent periods and are not recognized as net periodic pension cost in the same periods will be recognized as a component of unrestricted net assets These amounts will be subsequently recognized as a component of net periodic pension costs on the same basis as the amounts recognized in unrestricted net assets

(Dollars in Thousands)

7. Pension Plans (continued)

Changes in plan assets and obligations recognized in unrestricted net assets during 2012 and 2011 include

	Year Ended June 30	
	2012	**2011**
Current year actuarial (gain) loss	**$ (1,221)**	$ 640
Amortization of actuarial loss	**118**	143
Net amount recognized	**$ (1,103)**	$ 783

The assumptions used to determine the accrued pension (benefit) cost are set forth below

	June 30	
	2012	**2011**
Weighted-average discount rate	**4.45%**	5 60%
Components of net periodic benefit cost		
Interest cost	**$ 327**	$ 316
Expected return on plan assets	**(475)**	(406)
Amortization of actuarial loss	**118**	144
Net Brighton Hospital pension (benefit) cost	**$ (30)**	$ 54

The actuarial loss included in unrestricted net assets and expected to be recognized in net periodic pension cost during the year ended June 30, 2013, is $300 The assumptions used to determine net periodic pension cost are set forth below

	Year Ended June 30	
	2012	**2011**
Weighted-average discount rate	**5.60%**	5 30%
Weighted-average rate of expected long-term rate of return on plan assets	**8.00**	8 00

(Dollars in Thousands)

7. Pension Plans (continued)

Investment Strategy

The Brighton Plan's asset allocation and investment strategies are designed to earn superior returns on plan assets consistent with a reasonable and prudent level of risk Investments are diversified across classes, sectors, and manager style to minimize the risk of large losses Derivatives may be used to bridge specific exposure, reduce transaction costs, or modify the portfolio's duration or yield Brighton Hospital uses investment management specializing in each asset category and, where appropriate, provides the investment manager with specific guidelines, which include allowable and/or prohibited investment types Brighton Hospital regularly monitors manager performance and compliance with investment guidelines

Expected Rate of Return

The expected long-term rate of return on plan assets is based on historical and projected rates of return for current and planned asset categories in the Brighton Plan's investment portfolio Assumed projected rates of return for each asset category were selected after analyzing historical experience and future expectations of the returns and volatility for assets of that category using benchmark rates Based on the target asset allocation among the asset categories, the overall expected rate of return for the portfolio was developed and adjusted for historical and expected experience of active portfolio management results compared to benchmark returns and for the effect of expenses paid from plan assets

Expected Cash Flows

Information about the expected cash flows for the pension plans follows

Expected employer contributions in 2013	$ –
Expected benefit payments	
2013	300
2014	400
2015	400
2016	400
2017	400
2018 – 2022	2,200

(Dollars in Thousands)

7. Pension Plans (continued)

The contribution amounts above include amounts paid to the trust The benefit payment amounts above also reflect the total benefits expected to be paid from the trust

As discussed in the Significant Accounting Policies note, the System adopted the FASB's authoritative disclosure guidance on reporting for assets of postretirement benefit plans for the fiscal year ended June 30, 2012 The following table summarizes fair value measurements at June 30, 2012 and 2011, by asset class and by level, for the Brighton Hospital Retirement Plan's assets and liabilities that are not included in the Trust in accordance with that guidance

	Level 1	Level 2	Level 3	Total
June 30, 2012				
Cash and short-term investments	**$ 264**	**$ –**	**$ –**	**$ 264**
Corporate obligations	**–**	**3,152**	**–**	**3,152**
International securities	**753**	**–**	**–**	**753**
Marketable equity securities	**1,565**	**–**	**–**	**1,565**
Asset-backed securities	**–**	**106**	**–**	**106**
Fair value of plan assets	**$ 2,582**	**$ 3,258**	**$ –**	**$ 5,840**
June 30, 2011				
Cash and short-term investments	$ 315	$ –	$ –	$ 315
Corporate obligations	–	2,941	–	2,941
International securities	1,059	–	–	1,059
Marketable equity securities	1,585	–	–	1,585
Asset-backed securities	–	200	–	200
Fair value of plan assets	$ 2,959	$ 3,141	$ –	$ 6,100

For the year ended June 30, 2012, there was no change in the fair value of the Brighton Hospital Retirement Plan's assets measured using significantly unobservable inputs (Level 3)

(Dollars in Thousands)

8. Other Postretirement Benefits

In addition to the retirement plan described above, Providence Hospital sponsors a defined-benefit health care plan (Providence Plan) for employees hired prior to June 1, 1990, that provides postretirement medical benefits to employees who reached the age of 55 and satisfy certain service requirements Employees hired subsequent to June 1, 1990, are not eligible to participate in the plan The Providence Plan is contributory for retirees who retired after June 30, 1991, with retiree contributions adjusted annually and contains other cost sharing features such as deductibles and coinsurance based on where the medical benefits are received within the Providence Hospital network Providence Hospital has fully funded the benefit with an actuarially determined deposit to an irrevocable trust fund The total benefit obligation at June 30, 2012 and 2011, is approximately $4,496 and $4,772, respectively The net prepayment recognized in the consolidated balance sheets at June 30, 2012 and 2011, is $9,062 and $7,799, respectively

As discussed in the significant accounting policies note, the System adopted the FASB's authoritative disclosure guidance on reporting for assets of postretirement benefit plans for the fiscal year ended June 30, 2012 The following tables summarize fair value measurements at June 30, 2012 and 2011, by asset class and by level, for the Providence Plan's assets and liabilities in accordance with that guidance

	Level 1	Level 2	Level 3	Total
June 30, 2012				
Cash and short-term investments	**$ 1,248**	**$ –**	**$ –**	**$ 1,248**
U S government obligations	**–**	**1,681**	**–**	**1,681**
Corporate obligations	**–**	**2,023**	**–**	**2,023**
International securities	**467**	**–**	**–**	**467**
Marketable equity securities	**5,643**	**–**	**–**	**5,643**
Asset-backed securities	**–**	**2,447**	**–**	**2,447**
Fair value of plan assets	**$ 7,358**	**$ 6,151**	**$ –**	**$ 13,509**

(Dollars in Thousands)

8. Other Postretirement Benefits (continued)

	Level 1	Level 2	Level 3	Total
June 30, 2011				
Cash and short-term investments	$ 1,465	$ –	$ –	$ 1,465
U S government obligations	–	326	–	326
Corporate obligations	–	2,172	–	2,172
International securities	668	–	–	668
Marketable equity securities	5,486	–	–	5,486
Asset-backed securities	–	2,367	–	2,367
Fair value of plan assets	$ 7,619	$ 4,865	$ –	$ 12,484

For the year ended June 30, 2012, there was no change in the fair value of the Providence Plan's assets measured using significantly unobservable inputs (Level 3)

9. Self-Insurance Programs

The System participates in pooled risk programs to insure professional and general liability risks and workers' compensation risks to the extent of certain self-insured limits In addition, various umbrella insurance policies have been purchased to provide coverage in excess of the self-insured limits Actuarially determined amounts, discounted at 6%, are contributed to the trusts and the captive insurance company to provide for the estimated cost of claims The loss reserves recorded for estimated self-insured professional, general liability, and workers' compensation claims include estimates of the ultimate costs for both reported claims and claims incurred but not reported and are discounted at 6% in 2012 and 2011 In the event that sufficient funds are not available from the self-insurance programs, each participating entity may be assessed its pro rata share of the deficiency If contributions exceed the losses paid, the excess may be returned to participating entities

9. Self-Insurance Programs (continued)

Professional and General Liability Programs

The System participates in Ascension Health's professional and general liability self-insured program, which provides claims-made coverage through a wholly owned on-shore trust and offshore captive insurance company, Ascension Health Insurance, Ltd (AHIL), with a self-insured retention of $10,000 per occurrence with no aggregate The System has a deductible of $100 per claim Excess coverage is provided through AHIL with limits up to $185,000 AHIL retains $5,000 per occurrence and $5,000 annual aggregate for professional liability AHIL also retains a 20% quota share of the first $25,000 of umbrella excess The remaining excess coverage is reinsured by commercial carriers Included in operating expenses in the accompanying consolidated statements of operations and changes in net assets is professional and general liability expense of $16,051 and $14,167 for the years ended June 30, 2012 and 2011, respectively Included in current and long-term self-insurance liabilities on the accompanying consolidated balance sheets are professional and general liability loss reserves of approximately $37,918 and $35,481, at June 30, 2012 and 2011, respectively

Workers' Compensation

The System participates in Ascension Health's workers' compensation program, which provides occurrence coverage through a grantor trust The trust provides coverage up to $1,000 per occurrence with no aggregate On July 1, 2004, the System implemented a $100 deductible, thereby assuming responsibility for indemnity and expenses for each and every claim occurring and reported after that date, up to the deductible amount The trust provides a mechanism for funding the workers' compensation obligations of its members Excess insurance against catastrophic loss is obtained through commercial insurers Premium payments made to the trust are expensed and reflect both claims reported and claims incurred but not reported

Included in operating expenses in the accompanying consolidated statements of operations and changes in net assets is workers' compensation expense of $5,936 and $5,619 for the years ended June 30, 2012 and 2011, respectively Included in current self-insurance liabilities on the accompanying consolidated balance sheets are workers' compensation loss reserves of $4,928 and $4,866 at June 30, 2012 and 2011, respectively

(Dollars in Thousands)

10. Lease Commitments

Future minimum payments under noncancelable operating leases with terms of one year or more are as follows

Year ending June 30		
2013	$	18,134
2014		15,594
2015		10,913
2016		7,524
2017		4,284
Thereafter		4,988
Total	$	61,437

The System has subleased certain of its space under the operating leases reported above Total future minimum rents to be received under noncancelable subleases with terms of one year or more are $3,024

In addition, the System is a lessor under certain operating lease agreements, primarily ground leases related to third-party owned medical office buildings on land owned by the System Future minimum rental receipts under all noncancelable operating leases with terms of one year or more are as follows

Year ending June 30		
2013	$	2,421
2014		2,302
2015		2,257
2016		1,905
2017		1,883
Thereafter		52,292
Total	$	63,060

Rental expense under operating leases amounted to $30,973 and $30,998 in 2012 and 2011, respectively

10. Lease Commitments (continued)

During 2007, the System sold condo units in a medical office building and were leased back certain space within these buildings to support their ongoing operations for a period of five to seven years Such leases are considered operating leases based on their terms

Future minimum payments under these leases are included in the payment amounts above In connection with this sale, the St John Health System recognized immediate operating gains and deferred a gain of $1,960, which is being recognized as operating gains over the related leaseback term The net remaining deferred gain as of June 30, 2012 is $55

During 2009, the System sold a medical office building (MOB) to a third party and contemporaneously leased back certain space in the building to support ongoing ministry operations for a period of 5 years These space leases are being accounted for as operating leases based on their terms, and future minimum lease payments under these leases are included in the amounts reported above The building sales were accounted for under ASC Topic 840 As of June 30, 2012, net deferred gains of $118 are included in other noncurrent liabilities in the accompanying consolidated balance sheet These gains are being recognized as operating income over the related leaseback terms

11. Related-Party Transactions

The System utilized various centralized programs and overhead services of Ascension Health or its other sponsored organizations, including risk management, retirement services, treasury, debt management, executive management support, administrative services, and information technology services The charges allocated to the System for these services represent both allocations of common costs and specifically identified expenses that are incurred by Ascension Health on behalf of the System Allocations are based on relevant metrics such as the System's pro rata share of revenues, certain costs, debt, or investments to the consolidated totals of Ascension Health The amounts charged to the System for these services may not necessarily result in the net costs that would be incurred by the System on a stand-alone basis The charges allocated to the System were approximately $13,007 and $12,471 for the years ended June 30, 2012 and 2011, respectively

11. Related-Party Transactions (continued)

In addition to the charges discussed above, the System made payments to Ascension Health of $16,420 for the year ended June 30, 2012, representing the System's share of costs to fund a System-wide information technology and process standardization project that is expected to continue through December 2014 These payments are included in transfers to sponsor and other affiliates, net, in the accompanying statements of operations and changes in net assets

The System incurred expenses with various Ascension Health affiliates These services included medical equipment maintenance, internal audit, and information systems These expenses amount to $102,139 and $100,971 for the years ended June 30, 2012 and 2011, respectively

Throughout fiscal year 2012 and 2011, the System transferred cash and investments of $19,670 and $24,417, respectively, in support of Ascension Health's strategic initiatives These transfers are included in transfers to sponsor and other affiliates, net, in the accompanying consolidated statements of operations and change in net assets

12. Contingencies and Commitments

In addition to professional liability claims, the System is involved in litigation and regulatory investigations arising in the ordinary course of business In the opinion of management, after consultation with legal counsel, these matters are expected to be resolved without material adverse effect on the System's consolidated balance sheets

In September 2010, Ascension Health received a letter from the U S Department of Justice (the DOJ) in connection with its nationwide review to determine whether, in certain cases, implantable cardioverter defibrillators were provided to certain Medicare beneficiaries in accordance with national coverage criteria In connection with this nationwide review, the System will be reviewing applicable medical records for response to the DOJ The DOJ's investigation spans a time frame beginning in 2004 and extending through the present time Through September the System's 2012, the DOJ has not asserted any claims against the System Ascension Health and the System continue to fully cooperate with the DOJ in its investigation

Supplementary Information

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Report of Independent Auditors on Supplementary Information

The Board of Trustees
St John Providence Health System

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole The schedule of net cost of providing care of persons who are living in poverty and community benefit programs is presented for purposes of additional analysis and 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 records used to prepare the financial statements The information has been subjected to the auditing procedures applied in our audits 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole

Ernst + Young LLP

September 28, 2012

St. John Providence Health System

Schedule of Net Cost of Providing Care of Persons Living in Poverty and Community Benefit Programs

(Dollars in Thousands)

The net cost excluding the provision for bad debt expense of providing care of persons living in poverty and community benefit programs is as follows

	Year Ended June 30 2012	2011
Traditional charity care provided	**$ 32,797**	$ 37,387
Unpaid cost of public programs for persons living in poverty	**35,673**	35,858
Other programs for persons living in poverty and other vulnerable persons	**2,760**	2,578
Community benefit programs	**50,117**	45,050
Care of persons living in poverty and community benefit programs	**$ 121,347**	$ 120,873

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