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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

St John Hospital & Medical Center

Doing Business As

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

28000 Dequindre Road

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

Warren, MI 480922468

F Name and address of principal officer

David Brooks

28000 Dequindre Road

Warren, MI 480922468

D Employer identification number

38-1359063

E Telephone number

(586) 753-0094

G Gross receipts \$ 738,226,390

I Tax-exempt status

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

J Website:

www.stjohn.org

K Form of organization

☒ Corporation ☐ Trust ☐ Association ☐ Other

L Year of formation

1948

M State of legal domicile

MI

Part I	Summary																								
Activities & Governance	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																								
	<table><tr><td> 3 Number of voting members of the governing body (Part VI, line 1a) </td><td> 3 </td><td> 16 </td></tr><tr><td> 4 Number of independent voting members of the governing body (Part VI, line 1b) </td><td> 4 </td><td> 13 </td></tr><tr><td> 5 Total number of individuals employed in calendar year 2011 (Part V, line 2a) </td><td> 5 </td><td> 5,476 </td></tr><tr><td> 6 Total number of volunteers (estimate if necessary) </td><td> 6 </td><td> 400 </td></tr><tr><td> 7a Total unrelated business revenue from Part VIII, column (C), line 12 </td><td> 7a </td><td> 12,655,230 </td></tr><tr><td> 7b Net unrelated business taxable income from Form 990-T, line 34 </td><td> 7b </td><td> -8,465,343 </td></tr></table>	3 Number of voting members of the governing body (Part VI, line 1a)	3	16	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	13	5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	5,476	6 Total number of volunteers (estimate if necessary)	6	400	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	12,655,230	7b Net unrelated business taxable income from Form 990-T, line 34	7b	-8,465,343						
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Revenue	<table><tr><td> 8 Contributions and grants (Part VIII, line 1h) </td><td> Prior Year </td><td> Current Year </td></tr><tr><td> 9 Program service revenue (Part VIII, line 2g) </td><td> 4,600,124 </td><td> 2,489,296 </td></tr><tr><td> 10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) </td><td> 696,673,803 </td><td> 709,699,085 </td></tr><tr><td> 11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) </td><td> 13,393,462 </td><td> 9,351,528 </td></tr><tr><td> 12 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) </td><td> 7,738,411 </td><td> 14,886,931 </td></tr><tr><td> 12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) </td><td> 722,405,800 </td><td> 736,426,840 </td></tr></table>	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year	9 Program service revenue (Part VIII, line 2g)	4,600,124	2,489,296	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	696,673,803	709,699,085	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	13,393,462	9,351,528	12 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	7,738,411	14,886,931	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	722,405,800	736,426,840						
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Expenses	<table><tr><td> 13 Grants and similar amounts paid (Part IX, column (A), lines 1–3) </td><td> 0 </td><td> 0 </td></tr><tr><td> 14 Benefits paid to or for members (Part IX, column (A), line 4) </td><td> 0 </td><td> 0 </td></tr><tr><td> 15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10) </td><td> 305,593,966 </td><td> 306,573,112 </td></tr><tr><td> 16a Professional fundraising fees (Part IX, column (A), line 11e) </td><td> 0 </td><td> 0 </td></tr><tr><td> b Total fundraising expenses (Part IX, column (D), line 25) 2,725,997 </td><td></td><td></td></tr><tr><td> 17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) </td><td> 400,904,645 </td><td> 408,472,748 </td></tr><tr><td> 18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25) </td><td> 706,498,611 </td><td> 715,045,860 </td></tr><tr><td> 19 Revenue less expenses Subtract line 18 from line 12 </td><td> 15,907,189 </td><td> 21,380,980 </td></tr></table>	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)	305,593,966	306,573,112	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0	b Total fundraising expenses (Part IX, column (D), line 25) 2,725,997			17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	400,904,645	408,472,748	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	706,498,611	715,045,860	19 Revenue less expenses Subtract line 18 from line 12	15,907,189	21,380,980
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Net Assets or Fund Balances	<table><tr><td></td><td> Beginning of Current Year </td><td> End of Year </td></tr><tr><td> 20 Total assets (Part X, line 16) </td><td> 785,658,038 </td><td> 792,863,513 </td></tr><tr><td> 21 Total liabilities (Part X, line 26) </td><td> 297,048,803 </td><td> 302,345,739 </td></tr><tr><td> 22 Net assets or fund balances Subtract line 21 from line 20 </td><td> 488,609,235 </td><td> 490,517,774 </td></tr></table>		Beginning of Current Year	End of Year	20 Total assets (Part X, line 16)	785,658,038	792,863,513	21 Total liabilities (Part X, line 26)	297,048,803	302,345,739	22 Net assets or fund balances Subtract line 21 from line 20	488,609,235	490,517,774												
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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

Tomasine Marx Chief Financial Officer

Type or print name and title

Paid Preparer's Use Only

Preparer's signature

Matt 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

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2011)

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

St. John Hospital & Medical Center, 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

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

If "Yes," describe these changes on Schedule O

St. John Hospital & Medical Center, 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. Founded in 1952, St. John Hospital & Medical Center is a regional-referral teaching hospital (affiliated with Wayne State University) with 772 licensed beds, a 1,200 member medical staff and more than 50 medical and surgical specialties. It is also the largest acute-care provider and the only designated Emergency Trauma Center on Detroit's east side. See Community Benefit Report on Schedule O.

[illegible][illegible]

4e	Total program service expenses	\$ 661,920,793
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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)? <i>If "Yes," complete Schedule A.</i> 	1	Yes
2	Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (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? <i>If "Yes," complete Schedule C, Part I.</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? <i>If "Yes," complete Schedule C, Part II.</i> 	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? <i>If "Yes," complete Schedule C, Part III.</i> 	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? <i>If "Yes," complete Schedule D, Part I.</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? <i>If "Yes," complete Schedule D, Part II.</i> 	7	No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i> 	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? <i>If "Yes," complete Schedule D, Part IV.</i> 	9	No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i> 	10	Yes
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI.</i> 	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? <i>If "Yes," complete Schedule D, Part VII.</i> 	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? <i>If "Yes," complete Schedule D, Part VIII.</i> 	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? <i>If "Yes," complete Schedule D, Part IX.</i> 	11d	Yes
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i> 	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)? <i>If "Yes," complete Schedule D, Part X.</i> 	11f	Yes
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i> 	12a	No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i> 	12b	Yes
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>	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? <i>If "Yes," complete Schedule F, Part I.</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 ? <i>If "Yes," complete Schedule F, Part II and IV.</i>	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 ? <i>If "Yes," complete Schedule F, Part III and IV.</i>	16	No
17	Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I.</i>	17	No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II.</i>	18	No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i>	19	No
20a	Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i> 	20a	Yes
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. All Form 990 filers that operated one or more hospitals must attach audited financial statements 	20b	Yes

Part IV

Checklist of Required Schedules (continued)

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

Part V Statements Regarding Other IRS Filings and Tax Compliance		
Check if Schedule O contains a response to any question in this Part V ☐		
		YesNo
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	1a0
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b0
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	2a5,476
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2bYes
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3aYes
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3bYes
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)?	4aNo
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? . . .	5aNo
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5bNo
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?	6aNo
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?	7aNo
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?	7cNo
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d0
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7eNo
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . .	7fNo
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?	14aNo
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	16		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	13
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	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 ▶ Bill Darroch 28000 Dequindre Road Warren, MI 480922468 (586) 753-0094

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) Doug Blatt Chairperson	1.00	X		X				0	0	0
(2) James Cole Vice Chairperson	1.00	X		X				0	0	0
(3) Suzanne Zieske CSJ Secretary	1.00	X		X				0	0	0
(4) Jennifer Dupree Mooney Treasurer	1.00	X		X				0	0	0
(5) Victor Battani Board Member	1.00	X						0	0	0
(6) Edward K. Christian Board Member	1.00	X						0	0	0
(7) Albert De Polo Jr DO Board Member	1.00	X						0	0	0
(8) Paul Falcone Board Member	1.00	X						0	0	0
(9) Michael Glusac Board Member	1.00	X						0	0	0
(10) Bal Gupta MD Sch O Board Member	50.00	X						0	121,354	14,007
(11) Richard Kitch Esq Board Member	1.00	X						0	0	0
(12) Roy Klecha Board Member	1.00	X						0	0	0
(13) Patricia Manley Board Member	1.00	X						0	0	0
(14) Steve Minnick MD Sch O Board Member	50.00	X						202,688	0	18,117
(15) Amy Schaden Board Member	1.00	X						0	0	0
(16) Laydell Wyatt Board Member	1.00	X						0	0	0
(17) Diane Radloff Sch O end 0312 Board Member, President	50.00	X		X				622,096	0	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) Frank W Poma start 0312 Interim President	50 00			X				0	216,033	20,371
(19) Tomasine F Marx Chief Financial Officer	50 00			X				321,760	0	21,998
(20) Deborah A Condino VP, Support & Clinical Svcs	50 00				X			216,956	0	20,383
(21) Michael B Haynes Chief Medical Officer	50 00				X			416,020	0	21,998
(22) Marc Cullen MD Physician	50 00					X		622,274	0	20,773
(23) Richard Fessler II MD Physician	50 00					X		625,001	0	17,098
(24) Ali Rabbani MD Physician	50 00					X		504,458	0	20,773
(25) Heung Oh MD Physician	50 00					X		475,001	0	20,773
(26) Shyla Vengalil MD Physician	50 00					X		474,870	0	20,773
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								4,481,124	337,387	239,062

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▶294

		Yes	No
3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		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? <i>If "Yes," complete Schedule J for such individual</i>	Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>		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)	(B)	(C)	(D)	
				Total revenue	Related or exempt function revenue	Unrelated business revenue	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	2,489,296				
	g	Noncash contributions included in lines 1a-1f \$ _____						
	h	Total. Add lines 1a-1f			2,489,296			
Program Service Revenue			Business Code					
	2a	Outpatient Gross Rev	621500	346,470,856	333,994,318	12,476,538		
	b	Inpatient Ancillary	621500	223,401,576	223,401,576			
	c	Inpatient Routine Rev	621500	129,899,592	129,899,592			
	d	Capitation Revenue	621500	6,387,474	6,387,474			
	e	Ancillary Revenue	621500	2,222,587	2,222,587			
	f	All other program service revenue		1,317,000			1,317,000	
	g	Total. Add lines 2a-2f			709,699,085			
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)			8,969,958		8,969,958	
	4	Income from investment of tax-exempt bond proceeds . .						
	5	Royalties						
	6a	(i) Real		(ii) Personal				
		1,941,426						
		1,799,550						
		141,876						
	d	Net rental income or (loss)			141,876	178,692	-36,816	
	7a	(i) Securities		(ii) Other				
				381,570				
				0				
				381,570				
	d	Net gain or (loss)			381,570		381,570	
	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	ARRA Incentive	621990	5,373,980	5,373,980				
b	Cafeteria Revenue	621990	1,643,194				1,643,194	
c	Parking Revenue	621990	278,463				278,463	
d	All other revenue		7,449,418	7,449,418				
e	Total. Add lines 11a-11d			14,745,055				
12	Total revenue. See Instructions			736,426,840	708,728,945	12,655,230	12,553,369	

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	1,239,920		1,239,920	
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	264,567,138	258,666,748	5,900,390	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	10,728,025	10,304,443	423,582	
9	Other employee benefits	14,107,780	13,349,680	758,100	
10	Payroll taxes	15,930,249	15,074,216	856,033	
11	Fees for services (non-employees)				
a	Management	16,073,293	7,586,886	8,486,407	
b	Legal	174,538		174,538	
c	Accounting				
d	Lobbying	24,296	24,296		
e	Professional fundraising See Part IV, line 17				
f	Investment management fees				
g	Other	1,089,488	1,089,488		
12	Advertising and promotion	114,640		114,640	
13	Office expenses	1,371,844	1,371,844		
14	Information technology				
15	Royalties				
16	Occupancy	16,347,138	15,700,178	646,960	
17	Travel	1,554,322	1,520,902	33,420	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings				
20	Interest	8,085,094	8,085,094		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	33,471,291	33,471,291		
23	Insurance	7,693,000	7,693,000		
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	153,958,054	123,573,344	30,384,710	
b	Supplies	119,372,476	119,347,809	24,667	
c	Physician Fees	32,499,906	32,499,906	0	
d	Repairs & Maintenance	4,730,520	4,730,520		
e					
f	All other expenses	11,912,848	7,831,148	1,355,703	2,725,997
25	Total functional expenses. Add lines 1 through 24f	715,045,860	661,920,793	50,399,070	2,725,997
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)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			1,444,939	1	2,042,279
	2	Savings and temporary cash investments			155,543,607	2	183,831,616
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			87,293,912	4	88,991,461
	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			12,727,128	7	190,433
	8	Inventories for sale or use			5,621,967	8	7,965,175
	9	Prepaid expenses and deferred charges			1,357,547	9	1,678,569
	10a	Land, buildings, and equipment, cost or other basis. Complete Part VI of Schedule D	10a	870,450,654			
	b	Less: accumulated depreciation	10b	540,643,573	354,039,068	10c	329,807,081
	11	Investments—publicly traded securities				11	
	12	Investments—other securities. See Part IV, line 11			6,934,341	12	6,829,348
	13	Investments—program-related. See Part IV, line 11				13	
	14	Intangible assets				14	
	15	Other assets. See Part IV, line 11			160,695,529	15	171,527,551
	16	Total assets. Add lines 1 through 15 (must equal line 34)			785,658,038	16	792,863,513
Liabilities	17	Accounts payable and accrued expenses			47,565,353	17	52,448,225
	18	Grants payable				18	
	19	Deferred revenue			436,288	19	55,468
	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			249,047,162	25	249,842,046
	26	Total liabilities. Add lines 17 through 25			297,048,803	26	302,345,739
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			484,905,409	27	487,286,549
	28	Temporarily restricted net assets			3,664,713	28	3,203,916
	29	Permanently restricted net assets			39,113	29	27,309
	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			488,609,235	33	490,517,774
	34	Total liabilities and net assets/fund balances			785,658,038	34	792,863,513

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	736,426,840
2	Total expenses (must equal Part IX, column (A), line 25)	2	715,045,860
3	Revenue less expenses Subtract line 2 from line 1	3	21,380,980
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	488,609,235
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-19,472,441
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	490,517,774

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?		No
b	Were the organization's financial statements audited by an independent accountant?	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both ☐ 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?	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	Yes	

SCHEDULE A

(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization St John Hospital & Medical Center	Employer identification number 38-1359063
---	--

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 Se**section 509(a)(4).**
- 11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

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

(i)

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

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

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

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

Section C. Computation of Public Support Percentage		
14	Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f))	14
15	Public Support Percentage for 2010 Schedule A, Part II, line 14	15
16a	33 1/3% support test—2011. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization	☐
b	33 1/3% support test—2010. If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization	☐
17a	10%-facts-and-circumstances test—2011. If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization	☐
b	10%-facts-and-circumstances test—2010. If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization	☐
18	Private Foundation If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions	☐

Part IIIPart III

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

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

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

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

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

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

Facts And Circumstances Test

Explanation

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ Complete if the organization is described below.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

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

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

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

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

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

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

Name of the organization St John Hospital & Medical Center	Employer identification number 38-1359063
---	--

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

1	Provide a description of the organization's direct and indirect political campaign activities on behalf of or in opposition to candidates for public office in Part IV	
2	Political expenditures	▶ \$
3	Volunteer hours	

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

1	Enter the amount of any excise tax incurred by the organization under section 4955	▶ \$
2	Enter the amount of any excise tax incurred by organization managers under section 4955	▶ \$
3	If the organization incurred a section 4955 tax, did it file Form 4720 for this year?	☐ Yes ☐ No
4a	Was a correction made?	☐ Yes ☐ No
b	If "Yes," describe in Part IV	

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

1	Enter the amount directly expended by the filing organization for section 527 exempt function activities	▶ \$
2	Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities	▶ \$
3	Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b	▶ \$
4	Did the filing organization file Form 1120-POL for this year?	☐ Yes ☐ No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

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

Part II-A

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

- A

Check

☐

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

Check

☐

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing Organization's Totals	(b) Affiliated Group Totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		☐ 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)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
	a Volunteers?		No	
	b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
	c Media advertisements?		No	
	d Mailings to members, legislators, or the public?		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		24,296
	j Total lines 1c through 1i			24,296
	2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b If "Yes," enter the amount of any tax incurred under section 4912				
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912				
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?				

Part III-A

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

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

Part III-B

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

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) non-deductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).		
		2a	
		2b	
		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		Line 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. St. John Hospital & Medical Center 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.

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
St John Hospital & Medical Center

Employer identification number
38-1359063

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

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)?

☐ Yes ☐ No

9

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

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

1a

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

b

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

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

► \$ _____

(ii) Assets included in Form 990, Part X

► \$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

► \$ _____

b

Assets included in Form 990, Part X

► \$ _____

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

Cat No 52283D

Schedule D (Form 990) 2011

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

3

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

a

☐ Public exhibition

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
1c	
1d	
1e	
1f	

2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

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

	(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a	Beginning of year balance	8,987,410	7,979,769	7,682,727	7,665,618
b	Contributions	1,047,617	704,845	437,229	32,318
c	Investment earnings or losses	463,519	420,926	388,593	384,990
d	Grants or scholarships				
e	Other expenditures for facilities and programs	413,265	118,130	528,780	400,199
f	Administrative expenses				
g	End of year balance	10,085,281	8,987,410	7,979,769	7,682,727

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶ 88 000 %

c

Term endowment ▶ 12 000 %

3a

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

(i)

unrelated organizations

3a(i)

☐ Yes

☐ 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		11,906,311		11,906,311
b Buildings		510,191,959	268,518,238	241,673,721
c Leasehold improvements		9,850,016	7,733,876	2,116,140
d Equipment		224,556,688	176,127,703	48,428,985
e Other		113,945,680	88,263,756	25,681,924
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).)				329,807,081

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 St. John Hospital & Medical Center). 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.

Additional Data

Software ID:
Software Version:
EIN: 38-1359063
Name: St John Hospital & Medical Center

Form 990, Schedule D, Part X, - Other Liabilities

1	(a) Description of Liability	(b) Amount
	Intercompany Payable to Ascension Health Alliance	183,668,610
	Settlement Liability	19,805,006
	Professional Building II - Capital Lease Obligation	7,972,692
	Self Insurance Liability	8,591,600
	Deferred Compensation	6,454,051
	P/GL Deductible Liability	4,775,972
	Workers Compensation Insurance Liability	1,865,951
	Valuation Allowance	6,250,000
	Miscellaneous	10,458,164

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
St John Hospital & Medical Center

Employer identification number
38-1359063

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 ☐ Generally tailored to individual hospitals ☐ Applied uniformly to most 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 <i>free</i> care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100%☐ 150%☒ 200%☐ Other _____% b Did the organization use FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200%☐ 250%☒ 300%☐ 350%☐ 400%☐ Other _____% c If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care	3a	Yes	
4	Did the organization's policy provide free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b		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 eligible for free or discounted care?	5c		
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H				

7

Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			16,804,268		16,804,268	2 350 %
b Medicaid (from Worksheet 3, column a)			125,134,482	116,773,708	8,360,774	1 170 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Charity Care and Means-Tested Government Programs			141,938,750	116,773,708	25,165,042	3 520 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			153,533		153,533	0 020 %
f Health professions education (from Worksheet 5)			39,821,274	18,473,773	21,347,501	2 990 %
g Subsidized health services (from Worksheet 6)			1,201,921		1,201,921	0 170 %
h Research (from Worksheet 7)			9,924		9,924	0 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			96,082		96,082	0 010 %
j Total Other Benefits			41,282,734	18,473,773	22,808,961	3 190 %
k Total. Add lines 7d and 7j			183,221,484	135,247,481	47,974,003	6 710 %

Part IICommunity 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
1Physical improvements and housing						
2Economic development						
3Community support						
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy						
8Workforce development						
9Other						
10Total						

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?	1		No
2Enter the amount of the organization's bad debt expense	2	43,212,093	
3Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	26,973,597	
4Provide 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

5Enter total revenue received from Medicare (including DSH and IME)	5	265,755,459	
6Enter Medicare allowable costs of care relating to payments on line 5	6	248,511,775	
7Subtract line 6 from line 5. This is the surplus or (shortfall)	7	17,243,684	
8Describe 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

9aDid the organization have a written debt collection policy during the tax year?	9a	Yes	
9bIf "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 IVManagement 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				

Section A. Hospital Facilities

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

Name and address

[illegible]

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

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

St John Hospital & Medical Center

Name of Hospital Facility:

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

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply) a ☐ 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)	1	
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a ☐ Hospital facility's website b ☐ Available upon request from the hospital facility c ☐ Other (describe in Part VI)	5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a ☐ 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? 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	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>300 000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a ☒ 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)	11	Yes	
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a ☐ 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)	13	Yes	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP a ☐ 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? 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)	16		No
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a ☐ 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? If "No," indicate why	Yes	
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? If "Yes," explain in Part VI	20	No
21	Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient? If "Yes," explain in Part VI	21	No

Part V

Facility Information *(continued)*

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

How many non-hospital facilities did the organization operate during the tax year? 11

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

Part VI Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6l, 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 A community benefit report is prepared on a consolidated basis or the health system as a whole

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 ration 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 Providence Health System serves The May 2010 report of "Michigan's Economic Outlook and Budget Review" from the Senate Fiscal Agency listed health services as the only employment growth area in the state at 23.8% compared to all other employment sectors whose decline ranged between -7.1% and -64.3% Workforce development in healthcare is vital to the state's economic 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 the community by physically improving the community through beautification efforts which relieves some of the local government's burden "The Michigan Critical Indicators Report" and Healthy People 2010 Targets showed that the "Healthy People Objectives" for reducing the number of adults who binge drink regularly, and adults and adolescence that use tobacco were unmet Both of these gateway drugs make it necessary for St John Providence Health System 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 treatment for substance abuse The latest "Annie E Casey's Foundation Kids Count" data reported Michigan as having an infant mortality rate higher than 39 states at 7.9 compared to the 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 uniform crime report listed Detroit as having 1,966 violent crimes per 100,000 These statistics compel St John Providence Health System to use its resources in working toward significantly reducing these negative community health outcomes A community assessment led St John Providence Health System, in collaboration with community leaders, to create a separate 501(c)(3) called Healthy Neighborhoods Detroit (HND) Healthy Neighborhoods Detroit's core activities are community building The assessment illustrated that there was a significant absence or gap in services that addressed the communities' access to healthcare, workforce development and safe and affordable housing HND works collaboratively with community 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 JOHN HOSPITAL & MEDICAL CENTER COMMUNITY BUILDING ACTIVITIESPHYSICAL IMPROVEMENTSSJHMC Maintenance 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 Life Service Department (Human Resources) also provides mentoring and job shadowing programs for high school students COMMUNITY HEALTH IMPROVEMENT ADVOCACYAdministrative leaders support advocacy efforts through their membership and participation on various task-forces and committees PROVIDENCE HOSPITALS, SOUTHFIELD AND NOVI COMMUNITY BUILDING ACTIVITIESCOMMUNITY SUPPORT The hospital provides disaster recovery above and beyond the normal requirements They also provide mentoring to students interested in health careers COMMUNITY HEALTH IMPROVEMENT ADVOCACYThe hospital was sponsor of the "On My Own" Foundation Gala fundraiser This foundation works to increase independence for people with disabilities The Radiology department provides community support and a mentoring program Administrative leaders support advocacy efforts through their membership and participation on various task-forces and committees ST JOHN MACOMB-OAKLAND HOSPITAL COMMUNITY BUILDING ACTIVITIESPHYSICAL IMPROVEMENTS/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 environment 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 COMMUNITY BUILDING ACTIVITIESCOALITION BUILDINGThe hospital participates on the Great Parents-Great Start Coalition which supports services for children 0-5 years in St Clair County The Richmond Physician Office supported the "Recycled Paper Project" and donated recycled paper to the Richmond School District so that they can earn money to support their educational programs WORKFORCE DEVELOPMENT The hospital mentors high school students in St Clair County and educates them about careers in the medical fields They also assist with college 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 working with students at the high school or college level to assist them in their future endeavors, particularly in the health care field LEADERSHIP DEV/TRAINING FOR COMMUNITY MEMBERS The hospital's administration participated in Executive Women International and the medical department participated in Leadership Development Training for community members in the process of addiction recovery COALITION BUILDINGThe hospital provides professional support to the Farmington/Farmington Hills community, law enforcement, community leaders, parent groups, teachers, schools and administrators, city governments, mental health, treatment 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 decrease gaps and fragmentation within drug and violence prevention efforts COMMUNITY HEALTH IMPROVEMENT ADVOCACY The fundraising department supported Community Health Improvement Advocacy and fundraising for a special event for community awareness, prevention, & intervention The hospital also provides addiction education, prevention, and intervention, including 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 Commerce throughout our service area COALITION BUILDINGSJPHS Business Development department participated in Coalition Building Eastwood Clinics also participates on the "Save Our Youth" Coalition whose goal is to prevent substance abuse among youth in Royal Oak SJPHS Community Health participates on the infant mortality task force, state coalition of school-based health centers and youth violence prevention task force WORKFORCE DEVELOPMENT/JOB CREATION AND TRAINING PROGRAMSSJPHS Work Life Services partners with area schools, universities and technical schools to mentor students and educate them about careers in healthcare They also provide assistance with resume writing and interviewing techniques COMMUNITY HEALTH IMPROVEMENT ADVOCACY Eastwood Clinics participates on the Behavioral Health Legislative 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 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 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
St John Hospital & Medical Center		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
St John Hospital & Medical Center		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 than 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 health 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 in 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 Lilly & 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

Additional Data

Software ID:
Software Version:
EIN: 38-1359063
Name: St John Hospital & Medical Center

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

[illegible]

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization
St John Hospital & Medical Center

Employer identification number

38-1359063

Part I

Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items		
	☐ First-class or charter travel ☐ Travel for companions ☐ Tax idemnification and gross-up payments ☐ Discretionary spending account ☐ Housing allowance or residence for personal use ☐ Payments for business use of personal residence ☐ Health or social club dues or initiation fees ☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain		
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?		
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply		
	☐ Compensation committee ☐ Independent compensation consultant ☐ Form 990 of other organizations ☐ Written employment contract ☐ Compensation survey or study ☐ 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?		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?		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?		No
b	Any related organization?		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?		No
b	Any related organization?		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		No
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?		

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) Steve Minnick MD Sch O	(i)	200,221	0	2,467	7,144	10,973	220,805	0
	(ii)	0	0	0	0	0	0	0
(2) Diane Radloff Sch O end 0312	(i)	530,790	86,117	5,189	11,025	10,973	644,094	0
	(ii)	0	0	0	0	0	0	0
(3) Frank W Poma start 0312	(i)	0	0	0	0	0	0	0
	(ii)	199,161	16,772	100	9,398	10,973	236,404	0
(4) Tomasine F Marx	(i)	293,266	28,494	0	11,025	10,973	343,758	0
	(ii)	0	0	0	0	0	0	0
(5) Deborah A Condino	(i)	197,251	19,705	0	9,410	10,973	237,339	0
	(ii)	0	0	0	0	0	0	0
(6) Michael B Haynes	(i)	362,135	53,885	0	11,025	10,973	438,018	0
	(ii)	0	0	0	0	0	0	0
(7) Marc Cullen MD	(i)	621,874	0	400	9,800	10,973	643,047	0
	(ii)	0	0	0	0	0	0	0
(8) Richard Fessler II MD	(i)	625,001	0	0	6,125	10,973	642,099	0
	(ii)	0	0	0	0	0	0	0
(9) Ali Rabbani MD	(i)	422,380	40,000	42,078	9,800	10,973	525,231	0
	(ii)	0	0	0	0	0	0	0
(10) Heung Oh MD	(i)	432,001	43,000	0	9,800	10,973	495,774	0
	(ii)	0	0	0	0	0	0	0
(11) Shyla Vengalil MD	(i)	360,712	5,000	109,158	9,800	10,973	495,643	0
	(ii)	0	0	0	0	0	0	0
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

Part III **Supplemental Information**

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

Identifier	Return Reference	Explanation
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 for 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 executives is reported as compensation on Form 990, Schedule J, Part II, Column B(i) in the year paid. There are no contributions to or distributions from the supplemental nonqualified retirement plan for the current year.

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

**Open to Public
Inspection**

Name of the organization St John Hospital & Medical Center	Employer identification number 38-1359063
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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 Dr Albert DePolo has a contract with St John Hospital & Medical Center for Program Director of Med Ed This qualifies him as not independent voting member

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 6	St John Hosptal & Medical Center has a single corporate member, St John Health

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

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 7b	All decisions that have a material impact to St John Hospital & Medical Center's 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, including certain officers, works diligently to complete the Form 990 and attached schedules in a thorough 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, officer, key employee 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 St John Hospital & Medical Center, included a review and approval by independent persons, comparability data and contemporaneous substantiation of the deliberation and decision. The audit committee reviewed and approved the compensation. In the review of the compensation, the top management official was compared to 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. The individual was not present when his 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 St John Hospital & Medical Center, included a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision. The audit committee reviewed and approved the compensation. In the review of the compensation, the other officers or key employees of the organization were compared to 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 committee minutes.

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section C, line 19	St John Hospital & Medical Center will provide any documents open to public inspection upon request

Identifier	Return Reference	Explanation
	Form 990, Part VII, Section A	Where listed 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 -12,681,495 Transfer to Affiliates -6,790,946 Total to Form 990, Part XI, Line 5 -19,472,441

Identifier	Return Reference	Explanation
Community Benefit Report	Form 990, Part III	This report illustrates the significant degree to which St John Hospital & Medical Center contributes to the positive health status of the community it serves. As a member of Ascension Health, the nation's largest catholic healthcare system, St John Hospital & Medical Center continues to build and strengthen sustainable collaborative efforts that benefit the health of individuals, families and society as a whole. The goal of St John Hospital & Medical Center is to perpetuate the healing mission of the church. St John Hospital & Medical Center furthers this goal through delivery of patient services, care to the elderly and indigent, patient education, 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. In order to portray the full breadth of our contribution, our community benefit information is described below. ORGANIZATIONAL COMMITMENT TO PROVIDING COMMUNITY BENEFIT St John Hospital & Medical Center is a regional referral teaching hospital with 772 licensed beds, a 1300+ member medical staff and more than 50 medical and surgical specialties. St John Hospital & Medical Center is also the largest acute care provider and the only designated emergency trauma center on Detroit's east side. St John Hospital & Medical Center is also an active participant in community health initiative through its community-based partnerships with churches, schools, and civic organizations. St John Hospital & Medical Center has a wide array of surgical specialties and sub-specialties. Our operating rooms and post-anesthesia units are open 24 hours a day, seven days a week for scheduled and emergency procedures. Specialties include cardiovascular and thoracic, dentistry, general surgery, laser, neurosurgery, obstetrics and gynecology, ophthalmology, oral and maxillofacial, orthopedic, otolaryngology (ear, nose and throat), pediatrics, podiatry, vascular, transplant and urology. St John Hospital & Medical Center 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, St John Hospital & Medical Center has developed the following programs to help achieve its mission. EXPANDING AWARENESS, EDUCATION AND HEALTH PROMOTION St John Hospital & Medical Center believes that it is essential to educate people regarding the types of behavior that improve their chances of living a healthy life. The St John Hospital & Medical Center has invested significantly in unique, top quality health education and materials to accomplish its goals. VARIOUS CLASSES THE ST JOHN HOSPITAL & MEDICAL CENTER HAS PROVIDED TO THE COMMUNITY ARE AS FOLLOWS: 1,000 candlelight labyrinth walk, open arms, talk about, while you wait, acupuncture, aphasia maintenance group, aura photography, holistic consultation, baby works, bereavement support group, oncology bereavement support, non-oncology bereavement support, birth refresher-sessions I and II, childbirth preparation classes, birth unit tour, tour with caesarean class, blood disorders support group, breast cancer support group, breast feeding preparation, bright stars stroke support group, cancer education lecture series, cancer support group, individual counseling for cancer patients, pediatric cancer parent support group, cardiac nutrition class, cardiac rehabilitation program, cardiac support group, stress management for cardiac patients, CareLink, CareLink education program, clinical trials, CPR for family and friends infants children and adults, cranial osteopathy, cranial sacral therapy, diabetes discovery classes, diabetes exercise program, diabetes self management, post diabetes class instruction, diabetes support group for children teens and parents, outpatient diabetes education, discover a new you, look for success exercise evaluation program, exercise for older adults, fitness fun for everyone, personal exercise training, personal exercise for seniors, Plate's, family support group, free blood pressure screenings, go red for women, GYN support group, head and neck support group, heart failure exercise program, hip and knee pain seminar, hypnosis, guided imagery, hypnosis consultation, hypnotherapy for smoking cessation, individual counseling, lap band support group, lunch with doctor, massage therapy, pregnancy massage, reflexology, reiki, river rock massage, Swedish relaxation massage, nutrition counseling, Parkinson's disease exercise class, patient and survivor support group, pulmonary rehabilitation program, pumping to precision, second wind stroke support, senior lecture series, smoking cessation, smoking cessation through acupuncture, sport training programs, sport specific training and knee injury prevention.

Identifier	Return Reference	Explanation
Community Benefit Report	Form 990, Part III	ention, tai chi, tai chi for seniors, time for caregivers support group, transplant support group, wellness support group, wellness workshop Education material is provided on the web under www.stjohn.org and www.realmedicine.org ACCESS TO CARE PROGRAMS St John Hospital & Medical Center operates many public health clinics Public clinics range from specialty clinics such as pediatrics to general internal medicine clinics Our public health clinics provide care for all community residents, regardless of their ability to pay Services include the full range of preventive and primary health and dental care for adults and children, prenatal care, AIDS/HIV education and management of chronic diseases such as asthma, diabetes and heart disease COMMUNITY OUTREACH SERVICE The St John Hospital & Medical Center provides charitable contributions to a number of community organizations St John Hospital & Medical Center has contributed funds for sponsorship in the community by volunteering and giving support to parades, health walks and marathons, health expos and health fairs, American Red Cross blood drives, churches, schools, career fairs at schools, police office benefits and community foundation outings St John Hospital & Medical Center is an active supporting member in community events and partners with many organizations to improve community health, such as American Red Cross, American Heart Association, adopt a family, shoes for kids, March of Dimes cancer walk, services of remembrance for the deceased, open arms, Michigan harvest drive and Habitat for Humanity CHARITY CARE Nearly 11.67% of Michigan residents or 1.1 million people lacked health insurance In Detroit, in 2011, 19.6% of people did not have health insurance, compared with 15.1% nationally This figure remains high due to increased layoffs, fewer companies offering health insurance and a lessened ability of workers to afford coverage in the metro Detroit area In 2012 at 9.7%, St John Providence Health System's service area has one of the highest rates of unemployment in the nation The uninsured are likely to seek care in hospital emergency rooms St John Hospital & Medical Center had 126,532 emergency department and urgent care visits in fiscal 2012 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 St John Hospital & Medical Center offers various free clinics For many Michigan residents, finding someone to care for them when they are sick is not as easy as making an appointment Lack of health insurance, transportation issues and language barriers combine to create challenges

Identifier	Return Reference	Explanation
		St John Hospital & Medical Center provides a substantial portion of its services to the e lderly and poor During the fiscal year ending June 30, 2012, approximately 38% of the val ue of services rendered was to elderly patients under the Medicare program and approximate ly 19% of the services were provided to patients who were deemed indigent under state, cou nty or medical center guidelines We currently offer financial assistance programs through the voices of Detroit initiative, a program that assists the uninsured and underinsured i n managing their health care MEDICAL RESEARCH St John Hospital & Medical Center furthers its mission by contributing funds and personnel to support research that has helped advan ce medical care Research projects include various cardiac and interventional cardiac rese arch projects, oncology, pediatric hematology and oncology, internal medicine, obstetrics and gynecology, nephrology, radiology and infectious disease research MEDICAL EDUCATION S t John Hospital & Medical Center believes that in order to provide the best health care t o the community, its clinical personnel must receive ongoing medical education Numerous s eminars and classes are provided to medical residents and staff and are posted on our webs ite www.sjhs.com/physicians/gme residency training OPERATIONS AND GOVERNANCE St John Hos pital & Medical Center 1) Operates an emergency room that is open to all persons regardless of ability to pay 2) Has on open medical staff with privileges available to all qualifi ed physicians in the area 3) Has a governing body in which independent persons representa tive of the community compromise a majority 4) Engages in medical or scientific research programs 5) Engages in the training and education of health care professionals 6) Partic ipates in Medicaid, Medicare, champus, triage and/or other government-sponsored health car e programs PATIENT SERVICES St John Hospital & Medical Center provides the follow ing inp atient and outpatient medical services to the community Allergy and immunology, anatomic and clinical pathology, anesthesiology, anesthesiology-pain medicine, cardiology, cardiova scular disease, cardio thoracic surgery, child and adolescent psychiatry, child and adoles cent neurology, clinical cardiac electo physiology, colon and rectal surgery, cyst-patholo gy, dentistry, dermatology, diagnostic radiology, emergency medicine, emergency medicine-p ediatric emergency medicine, endocrinology, diabetes and metabolism, family medicine, fami ly medicine-addition, family medicine-geriatric medicine, family medicine-sports medicine, forensic psychiatry, gastroenterology, geriatric psychiatry, gynecologic oncology, gyneco logy, hematology and medical oncology, infectious disease, internal medicine, internal med icine-critical care medicine, internal medicine-geriatric medicine, internal medicine-hema tology, interventional cardiology, maternal fetal medicine, neo-natal and pre-natal medic ine, nephrology, neurological surgery, neurology, neuro-radiology, nuclear medicine, obstet rics and gynecology, occupational medicine, ophthalmology, oral and maxiofacial surgery, o rthopedic surgery, orthopedic surgery-hand surgery, otolaryngology, otorhinolaryngology an d orofacial plastic surgery, pathology, pathology and derma-pathology, pediatric-endocrino logy, pediatric-allergy and immunology, pediatric-cardiology, pediatric-critical care medi cine, pediatric-dentistry, pediatric-emergency medicine, pediatric-gastroenterology, pedia tric-hematology, pediatric-oncology, pediatric-infectious disease, pediatric-nephrology, p ediatric-otolaryngology, pediatric-radiology, pediatric-surgery, pediatrics, physical medi cine and rehabilitation, plastic and reconstructive surgery, plastic surgery, plastic surg ery-surgery of the hand, podiatric surgery, podiatry, psychiatry, pulmonary medicine, radiation oncology, radiology, reproductive endocrinology, rheumatology, sleep medicine, surge ry, surgery of the hand, therapeutic radiology, urology, vascular and interventional radio logy and vascular surgery Some of the services listed above operate at a loss in order to ensure that all services are available to meet community health care needs During the f iscal year ending June 30, 2012, St John Hospital & Medical Center treated adults and chil dren from the community for a total of 166,031 patient days of service St John Hospital & Medical Center also provided services to 14,479 outpatient surgery patients, 126,532 eme rgency room visits St John Hospital & Medical Center information for fiscal year ended J une 30, 2012 1) Care of the poor (at cost) \$16,804,268 2) Government sponsored health car e (net expense) \$1,132,443 3) Unpaid cost of public indigent care programs (includes Medic aid, schip, and other safety net programs, does not include Medicare shortfalls) \$8,360,774 4) Community benefit programs (net expense) \$21,676,518 Total quantifiable community ben efit, as determined in accordance with CHA report

Identifier	Return Reference	Explanation
		ng guidelines \$47,974,003 Supplemental information Bad debt costs attributable to charity \$14,385,233 Medicare surplus \$17,243,684 For additional links to community benefit information please refer to www.mha.org

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
St John Hospital & Medical Center

Employer identification number
38-1359063

Part I

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

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

Part II

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

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

Part III

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

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

1

During the tax year, did the organization 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

b

Gift, grant, or capital contribution to related organization(s)

c

Gift, grant, or capital contribution from related organization(s)

d

Loans or loan guarantees to or for related organization(s)

e

Loans or loan guarantees by related organization(s)

f

Sale of assets to related organization(s)

g

Purchase of assets from related organization(s)

h

Exchange of assets with related organization(s)

i

Lease of facilities, equipment, or other assets to related organization(s)

j

Lease of facilities, equipment, or other assets from related organization(s)

k

Performance of services or membership or fundraising solicitations for related organization(s)

l

Performance of services or membership or fundraising solicitations by related organization(s)

m

Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

n

Sharing of paid employees with related organization(s)

o

Reimbursement paid to related organization(s) for expenses

p

Reimbursement paid by related organization(s) for expenses

q

Other transfer of cash or property to related organization(s)

r

Other transfer of cash or property from related organization(s)

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

Yes

Yes

Yes

Yes

Yes

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)			

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

[illegible]

Part VII

Supplemental Information

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

Identifier	Return Reference	Explanation	
------------	------------------	-------------	--

Software ID:

Software Version:

EIN: 38-1359063

Name: St John Hospital & Medical Center

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
St John Health 28000 Dequindre Road Warren, MI 48092 38-2244034	Parent	MI	Section 501(c)(3)	Schedule A, Line 11c	Ascension Health		No
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
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 Hospital 16001 West Nine Mile Rd Southfield, MI 48037 38-1358212	Hospital	MI	Section 501(c)(3)	Schedule A, Line 3	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 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	
Providence Health Foundation 22101 Moross Rd Mack Office Bldg St Detroit, MI 48236 38-3526629	Fundraising	MI	Section 501(c)(3)	Schedule A, Line 11c	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	St John Health		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	
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 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	
Macomb Magnetic Resonance Imaging Center Inc 42700 Schoenherr Rd Suite 4 Sterling Heights, MI 48313 38-3082434	Magnetic Resonance Imaging (MRI) Services	MI	Section 501(c)(3)	Schedule A, Line 11b	N/A		No

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)	Brighton Hospital	O	643,087	Actual Amount Transferred
(2)	Eastwood Community Clinics	I	145,799	Actual Amount Transferred
(3)	Father Murray Nursing Center	R	61,924	Actual Amount Transferred
(4)	St John Macomb-Oakland Hospital	I	58,476	Actual Amount Transferred
(5)	St John Macomb-Oakland Hospital	N	792,857	Actual Amount Transferred
(6)	St John Macomb-Oakland Hospital	P	3,755,525	Actual Amount Transferred
(7)	St John Macomb-Oakland Hospital	R	2,648,977	Actual Amount Transferred
(8)	Medical Resources Group	B	2,280,625	Actual Amount Transferred
(9)	Medical Resources Group	I	839,738	Actual Amount Transferred
(10)	Medical Resources Group	N	3,170,930	Actual Amount Transferred
(11)	Medical Resources Group	O	41,116,872	Actual Amount Transferred
(12)	Medical Resources Group	Q	45,564,955	Actual Amount Transferred
(13)	Providence Hospital	C	178,613	Actual Amount Transferred
(14)	Providence Hospital	J	327,527	Actual Amount Transferred
(15)	Providence Hospital	P	1,897,269	Actual Amount Transferred
(16)	Providence Hospital	R	979,155	Actual Amount Transferred
(17)	St John River District Hospital	C	135,527	Actual Amount Transferred
(18)	St John River District Hospital	Q	909,683	Actual Amount Transferred
(19)	St John Community Health Investment Corporation	I	86,736	Actual Amount Transferred
(20)	St John Community Health Investment Corporation	B	1,231,831	Actual Amount Transferred

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	330,198	Actual Amount Transferred
(22)	St John Health	B	366,184	Actual Amount Transferred
(23)	St John Health	I	683,298	Actual Amount Transferred
(24)	St John Health	N	162,492,114	Actual Amount Transferred
(25)	St John Health	O	512,081,444	Actual Amount Transferred
(26)	St John Health	Q	664,441,851	Actual Amount Transferred
(27)	St John Home Care	I	70,476	Actual Amount Transferred
(28)	St John Home Care	P	453,267	Actual Amount Transferred
(29)	St John Home Care	R	601,526	Actual Amount Transferred
(30)	St John Hospital Foundation	B	3,066,878	Actual Amount Transferred
(31)	St John Hospital Foundation	L	76,680	Actual Amount Transferred
(32)	St John Hospital Foundation	O	2,477,019	Actual Amount Transferred
(33)	St John Hospital Foundation	C	2,139,062	Actual Amount Transferred
(34)	St John Hospital Foundation	R	3,712,346	Actual Amount Transferred
(35)	Affiliated Health Services Inc	J	908,797	Actual Amount Transferred
(36)	Affiliated Health Services Inc	N	704,241	Actual Amount Transferred
(37)	Affiliated Health Services Inc	P	1,889,695	Actual Amount Transferred

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



St. John Providence Health System

Consolidated Financial Statements and Supplementary Information

Years Ended June 30, 2012 and 2011

Contents

Report of Independent Auditors	1
Consolidated Financial Statements	
Consolidated Balance Sheets	2
Consolidated Statements of Operations and Changes in Net Assets	4
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	8
Supplementary Information	
Report of Independent Auditors on Supplementary Information	54
Schedule of Net Cost of Providing Care of Persons Living in Poverty and Community Benefit Programs	55



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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 related 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	<u>\$ 2,120,664</u>	<u>\$ 2,098,741</u>

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	<u>10,390</u>	<u>(18,546)</u>
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	<u>\$ 39,558</u>	<u>\$ 81,793</u>

See accompanying notes.

St. John Providence Health System

Notes to Consolidated Financial Statements (Dollars in Thousands)

June 30, 2012

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.

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

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.

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

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.

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) *(Dollars in Thousands)*

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.

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) (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

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) (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
	<u>1,871,541</u>	<u>1,868,118</u>
Less accumulated depreciation	1,156,573	1,115,594
Construction in progress	7,760	4,744
Total property and equipment, net	<u>\$ 722,728</u>	<u>\$ 757,268</u>

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.

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

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.

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

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

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) *(Dollars in Thousands)*

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.

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) *(Dollars in Thousands)*

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.

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

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.

St. John Providence Health System

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

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.

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

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.

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) (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	<u>\$ 275</u>	<u>\$ 10,102</u>
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	<u>\$ 2,425</u>	<u>\$ 6,185</u>

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

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) (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	<u>\$ 934,688</u>	<u>\$ 847,632</u>

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) (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

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) (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

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

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.

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

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.

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

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.

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) (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

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) (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).

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) (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	<u>\$ 2,875</u>	<u>\$ 2,812</u>

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
	<u>611,094</u>	<u>594,854</u>
Less current portion	5,330	4,760
Long-term debt, less current portion	<u>\$ 605,764</u>	<u>\$ 590,094</u>

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) (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	<u>\$ 611,094</u>

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.

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) *(Dollars in Thousands)*

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.

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

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

St. John Providence Health System

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

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

St. John Providence Health System

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

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.

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) (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	<u>697,051</u>	<u>635,658</u>
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	<u>609,040</u>	<u>562,462</u>
Funded status and accrued benefit cost	<u>\$ 88,011</u>	<u>\$ 73,196</u>
Accumulated benefit obligation at end of year	<u>\$ 691,888</u>	<u>\$ 565,427</u>

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	<u>\$ (64,393)</u>	<u>\$ (65,746)</u>

St. John Providence Health System

Notes to Consolidated Financial Statements (continued)

(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	<u>\$ 1,353</u>	<u>\$ 89,217</u>

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

7. Pension Plans (continued)

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

	June 30	
	2012	2011
Weighted-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

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) (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:

Asset Category	Target Allocation	Percentage of Plan Assets at Year Ended	
	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.

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) (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.

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) (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	<u>\$ 16,256</u>	<u>\$ 6,261</u>	<u>\$ 1,510</u>	<u>\$ 24,027</u>
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	<u>\$ 16,739</u>	<u>\$ 5,951</u>	<u>\$ 1,701</u>	<u>\$ 24,391</u>

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	<u>\$ 1,510</u>	<u>\$ 1,701</u>

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) (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.

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) (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	<u>\$ (1,103)</u>	<u>\$ 783</u>

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	<u>\$ (30)</u>	<u>\$ 54</u>

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

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) (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

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) (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	<u>\$ 2,582</u>	<u>\$ 3,258</u>	<u>\$ —</u>	<u>\$ 5,840</u>
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	<u>\$ 2,959</u>	<u>\$ 3,141</u>	<u>\$ —</u>	<u>\$ 6,100</u>

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)

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) (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

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) (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	<u>\$ 7,619</u>	<u>\$ 4,865</u>	<u>\$ —</u>	<u>\$ 12,484</u>

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.

St. John Providence Health System

Notes to Consolidated Financial Statements (continued)

(Dollars in Thousands)

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.

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) (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	<u>\$ 61,437</u>

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	<u>\$ 63,060</u>

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

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

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.

St. John Providence Health System

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

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 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.