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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
AGNESIAN HEALTHCARE INC

Doing Business As

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

City or town, state or country, and ZIP + 4
FOND DU LAC, WI 54935

D Employer identification number
39-0807236

E Telephone number
(920)926-2300

G Gross receipts $ 375,986,981

F Name and address of principal officer
STEVEN LITTLE CEO
430 EAST DIVISION STREET
FOND DU LAC, WI 54935

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

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

H(c) Group exemption number ▶ 0928

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

J Website: ▶ WWW AGNESIAN COM

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1892 | **M** State of legal domicile WI

Part I Summary

1 Briefly describe the organization's mission or most significant activities
AGNESIAN HEALTHCARE IS A LOCALLY-BASED, INTEGRATED HEALTHCARE SYSTEM WHICH BEGAN ITS MISSION IN 1892 THE SYSTEM IS COMPRISED OF SEVEN MINISTRIES - ST AGNES HOSPITAL, WAUPUN MEMORIAL HOSPITAL, RIPON MEDICAL CENTER, ST FRANCIS HOME, FOND DU LAC REGIONAL CLINIC, CONSULTANTS LABORATORY OF WISCONSIN, AND AGNESIAN HEALTHCARE ENTERPRISES AGNESIAN PROVIDES A CONTINUUM OF HEALTHCARE SERVICES FROM BIRTH TO END OF LIFE, PREVENTIVE HEALTHCARE DIAGNOSIS, TREATMENT AND FOLLOWUP, ASSISTED LIVING, AND INDEPENDENT SKILL CARE SERVICES

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	16
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	11
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	3,139
6	Total number of volunteers (estimate if necessary)	**6**	350
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	5,027,249
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	484,665

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	0	0
9	Program service revenue (Part VIII, line 2g)	292,268,282	303,846,638
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	6,366,707	4,671,883
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	13,030,448	15,415,062
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	311,665,437	323,933,583
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	118,550,970	131,086,985
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	169,158,135	173,115,111
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	287,709,105	304,202,096
19	Revenue less expenses Subtract line 18 from line 12	23,956,332	19,731,487

		Beginning of Current Year	End of Year
Net Assets or Fund Balances			
20	Total assets (Part X, line 16)	397,023,480	405,106,873
21	Total liabilities (Part X, line 26)	185,535,734	179,598,113
22	Net assets or fund balances Subtract line 21 from line 20	211,487,746	225,508,760

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

****** | 2013-05-14
Signature of officer | Date

BONNIE SCHMITZ VP AND CFO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed	Preparer's taxpayer identification number (see instructions)
TERRI REXRODE CPA MST	2013-05-14	☐	P00096513

Firm's name (or yours if self-employed), address, and ZIP + 4
WIPFLI LLP
PO BOX 12237
GREEN BAY, WI 543072237

EIN ▶ 39-0758449

Phone no ▶ (920) 662-0016

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

THE MISSION OF AGNESIAN HEALTHCARE IS TO PROVIDE COMPASSIONATE CARE THAT BRINGS HOPE, HEALTH AND WHOLENESS TO THOSE WE SERVE BY HONORING THE SACREDNESS AND DIGNITY OF ALL PERSONS AT EVERY STAGE OF LIFE WE ARE ROOTED IN THE HEALING MINISTRY OF THE CATHOLIC CHURCH AS WE CONTINUE THE MISSION OF OUR SPONSOR, THE CONGREGATION OF SISTERS OF ST AGNES

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

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

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

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 208,459,936 including grants of $) (Revenue $ 290,397,234)

AGNESIAN HEALTHCARE OPERATES ST AGNES HOSPITAL, A 174-BED GENERAL/SURGICAL ACUTE CARE HOSPITAL WHICH PROVIDES INPATIENT AND OUTPATIENT SERVICES TO RESIDENTS OF FOND DU LAC AND THE SURROUNDING COUNTIES DURING FISCAL YEAR 2012, ST AGNES HOSPITAL HAD 6,066 INPATIENT ADMISSIONS, WITH TOTAL PATIENT DAYS OF 26,701 THERE WAS A TOTAL OF 27,841 EMERGENCY ROOM VISITS AND 12,926 SURGERIES PERFORMED IN FY12 IN ADDITION, ST AGNES HOSPITAL PROVIDED 390,870 PHYSICIAN CLINIC VISITS, 103,838 MEDICAL IMAGING PROCEDURES, AND 1,275,705 PHYSICAL, OCCUPATIONAL AND SPEECH THERAPY UNITS THERE WERE 1,570 CARDIAC CATH LAB VISITS AND 38,613 HOSPICE DAYS THE HOSPITAL ALSO OPERATES SAMARITAN CLINIC, A FREE CLINIC OFFERING MEDICAL SERVICES TO QUALIFIED INDIVIDUALS SAMARITAN CLINIC PROVIDED 4,880 VISITS TO PATIENTS, AT A COST OF $642,369 FOR FY12 THE HOSPITAL MAINTAINS RECORDS TO IDENTIFY AND MONITOR THE LEVEL OF CHARITY IT PROVIDES TO ITS PATIENTS THE COST OF SERVICES AND SUPPLIES FURNISHED UNDER THE HOSPITAL'S CHARITY CARE POLICY WAS $3,134,320 IN ADDITION TO QUALITY HEALTH CARE SERVICES, ST AGNES HOSPITAL PROVIDES ITS COMMUNITIES WITH EDUCATION, SUPPORT GROUPS AND OTHER COMMUNITY BENEFITS THE NET COST OF THESE COMMUNITY BENEFITS WAS $2,497,034

4b (Code) (Expenses $ 12,585,882 including grants of $) (Revenue $ 14,766,353)

AGNESIAN HEALTHCARE OPERATES CONSULTANTS LABORATORY OF WISCONSIN, AN INDEPENDENT REFERENCE LAB SERVING FOND DU LAC, DODGE, OUTAGAMIE, WINNEBAGO AND COLUMBIA COUNTIES CLW PROVIDED 1,139,485 TESTS DURING FISCAL YEAR 2012 THE LABORATORY ALSO PROVIDES THE COMMUNITY WITH CAREER EDUCATION, CONTRIBUTIONS AND SERVICES TO SAMARITAN CLINIC THE NET COST OF THESE COMMUNITY BENEFITS WAS $310,035

4c (Code) (Expenses $ 7,166,548 including grants of $) (Revenue $ 4,929,276)

AGNESIAN HEALTHCARE OPERATES AGNESIAN ENTERPRISES, WHICH IS COMPRISED OF EIGHT PHARMACIES SERVING FOND DU LAC AND SURROUNDING TOWNS, AS WELL AS AGNESIAN HEALTH SHOPPE, WHICH SERVES THE POPULATION WITH HOSPITAL (INPATIENT AND OUTPATIENT), CLINIC AND HOME HEALTH EQUIPMENT AGNESIAN ENTERPRISES FILLED 437,238 PRESCRIPTIONS DURING FY12 AGNESIAN HEALTH SHOPPE PROVIDES RETAIL SALES OF DURABLE MEDICAL EQUIPMENT, AS WELL AS TELECARE AND HOME OXYGEN SERVICES

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ $ 228,212,366

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2		No
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Part I*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Part II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Part III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** All Form 990 filers that operated one or more hospitals must attach audited financial statements	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

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

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

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	**1a**	263		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1c**	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	3,139			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b**	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?			**4a**	Yes	
b	If "Yes," enter the name of the foreign country ▶ CJ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			**9a**		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	**11a**				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			**13a**		
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**				
c	Enter the aggregate amount of reserves on hand	**13c**				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**		

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	16		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	11		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2			No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5			No
6	Did the organization have members or stockholders?	6		Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a		Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b		Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	8a		Yes	
b	Each committee with authority to act on behalf of the governing body?	8b		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9			No

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

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

LESLIE STEPHANY
430 EAST DIVISION STREET
FOND DU LAC, WI 54935
(920) 926-4512

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			
See Additional Data Table										

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			
See Additional Data Table										
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								8,186,206	0	440,458

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 ▶ 108

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
FOND DU LAC REGIONAL CLINIC 420 E DIVISION ST FOND DU LAC, WI 54935	PHYSICIAN SERVICES	45,761,663
CERNER CORP 2800 ROCKCREEK PKWY KANSAS CITY, MO 64141	COMPUTER SERVICES	11,894,324
IBM CORPORATION 1 NEW ORCHARD RD ARMONK, NY 105041722	COMPUTER SERVICES	10,714,511
CD SMITH CONSTRUCTION PO BOX 1066 FOND DU LAC, WI 54935	CONSTRUCTION	8,391,302
AMERICAN HEALTHCARE SERVICES PO BOX 945 TRAVERSE CITY, MI 49685	TEMPORARY STAFFING	1,723,095

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 ▶ 49

Part VIII Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d				
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f					
Program Service Revenue			Business Code				
	2a	NET PATIENT SERVICE RE	621400	195,902,570	194,359,094	1,543,476	
	b	MEDICARE/MEDICAID SERV	621400	107,944,068	107,944,068		
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		303,846,638			
	3	Investment income (including dividends, interest and other similar amounts)		4,048,938			4,048,938
	4	Income from investment of tax-exempt bond proceeds		90,995			90,995
	5	Royalties					
			(i) Real	(ii) Personal			
	6a	Gross rents					
	b	Less rental expenses					
	c	Rental income or (loss)					
	d	Net rental income or (loss)					
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	30,975,434	18,185			
	b	Less cost or other basis and sales expenses	30,459,404	2,265			
	c	Gain or (loss)	516,030	15,920			
	d	Net gain or (loss)			531,950		531,950
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events					
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities					
	10a	Gross sales of inventory, less returns and allowances	a	30,609,061			
	b	Less cost of goods sold	b	21,591,729			
	c	Net income or (loss) from sales of inventory		9,017,332	5,553,547	3,463,785	
	Miscellaneous Revenue		Business Code				
	11a	WORK INJURY - SAH	592512	1,282,165	1,282,165		
	b	CAFETERIA SALES	900099	1,131,715		19,988	1,111,727
	c	CLINIC REIMBURSEMENT	621110	953,989	953,989		
	d	All other revenue		3,029,861			3,029,861
	e	**Total.** Add lines 11a–11d		6,397,730			
	12	**Total revenue.** See Instructions		323,933,583	310,092,863	5,027,249	8,813,471

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	3,161,464	506,706	2,654,758	
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	109,169,864	87,077,579	22,092,285	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	5,693,187	4,176,093	1,517,094	
9	Other employee benefits	5,723,066	3,819,774	1,903,292	
10	Payroll taxes	7,339,404	5,569,141	1,770,263	
11	Fees for services (non-employees)				
a	Management				
b	Legal	239,903	6,885	233,018	
c	Accounting	129,500		129,500	
d	Lobbying				
e	Professional fundraising *See Part IV, line 17* . .				
f	Investment management fees				
g	Other	59,405,896	55,394,469	4,011,427	
12	Advertising and promotion	887,854	96,635	791,219	
13	Office expenses	40,395,338	38,729,475	1,665,863	
14	Information technology	17,638,092	61,730	17,576,362	
15	Royalties . .				
16	Occupancy	10,841,557	7,429,400	3,412,157	
17	Travel	577,709	472,196	105,513	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	642,882	426,754	216,128	
20	Interest	4,007,834		4,007,834	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	15,748,189	5,424,241	10,323,948	
23	Insurance	1,967,984	1,102,815	865,169	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	BAD DEBTS	12,692,889	12,692,889		
b	HOSPITAL ASSESSMENT TAX	4,783,756	4,783,756		
c	INVESTMENT FEES	556,809		556,809	
d	LOSS ON DEFEASANCE OF B	462,260		462,260	
e					
f	All other expenses	2,136,659	441,828	1,694,831	
25	**Total functional expenses.** Add lines 1 through 24f	304,202,096	228,212,366	75,989,730	0
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		4,836,066	1	5,837,093
	2	Savings and temporary cash investments		27,011,646	2	8,935,657
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		40,185,003	4	44,502,314
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		4,707,050	8	4,857,997
	9	Prepaid expenses and deferred charges		2,254,376	9	2,612,600
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 281,379,258			
	b	Less accumulated depreciation	10b 144,572,655	119,574,831	10c	136,806,603
	11	Investments—publicly traded securities		134,084,567	11	146,174,087
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		64,369,941	15	55,380,522
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		397,023,480	16	405,106,873
Liabilities	17	Accounts payable and accrued expenses		30,889,640	17	27,123,150
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		127,115,997	20	125,173,728
	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		27,530,097	25	27,301,235
	26	**Total liabilities.** Add lines 17 through 25		185,535,734	26	179,598,113
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		198,310,924	27	212,398,409
	28	Temporarily restricted net assets		10,715,610	28	10,649,139
	29	Permanently restricted net assets		2,461,212	29	2,461,212
		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		211,487,746	33	225,508,760
	34	Total liabilities and net assets/fund balances		397,023,480	34	405,106,873

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	323,933,583
2	Total expenses (must equal Part IX, column (A), line 25)	2	304,202,096
3	Revenue less expenses Subtract line 2 from line 1	3	19,731,487
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	211,487,746
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-5,710,473
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	225,508,760

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
AGNESIAN HEALTHCARE INC

Employer identification number
39-0807236

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

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

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

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

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

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

_____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

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

Section C. Computation of Public Support Percentage

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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

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

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

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

Facts And Circumstances Test

Explanation

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

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

OMB No 1545-0047

2011

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
AGNESIAN HEALTHCARE INC	39-0807236

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

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

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

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		16,793
j	Total lines 1c through 1i			16,793
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	OTHER LOBBYING ACTIVITIES LOBBYING PORTION OF WHA DUES

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
AGNESIAN HEALTHCARE INC

Employer identification number
39-0807236

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance	992,140	996,299	1,020,134	1,014,822	
b Contributions				45,000	
c Investment earnings or losses	15,366	48,126	23,156	-37,548	
d Grants or scholarships					
e Other expenditures for facilities and programs		50,000	45,000		
f Administrative expenses	2,530	2,285	1,991	2,140	
g End of year balance	1,004,976	992,140	996,299	1,020,134	

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶ 100 000 %
- c Term endowment ▶

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

		Yes	No
(i) unrelated organizations	3a(i)		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		6,002,505		6,002,505
b Buildings		136,087,594	53,637,465	82,450,129
c Leasehold improvements		2,600,257	978,567	1,621,690
d Equipment		125,344,104	89,956,623	35,387,481
e Other		11,344,798		11,344,798
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				136,806,603

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

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

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

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

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

(a) Description	(b) Book value
See Additional Data Table	
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	55,380,522

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
CAPITAL LEASE PAYABLE	4,615,072
PHYSICIANS SUPPLEMENTAL LIFE INSURANCE	19,400,070
FUND BALANCE SWAP MKT ADJUSTMENT	3,191,758
DUE TO MEDICARE/MEDICAID	94,335
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	27,301,235

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

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

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

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

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	AGNESIAN HEALTHCARE, INC HOLDS AN ENDOWMENT FROM THE CONGREGATION OF THE SISTERS OF ST AGNES THE ORIGINAL ENDOWMENT OF $1,000,000 IS PERMANENTLY RESTRICTED INCOME GENERATED FROM THE ENDOWMENT IS UNRESRICTED AND TO BE USED AT THE DISCRETION OF THE CHIEF EXECUTIVE OFFICER TO FUND PROGRAMS SUCH AS DOMESTIC VIOLENCE, CHARITY CARE, ETC
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	IN ORDER TO ACCOUNT FOR ANY UNCERTAIN TAX POSITIONS, ASC TOPIC 740-10, ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES, REQUIRES AN ORGANIZATION TO ASSESS WHETHER IT IS MORE LIKELY THAN NOT THAT A TAX POSITION WILL BE SUSTAINED UPON EXAMINATION OF THE TECHNICAL MERITS OF THE POSITION, ASSUMING THE TAXING AUTHORITY HAS FULL KNOWLEDGE OF ALL INFORMATION IF THE TAX POSITION DOES NOT MEET THE MORE LIKELY THAN NOT RECOGNITION THRESHOLD, THE BENEFIT OF THE TAX POSITION IS NOT RECOGNIZED IN THE FINANCIAL STATEMENTS AGNESIAN HEALTHCARE, INC RECORDED NO ASSETS OR LIABILITIES FOR UNCERTAIN TAX POSITIONS OR UNRECOGNIZED TAX BENEFITS FEDERAL RETURNS FOR THE YEARS ENDED 2009, 2010, AND 2011 REMAIN SUBJECT TO EXAMINATION BY THE INTERNAL REVENUE SERVICE

Additional Data

Software ID:
Software Version:
EIN: 39-0807236
Name: AGNESIAN HEALTHCARE INC

Form 990, Schedule D, Part IX, - Other Assets

(a) Description	**(b)** Book value
RECEIVABLE FROM AFFILIATED ENTITIES	4,048,956
LONG-TERM DEBT FROM AFFILIATED ENTITY	5,000,000
INVESTMENT - MERCURY CLINIC	3,005,130
INVESTMENT - SAH FOUNDATION	8,686,221
OTHER ASSETS	625,163
BOND DEFERRED FINANCING COSTS	1,223,251
ASSETS WHOSE USE IS LIMITED - BOND FUNDS	11,898,620
ASSETS WHOSE USE IS LIMITED - PHYSICIAN SUPPLEMENTAL BENEFIT PLAN	19,400,070
MISCELLANEOUS RECEIVABLES	670,661
RECEIVABLE FROM FOUNDATION	822,450

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
AGNESIAN HEALTHCARE INC

Employer identification number
39-0807236

Part I Charity Care and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☐ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☐ 150% ☐ 200% ☑ Other 165.000000000000 %	3a	Yes	
b	Did the organization use FPG to determine eligibility for providing *discounted* care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☑ 300% ☐ 350% ☐ 400% ☐ Other _____ %	3b	Yes	
c	If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's policy provide free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit reportduring the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			3,134,320		3,134,320	1 080 %
b Medicaid (from Worksheet 3, column a)			12,525,002		12,525,002	4 300 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs			15,659,322		15,659,322	5 380 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			1,264,530	129,944	1,134,586	0 390 %
f Health professions education (from Worksheet 5)			405,140		405,140	0 140 %
g Subsidized health services (from Worksheet 6)			658,422		658,422	0 230 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			608,921		608,921	0 210 %
j **Total** Other Benefits			2,937,013	129,944	2,807,069	0 970 %
k **Total.** Add lines 7d and 7j			18,596,335	129,944	18,466,391	6 350 %

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

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development						
3	Community support						
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development			138,270		138,270	0 050 %
9	Other						
10	**Total**			138,270		138,270	0 050 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense	2	12,692,889		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	0		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	92,082,790
6	Enter Medicare allowable costs of care relating to payments on line 5	6	131,944,857
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-39,862,067
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures (see instructions)

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

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

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	ST AGNES HOSPITAL 430 E DIVISION STREET FOND DU LAC, WI 54935	X	X					X		

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

ST AGNES HOSPITAL

Name of Hospital Facility:

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

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	1		
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☐ A definition of the community served by the hospital facility			
b ☐ Demographics of the community			
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☐ How data was obtained			
e ☐ The health needs of the community			
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☐ The process for identifying and prioritizing community health needs and services to meet those needs			
h ☐ The process for consulting with persons representing the community's interests			
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ___			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		
5 Did the hospital facility make its Needs Assessment widely available to the public?	5		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a ☐ Hospital facility's website			
b ☐ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☐ Execution of the implementation strategy			
c ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in community-wide community benefit plan			
e ☐ Inclusion of a community benefit section in operational plans			
f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☐ Prioritization of health needs in the community			
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	9	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 165 000000000000%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 300 000000000000%			
	If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a ☑ Income level			
	b ☑ Asset level			
	c ☐ Medical indigency			
	d ☐ Insurance status			
	e ☑ Uninsured discount			
	f ☐ Medicaid/Medicare			
	g ☐ State regulation			
	h ☐ Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	a ☑ The policy was posted at all times on the hospital facility's web site			
	b ☐ The policy was attached to all billing invoices			
	c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d ☑ The policy was posted in the hospital facility's admissions offices			
	e ☑ The policy was provided, in writing, to patients upon admission to the hospital facility			
	f ☑ The policy was available upon request			
	g ☐ Other (describe in Part VI)			

Billing and Collections

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

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

Part V Facility Information *(continued)*

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

How many non-hospital facilities did the organization operate during the tax year? 3

	Name and address	Type of Facility (Describe)
1	FOND DU LAC REGIONAL CLINIC 420 E DIVISION STREET FOND DU LAC, WI 54935	OUTPATIENT PHYSICIAN CLINIC
2	CONSULTANTS LAB OF WISCONSIN LLC 430 E DIVISION STREET FOND DU LAC, WI 54935	LABORATORY AND TESTING
3	AGNESIAN HEALTHCARE ENTERPRISES LLC 430 E DIVISION STREET FOND DU LAC, WI 54935	PHARMACEUTICALS, HOME HEALTH, MEDICAL SUPPLIES
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

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

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
		PART I, LINE 6A AN ANNUAL COMMUNITY BENEFIT REPORT IS COMPLETED BY THE FINANCE DEPARTMENT AND DISTRIBUTED TO THE PUBLIC THROUGH THE PUBLIC RELATIONS OFFICE OF AGNESIAN HEALTHCARE, INC

Identifier	ReturnReference	Explanation
		PART I, LINE 7 A COST-TO-CHARGE RATIO WAS USED TO COMPUTE COST OF COMMUNITY BENEFIT SERVICES OVERALL COSTS LESS TAXES WERE DIVISIBLE BY TOTAL CHARGES

Identifier	ReturnReference	Explanation
		PART I, LINE 7G SUBSIDIZED HEALTH SERVICES INCLUDES SAMARITAN CLINIC, A CLINIC OFFERING FREE MEDICAL SERVICES TO QUALIFIED INDIVIDUALS, AND COUNSELING SERVICES THROUGH BEHAVIORAL HEALTH SERVICES SAMARITAN CLINIC COSTS WERE $642,369 FOR FY12 THE SAMARITAN HEALTH CLINIC PROVIDES PATIENTS WITH IMPORTANT BASIC HEALTH SERVICES, MEDICATIONS AND URGENT DENTAL NEEDS AT NO CHARGE TO THE PATIENT

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) BAD DEBT EXPENSES INCLUDED ON FORM 990, PART IX, LINE 24 WAS $12,692,889 AND WAS EXCLUDED FROM THE DENOMINATOR PER INSTRUCTIONS

Identifier	ReturnReference	Explanation
		PART II, LINE 8 WORKFORCE DEVELOPMENT INCLUDES JOB SHADOWING, CAREERS CAMP, AND THE HEALTHCARE YOUTH APPRENTICE PROGRAM THESE PROGRAMS ALLOW STUDENTS AND OTHERS TO LEARN ABOUT DIFFERENT OCCUPATIONS IN THE HEALTHCARE INDUSTRY BY BECOMING CERTIFIED AND GAINING ACTUAL WORK EXPERIENCE THE PROGRAMS ALSO PROMOTE THESE STUDENTS TO BRING VALUABLE HEALTHCARE KNOWLEDGE BACK TO THEIR FAMILIES AND THE COMMUNITY

Identifier	ReturnReference	Explanation
		PART III, LINE 4 THE CARRYING AMOUNTS OF ACCOUNTS RECEIVABLE ARE REDUCED BY ALLOWANCES THAT REFLECT MANAGEMENT'S BEST ESTIMATE OF THE AMOUNTS THAT WILL NOT BE COLLECTED MANAGEMENT PROVIDES FOR CONTRACTUAL ADJUSTMENTS UNDER TERMS OF THIRD-PARTY REIMBURSEMENT AGREEMENTS THROUGH A CHARGE TO CONTRACTUAL ADJUSTMENTS AND A CREDIT TO THE ALLOWANCE FOR CONTRACTUAL ADJUSTMENTS IN ADDITION, MANAGEMENT PROVIDES FOR PROBABLE UNCOLLECTIBLE AMOUNTS, PRIMARILY FROM UNINSURED PATIENTS AND AMOUNTS PATIENTS ARE PERSONALLY RESPONSIBLE FOR, THROUGH A CHARGE TO OPERATIONS AND A CREDIT TO A VALUATION ALLOWANCE BASED ON ITS ASSESSMENT OF HISTORICAL COLLECTION LIKELIHOOD AND THE CURRENT STATUS OF INDIVIDUAL ACCOUNTS BALANCES THAT ARE STILL OUTSTANDING AFTER MANAGEMENT HAS USED REASONABLE COLLECTION EFFORTS ARE WRITTEN OFF THROUGH A CHARGE TO THE VALUATION ALLOWANCE AND A CREDIT TO ACCOUNTS RECEIVABLE THE COSTING METHODOLOGY FOR DETERMINING BAD DEBTS IS A COST TO CHARGE RATIO

Identifier	ReturnReference	Explanation
		PART III, LINE 8 MEDICARE SHORTFALL IS NOT TREATED AS A COMMUNITY BENEFIT TO ARRIVE AT COST OF MEDICARE SERVICES, THE TOTAL EXPENSES LESS OTHER OPERATING REVENUE IS MULTIPLIED BY THE RATIO OF MEDICARE REVENUE TO TOTAL REVENUE

Identifier	ReturnReference	Explanation
		PART III, LINE 8 WE HAVEN'T REPORTED THE MEDICARE SHORTFALL AS A COMMUNITY BENEFIT HOWEVER, IT SHOULD BE TREATED AS A COMMUNITY BENEFIT BECAUSE IT PROMOTES ACCESS TO HEALTHCARE TO THE UNDERSERVED ELDERLY POPULATION, WHO WOULD NOT HAVE ACCESS TO LOCAL CARE IF WE WERE NOT ABLE TO SERVE THEM ALTHOUGH OUR HOSPITAL IS EFFICIENTLY OPERATED, THE CALCULATIONS USED FOR MEDICARE REIMBURSEMENT DO NOT ALLOW FOR PAYMENTS THAT COVER COSTS OF NECESSARY SERVICES

Identifier	ReturnReference	Explanation
		PART III, LINE 9A AGNESIAN HEALTHCARE, INC HAS A WRITTEN DEBT COLLECTION POLICY PAYMENT IS DUE WITHIN 30 DAYS OF RECEIPT OF A STATEMENT IF PATIENTS DO NOT SET UP ACCEPTABLE PAYMENT ARRANGEMENTS, BILLS WILL BE REFERRED TO AN OUTSIDE COLLECTION AGENCY FINANCIAL COUNSELORS WORK WITH ALL PATIENTS ON AN INDIVIDUAL BASIS AND MAY OFFER EXTENDED MONTHLY PAYMENTS WITHOUT INTEREST BASED ON DOLLAR AMOUNT, PRIVATE PAY DISCOUNTS (INDIVIDUALS WHO DO NOT HAVE INSURANCE COVERING EMERGENCY OR OTHER MEDICALLY NECESSARY CARE ARE BILLED AT REDUCED RATE), OR GUARANTEED BANK LOANS

Identifier	ReturnReference	Explanation
		PART III LINE 9B A ZERO DOLLAR AMOUNT WAS ESTIMATED FOR THE AMOUNT OF BAD DEBTS ATTRIBUTABLE TO PATIENTS WHO WOULD QUALIFY FOR FINANCIAL ASSISTANCE IF PATIENTS QUALIFY, THEIR EXPENSES ARE RECLASSIFIED AS CHARITY CARE PATIENTS WHO RECEIVED A COLLECTION NOTICE COULD APPLY FOR CHARITY CARE IF THEIR APPLICATION IS APPROVED, THIS WOULD TRIGGER A TRANSFER OF EXPENSE FROM BAD DEBT TO CHARITY CARE

Identifier	ReturnReference	Explanation
		PART V, LINE 12 FINANCIAL COUNSELORS AT AGNESIAN HEALTHCARE ASSIST PATIENTS WITH APPLICATION TO COMMUNITY CARE PATIENTS CAN BE REFERRED TO COMMUNITY CARE BY CLERGY, DEPARTMENTS OF AGNESIAN HEALTHCARE, SISTERS OF ST AGNES, AREA SOCIAL AND HEALTH AGENCIES, FAMILY OR SELF THE APPLICATION IS COMPLETED BY THE PATIENT WITH ASSISTNACE FROM THE FINANCIAL COUNSELOR IF NEEDED THE FINANCIAL COUNSELOR WILL COMMUNICATE TO THE PATIENT WHAT PROGRAMS THEY WILL BE ELIGIBLE FOR, AS WELL AS PROVIDE NOTIFICATION OF APPROVAL OR DENIAL OF THEIR APPLICATION IN A TIMELY MANNER

Identifier	ReturnReference	Explanation
ST AGNES HOSPITAL		PART V, SECTION B, LINE 19D UNINSURED PATIENTS AUTOMATICALLY RECEIVE A 15% DISCOUNT OFF GROSS CHARGES PATIENTS WHO HAVE INSURANCE BUT ARE ELIGIBLE FOR FINANCIAL ASSISTANCE ARE CHARGED THE FULL AMOUNT OF THEIR RESPONSIBILITY FOR COINSURANCE AND DEDUCTIBLE PER THE EOB FROM THEIR INSURANCE COMPANY

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 AGNESIAN HEALTHCARE SENIOR LEADERS MEET REGULARLY WITH COMMUNITY LEADERS TO GATHER INPUT FROM AND RESPOND TO PATIENT AND CUSTOMER NEEDS SENIOR LEADERS AND MEMBERS OF THE WORKFORCE PARTICIPATE IN A VARIETY OF ORGANIZATIONS IN SUPPORT OF AGNESIAN HEALTHCARE'S KEY COMMUNITIES THROUGH AGNESIAN'S PARTICIPATION IN THESE ACTIVITIES, COMMUNITY MEMBERS LEARN OF AGNESIAN'S COMMITTMENT TO COMMUNITY-WIDE HEALTHCARE AND PROVIDE AGNESIAN WITH INSIGHT INTO COMMUNITY HEALTH NEEDS AND DESIRES IN ADDITION, A COMMUNITY HEALTH NEEDS ASSESSMENT WAS INITIATED DURING FISCAL YEAR 2011, AND THE RESULTS WILL BE AVAILABLE DURING FISCAL YEAR 2012 THE ASSESSMENT WAS CONDUCTED IN CONJUNCTION WITH THE FOND DU LAC COUNTY HEALTH DEPARTMENT THE ASSESSMENT DETERMINES PRIORITY HEALTH CONCERNS THROUGH AN EXAMINATION OF DATA FROM THE COUNTY AND STATE ON DISEASE INCIDENCE, DEATHS AND BIRTHS, DEMOGRAPHICS, ECONOMIC FACTORS, INJURY AND HEALTH BEHAVIOR, THE ENVIRONMENT AND COMMUNITY PERCEPTIONS IT ALSO INCLUDES AN ASSESSMENT OF COMMUNITY RESOURCES CURRENTLY IN PLACE RESULTS OF THE ASSESSMENT WILL BE WIDELY DISTRIBUTED THROUGHOUT THE COMMUNITY VIA MEDIA OUTLETS AND HOSPITAL AND COUNTY WEBSITES

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 FINANCIAL COUNSELORS AT AGNESIAN HEALTHCARE ASSIST PATIENTS WITH APPLICATION TO COMMUNITY CARE PATIENTS CAN BE REFERRED TO COMMUNITY CARE BY CLERGY, DEPARTMENTS OF AGNESIAN HEALTHCARE, SISTERS OF ST AGNES, AREA SOCIAL AND HEALTH AGENCIES, FAMILY OR SELF THE APPLICATION IS COMPLETED BY THE PATIENT WITH ASSISTANCE FROM THE FINANCIAL COUNSELOR IF NEEDED THE FINANCIAL COUNSELOR WILL COMMUNICATE TO THE PATIENT WHAT PROGRAMS THEY WILL BE ELIGIBLE FOR, AS WELL AS PROVIDE NOTIFICATION OF APPROVAL OR DENIAL OF THEIR APPLICATION IN A TIMELY MANNER

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 COMMUNITY CARE APPLICATIONS ARE ACCEPTED ONLY FROM PATIENTS OF AGNESIAN HEALTHCARE WHO RESIDE IN THE COUNTIES OF CALUMET, DODGE, FOND DU LAC, GREEN LAKE, MARQUETTE, WAUSHARA OR WINNEBAGO INDIVIDUALS MUST BE A RESIDENT OF ONE OF THOSE AREAS FOR A MINIMUM OF THREE MONTHS AND PROVIDE SUPPORTING DOCUMENTATION ON OCCASION, INDIVIDUALS ARE NOT COMMUNITY MEMBERS BUT MAY NEED ASSISTANCE, THOSE APPLICATIONS ARE CONSIDERED ON A CASE-BY-CASE BASIS THE SAMARITAN CLINIC SERVICES PATIENTS FROM DODGE AND FOND DU LAC COUNTIES

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 AGNESIAN HEALTHCARE LEADERS DEVELOP GRANT APPLICATIONS IN SUPPORT OF PROGRAMS AND SERVICES SERVING THE GREATER NEEDS OF THE COMMUNITY, INCLUDING HOSPICE HOPE, DOMESTIC VIOLENCE PROGRAMS, CARDIAC CARE, AND PREVENTIVE HEALTH SCREENINGS AND SERVICES PROVIDING THESE SERVICES LOCALLY IS A FOCUS OF OUR COMMUNITY BENEFIT PROGRAMS

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 AGNESIAN HEALTHCARE OFFERS PROGRAMS TO THE COMMUNITY THAT ALLOW STUDENTS AND OTHERS TO LEARN ABOUT DIFFERENT OCCUPATIONS IN THE HEALTHCARE INDUSTRY BY BECOMING CERTIFIED AND GAINING ACTUAL WORK EXPERIENCE THE DIFFERENT PROGRAMS PROVIDE HANDS-ON OPPORTUNITIES AND ALLOW JOB SHADOWING SO THE FUTURE OF THE PROFESSION CAN GAIN CONFIDENCE AND SKILLS IN ADDITION, AGNESIAN HEALTHCARE SHARES ITS PROFESSIONAL STAFF EXPERTISE TO OFFER HEALTH EDUCATION CLASSES, HEALTH SCREENINGS, SUPPORT GROUPS, AND OTHER HEALTH PROMOTION ACTIVITIES THROUGHOUT THE YEAR OTHER COMMUNITY ACTIVITIES INCLUDE SUPPORT AND TRAINING FOR THE DODGE CORRECTIONAL INSTITUTIONAL HOSPICE PROGRAM, SHARPS DISPOSAL SERVICES, ADOPT-A-FAMILY, DONATIONS TO FOOD PANTRIES, AND LEADERSHIP PARTICIPATION IN COMMUNITY NONPROFIT ORGANIZATIONS

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 AGNESIAN HEALTHCARE, INC IS AN INTEGRATED, COMPREHENSIVE NOT-FOR-PROFIT HEALTHCARE DELIVERY SYSTEM COMPRISED OF SEVEN MINISTRIES AGNESIAN HEALTHCARE ENTERPRISES, LLC, CONSULTANTS LAB OF WI, LLC, FOND DU LAC REGIONAL CLINIC, ST AGNES HOSPITAL, ST FRANCIS HOME, WAUPUN MEMORIAL HOSPITAL AND RIPON MEDICAL CENTER AGNESIAN PROVIDES A CONTINUUM OF HEALTHCARE SERVICES FROM BIRTH TO END OF LIFE, PREVENTIVE HEALTHCARE, DIAGNOSIS, TREATMENT AND FOLLOWUP, ASSISTED LIVING, AND INDEPENDENT AND SKILL CARE SERVICES AGNESIAN HEALTHCARE IS COMMITTED TO ENSURING THAT INDIVIDUALS NEEDING VITAL HEALTHCARE SERVICES GET THE HELP THEY NEED AND DESERVE

Identifier	ReturnReference	Explanation
REPORTS FILED WITH STATES	PART VI, LINE 7	WI

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493135070763

Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
AGNESIAN HEALTHCARE INC

Employer identification number
39-0807236

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	☐ First-class or charter travel	☐ Housing allowance or residence for personal use		
	☐ Travel for companions	☐ Payments for business use of personal residence		
	☑ Tax idemnification and gross-up payments	☑ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**	Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**	Yes	
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply			
	☐ Compensation committee	☑ Written employment contract		
	☑ Independent compensation consultant	☑ Compensation survey or study		
	☐ Form 990 of other organizations	☑ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**	Yes	
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

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

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

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

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

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	PART I, LINE 1A	ALL GROSSUP PAYMENTS AND SOCIAL CLUB DUES ARE INCLUDED ON FORM 1099 THESE PAYMENTS ARE MADE FOR TWO MEMBERS OF THE BOARD OF DIRECTORS
	PART I, LINE 4B	ALL EXECUTIVES EXCEPT CEO PARTICIPATE IN A 457(B) SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN
	PART I, LINE 5	COMPENSATION FOR SOME EMPLOYED PHYSICIANS IS BASED ON A PERCENTAGE OF GROSS BILLINGS

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 39-0807236
Name: AGNESIAN HEALTHCARE INC

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
STEVEN N LITTLE	(I)	372,708	46,395	309,300	0	32,425	760,828	0
	(II)	0	0	0	0	0	0	0
ALLEN MILANI MD	(I)	482,838	0	0	0	23,868	506,706	0
	(II)	0	0	0	0	0	0	0
ROBERT A FALE	(I)	612,871	131,225	569,228	0	31,971	1,345,295	0
	(II)	0	0	0	0	0	0	0
CAROL HYLAND	(I)	229,806	29,130	0	0	29,088	288,024	0
	(II)	0	0	0	0	0	0	0
DENNIS YUNK	(I)	227,426	25,800	30,000	0	26,431	309,657	0
	(II)	0	0	0	0	0	0	0
DOUGLAS TROST	(I)	147,579	18,549	0	0	26,964	193,092	0
	(II)	0	0	0	0	0	0	0
JANE HYDE	(I)	192,872	27,750	0	0	17,919	238,541	0
	(II)	0	0	0	0	0	0	0
JAMES MUGAN	(I)	232,149	29,121	0	0	35,572	296,842	0
	(II)	0	0	0	0	0	0	0
BONNIE SCHMITZ	(I)	202,100	19,890	0	0	17,753	239,743	0
	(II)	0	0	0	0	0	0	0
BARB KNUTZEN	(I)	169,973	22,593	0	0	23,774	216,340	0
	(II)	0	0	0	0	0	0	0
SR MARY MOLLISON	(I)	143,526	19,545	0	0	8,498	171,569	0
	(II)	0	0	0	0	0	0	0
JILL STENSON	(I)	142,539	20,367	0	0	15,756	178,662	0
	(II)	0	0	0	0	0	0	0
JOHN CHOI MD	(I)	532,665	438,553	0	0	29,726	1,000,944	0
	(II)	0	0	0	0	0	0	0
YASIR HATAHET MD	(I)	511,339	394,094	0	0	38,113	943,546	0
	(II)	0	0	0	0	0	0	0
PONTUS OSTMAN MD	(I)	733,680	0	0	0	15,860	749,540	0
	(II)	0	0	0	0	0	0	0
JAMES GRAF MD	(I)	553,977	0	0	0	34,769	588,746	0
	(II)	0	0	0	0	0	0	0
HONG WANG MD	(I)	550,445	0	0	0	31,971	582,416	0
	(II)	0	0	0	0	0	0	0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
AGNESIAN HEALTHCARE INC

Employer identification number
39-0807236

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	WI HEALTH AND EDUC FACILITIES AUTHORITY	39-1337855	97710BGG1	12-11-2008	49,330,000	REFUNDING OF 2005 ISSUE		X		X		X
B	WI HEALTH AND EDUC FACILITIES AUTHORITY	39-1337855	97710BYW6	12-01-2010	57,260,000	REFUNDING OF 2001 ISSUE, PRIVATE ROOM PROJECT		X		X		X
C	WI HEALTH AND EDUC FACILITIES AUTHORITY	39-1337855	NONEAVAIL	12-15-2011	10,020,000	PARTIAL REFUNDING OF 1998 ISSUE		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	1,000,000	1,730,000	908,000	
2	Amount of bonds defeased				
3	Total proceeds of issue	49,330,000	57,260,000	10,020,000	
4	Gross proceeds in reserve funds		4,518,399		
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds	430,000	767,686	90,000	
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	48,900,000	18,012,751		
11	Other spent proceeds		1,574,279		
12	Other unspent proceeds		2,661,885		
13	Year of substantial completion	2005		2011	

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X		X		X			
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		
16	Has the final allocation of proceeds been made?	X			X	X			
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X			

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?		X		X		X		
b	If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		
d	If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶								
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶		1 470 %						
6	Total of lines 4 and 5		1 470 %						
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X		X			

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X		X		
2	Is the bond issue a variable rate issue?	X			X		X		
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?	X			X		X		
b	Name of provider	PIPER JAFFRAY							
c	Term of hedge	28 000000000000							
d	Was the hedge superintegrated?		X						
e	Was a hedge terminated?		X						
4a	Were gross proceeds invested in a GIC?		X		X		X		
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X		X		X		
6	Did the bond issue qualify for an exception to rebate?		X		X		X		

Part V Procedures To Undertake Corrective Action

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

Part VI Supplemental Information

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

Identifier	Return Reference	Explanation

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
AGNESIAN HEALTHCARE INC

Employer identification number
39-0807236

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues? Yes	(e) Sharing of organization's revenues? No
(1) JOSEPH REITEMEIER	DIRECTOR	306,593	JOSEPH REITEMEIER IS PRESIDENT OF FOND DU LAC ASSOCIATION OF COMMERCE AGNESIAN HEALTHCARE, INC PROVIDED OCCUPATIONAL HEALTH SERVICES TO THE ASSOCIATION OF COMMERCE, BILLING $453 FOR THESE SERVICES IN FISCAL YEAR 2012 IN ADDITION, AGNESIAN HEALTHCARE, INC PURCHASED SERVICES TOTALING $306,140 FROM THE ASSOCIATION OF COMMERCE DURING FISCAL YEAR 2012		No
(2) JOSEPH REITEMEIER	DIRECTOR	51,461	JOSEPH REITEMEIER IS PRESIDENT OF FOND DU LAC ASSOCIATION OF COMMERCE HIS DAUGHTER-IN-LAW, JENNIFER REITEMEIER, IS EMPLOYED AS AN RN AT AGNESIAN HEALTHCARE, EARNING AN ANNUAL SALARY OF $51,461		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
AGNESIAN HEALTHCARE INC

Employer identification number
39-0807236

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 6	THE ORGANIZATION HAS TWO CLASSES OF MEMBERS - CLASS A MEMBERS WHO ARE MEMBERS OF THE CONGREGATION OF THE SISTERS OF ST AGNES AND CLASS B MEMBERS WHO CONTITUTE THE BOARD OF DIRECTORS
	FORM 990, PART VI, SECTION A, LINE 7A	THE CLASS A MEMBERS, WHO ARE MEMBERS OF THE CONGREGATION OF THE SISTERS OF ST AGNES, HAVE THE POWER TO ELECT OR APPOINT THE CLASS B MEMBERS THE CLASS B MEMBERS CONSTITUTE THE BOARD OF DIRECTORS THE CLASS B MEMBERS HAVE THE POWER TO SUBMIT RECOMMENDATIONS REGARDING THE SELECTION AND RETENTION OF THE CEO TO THE MEMBERS OF THE CORPORATION
	FORM 990, PART VI, SECTION A, LINE 7B	THE CONGREGATION OF THE SISTERS OF ST AGNES SPONSORED MINISTRIES IS A CLASS B MEMBER WHO IS RESPONSIBLE FOR APPROVING CERTAIN ACTIVITIES OF THE CORPORATION THE CONGREGATION OF THE SISTERS OF ST AGNES IS A CLASS A MEMBER WHO HAS THE SAME RESERVE POWERS AS THE CLASS B MEMBER
	FORM 990, PART VI, SECTION B, LINE 11	THE FINANCE DEPARTMENT PREPARES THE FORM 990 AND THE RETURN IS REVIEWED BY THE DIRECTOR OF FINANCE AND CFO A FINAL COPY OF THE 2011 FORM 990 IS PROVIDED TO THE BOARD EXECUTIVE COMMITTEE FOR REVIEW AND APPROVAL TO THE AGNESIAN HEALTHCARE BOARD BEFORE THE RETURN IS FILED WITH THE IRS
	FORM 990, PART VI, SECTION B, LINE 12C	WE HAVE A WRITTEN CONFLICT OF INTEREST AND INSIDER TRANSACTION POLICY THAT REQUIRES EACH DIRECTOR, PRINCIPAL OFFICER, TRUSTEE OR COMMITTEE MEMBER TO DISCLOSE ON AN ANNUAL BASIS TO THE DESIGNATED AUTHORITY A CONFLICT OF INTEREST DISCLOSURE STATEMENT THE DESIGNATED AUTHORITY ENSURES THAT ALL STATEMENTS ARE COMPLETED, REVIEWS THEM FOR CONFLICTS, AND SUBMITS TO THE BOARD FOR REVIEW ANY CONFLICT OF INTEREST DISCLOSURE STATEMENTS THAT DISCLOSE ACTUAL OR POTENTIAL CONFLICTS
	FORM 990, PART VI, SECTION B, LINE 15	DETERMINATION OF COMPENSATION OF THE CEO AND OFFICERS INCLUDES ANALYSIS OF COMPARABLE COMPENSATION SURVEYS BY AN INDEPENDENT COMPENSATION CONSULTANT, WHO RECOMMENDS RANGES OF APPROPRIATE COMPENSATION TO THE BOARD OF DIRECTORS THE BOARD OF DIRECTORS APPROVES THE COMPENSATION PACKAGE FOR OFFICERS, AND CONTEMPORANEOUS SUBSTANTIATION OF THE DELIBERATION AND DECISION IS INCLUDED IN THE BOARD MINUTES THE FINAL AGREEMENT IS DOCUMENTED WITH A WRITTEN CONTRACT, WHICH IS SIGNED BY BOTH PARTIES
	FORM 990, PART VI, SECTION C, LINE 19	AGNESIAN HEALTHCARE'S POLICY AND PROCEDURE FIN1069 DEFINES THE PROCEDURE FOR MAKING ANNUAL INFORMATION RETURNS AVAILABLE FOR PUBLIC INSPECTION INDIVIDUALS REQUESTING INSPECTION ARE REFERRED TO THE ADMINISTRATION OFFICE, WHERE THEY ARE PROVIDED WITH THE DOCUMENTS AND A CONFERENCE ROOM FOR INSPECTING DOCUMENTS PHOTOCOPIES WILL BE PROVIDED TO THE REQUESTOR ANYONE MAY INSPECT THE RETURNS UPON DEMAND, WITHOUT AN APPOINTMENT OR ANY FOREWARNING, DURING AGNESIAN HEALTHCARE INC'S NORMAL BUSINESS HOURS GOVERNING DOCUMENTS AND CONFLICT OF INTEREST STATEMENTS ARE NOT AVAILABLE FOR PUBLIC INSPECTION, BUT CAN BE MADE AVAILABLE IF THE REQUESTING PARTY HAS A BONAFIDE REASON ALL FINANCIAL STATEMENTS ARE AVAILABLE TO THE PUBLIC THROUGH A POSTING ON A PUBLIC WEBSITE
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	CHANGE IN UNREALIZED GAINS/LOSSES -4,550,665 CAPITAL CONTRIBUTION - FOUNDATION 542,172 CAPITAL CONTRIBUTION - OTHER 11,846 CHANGE IN SWAP FUND BALANCE -1,617,853 CHANGE IN FUND BALANCE - SAH FOUNDATION -98,083 CHANGE IN ERROR/SUSPENSE ACCOUNT 2,110 TOTAL TO FORM 990, PART XI, LINE 5 -5,710,473
	FORM 990, PART XII, LINE 2B	THE CONSOLIDATED FINANCIAL STATEMENTS OF AGNESIAN HEALTHCARE SYSTEM WERE AUDITED BY AN INDEPENDENT ACCOUNTING FIRM, WIPFLI, LLP THREE RELATED ENTITIES IN THE AGNESIAN HEALTHCARE SYSTEM, WAUPUN MEMORIAL HOSPITAL, ST FRANCIS HOME, AND RIPON MEDICAL CENTER, FILE SEPARATE FORMS 990 REMAINING ENTITIES ARE REPRESENTED BY THE AGNESIAN HEALTHCARE TAX RETURN
	FORM 990, PART XII, LINE 2C	THE AUDIT COMMITTEE OF AGNESIAN HEALTHCARE, INC IS RESPONSIBLE FOR THE OVERSIGHT OF THE AUDIT BY THE INDEPENDENT ACCOUNTING FIRM THE PROCESS FOR THE OVERSIGHT AND SELECTION PROCESS DID NOT CHANGE DURING THE FISCAL YEAR

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
AGNESIAN HEALTHCARE INC

Employer identification number
39-0807236

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) CONSULTANTS LABORATORY OF WISCONSIN LLC 430 E DIVISION STREET FOND DU LAC, WI 54935 39-1528550	LAB SERVICES	WI	16,364,249	13,053,315	N/A
(2) AGNESIAN HEALTHCARE ENTERPRISES LLC 430 E DIVISION STREET FOND DU LAC, WI 54935 39-2038757	RETAIL PHARMACY	WI	8,392,710	8,750,785	N/A

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) ST FRANCIS HOME OF FOND DU LAC 33 EVERETT STREET FOND DU LAC, WI 54935 39-1029998	NURSING HOME	WI	501(C)(3)	9	N/A		No
(2) CONGREGATION OF SISTERS OF ST AGNES 320 COUNTY ROAD K FOND DU LAC, WI 54935 39-0806217	CONVENT	WI	501(C)(3)	1	N/A		No
(3) AGNESIAN HEALTHCARE FOUNDATION 430 E DIVISION STREET FOND DU LAC, WI 54935 39-1684956	FOUNDATION	WI	501(C)(3)	11	N/A		No
(4) WAUPUN MEMORIAL HOSPITAL 620 WEST BROWN STREET WAUPUN, WI 53963 39-0806265	HOSPITAL	WI	501(C)(3)	3	N/A		No
(5) RIPON MEDICAL CENTER 933 NEWBURY STREET RIPON, WI 54971 39-1101287	HOSPITAL	WI	501(C)(3)	3	N/A		No

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership

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

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

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) AGNESIAN HEALTHCARE FOUNDATION INC	C	712,163	CASH RECEIPTS
(2) ST FRANCIS HOME	D	5,000,000	BOND VALUE
(3) ST FRANCIS HOME	L	66,143	CASH PAYMENTS
(4) CONGREGATION OF SISTERS OF ST AGNES	L	278,047	CASH PAYMENTS
(5) CONGREGATION OF SISTERS OF ST AGNES	N	489,504	CASH PAYMENTS
(6) WAUPUN MEMORIAL HOSPITAL	O	414,097	CASH TRANSFER

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

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

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

Schedule R (Form 990) 2011

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation
	PART V, LINE 2	NAME RIPON MEDICAL CENTER, TRANSACTION TYPE O, AMOUNT $3,487, METHOD CASH TRANSFER

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 39-0807236
Name: AGNESIAN HEALTHCARE INC

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)	AGNESIAN HEALTHCARE FOUNDATION INC	C	712,163	CASH RECEIPTS
(2)	ST FRANCIS HOME	D	5,000,000	BOND VALUE
(3)	ST FRANCIS HOME	L	66,143	CASH PAYMENTS
(4)	CONGREGATION OF SISTERS OF ST AGNES	L	278,047	CASH PAYMENTS
(5)	CONGREGATION OF SISTERS OF ST AGNES	N	489,504	CASH PAYMENTS
(6)	WAUPUN MEMORIAL HOSPITAL	O	414,097	CASH TRANSFER

Additional Data

Software ID:
Software Version:
EIN: 39-0807236
Name: AGNESIAN HEALTHCARE INC

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
STEVEN N LITTLE PRESIDENT AND CEO	50 00	X		X				728,403	0	32,425
SR MARY NOEL BROWN EX-OFFICIO	1 00	X						0	0	0
JAMES R CHATTERTON TREASURER	1 00	X		X				0	0	0
JOAN KARSTEN DIRECTOR	1 00	X						0	0	0
SR ANN KOERNER EX-OFFICIO	1 00	X						0	0	0
SR HERTHA LONGO DIRECTOR	1 00	X						0	0	0
M STEPHANIE MARTIN DIRECTOR	1 00	X						0	0	0
STEPHEN MASSICK MD DIRECTOR	1 00	X						0	0	0
WAYNE MATZKE CHAIRPERSON	1 00	X		X				0	0	0
PATRICIA MILLER DIRECTOR	1 00	X						0	0	0
H JACK POLLEI DIRECTOR	1 00	X						11,066	0	0
JOSEPH REITEMEIER VICE CHAIRPERSON	1 00	X		X				0	0	0
JAMES B SIMON SECRETARY	1 00	X		X				5,107	0	0
MICHAEL STRINGENZ MD DIRECTOR	1 00	X						0	0	0
JEFFERY STRONG MD DIRECTOR	1 00	X						0	0	0
ALLEN MILANI MD EX-OFFICIO	1 00	X						482,838	0	23,868
ROBERT A FALE FORMER PRESIDENT AND CEO	50 00			X				1,313,324	0	31,971
CAROL HYLAND VP CEO CONSULTANTS LAB	50 00			X				258,936	0	29,088
DENNIS YUNK SR VP CLINIC ADMINISTRATOR	50 00			X				283,226	0	26,431
DOUGLAS TROST CEO - ST FRANCIS HOME	50 00			X				166,128	0	26,964
JANE HYDE FORMER SR VP STRATEGIC DEVELOPMENT	50 00			X				220,622	0	17,919
JAMES MUGAN SR VP CLINICAL SERVICES & COO-SAH	50 00			X				261,270	0	35,572
BONNIE SCHMITZ CHIEF FINANCIAL OFFICER	50 00			X				221,990	0	17,753
BARB KNUTZEN PRES AND CEO-AHE AND PERFORMANCE EXC	50 00			X				192,566	0	23,774
SR MARY MOLLISON VP SPIRITUALITY AND CARE TRANSITION	50 00			X				163,071	0	8,498

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
JILL STENSON VP NURSING	50 00			X				162,906	0	15,756
JOHN CHOI MD ANESTHESIOLOGIST - PAIN RESOURCE	50 00					X		971,218	0	29,726
YASIR HATAHET MD INTENSIVIST	50 00					X		905,433	0	38,113
PONTUS OSTMAN MD ANESTHESIOLOGIST - PAIN RESOURCE	50 00					X		733,680	0	15,860
JAMES GRAF MD ANESTHESIOLOGIST - PAIN RESOURCE	50 00					X		553,977	0	34,769
HONG WANG MD RADIATION ONCOLOGIST	50 00					X		550,445	0	31,971

Agnesian HealthCare, Inc. and Affiliates

Fond du Lac, Wisconsin

Consolidated Financial Statements and Supplementary Information

Years Ended June 30, 2012 and 2011

Agnesian HealthCare, Inc. and Affiliates

Consolidated Financial Statements and Supplementary Information
Years Ended June 30, 2012 and 2011

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WIPFLI LLP

Independent Auditor's Report

Board of Directors
Agnesian HealthCare, Inc
Fond du Lac, Wisconsin

We have audited the accompanying consolidated balance sheets of Agnesian HealthCare, Inc and Affiliates 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 the Organization's management Our responsibility is to express an opinion on these financial statements based on our audits

We conducted our audits in accordance with auditing standards generally accepted in the United States Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation We believe that our audits provide a reasonable basis for our opinion

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

Wipfli LLP

Wipfli LLP

September 5, 2012
Wausau, Wisconsin

Agnesian HealthCare, Inc. and Affiliates

Consolidated Balance Sheets

June 30, 2012 and 2011

Assets	In Thousands 2012	2011
Current assets		
Cash and cash equivalents	$ 20,396	$ 33,850
Accounts receivable - Net	53,722	47,760
Other receivables	3,151	1,680
Inventory	5,241	5,365
Prepaid expenses and other	2,882	2,664
Total current assets	85,392	91,319
Investments	148,613	136,751
Assets limited as to use	33,518	44,558
Property and equipment - Net	174,211	153,558
Other assets		
Interest in net assets of foundations	15,446	15,296
Deferred financing costs	1,271	1,512
Intangibles - Net	4,234	4,728
Other	240	519
Total other assets	21,191	22,055
TOTAL ASSETS	$ 462,925	$ 448,241

Liabilities and Net Assets	In Thousands 2012	2011
Current liabilities		
Current portion of long-term liabilities		
Long-term debt	$ 3,639	$ 3,397
Capital lease obligations	1,643	4,603
Accounts payable	10,292	9,683
Accrued liabilities	21,128	26,064
Amounts payable to third-party reimbursement programs	1,320	1,259
Total current liabilities	38,022	45,006
Long-term liabilities		
Long-term debt	123,968	127,449
Capital lease obligations	2,972	4,270
Deferred compensation	19,400	17,045
Residency fees on deposit and other	985	940
Interest rate swap valuation	3,192	1,574
Total long-term liabilities	150,517	151,278
Total liabilities	188,539	196,284
Net assets		
Unrestricted	257,883	235,553
Temporarily restricted	14,042	13,943
Permanently restricted	2,461	2,461
Total net assets	274,386	251,957
TOTAL LIABILITIES AND NET ASSETS	$ 462,925	$ 448,241

Agnesian HealthCare, Inc. and Affiliates

Consolidated Statements of Operations and Changes in Net Assets

Years Ended June 30, 2012 and 2011

	In Thousands	
	2012	2011
Unrestricted net assets		
Revenue		
Net patient service revenue	$ 401,625	$ 368,232
Other operating revenue	8,569	6,139
Total revenue	410,194	374,371
Operating expenses		
Salaries and wages	140,505	122,085
Fringe benefits	21,489	19,899
Professional fees and purchased services	78,661	74,768
Supplies and other	82,371	73,677
Maintenance and utilities	23,523	22,881
Provision for bad debts	14,943	12,957
Depreciation and amortization	19,859	17,625
Interest	4,174	5,719
Total operating expenses	385,525	349,611
Income from operations	24,669	24,760
Other income (expense)		
Investment income	4,162	4,098
Income taxes	(376)	1
Loss on bond defeasance	(462)	(890)
Contribution related to acquisition of Ripon Medical Center, Inc	-	7,764
Gain on disposal of property and equipment	17	1,778
Other	-	151
Total other income - Net	3,341	12,902
Revenue in excess of expenses	28,010	37,662

Agnesian HealthCare, Inc. and Affiliates

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

Years Ended June 30, 2012 and 2011

	In Thousands	
	2012	2011
Other changes in unrestricted net assets		
Change in unrealized gains and losses on investment securities	$ (4,630)	$ 10,130
Interest rate swap valuation adjustment	(1,618)	399
Contributions for property and equipment	13	13
Net assets released from restrictions for capital	555	90
Total other changes in unrestricted net assets	(5,680)	10,632
Increase in unrestricted net assets	22,330	48,294
Temporarily restricted net assets		
Change in interest in net assets of foundations	1,537	2,573
Net assets released from restrictions		
For capital	(555)	(90)
For operations	(883)	(869)
Contribution related to acquisition of Ripon Medical Center, Inc	-	3,288
Increase in temporarily restricted net assets	99	4,902
Increase in permanently restricted net assets - Change in interest in net assets of foundations	-	7
Increase in net assets	22,429	53,203
Net assets at beginning	251,957	198,754
Net assets at end	$ 274,386	$ 251,957

Agnesian HealthCare, Inc. and Affiliates

Consolidated Statements of Cash Flows

Years Ended June 30, 2012 and 2011

	In Thousands	
	2012	2011
Increase (decrease) in cash and cash equivalents		
Increase in net assets	$ 22,429	$ 53,203
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Provision for bad debts	14,943	12,957
Depreciation and amortization	19,859	17,625
Loss on bond defeasance	462	890
Net realized gain on sale of investments	(552)	(1,378)
Gain on disposal of property and equipment	(17)	(1,778)
Change in unrealized (gain) loss on investment securities	4,630	(10,130)
Change in interest in net assets of foundations	(1,537)	(2,580)
Distribution of interest in net assets of foundations - For operations	883	863
Interest rate swap valuation adjustment	1,618	(399)
Deferred compensation	2,355	4,808
Increase in undistributed earnings of unconsolidated affiliate	-	(157)
Contributions for property and equipment	(13)	(13)
Contribution related to acquisition of Ripon Medical Center, Inc	-	(11,052)
Changes in operating assets and liabilities		
Accounts receivable and other receivables	(22,376)	(16,479)
Inventory	124	18
Prepaid expenses and other	(218)	296
Other assets	172	(73)
Accounts payable	650	(2,677)
Accrued liabilities	(4,936)	3,880
Amounts payable to third-party reimbursement programs	61	568
Total adjustments	16,108	(4,811)
Net cash provided by operating activities	38,537	48,392

Agnesian HealthCare, Inc. and Affiliates

Consolidated Statements of Cash Flows (Continued)

Years Ended June 30, 2012 and 2011

	In Thousands	
	2012	2011
Cash flows from investing activities		
Net purchase of investments and assets limited as to use	$ (4,900)	$ (50,718)
Purchase of property and equipment	(39,425)	(16,801)
Proceeds from sale of property and equipment	20	2,020
Cash received from acquisition of Ripon Medical Center, Inc	-	1,045
Net cash received from acquisition of Beaver Dam Joint Venture, LLC	-	164
Net cash used in investing activities	(44,305)	(64,290)
Cash flows from financing activities		
Proceeds from issuance of bonds payable	10,020	28,704
Principal payments on long-term debt	(13,474)	(2,698)
Principal payments on capital lease obligations	(4,691)	(3,570)
Payment of deferred financing costs	(103)	(839)
Contributions for property and equipment	13	13
Distributions of interest in net assets of foundations - For capital	504	96
Collection (refunds) of residency fees on deposit and other	45	(139)
Net cash provided by (used in) financing activities	(7,686)	21,567
Net increase (decrease) in cash and cash equivalents	(13,454)	5,669
Cash and cash equivalents at beginning	33,850	28,181
Cash and cash equivalents at end	$ 20,396	$ 33,850
Supplemental cash flow information		
Cash paid for interest (net of amount capitalized)	$ 6,229	$ 4,835
Cash paid for interest capitalized with property and equipment	1,185	1,002
Cash received for investment income capitalized with property and equipment	31	34
Cash paid for income taxes	418	44
Noncash investing and financing activities		
Accounts payable related to property and equipment	$ 173	$ 214
Equipment acquired under capital lease obligation	433	-
Assets acquired and liabilities assumed in conjunction with acquisition of Ripon Medical Center, Inc and Beaver Dam Joint Venture, LLC		
Fair value of assets acquired	-	15,781
Liabilities assumed	-	3,977

Note 1 Summary of Significant Accounting Policies

Principal Business Activity and Principles of Consolidation

Agnesian HealthCare, Inc ("Agnesian HealthCare") is a tax-exempt, nonstock corporation owned and operated by the Congregation of Sisters of St Agnes of Fond du Lac, Wisconsin (the "Congregation"), a religious community of women within the Roman Catholic Church

The accompanying consolidated financial statements include the accounts of Agnesian HealthCare, Inc and its affiliates (collectively "Agnesian") All significant intercompany balances have been eliminated in consolidation Following is a brief description of each organization

- Agnesian HealthCare, Inc operates St Agnes Hospital ("St Agnes"), a 174-bed general acute care hospital, which provides inpatient and outpatient hospital services, inpatient psychiatric services, physician services, and home health services primarily to residents of Fond du Lac and Dodge counties

- Agnesian HealthCare, Inc is the sole corporate member of Waupun Memorial Hospital, Inc ("Waupun"), St Francis Home of Fond du Lac, Wisconsin, Inc ("St Francis Home"), and is 100% owner of Consultants Laboratory of Wisconsin, LLC ("Consultants Lab") and Agnesian HealthCare Enterprises, LLC ("Enterprises") In addition, effective June 1, 2011, Agnesian HealthCare, Inc affiliated with Ripon Medical Center, Inc ("Ripon") and became the sole corporate member of Ripon

  - Waupun operates a Medicare-certified, 25-bed critical access hospital (CAH), which provides inpatient and outpatient services to residents of Fond du Lac and Dodge counties

Note 1 Summary of Significant Accounting Policies (Continued)

Principal Business Activity and Principles of Consolidation (Continued)

- Ripon operates a Medicare certified, 25-bed CAH, which provides comprehensive inpatient medical and surgical services, as well as outpatient, emergency, and professional services to residents of Fond du Lac County and the surrounding area Ripon also operates a number of primary care and specialty medical clinics

- Consultants Lab is a limited liability corporation that provides clinical laboratory services to customers located primarily in central and southern Wisconsin A majority of Consultants Lab's services are provided to Agnesian

- St Francis Home is a tax-exempt corporation which operates a 107-bed skilled nursing facility and a facility for senior residents which includes 30 independent living units and 123 assisted living units St Francis Home serves residents of Fond du Lac and the surrounding area

- Enterprises is a limited liability corporation that operates retail pharmacies and sells and rents durable medical equipment Enterprises serves residents of Fond du Lac, Waupun, and the surrounding area

Financial Statement Presentation

Agnesian follows accounting standards contained in the Financial Accounting Standards Codification (ASC) The ASC is the single source of authoritative accounting principles generally accepted in the United States (GAAP) to be applied to nongovernmental entities in the preparation of financial statements in conformity with GAAP

Note 1 Summary of Significant Accounting Policies (Continued)

Use of Estimates in Preparation of Consolidated Financial Statements

The preparation of the accompanying consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period Actual results may differ from these estimates

Agnesian considers critical accounting estimates to be those that require more significant judgments and include the allowance for contractual adjustments and doubtful accounts, amounts due to/from third-party reimbursement programs, reserves for losses and expenses related to self-funded health insurance, and the liability associated with the professional services agreement (PSA) with Fond du Lac Regional Clinic, S C (FDLRC SC)

Cash Equivalents

Agnesian considers money market funds and all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents, excluding amounts held as short-term investments in Agnesian's investment portfolio and amounts limited as to use or restricted

Accounts Receivable and Credit Policy

Accounts receivable are uncollateralized patient obligations that are stated at the amount management expects to collect from outstanding balances These obligations are primarily from local residents, most of whom are insured under third-party payor agreements Agnesian bills third-party payors on the patients' behalf, or if a patient is uninsured, the patient is billed directly Once claims are settled with the primary payor, any secondary insurance is billed, and patients are billed for copay and deductible amounts that are the patients' responsibility Payments on accounts receivable are applied to the specific claim identified on the remittance advice or statement Agnesian does not have a policy to charge interest on past due accounts

Note 1 Summary of Significant Accounting Policies (Continued)

Accounts Receivable and Credit Policy (Continued)

The carrying amounts of accounts receivable are reduced by allowances that reflect management's best estimate of the amounts that will not be collected Management provides for contractual adjustments under terms of third-party reimbursement agreements through a charge to contractual adjustments and a credit to the allowance for contractual adjustments In addition, management provides for probable uncollectible amounts, primarily from uninsured patients and amounts patients are personally responsible for, through a charge to operations and a credit to a valuation allowance based on its assessment of historical collection likelihood and the current status of individual accounts Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable

Accounts receivable are recorded in the accompanying consolidated balance sheets net of contractual adjustments and allowances for doubtful accounts

Inventory

Inventory is valued at the lower of cost, determined on the first-in, first-out (FIFO) method, or market

Note 1 Summary of Significant Accounting Policies (Continued)

Investments and Investment Income

Investments, including investments held as assets limited as to use, are measured at fair value in the consolidated balance sheets

Investment income or loss (including realized gains and losses on investments, interest, and dividends) is reported as other income unless the income is restricted by donor or law Unrealized gains and losses on investments are excluded from revenue in excess of expenses unless the investments are trading securities Realized gains and losses are determined by specific identification

Agnesian monitors the difference between the cost and fair value of its investments A decline in market value of an individual investment security below cost that is deemed to be other-than-temporary results in an impairment, and Agnesian reduces the investment's carrying value to fair value A new cost basis is established for the investment, and any impairment loss is recorded as a realized loss in investment income

Fair Value Measurements

ASC Topic 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements) The three levels of the fair value hierarchy are described below

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Agnesian has the ability to access

Note 1 Summary of Significant Accounting Policies (Continued)

Fair Value Measurements (Continued)

Level 2 Inputs to the valuation methodology include

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs

Assets Limited as to Use

Assets limited as to use represent investments set aside under terms of bond trust indenture agreements, investments held in trust under deferred compensation agreements, investments set aside to fund restricted donations, and investments set aside by the Board of Directors for residency fees on deposit

Note 1 Summary of Significant Accounting Policies (Continued)

Property, Equipment, and Depreciation

Property and equipment acquisitions are recorded at cost if purchased, fair value at date received if contributed, or net book value if transferred from a related party Depreciation is provided over the estimated useful life of each class of depreciable asset and is generally computed using the straight-line method over the estimated useful life Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment Such amortization is included with depreciation expense in the accompanying consolidated financial statements Estimated useful lives range from 5 to 25 years for land improvements, 5 to 40 years for buildings and building improvements, 3 to 20 years for fixed equipment, 3 to 23 years for movable equipment, and 5 to 10 years for automobiles

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets in accordance with ASC Topic 835-20, *Capitalization of Interest*

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

Note 1 Summary of Significant Accounting Policies (Continued)

Asset Retirement Obligations

ASC Topic 410-20, *Asset Retirement Obligations,* clarifies when an entity is required to recognize a liability for a conditional asset retirement obligation Agnesian has considered ASC Topic 410-20 specifically as it relates to its legal obligation to perform asset retirement activities, such as asbestos removal, on its existing properties Agnesian believes there is an indeterminate settlement date for the asset retirement obligations because the range of time over which Agnesian may settle the obligation is unknown and cannot be estimated As a result, Agnesian cannot reasonably estimate the liability related to these asset retirement activities as of June 30, 2012 and 2011

Interest in Net Assets of Foundations

Agnesian is financially interrelated with Agnesian HealthCare Foundation, Inc ("Agnesian Foundation") and, as of June 1, 2011, Foundation for Ripon Medical Center, Inc ("Ripon Foundation") Accordingly, Agnesian recognizes its interest in the net assets of Agnesian Foundation and Ripon Foundation and adjusts its interest for its share of the change in net assets of the foundations in accordance with ASC Topic 958-20, *Financially Interrelated Entities*

Deferred Financing Costs

Costs related to the issuance of long-term debt are amortized over the life of the related debt using the straight-line method

Note 1 Summary of Significant Accounting Policies (Continued)

Impairment

Agnesian reviews its property and equipment periodically to determine potential impairment by comparing the carrying value of the property and equipment with the estimated future net discounted cash flows expected to result from the use of the assets, including cash flows from disposition Should the sum of the expected future net cash flows be less than the carrying value, Agnesian would recognize an impairment loss at that time Agnesian recognized no impairment losses in 2012 or 2011

Interest Rate Swap

Agnesian uses an interest rate swap to manage its risk related to interest rate movements Agnesian's interest rate risk management strategy is to stabilize cash flow requirements by maintaining the interest rate swap contract to convert a portion of its variable rate debt to a fixed rate At the inception of the agreement, Agnesian documented its risk management strategy and the hedge's effectiveness The interest rate swap was deemed to be effective in achieving this objective and was designated as a cash flow hedge Under a cash flow hedge, the change in fair value of the interest rate swap related to the effective portion of the hedge is recorded as a change in unrestricted net assets Any ineffective portion would be reported as other income (expense) If the ineffectiveness of the hedge exceeds certain prescribed levels, the interest rate swap would no longer be eligible for hedge accounting, and all future changes in the fair value of the interest rate swap would be reported in other income (expense) in the consolidated statements of operations and changes in net assets, and the cumulative change that was recorded in net assets from the beginning of the interest rate swap would be amortized into earnings over the remaining life of the swap In the event the interest rate swap is terminated, the cumulative amount that was recorded in net assets from the beginning of the interest rate swap would be reclassified into earnings

Note 1 Summary of Significant Accounting Policies (Continued)

Net Assets

Unrestricted net assets consist of investments and otherwise unrestricted amounts that are available for use in carrying out Agnesian's mission and include those expendable resources which have been designated for special use by the Board of Directors Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose Permanently restricted net assets are those restricted by donors to be maintained in perpetuity

Revenue in Excess of Expenses

The consolidated statements of operations and changes in net assets include the classification revenue in excess of expenses, which is considered the operating indicator Changes in unrestricted net assets, which are excluded from the operating indicator, include unrealized gains and losses on investments other than trading securities, the effective portion of cash flow hedges, permanent transfer of assets to and from affiliates for other than goods and services, and contributions of long-lived assets including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, residents, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and are adjusted in future periods as final settlements are determined

Note 1 Summary of Significant Accounting Policies (Continued)

Community Care

Agnesian provides care to patients who meet certain criteria under its community care policy without charge or at amounts less than its established rates Agnesian maintains records to identify and monitor the level of community care it provides These records include the amount of charges forgone for services and supplies furnished under the community care policy

Agnesian also provides substantial community benefit through the provision of services to individuals supported by public programs such as Medicaid These services are provided at reimbursement levels that are substantially below Agnesian's established rates

Donor-Restricted Gifts

Contributions are considered available for unrestricted use unless specifically restricted by the donor Unconditional promises to give cash and other assets to Agnesian are reported at fair value at the date the promise is received Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions

Unemployment Compensation

Agnesian has elected reimbursement financing under provisions of the Wisconsin unemployment compensation laws Unemployment compensation claims are paid to the State of Wisconsin as incurred Agnesian has obtained a letter of credit of approximately $1,181,000 to meet state funding requirements There were no borrowings against this letter of credit at June 30, 2012 and 2011

Note 1 Summary of Significant Accounting Policies (Continued)

Income Taxes

Agnesian HealthCare, Waupun, St Francis Home, and Ripon are tax-exempt corporations as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and are exempt from federal income tax on related income pursuant to Section 501(a) of the Code Agnesian HealthCare, Waupun, St Francis Home, and Ripon are also exempt from state income tax on related income

Enterprises and Consultants Lab are limited liability corporations Enterprises and Consultants Lab's income or loss is required to be reported on Agnesian HealthCare's tax returns Agnesian pays tax on certain activities considered taxable in accordance with Code regulations

In order to account for any uncertain tax positions, ASC Topic 740, *Income Taxes*, requires an organization to assess whether it is more likely than not that a tax position will be sustained upon examination of the technical merits of the position, assuming the taxing authority has full knowledge of all information If the tax position does not meet the more-likely-than-not recognition threshold, the benefit of the tax position is not recognized in the financial statements

Agnesian recorded no assets or liabilities for uncertain tax positions or unrecognized tax benefits Federal returns for the years ended 2009 and beyond remain subject to examination by the Internal Revenue Service

Note 1 Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements

In July 2011, the FASB issued Accounting Standards Update (ASU) No 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and Allowance for Doubtful Accounts for Certain Health Care Entities* This ASU amends ASC Topic 954 and requires health care entities to change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue Entities are also required to enhance disclosures about their policies for recognizing revenue and assessing bad debts In addition, this guidance requires disclosure of qualitative and quantitative information about changes in the allowance for doubtful accounts The guidance in this ASU is effective for Agnesian's year ending June 30, 2013

In August 2010, the FASB issued ASU No 2010-23, *Measuring Charity Care for Disclosure* This ASU amends ASC Topic 954 and requires entities to use cost as the measurement basis for charity care disclosures, including both direct and indirect costs Entities are also required to disclose the method used to determine these costs, such as directly from a costing system or through an estimation process Agnesian adopted the guidance in ASU No 2010-23 for the year ended June 30, 2012 The amount of charity care for the year ended June 30, 2011, has been restated to reflect the estimated cost

Subsequent Events

Subsequent events have been evaluated through September 5, 2012, which is the date the financial statements were issued See Note 28 for information related to specific subsequent events

Note 2 Affiliation With Ripon Medical Center, Inc.

Effective June 1, 2011, Agnesian HealthCare became the sole corporate member of Ripon No consideration was paid by Agnesian HealthCare related to this affiliation In accordance with the affiliation agreement with Ripon, Agnesian HealthCare agreed to implement an electronic medical record system at Ripon and to arrange financing to construct and equip a replacement hospital for Ripon In the event that a building permit for the replacement hospital has not been obtained by May 31, 2014, Ripon Foundation has the option to unwind the affiliation agreement with Agnesian HealthCare

In June 2011, Agnesian HealthCare recorded a contribution related to this acquisition of $11,052,000

The accompanying consolidated statements of operations and changes in net assets include one month of operation for Ripon in 2011 and twelve months of operations for Ripon in 2012

Note 2 Affiliation With Ripon Medical Center, Inc. (Continued)

The following table summarizes the estimated fair value of the assets acquired and liabilities assumed of Ripon as of June 1, 2011

		In Thousands
Assets acquired		
Cash and cash equivalents	$	1,045
Accounts receivable - Net		2,801
Other receivables		10
Inventory		656
Prepaid expenses and other		240
Investments		207
Property and equipment - Net		5,045
Interest in net assets of foundations		3,288
Intangibles - Net		1,150
Other		288
Total assets acquired		14,730
Liabilities assumed		
Accounts payable		1,317
Accrued liabilities		1,061
Amounts payable to third-party reimbursement programs		583
Long-term debt		717
Total liabiltiies assumed		3,678
Net assets acquired	$	11,052

Note 3 Reimbursement Arrangements With Third-Party Payors

Agnesian has agreements with third-party payors that provide for reimbursement at amounts which vary from its established rates A summary of the basis of reimbursement with major third-party payors follows

Hospitals

St Agnes - Medicare - Inpatient acute care services are paid at prospectively determined rates per discharge These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors Inpatient psychiatric services rendered to Medicare program beneficiaries are paid based on a blend of prospectively determined rates per discharge and a cost reimbursement method limited by a target rate per discharge Outpatient services are paid primarily on prospectively determined rates, also based on a patient classification system, or fixed fee schedules

St Agnes - Medicaid - Inpatient services are paid at prospectively determined rates per discharge These rates vary according to a patient classification system based on clinical, diagnostic, and other factors similar to the Medicare system Outpatient services are paid based on a prospectively determined rate per occasion of service

Waupun and Ripon- Medicare - Hospital inpatient, outpatient, and swing-bed services are based upon a cost-reimbursement methodology with the exception of certain lab services which are reimbursed based on a fee schedule

Waupun and Ripon - Medicaid - Hospital inpatient and outpatient services are paid based upon a cost-reimbursement methodology with the exception of certain lab and therapy services which are reimbursed under fee schedules

St Agnes, Waupun, and Ripon - Other - St Agnes, Waupun, and Ripon have also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations The basis for payment under these agreements includes prospectively determined rates per discharge and discounts from established charges

Note 3 Reimbursement Arrangements With Third-Party Payors (Continued)

Nursing Home

Medicare - Reimbursement is based on a predetermined rate per resident day which varies depending on the resident's level of care and the types of services provided

Medicaid - Reimbursement is based on a predetermined rate formula under a contractual arrangement with the Medicaid program Rate adjustments under this program are reflected in income when determinable

Home Health

Medicare and Medicaid - Reimbursement is based upon a predetermined rate which varies depending on the patient's level of care and types of services provided

Physician Services, Consultants Lab, and Enterprises

Reimbursement from third-party payors for physician, laboratory, and other services is primarily based on established fee schedules

Accounting for Contractual Arrangements

St Agnes, Waupun, and Ripon are reimbursed for certain items at an interim rate, with final settlements determined after audit of the hospitals' related annual cost reports by the respective Medicare and Medicaid fiscal intermediaries Estimated provisions to approximate the final expected settlements after review by the intermediaries are included in the accompanying consolidated financial statements St Agnes's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2007, with the exception of the June 30, 2005 cost report, which was reopened and remains subject to audit St Agnes's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through June 30, 2005 Waupun's cost reports have been audited by the Medicare and Medicaid fiscal intermediaries through June 30, 2009 and 2008, respectively Ripon's cost reports have been audited by the Medicare and Medicaid fiscal intermediaries through September 30, 2008

Note 3 Reimbursement Arrangements With Third-Party Payors (Continued)

Electronic Health Record Payments

The American Recovery and Reinvestment Act of 2009 ("ARRA") provides for incentive payments under the Medicare and Medicaid programs for certain hospitals and physician practices that demonstrate meaningful use of certified electronic health record ("EHR") technology These provisions of ARRA, collectively referred to as the Health Information Technology for Economic and Clinical Health Act (the "HITECH Act"), are intended to promote the adoption and meaningful use of health information technology and qualified EHR technology

Agnesian recognizes revenue for EHR incentive payments when there is reasonable assurance that Agnesian will meet the conditions of the program, primarily demonstrating meaningful use of certified EHR technology for the applicable period The demonstration of meaningful use is based on meeting a series of objectives Meeting the series of objectives in order to demonstrate meaningful use becomes progressively more stringent as its implementation is phased in through stages as outlined by the Centers for Medicare and Medicaid Services (CMS)

Amounts recognized under the Medicare and Medicaid EHR incentive programs are based on management's best estimates which are based in part on cost report data that is subject to audit by fiscal intermediaries and, accordingly, amounts recognized are subject to change In addition, Agnesian's attestation of its compliance with the meaningful use criteria is subject to audit by the federal government or its designee

Agnesian incurs both capital expenditures and operating expenses in connection with the implementation of its EHR initiative The amount and timing of these expenditures does not directly correlate with the timing of Agnesian's receipt or recognition of the EHR incentive payments

For the year ended June 30, 2012, Agnesian recognized approximately $944,000 in EHR incentive payments from the Medicaid program These payments are included in other operating revenue in the accompanying consolidated statement of operations and changes in net assets

Note 3 Reimbursement Arrangements With Third-Party Payors (Continued)

Compliance

The health care industry is subject to numerous laws and regulations of federal, state, and local governments Compliance with these laws and regulations, particularly those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time Violations of these laws and regulations could result in the imposition of fines and penalties, as well as repayments of previously billed and collected revenue from patients' services Management believes Agnesian is in substantial compliance with current laws and regulations

The Centers for Medicare and Medicaid Services (CMS) uses recovery audit contractors (RACs) as part of CMS's further efforts to ensure accurate payments RACs search for potentially inaccurate Medicare payments that may have been made to health care providers and that were not detected through existing CMS program integrity efforts Once the RAC identifies a claim it believes is inaccurate, it makes a deduction from or addition to the provider's Medicare reimbursement in an amount estimated to equal the overpayment or underpayment

Note 4 Accounts Receivable

Accounts receivable consisted of the following at June 30

	In Thousands	
	2012	2011
Accounts receivable	$ 115,919	$ 99,643
Less		
Allowance for contractual adjustments	53,320	42,873
Allowance for doubtful accounts	8,877	9,010
Accounts receivable - Net	$ 53,722	$ 47,760

Note 5 Net Patient Service Revenue

Net patient service revenue consisted of the following

	In Thousands	
	2012	2011
Gross patient service revenue		
Medicare	$ 355,844	$ 300,492
Medicaid	84,159	79,841
Commercial insurance	353,714	323,060
Private pay and other	44,552	36,869
Totals	838,269	740,262
Less - Contractual adjustments		
Medicare	239,265	202,041
Medicaid	57,977	53,844
Commercial insurance	135,045	115,447
Other	4,357	698
Totals	436,644	372,030
Net patient service revenue	$ 401,625	$ 368,232

Note 6 Community Benefit and Community Care

Agnesian has a policy of providing health care services, without charge or at amounts less than established rates, to those unable to pay a portion of their charges and who meet certain eligibility criteria established under Agnesian's community care policy Because Agnesian does not pursue collection of amounts determined to qualify as community care, they are not reported as net patient service revenue The estimated cost of providing care to patients under Agnesian's community care policy was approximately $3,693,000 and $3,493,000 in 2012 and 2011, respectively, calculated by multiplying the ratio of cost to gross charges by the gross uncompensated charity care charges

Agnesian provides health care services and other financial support through various programs that are designed to enhance the health of the community including the health of low-income patients Agnesian actively provided or participated in the following community-based activities and programs during 2012 and 2011

- Agnesian, through "Journeys A Health Resource Center," shares its professional staff and expertise to offer health education classes, health screenings, support groups, and other health promotion activities through the year
- Health information is distributed at no charge on the Agnesian website and through health-related publications Agnesian also provides services information through service clubs and churches, via the Agnesian parish and school nurse programs, locally at the system's Samaritan Health Clinic, and through other collaborative efforts
- Courtesy transportation services are provided to low-income patients to allow safe transportation to clinics, cancer care, and adult day services
- Support and training are provided for staff and inmate volunteers at the Dodge Correctional Institution in Waupun, which opened a hospice program, the first such program in a Wisconsin correctional setting
- Agnesian supports efforts to educate families on the importance of tissue donations

Note 6 Community Benefit and Community Care (Continued)

- Agnesian meets the needs of the community through various programs, including Sharps Disposal Services, Adopt-A-Family, donations to food pantries, and leadership participation in community nonprofit organizations

Agnesian also provides patients with important basic health services, medications, and urgent dental needs at no charge to the patient through its Samaritan Health Clinic program Agnesian's expense to operate Samaritan Health Clinic program is estimated to be approximately $570,000 and $386,000 in 2012 and 2011, respectively

In addition, Agnesian is a provider under the Wisconsin Medicaid program Under this program, Agnesian is legally bound to accept the amount determined by the state as payment in full for each patient's charges Accordingly, services provided under these programs are reported as net patient service revenue Agnesian maintains records and monitors the level of unreimbursed and partially reimbursed care it provides Medicaid costs in excess of reimbursement are estimated to be approximately $17,700,000 and $17,400,000 in 2012 and 2011, respectively

Note 7 Investments and Assets Limited as to Use

Investments and assets limited as to use, classified as other than trading, are stated at fair value and consisted of the following at June 30

	In Thousands	
	2012	2011
Cash and cash equivalents	$ 14,176	$ 25,479
Certificates of deposit	4,189	4,174
U S government obligations	5,811	6,951
Corporate debt securities	725	3,986
Hedge funds	31,116	35,053
Exchange traded funds	6,539	6,348
Mutual funds		
Blend	3,486	4,717
Bond	59,593	42,426
Government bonds	3,591	3,400
Growth	12,922	11,353
Value	2,207	2,441
Common stocks		
Consumer discretionary	4,609	4,424
Consumer staples	2,812	1,965
Energy	4,365	5,173
Financial	4,685	4,940
Health care	4,631	3,961
Industrial	3,699	3,113
Information technology	8,384	7,294
Materials	2,601	2,892
Telecommuniation services	1,520	958
Utilities	470	261
Total investments and assets limited as to use	182,131	181,309
Less - Amounts classifed as assets limited as to use	33,518	44,558
Total investments	$ 148,613	$ 136,751

Note 7 Investments and Assets Limited as to Use (Continued)

Assets limited as to use, included in the previous amounts, consisted of the following at June 30

	In Thousands	
	2012	2011
Limited by trustee under bond indenture	$ 12,128	$ 25,581
Designated for deferred compensation	19,400	17,045
Set aside to fund restricted donations	1,005	992
Designated for residency fees on deposit	985	940
Total assets limited as to use	$ 33,518	$ 44,558

Investment income, and unrealized gains and losses on investments, consisted of the following

	In Thousands	
	2012	2011
Interest and dividend income	$ 4,183	$ 3,300
Net realized gain on sale of investments	552	1,378
Investment fees	(573)	(580)
Total investment income	$ 4,162	$ 4,098
Net unrealized gains and losses	$ (4,630)	$ 10,130

Note 7 Investments and Assets Limited as to Use (Continued)

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements

Management assesses individual investment securities as to whether declines in market value are other-than-temporary and result in impairment For equity securities and mutual funds, Agnesian considers whether it has the ability and intent to hold the investment until a market price recovery Evidence considered in this includes the reasons for the impairment, the severity and duration of the impairment, changes in value subsequent to year-end, the issuer's financial condition, and the general market condition in the geographic area or industry in which the investee operates For debt securities, if Agnesian has made a decision to sell the security, or if it is more likely than not Agnesian will sell the security before the recovery of the security's cost basis, an other-than-temporary impairment is considered to have occurred If Agnesian has not made a decision or does not have an intent to sell the debt security, but the debt security is not expected to recover its value due to a credit loss, an other-than-temporary impairment is considered to have occurred

Because Agnesian has the intent and the ability to hold investment securities until a market price recovery or maturity, investment securities at June 30, 2012 and 2011 are not considered other-than-temporarily impaired No impairment losses were recognized by Agnesian during 2012 and 2011

Note 7 Investments and Assets Limited as to Use (Continued)

The unrealized losses and related fair value of the investments for which fair value is less than cost, aggregated by security type, is as follows at June 30

	2012					
	In Thousands					
	Less Than 12 Months		More Than 12 Months		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Mutual funds and common stock	$ 27,171	$ 3,075	$ 3,459	$ 1,517	$ 30,630	$ 4,592
Corporate debt securities	202	2	-	-	202	2
Hedge funds	3,906	1,182	2,873	583	6,779	1,765
Totals	$ 31,279	$ 4,259	$ 6,332	$ 2,100	$ 37,611	$ 6,359

	2011					
	In Thousands					
	Less Than 12 Months		More Than 12 Months		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Mutual funds and common stock	$ 40,579	$ 1,025	$ 1,823	$ 580	$ 42,402	$ 1,605
Corporate debt securities	100	1	-	-	100	1
Hedge funds	-	-	2,674	643	2,674	643
Totals	$ 40,679	$ 1,026	$ 4,497	$ 1,223	$ 45,176	$ 2,249

Note 8 Fair Value Measurements

Following is a description of the valuation methodologies used for assets measured at fair value

Quoted market prices are used to determine the fair value of investments in common stocks, mutual funds, exchange traded funds, and hedge funds U S government obligations, corporate debt securities, and publicly traded certificates of deposit are valued using quotes from pricing vendors based on recent trading activity and other observable market data

The interest rate swap valuation is recorded at fair value, which is the amount at which it could be settled, based on estimates by a third-party valuation service

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values Furthermore, while Agnesian believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date

Note 8 Fair Value Measurements (Continued)

The following tables set forth by level, within the fair value hierarchy, Agnesian's assets and liability at fair value as of June 30, 2012 and 2011

	2012 In Thousands			
	Level 1	Level 2	Level 3	Total
Assets				
Certificates of deposit	$ -	$ 2,400	$ -	$ 2,400
U S government obligations	-	5,811	-	5,811
Corporate debt securities	-	725	-	725
Hedge funds	-	31,116	-	31,116
Exchange traded funds	6,539	-	-	6,539
Mutual funds				
Blend	3,486	-	-	3,486
Bond	59,593	-	-	59,593
Government bonds	3,591	-	-	3,591
Growth	12,922	-	-	12,922
Value	2,207	-	-	2,207
Common stocks				
Consumer discretionary	4,609	-	-	4,609
Consumer staples	2,812	-	-	2,812
Energy	4,365	-	-	4,365
Financial	4,685	-	-	4,685
Health care	4,631	-	-	4,631
Industrial	3,699	-	-	3,699
Information technology	8,384	-	-	8,384
Materials	2,601	-	-	2,601
Telecommunication services	1,520	-	-	1,520
Utilities	470	-	-	470
Total assets at fair value	$ 126,114	$ 40,052	$ -	$ 166,166
Liability - Interest rate swap valuation	$ -	$ 3,192	$ -	$ 3,192

Note 8 Fair Value Measurements (Continued)

	2011 In Thousands			
	Level 1	Level 2	Level 3	Total
Assets				
Certificates of deposit	$ -	$ 2,152	$ -	$ 2,152
U S government obligations	-	6,951	-	6,951
Corporate debt securities	-	3,986	-	3,986
Hedge funds	-	-	35,053	35,053
Exchange traded funds	6,348	-	-	6,348
Mutual funds				
Blend	4,717	-	-	4,717
Bond	42,426	-	-	42,426
Government bonds	3,400	-	-	3,400
Growth	11,353	-	-	11,353
Value	2,441	-	-	2,441
Common stocks				
Consumer discretionary	4,424	-	-	4,424
Consumer staples	1,965	-	-	1,965
Energy	5,173	-	-	5,173
Financial	4,940	-	-	4,940
Health care	3,961	-	-	3,961
Industrial	3,113	-	-	3,113
Information technology	7,294	-	-	7,294
Materials	2,892	-	-	2,892
Telecommuniation services	958	-	-	958
Utilities	261	-	-	261
Total assets at fair value	$ 105,666	$ 13,089	$ 35,053	$ 153,808
Liability - Interest rate swap valuation	$ -	$ 1,574	$ -	$ 1,574

Note 8 Fair Value Measurements (Continued)

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value

	In Thousands
Balance as of July 1, 2010	$ 29,980
Net realized gain	1
Change in unrealized gains and losses on investment securities	2,351
Net purchases of Level 3 investments	2,721
Balance as of June 30, 2011	35,053
Reclassification to Level 2	(35,053)
Balance as of June 30, 2012	$ -

During 2012, Agnesian reclassified hedge funds within its portfolio from Level 3 to Level 2 based on ASC Topic 820-10-35-58, *Fair Value Measurements and Disclosures*, which provides guidance that the ability to trade the investment at NAV would allow the investment to be classified as Level 2

The following table sets forth additional disclosures of Agnesian's investments whose fair values are estimated using net asset value per share as of June 30

	(In Thousands)		Unfunded	Redemption		
	2012	2011	Commitments	Frequency	Restrictions	Notice Period
Skybridge Multi-Advisor Hedge Fund (a)	$ 5,748	$ 5,837	-	Quarterly	None	65 days
The Weatherlow Offshore Fund (b)	5,168	5,334	-	Quarterly	None	45 days
Permal Macro Holdings (c)	3,987	4,130	-	Monthly	None	11 days
Private Advisors Hedged Equity Fund (d)	4,043	4,004	-	Monthly	None	11 days
Paulson Advantage Plus Master (e)	612	3,691	-	Semi-Monthly	None	68 days
Avenue Strategic Partners (f)	4,679	3,234	-	Quarterly	(f)	60 days
Pointer Offshore (g)	3,222	3,186	-	Quarterly	(g)	117 days
Lighthouse Diversified Fund (h)	2,933	2,973	-	Quarterly	(h)	90 days
Selectinvest ARV (i)	297	1,708	-	Quarterly	(i)	90 days
Other	427	956	-	Various	Various	Various
Totals	$ 31,116	$ 35,053				

Note 8 Fair Value Measurements (Continued)

Information regarding investment strategy and redemption restrictions of the hedge funds is as follows

(a) The Skybridge Multi-Advisor Hedge Fund is designed to serve as a core hedge fund holding with the goal of providing additional diversification to an overall investment portfolio The fund's investment objective is to seek capital appreciation by realizing attractive risk-adjusted returns over a three- to five-year investment horizon The portfolio allocation includes 40% fixed income arbitrage mortgage-backed securities, 17% event-driven equity, 10% event-driven multi strategy, and 33% other

(b) The Weatherlow Offshore Fund is a diversified fund of hedge funds with a mix of investments of approximately 50% equity, 25% event driven, 20% relative value, and 5% global macro

(c) Permal Macro Holdings provides investment opportunities across global financial markets The investment strategy is global exposure with a mix of investments of approximately 50% discretionary, 30% systematic, 10% natural resources, 5% relative value arbitrage, and 5% cash

(d) Private Advisors Hedged Equity Fund places its capital with a variety of experienced portfolio managers who employ diverse styles and strategies The fund anticipates that the investment strategies employed will be long/short equity investing driven by fundamental bottom-up research, as well as various investment strategies which may include, but are not limited to, convertible arbitrage, merge or risk arbitrage, distressed debt, multi-strategy, and market-neutral strategies The fund's strategy includes 50% lower volatility multi-strategy style and 50% long/short equity style

(e) Paulson Advantage Plus Master is a fund that seeks to achieve capital appreciation through trading in securities, primarily by using event-driven strategies, including merger arbitrage, distressed securities, relative value, and special situations The majority of the positions are mid to large cap (greater than $1 billion market cap)

Note 8 Fair Value Measurements (Continued)

(f) Avenue Strategic Partners is a fund of a hedge funds focused on distressed, special situations, deep-value, or event-driven strategies The funds capitalize on expertise in the distressed markets and seek to build the optimal combination of portfolio funds to exploit investment opportunities throughout the distressed cycle The strategy allocation includes 65% distressed, 14% event-driven credit arbitrage, 12% event-driven other, and 9% special situations Funds are primarily invested in North America and developed non-North American markets, with a small percentage in emerging markets The Avenue Strategic Partners fund includes a 5% holdback for redemptions during an 18-month lock-up period

(g) Pointer Offshore fund invests with a selection of alternative money managers who specialize in long/short equity based on fundamental, bottom-up research and also typically invests a percentage of assets with managers specializing in distressed/credit, commodities, special situations, etc The strategy allocation includes 53% hedged global, 16% distressed/credit, 10% commodity related, 6% domestic, 6% special situations, and 9% other Pointer Offshore fund redemptions in full are subject to a holdback of 10% There is a 117-day redemption notice period after a 2-year lock-up has expired

(h) The Lighthouse Diversified Fund is a fund of funds whose investment objective is to seek consistent stable returns by allocating the Fund's assets to sub-advisers who use a variety of different investment strategies and invest across a wide range of financial instruments The portfolio is composed of relative value arbitrage, market neutral equity, long/short equity, fixed income, global trading, credit, cash, and options Redemptions in first year are subject to a redemption fee equal to 2% There is also a 10% holdback on all redemptions

(i) The Selectinvest ARV fund investment objective is to develop and actively maintain an investment portfolio of alternative asset managers who will seek to earn above-average, risk-adjusted, long-term returns with a low correlation to traditional equity and fixed income markets The allocation strategy includes 33% equity long/short, 14% credit event, 13% event drive, 11% global macro, 10% relative value, 7% commodities, 4% emerging markets, and 8% other The Selectinvest ARV fund has a 5% redemption holdback

Based on the borrowing rates currently available to Agnesian for bonds with similar terms and maturities, the estimated fair value of the bonds at June 30, 2012 was approximately $130,000,000

Note 9 Property and Equipment

Property and equipment consisted of the following at June 30

	In Thousands	
	2012	2011
Land and land improvements	$ 14,599	$ 14,539
Buildings and building improvements	170,242	147,252
Leasehold improvements	2,821	2,779
Fixed equipment	13,923	13,811
Movable equipment	131,449	122,331
Automobiles	986	968
Total property and equipment	334,020	301,680
Less - Accumulated depreciation	176,407	158,483
Net depreciated value	157,613	143,197
Construction in progress	16,598	10,361
Property and equipment - Net	$ 174,211	$ 153,558

Construction in progress at June 30, 2012 and 2011, includes costs associated with the construction, renovation, and equipping of previously unused space for inpatient private rooms, costs associated with the purchase and implementation of electronic health record information system technology, and various other projects

Note 10 Investment in Unconsolidated Affiliate

The Agnesian HealthCare/Beaver Dam Community Hospital Joint Venture, LLC (the "Joint Venture") was a tax-exempt limited liability company that provided dialysis services to residents of Fond du Lac and Dodge counties Prior to June 30, 2011, Agnesian and Beaver Dam Community Hospital, Inc owned the Joint Venture equally Effective June 30, 2011, Agnesian purchased Beaver Dam Community Hospital, Inc's share of the Joint Venture for $370,000 and dissolved the Joint Venture Prior to the dissolution, Agnesian accounted for its share in the Joint Venture under the equity method Agnesian recorded income of $157,000 in 2011 for its share of the resulting operations of the Joint Venture, as part of nonoperating income The Joint Venture did not make any distributions in 2011

Agnesian accounted for the acquisition as a purchase, recognizing the underlying assets and liabilities acquired at fair value The following table summarizes the estimated fair values of the acquired assets and assumed liabilities of the Joint Venture at June 30, 2011, the date of acquisition

	In Thousands
Current assets	$ 851
Property and equipment - Net	200
Total assets acquired	1,051
Current liabilities assumed	299
Net assets acquired	$ 752

Note 11 Bank Line of Credit

Agnesian has a $10,000,000 variable interest rate bank line of credit that is unsecured There were no borrowings against the line of credit at June 30, 2012 and 2011

Note 13 Long-Term Debt

In December 2011, the Wisconsin Health and Educational Facilities Authority (WHEFA) issued for Agnesian's benefit, $10,200,000 of revenue bonds ("Series 2011 Bonds") Proceeds from Series 2011 Bonds were used to partially refund the WHEFA Series 1998 Revenue Bonds and pay certain costs associated with the issuance of the Series 2011 Bonds

In November 2010, WHEFA issued, for Agnesian's benefit, $57,260,000 of adjustable rate revenue bonds ("Series 2010 Bonds") Proceeds from the Series 2010 Bonds were used to refund the WHEFA Series 2001 Revenue Bonds, fund the acquisition, construction, renovation, and equipping related to the private room construction project, and pay certain costs associated with the issuance of the Series 2010 Bonds

In December 2008, WHEFA issued, for Agnesian's benefit, $49,330,000 of adjustable rate revenue bonds ("Series 2008 Bonds") Proceeds from the Series 2008 Bonds were used to refund the WHEFA Series 2005 Revenue Bonds and pay debt issuance costs In June 2011, the Series 2008 Bonds were converted to bank-owned direct purchase bonds Prior to June 30, 2011, the Series 2008 Bonds were secured by an irrevocable direct-pay letter of credit totaling $50,043,596 As a result of the conversion to bank-owned bonds, the letter of credit was terminated

In June 1998, WHEFA issued, for Agnesian's benefit, $30,000,000 of adjustable rate revenue bonds ("Series 1998 Bonds") Proceeds of the Series 1998 Bonds were used to pay the cost of constructing and equipping a reception registration lobby, a diagnostic and treatment building, and other capital projects, and to pay for certain debt issuance costs

In June 1997, WHEFA issued, for Agnesian's benefit, $12,000,000 of adjustable rate revenue bonds ("Series 1998 Bonds") Proceeds of the Series 1997 Bonds were used to pay the cost of acquisition, construction, and equipping of facilities for St Francis Home

Note 13 Long-Term Debt (Continued)

As security for the payment of the revenue bonds, Agnesian has granted to the Master Trustee a security interest in all of Agnesian's rents, revenue, income, and receipts, including all rights, title, and interest in and to all monies, earnings, and receivables, whether now owed or hereafter acquired subject to certain exceptions Each organizational member of the Obligated Group (Agnesian HealthCare, Waupun, Consultants Lab, Enterprises, and St Francis Home) is jointly and severally liable for the guarantee of principal and interest on all Master Notes issued under the Master Indenture

The Master Indenture requires the creation of funds to be held by a trustee for payment of construction costs and bond principal and interest These funds, which are not available for general purposes, are classified as assets limited as to use In addition, the Master Indenture requires maintenance of certain debt service coverage ratios, limits additional borrowings, and requires compliance with various other restrictive covenants Management believes Agnesian is in compliance with all covenants at June 30, 2012

Note 13 Long-Term Debt (Continued)

Long-term debt consisted of the following at June 30

	In Thousands	
	2012	2011
WHEFA Revenue Bonds, Series 2011, dated December 31, 2011, with interest at 2 78% due in varying annual amounts ranging from $954,000 in 2013 to $1,342,000 in 2020	$ 9,112	$ -
WHEFA Revenue Bonds, Series 2010, dated November 15, 2010, with rates of interest varying from 5 00% to 5 75%, due in varying annual amounts ranging from $985,000 in 2013 to $1,750,000 in 2040	55,530	56,475
WHEFA Adjustable Rate Revenue Bonds, Series 2008, dated December 1, 2008, variable rate of interest (1 222% and 0 30% at June 30, 2012 and 2011, respectively), due in varying annual amounts ranging from $925,000 in 2013 to $5,465,000 in 2035	48,330	48,680
WHEFA Revenue Bonds, Series 1998, dated June 24, 1998, with rates of interest varying from 4 900% to 5 125%, refinanced in July 2012 as discussed in Note 28	11,430	21,360
WHEFA Revenue Bonds, Series 1997, variable rates of interest (0 28% and 0 71% at June 30, 2012 and 2011, respectively), due in varying amounts ranging from $710,000 in 2013 to $165,000 in 2016	2,370	3,055
Ripon Medical Center WHEFA Revenue Bonds, Series 1998, with interest at 5 10%, with $65,000 due in 2013	65	545
Other debt	-	129
Subtotals	126,837	130,244
Unamortized bond premium	770	602
Total long-term debt	127,607	130,846
Less - Current portion	3,639	3,397
Long-term portion	$ 123,968	$ 127,449

Note 13 Long-Term Debt (Continued)

Required payments of principal of the long-term debt, including current maturities, are as follows

	In Thousands
2013	$ 3,639
2014	3,724
2015	3,874
2016	3,720
2017	3,966
Thereafter	107,914
Total	$ 126,837

Note 14 Interest Rate Swap

Agnesian has a master swap agreement dated April 27, 2005, with a financial institution for an interest rate swap transaction for the purpose of hedging the variable interest rate on the Series 2008 Revenue Bonds (Note 13) The interest rate swap has a notional amount which amortizes over the term of the agreement and which totaled $14,350,000 and $14,700,000 at June 30, 2012 and 2011, respectively The agreement has a fixed rate of 3 545% and matures July 1, 2033

Agnesian assesses the effectiveness of the interest rate swap as a cash flow hedge instrument on a periodic basis, and for the years ended June 30, 2012 and 2011, determined the hedge to be effective, thus the change in the fair value of the hedge is shown as a change in unrestricted net assets

Agnesian is exposed to credit loss in the event of nonperformance by the counterparty to the interest rate swap However, Agnesian does not anticipate nonperformance by the counterparty

The interest rate swap agreement is recorded at fair value and is recorded as a liability of $3,192,000 and $1,574,000 as of June 30, 2012 and 2011, respectively The interest rate swap reflects a liability balance due to decreases in market rates since inception

Note 15 Leases

Agnesian leases various equipment under capital lease obligations

Property and equipment included the following amounts at June 30 for leases which have been capitalized

	In Thousands	
	2012	2011
Movable equipment	$ 23,507	$ 23,074
Less - Accumulated amortization	16,895	13,702
Totals	$ 6,612	$ 9,372

Agnesian has also entered into various noncancelable operating lease agreements primarily for equipment and buildings Future minimum payments, by year and in the aggregate, under capital leases and noncancelable operating leases with initial or remaining terms in excess of one year consisted of the following

	In Thousands	
	Capital Leases	Operating Leases
2013	$ 1,797	$ 5,431
2014	1,095	2,906
2015	907	1,604
2016	822	986
2017	342	726
Thereafter	-	919
Total minimum lease payments	4,963	$ 12,572
Amount representing interest	348	
Present value of net minimum lease payments	4,615	
Less - Current portion	1,643	
Long-term obligations under capital leases	$ 2,972	

Rent expense totaled $6,314,000 and $6,348,000 in 2012 and 2011, respectively

Note 16 Temporarily Restricted Net Assets

Temporarily restricted net assets primarily include the interest in net assets of foundations, along with assets set aside in accordance with donor restrictions as to time or use Temporarily restricted net assets are expendable to support the following purposes at June 30

	In Thousands	
	2012	2011
Interest in Agnesian HealthCare Foundation		
Hospice	$ 950	$ 1,197
St Francis Home - Patient care and other	3,052	3,020
Other health services and initiatives	6,590	6,390
Interest in Foundation for Ripon Medical Center, Inc	3,393	3,228
Agnesian HealthCare - Patient care and other	57	108
Total temporarily restricted net assets	$ 14,042	$ 13,943

Note 17 Permanently Restricted Net Assets

Permanently restricted net assets have been restricted by donors to be maintained in perpetuity, the income of which was expendable to support patient care and other services at June 30

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	In Thousands	
	2012	2011
Interest in Agnesian HealthCare Foundation		
Other health services and initiatives	$ 1,146	$ 1,146
St Francis Home	315	315
Agnesian HealthCare	1,000	1,000
Total permanently restricted net assets	$ 2,461	$ 2,461

Note 18 Malpractice Insurance

Agnesian's professional liability insurance for claim losses of up to $1 million per claim and $3 million per aggregate covers professional liability claims reported during a policy year (claims-made coverage) Losses in excess of these policy amounts are covered through mandatory participation in the Injured Patients and Family Compensation Fund of the State of Wisconsin The professional liability and umbrella insurance policies are renewable annually and have been renewed by the insurance carrier for the annual period extending to July 1, 2013 In addition, Agnesian maintains umbrella coverage for claims in excess of the general liability limits to a maximum of $15 million per occurrence and $15 million per year

Under a claims-made policy, the risk for claims and incidents not asserted within the policy period remains with Agnesian Although there exists the possibility of claims arising from services provided to patients through June 30, 2012, which have not been asserted, Agnesian is unable to determine the ultimate cost, if any, of such possible claims and, accordingly, no provision has been made for them

Note 19 Professional Services Agreement

Agnesian HealthCare has entered into a multiyear professional services agreement (PSA) with FDLRC SC, a multispecialty medical group Under this agreement, Agnesian purchases physician services from FDLRC SC in exchange for the rights to all proceeds from billings for such services Payments to FDLRC SC are made on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined in accordance with the PSA For 2012 and 2011, professional fees and purchased services expense included $50,633,000 and $50,927,000, respectively, for FDLRC SC professional services

Note 20 Retirement Plans

Agnesian has established the Retirement Savings Plan Plus (the "Savings Plan") and a related trust to provide retirement benefits for employees of Agnesian, Waupun, Ripon, St Francis Home, Consultants Lab, Enterprises, and certain sisters of the Congregation The Savings Plan is a defined contribution plan available to employees who have attained age 18 Participating employees can elect to contribute all or part of their qualifying earnings to the Savings Plan and/or to contribute a fixed sum Agnesian contributes a discretionary amount based upon eligible employee compensation and contributions to the Savings Plan

Note 20 Retirement Plans (Continued)

Through December 31, 2011, Ripon operated a tax deferred annuity plan, which is a contributory defined contribution retirement plan covering substantially all of its employees Through April 30, 2011, Ripon matched 100% of the first 3% of employee contributions or 100% of the first 4% of the employee contribution exceeding 4% Effective August 1, 2011, Ripon began matching employee contributions at a level consistent with the Agnesian Retirement Savings Plan Ripon did not make any matching contributions to the plan from May 1, 2011 through July 31, 2011

The Ripon plan was frozen on January 1, 2012, at which point Ripon employees became eligible to participate in the Agnesian Retirement Savings Plan Plus There are no further employee or employer contributions to the Ripon plan effective January 1, 2012

Note 21 Deferred Compensation

Under terms of the PSA with FDLRC SC discussed in Note 19, Agnesian also sponsors a flexible benefit plan and an elective salary deferral plan covering eligible employees of FDLRC Under the terms of the flexible benefit plan, participants allocate their benefit allowances, generally equal to 7 5% of compensation, among a variety of investment vehicles Physicians' contributions to these deferred compensation plans and earnings thereon are subject to a substantial risk of forfeiture in the event of termination

Agnesian also has deferred compensation plans under Section 457 of the Code These plans provide enhanced benefits to eligible executives and physicians Under the terms of these plans, amounts are deposited into investment accounts held for the benefit of the participant

Investments designated for deferred compensation are recorded as assets limited as to use and as a liability in the accompanying consolidated balance sheets Investments included in assets limited as to use for deferred compensation totaled $19,400,000 and $17,045,000 at June 30, 2012, and 2011, respectively

For the years ended June 30, 2012 and 2011, Agnesian's expenses related to the deferred compensation plans totaled $3,236,000 and $2,779,000, respectively

Note 22 Self-Funded Health and Dental Insurance

Agnesian sponsors a self-funded health care plan which provides medical and dental benefits to substantially all of its employees and their dependents Employees share in the cost of health benefits The health care expense is based upon actual claims paid, administration fees, and provisions for unpaid and unreported claims at year-end

At June 30, 2012 and 2011, the provision for unpaid and unreported claims included in accrued liabilities was $2,618,000 and $2,497,000, respectively Management believes these liabilities are sufficient to cover estimated claims, including claims incurred but not yet reported

Note 23 Functional Expenses

Agnesian's functional expenses are as follows

	In Thousands	
	2012	2011
Health care services	$ 317,530	$ 286,654
General and administrative services	67,995	62,957
Total expenses	$ 385,525	$ 349,611

Note 24 Concentration of Credit Risk

Financial instruments that potentially subject Agnesian to credit risk consist principally of cash deposits in excess of insured limits, accounts receivable, and investments which are uninsured

Note 24 Concentration of Credit Risk (Continued)

Agnesian maintains depository relationships with area financial institutions that are Federal Deposit Insurance Corporation (FDIC) insured institutions On November 9, 2010, the FDIC issued a final rule implementing Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides for unlimited coverage of non-interest-bearing transaction accounts through December 31, 2012 In addition, Agnesian maintains cash in interest-bearing accounts at these institutions which are insured by the FDIC up to $250,000 At June 30, 2012, Agnesian exceeded the insured limits by $21,239,000 In addition, other investments held by financial institutions are uninsured

Accounts receivable consist of amounts due from patients, their insurers, or governmental agencies The mix of receivables from patients and third-party payors was as follows at June 30

	2012	2011
Medicare	39%	35%
Medicaid	8%	8%
Commercial insurance and other	39%	41%
Private pay	14%	16%
Totals	100%	100%

Note 25 Transactions With Affiliated Organizations

Agnesian employs certain sisters of the Congregation Sisters' salaries and related costs totaled $473,000 and $438,000 for 2012 and 2011, respectively

St Francis Home recorded $1,917,000 and $1,634,000 of revenue from the Congregation for 2012 and 2011, respectively, for services provided to Congregation members

Note 25 Transactions With Affiliated Organizations (Continued)

Agnesian Foundation is a tax-exempt corporation organized by the Congregation exclusively for charitable, educational, religious, and scientific purposes St Agnes donates management and general services to Agnesian Foundation Total expenses incurred by St Agnes for these donated services and supplies approximated $277,000 and $281,000 in 2012 and 2011, respectively Agnesian Foundation made grants to Agnesian totaling $1,200,000 and $793,000 in 2012 and 2011, respectively Agnesian Foundation had grants payable to Agnesian totaling $822,000 and $686,000 at June 30, 2012 and 2011, respectively

Ripon Foundation is a tax-exempt corporation that receives gifts and bequests, raises funds for specific projects or needs, administers and invests funds, and disburses payments to and for the benefit of Ripon at the discretion of Ripon Foundation's Board of Directors Ripon Medical Center donated management and general services to Ripon Foundation Total expenses by Ripon Medical Center for these services and supplies approximated $30,000 in 2012

Note 26 Long-Term Contract Commitments

Agnesian HealthCare has entered into an Information Technology Services Agreement (ITSA) with IBM and Cerner Corporations The ITSA includes delivery management services, asset services, help desk services, user support services, server systems management services, data network services, enterprise security management services, application management services, remote hosting services, and disaster recovery services The initial agreement period ends December 31, 2014

The base fees (fixed annual charges) together with various indexing adjustments are payable in accordance with a predetermined pricing agreement The agreement allows adjustments to the base fee for changes in services to be provided In addition, the contract requires certain service level credits, which are reviewed and audited against source data on a monthly basis At June 30, 2012, the future estimated fees, exclusive of consumer price indexing adjustments and obligations outside of the ITSA, are as follows

	In Thousands
2013	$ 8,795
2014	8,413
2015	4,161
Total	$ 21,369

Note 27 Hospital Assessments

The Wisconsin state legislature enacted legislation under which eligible hospitals, including Agnesian, are required to pay the State an annual assessment The assessment period is the State's fiscal year which runs from July 1 to June 30 The assessment is based on each hospital's gross revenue, as defined The revenue generated from the assessment is to be used, in part, to increase overall reimbursement under the Wisconsin Medicaid program Agnesian's expense was approximately $5,151,000 and $5,013,000 and for 2012 and 2011, respectively, and is included in supplies and other expense in the accompanying consolidated statements of operations and changes in net assets Any increases in reimbursement from Medicaid are included in net patient service revenue

Note 28 Subsequent Events

In July 2012, Agnesian refunded the remaining portion of the Series 1998 Bonds with Series 2012 bonds totaling $11,632,000

Supplementary Information

WIPFLI LLP

Independent Auditor's Report on Supplementary Information

Board of Directors
Agnesian HealthCare, Inc
Fond du Lac, Wisconsin

We have audited the consolidated financial statements of Agnesian HealthCare, Inc and Affiliates as of and for the years ended June 30, 2012 and 2011, and our report thereon dated September 5, 2012, which expressed an unqualified opinion on those consolidated financial statements, appears on page 1 Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole The supplementary information appearing on pages 56 through 59 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole

Wipfli LLP

Wipfli LLP

September 5, 2012
Wausau, Wisconsin

Agnesian HealthCare, Inc. and Affiliates

Consolidating Balance Sheet

June 30, 2012 (With Comparative Totals for June 30, 2011)

	In Thousands		
Assets	Agnesian HealthCare, Inc	Waupun Memorial Hospital, Inc	Ripon Medical Center, Inc
Current assets			
Cash and cash equivalents	$ 6,467	$ 3,332	$ 582
Accounts receivable - Net	39,802	5,484	3,319
Other receivables	8,734	27	194
Inventory	1,373	18	334
Prepaid expenses and other	2,299	123	125
Total current assets	58,675	8,984	4,554
Investments	145,169	-	523
Assets limited as to use	32,304	-	229
Property and equipment - Net	133,344	16,765	5,277
Other assets			
Interest in net assets of foundations	8,686	-	3,393
Investment in unconsolidated affiliate	15,332	-	-
Deferred financing costs	1,223	-	2
Intangibles - Net	3,222	-	816
Other	5,211	-	2
Total other assets	33,674	-	4,213
TOTAL ASSETS	$ 403,166	$ 25,749	$ 14,796

In Thousands						
Consultants Laboratory of Wisconsin, LLC	St Francis Home of Fond du Lac, Wisconsin, Inc	Agnesian HealthCare Enterprises, LLC	Eliminations	Consolidated 2012	Consolidated 2011
$ 5,023	$ 3,498	$ 1,494	$ -	$ 20,396	$ 33,850
2,519	416	2,182	-	53,722	47,760
1,275	2	64	(7,145)	3,151	1,680
77	31	3,408	-	5,241	5,365
296	22	17	-	2,882	2,664
9,190	3,969	7,165	(7,145)	85,392	91,319
1,789	1,132	-	-	148,613	136,751
-	985	-	-	33,518	44,558
2,074	15,362	1,389	-	174,211	153,558
-	3,367	-	-	15,446	15,296
-	-	-	(15,332)	-	-
-	46	-	-	1,271	1,512
-	-	196	-	4,234	4,728
1	26	-	(5,000)	240	519
1	3,439	196	(20,332)	21,191	22,055
$ 13,054	$ 24,887	$ 8,750	$ (27,477)	$ 462,925	$ 448,241

Agnesian HealthCare, Inc. and Affiliates

Consolidating Balance Sheet (Continued)

June 30, 2012 (With Comparative Totals for June 30, 2011)

	In Thousands		
Liabilities and Net Assets	Agnesian HealthCare, Inc	Waupun Memorial Hospital, Inc	Ripon Medical Center, Inc
Current liabilities			
Current maturities of long-term liabilities			
Long-term debt	$ 2,864	$ -	$ 65
Capital lease obligations	1,643	-	-
Accounts payable	8,903	1,803	1,625
Accrued liabilities	16,281	1,445	830
Amounts payable to third-party reimbursement programs	94	344	882
Total current liabilities	29,785	3,592	3,402
Long-term liabilities			
Long-term debt	122,308	-	-
Capital lease obligations	2,972	-	-
Deferred compensation	19,400	-	-
Residency fees on deposit and other	-	-	-
Interest rate swap valuation	3,192	-	-
Total long-term liabilities	147,872	-	-
Total liabilities	177,657	3,592	3,402
Net assets			
Unrestricted	215,766	22,157	8,001
Temporarily restricted	7,597	-	3,393
Permanently restricted	2,146	-	-
Total net assets	225,509	22,157	11,394
TOTAL LIABILITIES AND NET ASSETS	$ 403,166	$ 25,749	$ 14,796

In Thousands					
Consultants Laboratory of Wisconsin, LLC	St Francis Home of Fond du Lac, Wisconsin, Inc	Agnesian HealthCare Enterprises, LLC	Eliminations	Consolidated 2012	Consolidated 2011
$ -	$ 710	$ -	$ -	$ 3,639	$ 3,397
-	-	-	-	1,643	4,603
666	382	4,058	(7,145)	10,292	9,683
1,143	824	605	-	21,128	26,064
-	-	-	-	1,320	1,259
1,809	1,916	4,663	(7,145)	38,022	45,006
-	6,660	-	(5,000)	123,968	127,449
-	-	-	-	2,972	4,270
-	-	-	-	19,400	17,045
-	985	-	-	985	940
-	-	-	-	3,192	1,574
-	7,645	-	(5,000)	150,517	151,278
1,809	9,561	4,663	(12,145)	188,539	196,284
11,245	11,959	4,087	(15,332)	257,883	235,553
-	3,052	-	-	14,042	13,943
-	315	-	-	2,461	2,461
11,245	15,326	4,087	(15,332)	274,386	251,957
$ 13,054	$ 24,887	$ 8,750	$ (27,477)	$ 462,925	$ 448,241

Agnesian HealthCare, Inc. and Affiliates

Consolidating Statement of Operations and Changes in Net Assets

Year Ended June 30, 2012 (With Comparative Totals for the Year Ended June 30, 2011)

	In Thousands		
	Agnesian HealthCare, Inc	Waupun Memorial Hospital, Inc	Ripon Medical Center, Inc
Unrestricted net assets			
Revenue			
Net patient service revenue	$ 299,343	$ 39,753	$ 22,091
Other operating revenue	6,890	1,895	1,289
Total revenue	306,233	41,648	23,380
Operating expenses			
Salaries and wages	98,677	12,886	9,111
Fringe benefits	26,933	2,746	1,970
Professional fees and purchased services	76,099	8,288	5,125
Supplies and other	45,261	5,472	3,172
Maintenance and utilities	18,274	1,570	1,761
Provision for bad debts	12,251	1,400	837
Depreciation and amortization	14,741	1,713	1,468
Interest	4,008	-	19
Total operating expenses	296,244	34,075	23,463
Income (loss) from operations	9,989	7,573	(83)
Other income (expense)			
Investment income	4,065	1	1
Income taxes	-	-	-
Loss on bond defeasance	(462)	-	-
Contribution related to acquisition of Ripon Medical Center, Inc	-	-	-
Gain on disposal of property and equipment	-	2	-
Other	6,145	-	-
Total other income (expense) - Net	9,748	3	1
Revenue in excess (deficiency) of expenses	19,737	7,576	(82)

In Thousands					
Consultants Laboratory of Wisconsin, LLC	St Francis Home of Fond du Lac, Wisconsin, Inc	Agnesian HealthCare Enterprises, LLC	Eliminations	Consolidated 2012	Consolidated 2011
$ 27,198	$ 12,150	$ 30,609	$ (29,519)	$ 401,625	$ 368,232
32	309	3	(1,849)	8,569	6,139
27,230	12,459	30,612	(31,368)	410,194	374,371
8,615	6,177	5,039	-	140,505	122,085
2,554	2,452	1,484	(16,650)	21,489	19,899
1,849	121	515	(13,336)	78,661	74,768
5,437	1,364	22,166	(501)	82,371	73,677
1,776	532	491	(881)	23,523	22,881
391	13	51	-	14,943	12,957
655	930	352	-	19,859	17,625
-	147	-	-	4,174	5,719
21,277	11,736	30,098	(31,368)	385,525	349,611
5,953	723	514	-	24,669	24,760
39	56	-	-	4,162	4,098
(279)	-	(97)	-	(376)	1
-	-	-	-	(462)	(890)
-	-	-	-	-	7,764
15	-	-	-	17	1,778
-	-	-	(6,145)	-	151
(225)	56	(97)	(6,145)	3,341	12,902
5,728	779	417	(6,145)	28,010	37,662

Agnesian HealthCare, Inc. and Affiliates

Consolidating Statement of Operations and Changes in Net Assets (Continued)

Year Ended June 30, 2012 (With Comparative Totals for the Year Ended June 30, 2011)

	In Thousands		
	Agnesian HealthCare, Inc	Waupun Memorial Hospital, Inc	Ripon Medical Center, Inc
Other changes in unrestricted net assets			
Net asset transfer	$ -	$ -	$ -
Change in unrealized gains and losses on investment securities	(4,550)	-	7
Interest rate swap valuation adjustment	(1,618)	-	-
Contributions for property and equipment		13	-
Net assets released from restrictions for capital	555	-	-
Total other changes in unrestricted net assets	(5,613)	13	7
Increase (decrease) in unrestricted net assets	14,124	7,589	(75)
Temporarily restricted net assets			
Change in interest in net assets of foundations	1,329	-	164
Net assets released from restrictions			
For capital	(555)	-	-
For operations	(871)	-	-
Contribution related to acquisition of Ripon Medical Center	-	-	-
Increase (decrease) in temporarily restricted net assets	(97)	-	164
Increase in permanently restricted net assets - Change in interest in net assets of foundations	-	-	-
Increase in net assets	14,027	7,589	89
Net assets at beginning	211,482	14,568	11,305
Net assets at end	$ 225,509	$ 22,157	$ 11,394

In Thousands						
Consultants Laboratory of Wisconsin, LLC	St Francis Home of Fond du Lac, Wisconsin, Inc	Agnesian HealthCare Enterprises, LLC	Eliminations	Consolidated 2012	Consolidated 2011
$ (5,000)	$ -	$ -	$ 5,000	$ -	$ -
-	(87)	-	-	(4,630)	10,130
-	-	-	-	(1,618)	399
-	-	-	-	13	13
-	-	-	-	555	90
(5,000)	(87)	-	5,000	(5,680)	10,632
728	692	417	(1,145)	22,330	48,294
-	44	-	-	1,537	2,573
-	-	-	-	(555)	(90)
-	(12)	-	-	(883)	(869)
-	-	-	-	-	3,288
-	32	-	-	99	4,902
-	-	-	-	-	7
728	724	417	(1,145)	22,429	53,203
10,517	14,602	3,670	(14,187)	251,957	198,754
$ 11,245	$ 15,326	$ 4,087	$ (15,332)	$ 274,386	$ 251,957