See a Social Security Number? Say Something!
Report Privacy Problems to https://public.resource.org/privacy
Or call the IRS Identity Theft Hotline at 1-800-908-4490

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493135079633

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
UNITED HOSPITAL SYSTEM INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
6308 8TH AVENUE

City or town, state or country, and ZIP + 4
KENOSHA, WI 53143

D Employer identification number
39-0816845

E Telephone number
(262) 577-8113

G Gross receipts $ 331,067,628

F Name and address of principal officer
THOMAS J KELLEY
6308 8TH AVENUE
KENOSHA, WI 53143

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

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW UNITEDHOSPITALSYSTEM ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1910 | **M** State of legal domicile WI

Part I Summary

1 Briefly describe the organization's mission or most significant activities
UNITED HOSPITAL SYSTEM, INC IS COMMITTED TO LIVING OUT THE HEALING MINISTRIES OF THE JUDEO-CHRISTIAN FAITHS BY PROVIDING EXCEPTIONAL AND COMPASSIONATE HEALTHCARE SERVICES THAT PROMOTES THE DIGNITY AND WELL-BEING OF THE PEOPLE WE SERVE THIS IS OUR MISSION AND OUR REASON FOR BEING WE STRIVE TO RECRUIT AND RETAIN THE BEST PHYSICIANS AND STAFF AND PURCHASE THE BEST DIAGNOSTIC AND CURATIVE MEDICAL EQUIPMENT THAT OUR FINANCIAL RESOURCES WILL PERMIT WE ALSO STRIVE TO BE ACCESSIBLE TO ALL MEMBERS OF OUR COMMUNITY WITH EMERGENT AND URGENT HEALTHCARE NEEDS, IRRESPECTIVE OF THEIR ABILITY TO PAY THIS IS OUR COMMITTMENT TO THE QUALITY, ACCESSIBILITY AND AFFORDABILITY FUNDAMENTALS AFFECTING THE DELIVERY OF HEALTHCARE

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	14
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	11
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	2,509
6	Total number of volunteers (estimate if necessary)	**6**	151
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	234,491
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-16,528

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	39,070	100,831
9	Program service revenue (Part VIII, line 2g)	284,810,928	303,624,543
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	2,566,994	1,028,282
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	710,808	628,391
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	288,127,800	305,382,047
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	9,395	11,745
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)	142,050,026	144,860,983
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)	124,744,225	132,539,069
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	266,803,646	277,411,797
19	Revenue less expenses Subtract line 18 from line 12	21,324,154	27,970,250

		Beginning of Current Year	End of Year
Net Assets or Fund Balances			
20	Total assets (Part X, line 16)	311,712,686	323,780,841
21	Total liabilities (Part X, line 26)	80,483,668	118,963,026
22	Net assets or fund balances Subtract line 21 from line 20	231,229,018	204,817,815

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

****** 2013-05-15
Signature of officer — Date

THOMAS J KELLEY VP & 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)
JAY ADKISSON CPA	2013-05-15	☐	P01360892

Firm's name (or yours if self-employed), address, and ZIP + 4
WIPFLI LLP
10000 INNOVATION DRIVE SUITE 250
MILWAUKEE, WI 532264837

EIN ▶ 39-0758449

Phone no ▶ (414) 431-9300

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

UNITED HOSPITAL SYSTEM, INC IS A COMPREHENSIVE REGIONAL HEALTHCARE SYSTEM THAT HAS SERVED SOUTHEASTERN WISCONSIN AND NORTHERN ILLINOIS COMMUNITIES FOR MORE THAN 100 YEARS UNITED HOSPITAL SYSTEM PROVIDES SERVICES PRIMARILY THROUGH THE KENOSHA MEDICAL CENTER CAMPUS AND THE ST CATHERINE'S MEDICAL CENTER CAMPUS AND SEVERAL OTHER CLINIC LOCATIONS WE, AT UNITED, ARE COMMITTED TO LIVING OUT THE HEALING MINISTRIES OF THE JUDEO-CHRISTIAN FAITHS BY PROVIDING EXCEPTIONAL AND COMPASSIONATE HEALTHCARE SERVICES THAT PROMOTES THE DIGNITY AND WELL BEING OF THE PEOPLE WE SERVE THIS IS OUR MISSION AND OUR REASON FOR BEING

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 $ 233,699,858 including grants of $ 11,745) (Revenue $ 304,031,583)

ACUTE CARE HOSPITAL THAT PROVIDES INPATIENT, OUTPATIENT, AND EMERGENCY CARE SERVICES TO ITS COMMUNITY

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

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

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ $ 233,699,858

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		No
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	Yes	
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d	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	Yes	
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** All Form 990 filers that operated one or more hospitals must attach audited financial statements	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	**35a**		No
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**		No
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**	68		
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**	2,509			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b**	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?			**4a**		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**	Yes	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**	Yes	
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	14		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	11		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .		3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .		5		No
6	Did the organization have members or stockholders?		6		No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		7a		No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		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		No
14	Did the organization have a written document retention and destruction policy?	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a	Yes	
b	Other officers or key employees of the organization	15b	Yes	
	If "Yes," to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		No
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure

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

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 ▶

THE ORGANIZATION
6308 8TH AVENUE
KENOSHA, WI 53143
(262) 577-8113

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) JAMES ARNESON CHAIRMAN	2 00	X		X				0	0	0
(2) DR F GREGORY CAMPBELL VICE-CHAIRMAN	2 00	X		X				0	0	0
(3) ROBERT A CORNOG SECRETARY/TREASURER/DIRECTOR	2 00	X		X				0	0	0
(4) RICHARD O SCHMIDT JR PRESIDENT/CEO/DIRECTOR	45 00	X		X				1,033,643	0	155,434
(5) EDWARD C EMMA DIRECTOR	2 00	X						0	0	0
(6) HAROLD W MAYER DIRECTOR	2 00	X						0	0	0
(7) A JAMES CICCHINI DIRECTOR	2 00	X						0	0	0
(8) JAMES CONCANNON MD DIRECTOR	2 00	X						0	0	0
(9) DON E KAELBER DIRECTOR	2 00	X						0	0	0
(10) RAYMOND KNIGHT MD DIRECTOR/PHYSICIAN	2 00	X						738,397	0	51,038
(11) ROBERT LEE JR DIRECTOR	2 00	X						0	0	0
(12) JOSEPH F MADRIGRANO SR DIRECTOR	2 00	X						0	0	0
(13) LAWRENCE REIF MD DIRECTOR	2 00	X						0	0	0
(14) W HARLEY SOBIN MD DIRECTOR/PHYSICIAN	2 00	X						978,181	0	51,675
(15) LINDA WOHLGEMUTH ASST SECRETARY/VP-COO-SCMCC	45 00			X				421,317	0	63,429
(16) CHARLES TALBERT - THRU JUN 2011 ASST TREASURER/VP-CFO	45 00			X				179,352	0	33,434
(17) THOMAS KELLEY - BEGIN JUL 2011 ASST TREASURER/VP-CFO	45 00			X				225,939	0	73,594

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) SUSAN VENTURA SVP/COO-KMCC	45 00				X			422,309	0	63,429
(19) ASHWANI SETHI MD PHYSICIAN	40 00					X		977,629	0	52,054
(20) MARIO GARRETTO MD PHYSICIAN	40 00					X		929,846	0	52,543
(21) KATHERINE ABBO MD PHYSICIAN	40 00					X		600,254	0	37,787
(22) RAMANUJA MANDA MD PHYSICIAN	40 00					X		597,722	0	51,572
(23) WENDEL FRIEDL MD PHYSICIAN	40 00					X		937,850	0	52,566

1b	**Sub-Total** . . . . . ▶			
c	**Total from continuation sheets to Part VII, Section A** . . . . ▶			
d	**Total (add lines 1b and 1c)** . . . . . ▶	8,042,439	0	738,555

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 ▶ 111

			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
ECLIPSYS CORP PO BOX 8538 133 PHILADELPHIA, PA 19171	IS SERVICES	2,518,604
H M P OF KENOSHA COUNTY LTD PO BOX 645037 CINCINNATI, OH 45264	MEDICAL	1,565,263
QUEST DIAGNOSTICS 3924 COLLECTION CENTER DR CHICAGO, IL 60693	MEDICAL	1,262,753
ALL SAINTS PO BOX 14759 MILWAUKEE, WI 53214	MEDICAL	748,414
WHEATON FRANCISCAN HEALTHCARE PO BOX 14759 MILWAUKEE, WI 53214	MEDICAL	668,174

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 ▶ 29

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	23,265			
	d	Related organizations	1d				
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	77,566			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		100,831			
			Business Code				
Program Service Revenue	2a	NET PATIENT SERVICE RE	623000	298,212,244	298,212,244		
	b	OTHER OPERATING REVENU	623990	5,412,299	5,177,808	234,491	
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		303,624,543			
	3	Investment income (including dividends, interest and other similar amounts)		1,273,276			1,273,276
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
			(i) Real	(ii) Personal			
	6a	Gross rents	641,531				
	b	Less rental expenses	0				
	c	Rental income or (loss)	641,531				
	d	Net rental income or (loss)		641,531	641,531		
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	25,230,607	155,000			
	b	Less cost or other basis and sales expenses	25,428,202	202,399			
	c	Gain or (loss)	-197,595	-47,399			
	d	Net gain or (loss)		-244,994			-244,994
Other Revenue	8a	Gross income from fundraising events (not including $ 23,265 of contributions reported on line 1c) See Part IV, line 18	a 41,840				
	b	Less direct expenses	b 54,980				
	c	Net income or (loss) from fundraising events		-13,140			-13,140
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities					
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory					
		Miscellaneous Revenue	Business Code				
	11a						
	b						
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d					
	12	**Total revenue.** See Instructions		305,382,047	304,031,583	234,491	1,015,142

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	11,745	11,745		
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	4,491,171	3,562,053	929,118	
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	110,330,756	92,842,390	17,488,366	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	6,510,943	5,478,903	1,032,040	
9	Other employee benefits	16,437,005	6,574,782	9,862,223	
10	Payroll taxes	7,091,108	5,922,587	1,168,521	
11	Fees for services (non-employees)				
a	Management				
b	Legal				
c	Accounting				
d	Lobbying				
e	Professional fundraising *See Part IV, line 17* . .				
f	Investment management fees				
g	Other	13,904,719	8,695,588	5,209,131	
12	Advertising and promotion	343,946	152,945	191,001	
13	Office expenses	52,995,205	50,434,173	2,561,032	
14	Information technology	4,669,454	4,669,454		
15	Royalties . .				
16	Occupancy	6,224,494	6,105,086	119,408	
17	Travel	567,694	154,874	412,820	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings				
20	Interest	1,192,513	1,073,262	119,251	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	15,725,243	14,152,719	1,572,524	
23	Insurance	1,027,164	440,126	587,038	
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	20,309,686	20,309,686		
b	STATE HOSPITAL ASSESSME	7,966,879	7,966,879		
c	REPAIRS	2,098,909	1,480,562	618,347	
d	GROCERIES	1,710,583	236,222	1,474,361	
e					
f	All other expenses	3,802,580	3,435,822	366,758	
25	**Total functional expenses.** Add lines 1 through 24f	277,411,797	233,699,858	43,711,939	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			1	
	2	Savings and temporary cash investments		20,231,914	2	47,819,261
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		34,535,648	4	36,239,122
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		3,582,164	8	4,213,110
	9	Prepaid expenses and deferred charges		3,612,675	9	4,212,357
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 250,122,998			
	b	Less accumulated depreciation	10b 163,970,349	89,867,452	10c	86,152,649
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11		90,616,034	12	81,786,222
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		69,266,799	15	63,358,120
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		311,712,686	16	323,780,841
Liabilities	17	Accounts payable and accrued expenses		28,597,704	17	28,493,220
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		23,675,025	20	16,378,570
	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		28,210,939	25	74,091,236
	26	**Total liabilities.** Add lines 17 through 25		80,483,668	26	118,963,026
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		229,216,892	27	202,778,673
	28	Temporarily restricted net assets		495,243	28	520,158
	29	Permanently restricted net assets		1,516,883	29	1,518,984
		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		231,229,018	33	204,817,815
	34	Total liabilities and net assets/fund balances		311,712,686	34	323,780,841

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	305,382,047
2	Total expenses (must equal Part IX, column (A), line 25)	2	277,411,797
3	Revenue less expenses Subtract line 2 from line 1	3	27,970,250
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	231,229,018
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-54,381,453
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	204,817,815

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		

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493135079633

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
UNITED HOSPITAL SYSTEM INC

Employer identification number
39-0816845

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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493135079633

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
UNITED HOSPITAL SYSTEM INC

Employer identification number
39-0816845

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	2,012,126	1,998,034	1,973,518	1,955,842	
b	Contributions					
c	Investment earnings or losses	38,761	23,485	46,211	33,529	
d	Grants or scholarships					
e	Other expenditures for facilities and programs	11,745	9,395	21,695	15,853	
f	Administrative expenses					
g	End of year balance	2,039,142	2,012,124	1,998,034	1,973,518	

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶ 74 000 %
- c Term endowment ▶ 26 000 %

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

		Yes	No
(i) unrelated organizations	3a(i)		No
(ii) related organizations	3a(ii)		No

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? 3b

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		5,519,546		5,519,546
b Buildings		114,805,242	77,447,615	37,357,627
c Leasehold improvements				
d Equipment		123,948,289	84,920,154	39,028,135
e Other		5,849,921	1,602,580	4,247,341
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				86,152,649

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		
(3) Other		
(A) CASH EQUIVLENTS	8,980,022	C
(B) CERTIFICATE OF DEPOSIT	15,000,000	C
(C) FIXED INCOME FUNDS	19,858,253	C
(D) EQUITY MUTUAL FUNDS	29,789,964	C
(E) EQUITY SECURITIES	8,157,983	C
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶	81,786,222	

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

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

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

(a) Description	(b) Book value
(1) DUE FROM AFFILIATE	63,358,120
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	63,358,120

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
DEFERRED COMPENSATION	8,067,658
PENSION LIABILITY	66,023,578
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	74,091,236

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	305,382,047
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	277,411,797
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	27,970,250
4	Net unrealized gains (losses) on investments	4	-906,169
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-53,475,284
9	Total adjustments (net) Add lines 4 - 8	9	-54,381,453
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	-26,411,203

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	259,560,202
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	-906,169		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d	-44,915,676		
e	Add lines **2a** through **2d**			2e	-45,821,845
3	Subtract line **2e** from line **1**			3	305,382,047
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	0
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	305,382,047

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

1	Total expenses and losses per audited financial statements			1	279,655,242
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	2,398,466		
e	Add lines **2a** through **2d**			2e	2,398,466
3	Subtract line **2e** from line **1**			3	277,256,776
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	155,021		
c	Add lines **4a** and **4b**			4c	155,021
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	277,411,797

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	TEMPORARILY RESTRICTED NET ASSETS ARE RESTRICTED FOR EDUCATION SCHOLARSHIP GRANTS AND VARIOUS HEALTH CARE PROGRAMS PERMANENTLY RESTRICTED NET ASSETS ARE TO BE HELD IN PERPETUITY, THE INCOME FROM WHICH IS EXPENDABLE FOR HOSPITAL DEVELOPMENT
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	IN ORDER TO ACCOUNT FOR ANY UNCERTAIN TAX POSITIONS, THE CORPORATION DETERMINES WHETHER IT IS MORE LIKELY THAN NOT THAT A TAX POSITION WILL BE SUSTAINED UPON EXAMINATION ON THE TECHNICAL MERITS OF THE POSITION, ASSUMING THAT 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 THAT POSITION IS NOT RECOGNIZED IN THE FINANCIAL STATEMENTS THE CORPORATION RECORDED NO ASSETS OR LIABILITIES RELATED TO UNCERTAIN TAX POSITIONS IN 2011 AND 2010 TAX RETURNS FOR THE YEARS ENDED JUNE 30, 2008 AND BEYOND REMAIN SUBJECT TO EXAMINATION BY THE INTERNAL REVENUE SERVICE
PART XI, LINE 8 - OTHER ADJUSTMENTS		CHANGE IN MINIMUM PENSION OBLIGATION -44,964,082 REVENUE SHARING WITH AFFILIATE -8,654,478 MACRS DEPRECIATION ADJUSTMENT 143,276 TOTAL TO SCHEDULE D, PART XI, LINE 8 -53,475,284
PART XII, LINE 2D - OTHER ADJUSTMENTS		CHANGE IN PENSION OBLIGATION OTHER THAN PENSION EXPENSE -44,964,082 REVENUE SHARING WITH AFFILIATE -8,654,478 SCHOLARSHIPS INCLUDED IN INCOME -11,745 RELATED ORGANIZATION REVENUE 8,671,360 FUNDRAISING EVENT EXPENSES 43,269
PART XIII, LINE 2D - OTHER ADJUSTMENTS		RELATED ORGANIZATION EXPENSES 2,355,197 FUNDRAISING EVENT EXPENSES 43,269
PART XIII, LINE 4B - OTHER ADJUSTMENTS		SCHOLARSHIPS INCLUDED IN INCOME 11,745 MACRS DEPRECIATION ADJUSTMENT 143,276

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493135079633

SCHEDULE G
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than $15,000 on Form 990-EZ, line 6a.
Attach to Form 990 or Form 990-EZ. See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
UNITED HOSPITAL SYSTEM INC

Employer identification number
39-0816845

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.

1 Indicate whether the organization raised funds through any of the following activities Check all that apply

a ☐ Mail solicitations
b ☐ Internet and e-mail solicitations
c ☐ Phone solicitations
d ☐ In-person solicitations
e ☐ Solicitation of non-government grants
f ☐ Solicitation of government grants
g ☐ Special fundraising events

2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? ☐ **Yes** ☐ **No**

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least $5,000 by the organization Form 990-EZ filers are not required to complete this table

(i) Name and address of individual or entity (fundraiser)	**(ii)** Activity	**(iii)** Did fundraiser have custody or control of contributions?		**(iv)** Gross receipts from activity	**(v)** Amount paid to (or retained by) fundraiser listed in col **(i)**	**(vi)** Amount paid to (or retained by) organization
		Yes	**No**			
Total . . . . . ▶						

3 List all states in which the organization is registered or licensed to solicit funds or has been notified it is exempt from registration or licensing

Part II **Fundraising Events.** Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than $15,000 on Form 990-EZ, line 6a. List events with gross receipts greater than $5,000.

		(a) Event #1 GOLF OUTING (event type)	(b) Event #2 (event type)	(c) Other Events (total number)	(d) Total Events (Add col (a) through col (c))
Revenue	1 Gross receipts	65,105			65,105
	2 Less Charitable contributions	23,265			23,265
	3 Gross income (line 1 minus line 2)	41,840			41,840
Direct Expenses	4 Cash prizes	1,100			1,100
	5 Non-cash prizes	8,333			8,333
	6 Rent/facility costs				
	7 Food and beverages	32,080			32,080
	8 Entertainment				
	9 Other direct expenses	13,467			13,467
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				(54,980)
	11 Net income summary Combine lines 3 and 10 in column (d) ▶				-13,140

Part III **Gaming.** Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than $15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (Add col (a) through col (c))
Revenue	1 Gross revenue				
Direct Expenses	2 Cash prizes				
	3 Non-cash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No	
	7 Direct expense summary Add lines 2 through 5 in column (d) ▶				( )
	8 Net gaming income summary Combine lines 1 and 7 in column (d) ▶				

9 Enter the state(s) in which the organization operates gaming activities _____

a Is the organization licensed to operate gaming activities in each of these states? ☐ Yes ☐ No

b If "No," Explain _____

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? ☐ Yes ☐ No

b If "Yes," Explain _____

11 Does the organization operate gaming activities with nonmembers? . . . . . ☐ Yes ☐ No

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? . . . . . ☐ Yes ☐ No

13 Indicate the percentage of gaming activity operated in

a	The organization's facility	**13a**	
b	An outside facility	**13b**	

14 Provide the name and address of the person who prepares the organization's gaming/special events books and records

Name ▶ ----------

Address ▶ ----------

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? . . . . . ☐ Yes ☐ No

b If "Yes," enter the amount of gaming revenue received by the organization ▶ $ _____ and the amount of gaming revenue retained by the third party ▶ $ _____

c If "Yes," enter name and address

Name ▶ ----------

Address ▶ ----------

16 Gaming manager information

Name ▶ ----------

Gaming manager compensation ▶ $ ----------

Description of services provided ▶ ----------

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? . . . . . ☐ Yes ☐ No

b Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ $

Part IV Complete this part to provide additional information for responses to question on Schedule G (see instructions.)

Identifier	ReturnReference	Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493135079633

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
UNITED HOSPITAL SYSTEM INC

Employer identification number
39-0816845

Part I Charity Care and Certain Other Community Benefits at Cost

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

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			3,421,669		3,421,669	1 330 %
b Medicaid (from Worksheet 3, column a)			42,738,413	25,037,152	17,701,261	6 880 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs			46,160,082	25,037,152	21,122,930	8 210 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)	554	62,481	108,319		108,319	0 040 %
f Health professions education (from Worksheet 5)		78	660,688		660,688	0 260 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)	26	547	242,132		242,132	0 090 %
j **Total** Other Benefits	580	63,106	1,011,139		1,011,139	0 390 %
k **Total.** Add lines 7d and 7j	580	63,106	47,171,221	25,037,152	22,134,069	8 600 %

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	1		1,971		1,971	0 %
3	Community support		37	144,518		144,518	0 050 %
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development	10	150	1,314		1,314	0 %
9	Other						
10	**Total**	11	187	147,803		147,803	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	7,128,699		
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	46,926,231		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	62,961,424		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-16,035,193		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures (see instructions)

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

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

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	KENOSHA MEDICAL CENTER CAMPUS 6308 8TH AVENUE KENOSHA, WI 53143	X	X					X		
2	SAINT CATHERINE'S MEDICAL CENTER CAMPUS 9555 76TH STREET PLEASANT PRAIRIE, WI 53158	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)

KENOSHA MEDICAL CENTER CAMPUS

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

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 200 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	Yes	
	If "Yes," check all actions in which the hospital facility or a third party engaged			
	a ☑ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments			
	e ☐ Other similar actions (describe in Part VI)			
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
	a ☐ Notified patients of the financial assistance policy upon admission			
	b ☐ Notified patients of the financial assistance policy prior to discharge			
	c ☑ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
	d ☑ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
	e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

SAINT CATHERINE'S MEDICAL CENTER CAMPUS

Name of Hospital Facility:

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

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

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 200 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	Yes	
	If "Yes," check all actions in which the hospital facility or a third party engaged			
	a ☑ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments			
	e ☐ Other similar actions (describe in Part VI)			
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
	a ☐ Notified patients of the financial assistance policy upon admission			
	b ☐ Notified patients of the financial assistance policy prior to discharge			
	c ☑ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
	d ☑ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
	e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

Part V Facility Information *(continued)*

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

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

	Name and address	Type of Facility (Describe)
1	KENOSHA NORTHSIDE CLINIC 3601 30TH AVENUE SUITE 205 KENOSHA, WI 53143	OUTPATIENT PHYSICIAN CLINIC
2	PADDOCK LAKE FAMILY MEDICINE CLINIC 7322 236TH AVENUE PADDOCK LAKE, WI 53168	OUTPATIENT PHYSICIAN CLINIC
3	THE GURNEE CLINIC 1790 NATIONS DRIVE SUITE 106 GURNEE, IL 60031	OUTPATIENT PHYSICIAN CLINIC
4	LAKEVIEW RECPLEX 9900 TERWALL TERRACE PLEASANT PRAIRIE, WI 53158	REHABILITATION CLINIC
5	VERNON ELEMENTARY SCHOOL - POOL AREA 8518 22ND AVENUE KENOSHA, WI 53143	REHABILITATION CLINIC
6	NORTH CENTRAL CLINIC 6127 GREEN BAY ROAD SUITE 200 KENOSHA, WI 53142	OUTPATIENT PHYSICIAN CLINIC
7	SCMCC-MMB 9697 ST CATHERINES DRIVE PLESANT PRAIRIE, WI 53158	OUTPATIENT PHYSICIAN CLINIC
8	RCW ADMINISTRATIVE BUILDING 5000 68TH AVE KENOSHA, WI 53144	ADMINISTRATIVE BUILDING
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 7 THE COST METHOD USED TO CALCULATE THE COST OF THE COMMUNITY BENEFIT PROGRAMS WAS THE COST-TO-CHARGE RATIO WORKSHEET 2 WAS USED TO CALCULTE THE RATIO OF PATIENT CARE COST TO CHARGES

Identifier	ReturnReference	Explanation
		PART I, LINE 7, COLUMN (F) THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS $ 20309686

Identifier	ReturnReference	Explanation
		PART II MANY STAFF MEMBERS ARE UTILIZED TO PROMOTE THE HEALTH OF THE COMMUNITY AND THE GENERAL WELL-BEING OF THE COMMUNITY WE SERVE THROUGH OUR EMERGENCY PREPAREDNESS COMMITTEE, STAFF ARE ALWAYS PLANNING AND PREPARING TO BE READY TO MEET THE NEEDS OF THE COMMUNITY AS EVENTS OCCUR ADDITIONALLY, A VARIETY OF STAFF WORK WITH LOCAL SCHOOLS AND OTHER ORGANIZATIONS TO GIVE TALKS PROMOTING HEALTH AND CAREERS IN HEALTHCARE A NUMBER OF STAFF MEMBERS ARE INVOLVED IN MENTORING PROGRAMS WITHIN THE LOCAL SCHOOLS RECOGNIZING THE IMPORTANCE OF SUSTAINING AND GROWING OUR ECONOMY, WE PARTICIPATE IN OUR LOCAL BUSINESS ALLIANCE

Identifier	ReturnReference	Explanation
		PART III, LINE 4 MANAGEMENT PROVIDES FOR PROBABLE UNCOLLECTIBLE AMOUNTS, PRIMARILY 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 EXPERIENCE 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 PATIENT ACCOUNTS RECEIVABLE WORKSHEET A IN THE INSTRUCTIONS WAS USED TO DETERMINE THE COSTING METHODOLOGY

Identifier	ReturnReference	Explanation
		PART III, LINE 8 SCHEDULE H PART III SECTION B LINE 6 REPORTS "ALLOWABLE COSTS OF CARE" AS TAKEN FROM THE MOST RECENTLY FILED MEDICARE COST REPORT AVAILABLE AT THE TIME THE COMMUNITY BENEFIT REPORT IS PUBLISHED THE MEDICARE COST REPORT CALCULATES ITS ALLOWABLE TOTAL COSTS BASED ON APPLICABLE MEDICARE REGULATIONS MEDICARE AND MEDICAID COST IS DETERMINED USING INDIVIDUAL COST CENTER COST-TO-CHARGE RATIOS THIS COST TO CHARGE RATIO IS DETERMINED USING ALL PAYER COST AND ALL PAYER CHARGES THE COST TO CHARGE RATIO IS APPLIED TO THE ACTUAL MEDICARE AND MEDICAID CHARGES TO DETERMINE THE MEDICARE AND MEDICAID COST THIS ORGANIZATION HAS ADOPTED THE COST AND CHARGE PRACTICES AS RECOMMENDED BY THE CATHOLIC HEALTH ASSOCIATION AND THE WISCONSIN, IOWA, OR ILLINOIS HOSPITAL ASSOCIATION AS APPLICABLE, AND THEREFORE, DOES NOT COUNT ANY MEDICARE SHORTFALL NUMBERS IN ITS ANNUAL REPORTING OF COMMUNITY BENEFIT AMOUNTS

Identifier	ReturnReference	Explanation
		PART III, LINE 9B OUR COLLECTION PROCESS IS THE SAME FOR ALL PATIENTS, REGARDLESS IF THEY QUALIFY FOR FINANCIAL ASSISTANCE WE BILL ALL INSURANCES PATIENT DOES NOT RECEIVE A COPY OF THE BILL UNTIL IT IS THEIR BALANCE WE SEND THREE STATEMENTS FROM OUR FINANCIAL SYSTEM WE HAVE AN OUTSIDE COLLECTION AGENCY SEND OUT OUR REQUIRED FINAL REQUEST LETTERS FROM THIS POINT THE OUTSTANDING BALANCE IS HANDLED BY THE COLLECTION AGENCY THE ACCOUNT DOES STAY ACTIVE ON OUR FINANCIAL SYSTEM FOR ONE YEAR AT THAT TIME THE OUTSTANDING BALANCE IS MOVED OVER TO A BAD DEBT STATUS

Identifier	ReturnReference	Explanation
KENOSHA MEDICAL CENTER CAMPUS		PART V, SECTION B, LINE 19D SELF-PAY PATIENTS ARE OFFERED A FLAT DISCOUNT AND A PROMPT PAY DISCOUNT OFF BILLED SERVICES MEANS TEST IS APPLIED TO DETERMINE IF ADDITIONAL DISCOUNTING IS POSSIBLE PAYMENT AMOUNT IS DETERMINED BASED UPON 2012 HSS POVERTY GUIDELINES

Identifier	ReturnReference	Explanation
SAINT CATHERINE'S MEDICAL CENTER CAMPUS		PART V, SECTION B, LINE 19D SELF-PAY PATIENTS ARE OFFERED A FLAT DISCOUNT AND A PROMPT PAY DISCOUNT OFF BILLED SERVICES MEANS TEST IS APPLIED TO DETERMINE IF ADDITIONAL DISCOUNTING IS POSSIBLE PAYMENT AMOUNT IS DETERMINED BASED UPON 2012 HSS POVERTY GUIDELINES

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 IN AN EFFORT TO UNDERSTAND AND ASSIST IN ADDRESSING THE NEEDS OF THE COMMUNITY WE SERVE, UNITED HOSPITAL SYSTEM HAS INVOLVEMENT IN A VARIETY OF COMMUNITY COMMITTEES UNITED HOSPITAL SYSTEM HAS MULTIPLE STAFF, MANAGEMENT AND ADMINISTRATIVE LEVEL EMPLOYEES PARTICIPATE IN COMMITTEES THAT ARE SET UP TO ASSESS AND ADDRESS NEEDS IN THE COMMUNITY SUCH AS A HEALTHY LIFESTYLE COMMITTEE, MENTAL HEALTH COMMITTEE, INJURY PREVENTION COMMITTEE, SUICIDE PREVENTION COMMITTEE, INFANT MORTALITY COMMITTEE THROUGH OUR PARTICIPATION IN COMMUNITY COMMITTEES WE GAIN AN UNDERSTANDING ABOUT THE NEEDS OF THE COMMUNITY AS WELL AS THE OPPORTUNITY TO WORK TOGETHER TO ADDRESS THE NEEDS

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 WHEN STATEMENTS ARE SENT FROM OUR FINANCIAL SYSTEM, THERE IS A PHONE NUMBER FOR THE PATIENT TO CALL FOR ASSISTANCE WITH THEIR BALANCES PATIENTS CALL AND WE WORK WITH THEM TO SET UP PAYMENT ARRANGEMENTS IF THEY EXPRESS ANY CONCERNS FOR FINANCIAL NEEDS WE OFFER TO SEND THEM A COMMUNITY CARE APPLICATION

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 KENOSHA COUNTY IS A FAST GROWING LAKESHORE COUMMUNITY IN SOUTHEASTERN WISCONSIN LOCATED BETWEEN CHICAGO AND MILWAUKEE, KENOSHA COUNTY BOASTS A DIVERSE ECONOMY KENOSHA IS THE FOURTH LARGEST CITY IN THE STATE OF WISCONSIN WITH 99,218 RESIDENTS REPORTED IN THE 2010 CENSUS KENOSHA IS NOW THE EIGHTH LARGEST COUNTY IN WISCONSIN IN TERMS OF POPULATION WITH 166,426 RESIDENTS UNITED HOSPITAL SYSTEM SERVES PEOPLE IN SOUTHEASTERN WISCONSIN AND NORTHERN ILLINOIS THROUGH ITS TWO HOSPITAL CAMPUSES, ST CATHERINE'S MEDICAL CENTER AND KENOSHA MEDICAL CENTER AURORA MEDICAL CENTER ALSO HAS A HOSPITAL CAMPUS IN KENOSHA

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 UNITED HOSPITAL SYSTEM IS COMMITTED TO IMPROVING THE HEALTH OF OUR PATIENTS AND NEIGHBORS WE OFFER A VARIETY OF COMMUNITY OUTREACH PROGRAMS TO HELP THE GENERAL PUBLIC MAINTAIN GOOD HEALTH THESE INCLUDE FREE COMMUNITY EDUCATION SEMINARS, HEALTH SCREENINGS, AND VARIOUS SUPPORT GROUPS

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493135079633

Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

▶ **Attach to Form 990**

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
UNITED HOSPITAL SYSTEM INC

Employer identification number
39-0816845

Part I General Information on Grants and Assistance

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

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

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

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance

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

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

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

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
(1) SCHOLARSHIP FINANCIAL ASSISTANCE TO INDIVIDUALS	11	11,745			

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

Identifier	Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493135079633

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
UNITED HOSPITAL SYSTEM INC

Employer identification number
39-0816845

Part I Questions Regarding Compensation

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

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

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) RICHARD O SCHMIDT JR	(i)	707,668	312,948	13,027	130,870	24,564	1,189,077	0
	(ii)	0	0	0	0	0	0	0
(2) RAYMOND KNIGHT MD	(i)	373,604	0	364,793	30,870	20,168	789,435	0
	(ii)	0	0	0	0	0	0	0
(3) W HARLEY SOBIN MD	(i)	259,257	717,892	1,032	30,870	20,805	1,029,856	0
	(ii)	0	0	0	0	0	0	0
(4) LINDA WOHLGEMUTH	(i)	349,720	69,275	2,322	55,870	7,559	484,746	0
	(ii)	0	0	0	0	0	0	0
(5) CHARLES TALBERT - THRU JUN 2011	(i)	156,852	22,500	0	22,598	10,836	212,786	0
	(ii)	0	0	0	0	0	0	0
(6) THOMAS KELLEY - BEGIN JUL 2011	(i)	195,605	30,000	334	53,426	20,168	299,533	0
	(ii)	0	0	0	0	0	0	0
(7) SUSAN VENTURA	(i)	349,470	69,275	3,564	55,870	7,559	485,738	0
	(ii)	0	0	0	0	0	0	0
(8) ASHWANI SETHI MD	(i)	444,620	532,457	552	30,870	21,184	1,029,683	0
	(ii)	0	0	0	0	0	0	0
(9) MARIO GARRETTO MD	(i)	519,101	409,161	1,584	30,870	21,673	982,389	0
	(ii)	0	0	0	0	0	0	0
(10) KATHERINE ABBO MD	(i)	598,670	0	1,584	30,870	6,917	638,041	0
	(ii)	0	0	0	0	0	0	0
(11) RAMANUJA MANDA MD	(i)	596,138	0	1,584	30,870	20,702	649,294	0
	(ii)	0	0	0	0	0	0	0
(12) WENDEL FRIEDL MD	(i)	242,733	28,875	666,242	30,870	21,696	990,416	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

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

Identifier	Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493135079633

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
UNITED HOSPITAL SYSTEM INC

Employer identification number
39-0816845

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV **Business Transactions Involving Interested Persons.**

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) ROBERT LEE	DIRECTOR OF ORGANIZATION	307,090	SERVICES PROVIDED BY LEE PLUMBING		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

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493135079633

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
UNITED HOSPITAL SYSTEM INC

Employer identification number
39-0816845

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	FORM 990 IS REVIEWED BY THE ORGANIZATION'S CFO AND CONTROLLER PRIOR TO FILING A COPY OF THE 990 IS PROVIDED TO THE GOVERNING BOARD PRIOR TO FILING
	FORM 990, PART VI, SECTION B, LINE 12C	UNITED HOSPITAL SYSTEM'S WRITTEN CONFLICT OF INTEREST POLICY FOR THE BOARD IS REVIEWED ANNUALLY BY EACH BOARD MEMBER, AND ANY POTENTIAL CONFLICTS OF INTEREST ARE DISCLOSED AT THAT TIME. THE WRITTEN CONFLICT OF INTEREST POLICY FOR EMPLOYEES IS REVIEWED DURING ORIENTATION AND PERIODICALLY AT ORGANIZATION MEETINGS, AND IS INCORPORATED INTO THE PERFORMANCE STANDARDS OF THEIR ANNUAL EVALUATIONS
	FORM 990, PART VI, SECTION B, LINE 15	THE COMPENSATION FOR THE PRESIDENT, CEO AND GENERAL COUNSEL AND THE COMPENSATION FOR THE VICE PRESIDENTS REPORTING DIRECTLY TO THE PRESIDENT, CEO AND GENERAL COUNSEL ARE DETERMINED BY THE BOARD EXECUTIVE COMMITTEE WHICH SERVES AS THE BOARD COMPENSATION COMMITTEE. THE BOARD COMPENSATION COMMITTEE CONTRACTS WITH THE HEALTHCARE COMPENSATION FIRM NAMED THE GROVES GROUP, LLC, AND HAS UTILIZED THE PRESIDENT OF THE GROVES GROUP, LLC AS THE COMPENSATION CONSULTANT SINCE 2005 THE COMPENSATION CONSULTANT UTILIZES A METHODOLOGY THAT EVALUATES INTERNAL AND EXTERNAL EQUITY AFTER EVALUATING THE RESPONSIBILITIES OF EACH POSITION AND MAKES A RECOMMENDATION TO THE BOARD COMPENSATION COMMITTEE. THE BOARD COMPENSATION COMMITTEE HAS FOLLOWED THE DETAILED RECOMMENDATIONS OF THE COMPENSATION CONSULTANT ANNUALLY SINCE 2005 AND THE COMPENSATION CONSULTANT HAS BEEN RETAINED THROUGH 2015
	FORM 990, PART VI, SECTION C, LINE 19	THESE DOCUMENTS ARE MADE AVAILABLE UPON REQUEST
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -906,169 CHANGE IN MINIMUM PENSION OBLIGATION -44,964,082 REVENUE SHARING WITH AFFILIATE -8,654,478 MACRS DEPRECIATION ADJUSTMENT 143,276 TOTAL TO FORM 990, PART XI, LINE 5 -54,381,453

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493135079633

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
UNITED HOSPITAL SYSTEM INC

Employer identification number
39-0816845

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) ST CATHERINE'S HOSPITAL INC 6308 8TH AVENUE KENOSHA, WI 53143 39-0855075	HEALTHCARE	WI	501(C)(3)	LINE 11B, II			No
(2) UHS INC 6308 8TH AVENUE KENOSHA, WI 53143 39-1956749	HEALTHCARE	WI	501(C)(3)	LINE 9			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		No
d Loans or loan guarantees to or for related organization(s)	1d		No
e Loans or loan guarantees by related organization(s)	1e		No
f Sale of assets to related organization(s)	1f		No
g Purchase of assets from related organization(s)	1g		No
h Exchange of assets with related organization(s)	1h		No
i Lease of facilities, equipment, or other assets to related organization(s)	1i		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		No
m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1m		No
n Sharing of paid employees with related organization(s)	1n		No
o Reimbursement paid to related organization(s) for expenses	1o		No
p Reimbursement paid by related organization(s) for expenses	1p		No
q Other transfer of cash or property to related organization(s)	1q	Yes	
r Other transfer of cash or property from related organization(s)	1r		No

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

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

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

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

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

Schedule R (Form 990) 2011

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	

UHS, Inc. and Affiliates

Kenosha, Wisconsin

Combined Financial Statements and Supplementary Information

Years Ended June 30, 2012 and 2011

UHS, Inc. and Affiliates

Combined Financial Statements and Supplementary Information

Years Ended June 30, 2012 and 2011

Table of Contents

Independent Auditor's Report 1

Combined Financial Statements

- Combined Balance Sheets 2
- Combined Statements of Operations 4
- Combined Statements of Changes in Net Assets 5
- Combined Statements of Cash Flows 6
- Notes to Combined Financial Statements 8

Independent Auditor's Report on Supplementary Information 38

Supplementary Information

- Combining Balance Sheet 39
- Combining Statement of Operations 41
- Combining Statement of Changes in Net Assets 43
- Combining Statement of Cash Flows 45

WIPFLi LLP

Independent Auditor's Report

Board of Directors
UHS, Inc.
Kenosha, Wisconsin

We have audited the accompanying combined balance sheets of UHS, Inc. and Affiliates as of June 30, 2012 and 2011, and the related combined statements of operations, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of UHS, Inc. and Affiliates' 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 combined financial statements referred to above present fairly, in all material respects, the financial position of UHS, 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

October 12, 2012
Milwaukee, Wisconsin

UHS, Inc. and Affiliates

Combined Balance Sheets

June 30, 2012 and 2011

Assets	2012	2011
Current assets:		
Cash and cash equivalents	$ 54,631,023	$ 27,590,763
Patient accounts receivable - Net	36,239,122	34,535,648
Inventory	4,213,110	3,582,164
Investments	1,946,289	1,921,230
Prepaid expenses and other	4,232,520	4,609,920
Total current assets	101,262,064	72,239,725
Assets limited as to use	79,839,933	88,694,804
Property and equipment - Net	222,383,744	225,873,844
Other assets	-	280,176
TOTAL ASSETS	$ 403,485,741	$ 387,088,549

Liabilities and Net Assets	2012	2011
Current liabilities:		
Current maturities of long-term debt	$ 1,458,462	$ 910,000
Accounts payable:		
Trade	3,612,413	3,985,711
Construction	682,745	2,471,725
Accrued salaries, wages, and payroll taxes	17,689,486	18,728,600
Other accrued expenses	4,499,209	4,518,878
Amounts payable to third-party reimbursement programs	2,074,748	945,297
Total current liabilities	30,017,063	31,560,211
Long-term debt, less current maturities	14,920,108	22,765,025
Deferred compensation	8,067,658	4,905,837
Pension liability	66,023,578	23,305,102
Total liabilities	119,028,407	82,536,175
Net assets:		
Unrestricted	282,418,192	302,540,248
Temporarily restricted	520,158	495,243
Permanently restricted	1,518,984	1,516,883
Total net assets	284,457,334	304,552,374
TOTAL LIABILITIES AND NET ASSETS	$ 403,485,741	$ 387,088,549

See accompanying notes to combined financial statements.

UHS, Inc. and Affiliates

Combined Statements of Operations

Years Ended June 30, 2012 and 2011

	2012	2011
Revenue:		
Net patient service revenue	$ 298,212,244	$ 279,050,175
Other operating revenue	6,155,702	6,535,576
Total revenue	304,367,946	285,585,751
Expenses:		
Salaries and wages	114,329,894	109,089,040
Employee benefits and payroll taxes	30,531,089	32,960,986
Supplies	46,190,055	43,954,767
Other	44,843,589	43,868,129
Provision for bad debts	20,309,686	15,951,128
Interest	1,192,513	1,724,642
Depreciation	22,258,416	18,044,265
Total expenses	279,655,242	265,592,957
Income from operations	24,712,704	19,992,794
Nonoperating gains (losses):		
Investment return in excess of amounts designed for current operations	1,686,535	1,730,420
Other - Net	(662,789)	818,994
Excess of revenue over expenses	25,736,450	22,542,208
Other changes in unrestricted net assets:		
Change in net unrealized gains and losses on investments other than trading securities	(906,169)	8,292,774
Net assets released from restrictions	11,745	9,395
Change in pension obligation other than pension expense	(44,964,082)	21,795,757
Change in unrestricted net assets	$ (20,122,056)	$ 52,640,134

See accompanying notes to combined financial statements.

UHS, Inc. and Affiliates

Combined Statements of Changes in Net Assets

Years Ended June 30, 2012 and 2011

	2012	2011
Unrestricted net assets:		
Excess of revenue over expenses	$ 25,736,450	$ 22,542,208
Other changes in unrestricted net assets:		
Change in net unrealized gains and losses on investments other than trading securities	(906,169)	8,292,774
Net assets released from restrictions	11,745	9,395
Change in pension obligation other than pension expense	(44,964,082)	21,795,757
Increase (decrease) in unrestricted net assets	(20,122,056)	52,640,134
Temporarily restricted net assets:		
Contributions and earnings	36,660	23,069
Net assets released from restrictions	(11,745)	(9,395)
Increase in temporarily restricted net assets	24,915	13,674
Increase in permanently restricted net assets - Contributions and earnings	2,101	418
Change in net assets	(20,095,040)	52,654,226
Net assets at beginning	304,552,374	251,898,148
Net assets at end	$ 284,457,334	$ 304,552,374

See accompanying notes to combined financial statements.

UHS, Inc. and Affiliates

Combined Statements of Cash Flows

Years Ended June 30, 2012 and 2011

	2012	2011
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Change in net assets	$ (20,095,040)	$ 52,654,226
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	22,283,411	18,081,755
Provision for bad debts	20,309,686	15,951,128
Change in pension obligation other than pension expense	44,964,082	(21,795,757)
Loss from disposal of property and equipment	47,399	114,773
Change in net unrealized gains and losses on investments other than trading securities	906,169	(8,292,774)
Net realized gain on sale of marketable securities	(451,964)	(320,536)
Loss on early retirement of debt	645,156	-
Changes in operating assets and liabilities:		
Patient accounts receivable	(22,013,160)	(18,434,731)
Inventory	(630,946)	(387,776)
Prepaid expenses and other current assets	377,400	(1,491,619)
Accounts payable	(373,298)	354,986
Accrued expenses and other liabilities	(1,058,783)	824,135
Amounts payable to third-party reimbursement programs	1,129,451	310,182
Other	916,215	(2,400,461)
Net cash provided by operating activities	46,955,778	35,167,531

UHS, Inc. and Affiliates

Combined Statements of Cash Flows (Continued)

Years Ended June 30, 2012 and 2011

	2012	2011
Cash flows from investing activities:		
Net sales of investments and assets limited as to use	$ 8,375,607	$ 2,806,146
Capital expenditures	(20,759,695)	(44,005,199)
Proceeds from disposal of property and equipment	155,000	13,770
Net cash used in investing activities	(12,229,088)	(41,185,283)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	16,855,000	-
Principal payments on long-term debt	(7,686,430)	(15,304,510)
Early retirement of long-term debt	(16,855,000)	-
Net cash used in financing activities	(7,686,430)	(15,304,510)
Net increase (decrease) in cash and cash equivalents	27,040,260	(21,322,262)
Cash and cash equivalents at beginning	27,590,763	48,913,025
Cash and cash equivalents at end	$ 54,631,023	$ 27,590,763
Supplemental cash flow information:		
Cash paid for interest, net of capitalized interest of $0 and $164,545 for 2012 and 2011, respectively	$ 1,251,967	$ 1,836,891
Noncash financing activities:		
Capital expenditures in accounts payable	$ 682,745	$ 2,471,725

See accompanying notes to combined financial statements.

UHS, Inc. and Affiliates

Notes to Combined Financial Statements

Note 1 Summary of Significant Accounting Policies

The Organization

UHS, Inc. ("UHS") is a nonstock, not-for-profit corporation located in Kenosha, Wisconsin, and is the operating member of United Hospital System, Inc. and St. Catherine's Hospital, Inc. (collectively the "Corporation"). UHS does not currently have any assets or liabilities.

United Hospital System, Inc. ("United") is an acute care hospital that provides inpatient, outpatient, and emergency care services for residents of southeastern Wisconsin and northern Illinois. United also operates medical clinics. United includes two hospital campuses, the Kenosha campus on the east side of Kenosha and the St. Catherine's campus on the west side of Kenosha.

St. Catherine's Hospital, Inc.'s ("St. Catherine's") sole corporate member is OSF Services, Inc. ("OSF"). Wheaton Franciscan Healthcare, Inc. (WFH) is the sole corporate member of OSF. WFH operates under the tenets of the Roman Catholic Church and in accordance with the philosophy and values of the Franciscan Sisters. St. Catherine's owns the St. Catherine's campus which is operated by United.

On July 6, 1998, United, St. Catherine's, OSF, and WFH entered into an Integration Agreement. Under the Integration Agreement, United and St. Catherine's formed UHS, which became the operating member of both United and St. Catherine's, with significant reserved powers. The purpose of the integration is to facilitate the development and operation of a health care system for the Kenosha, Wisconsin regional community, reduce the cost and duplication of services, and provide appropriate new services that most efficiently and effectively meet the needs of the community. The Integration Agreement provides for the sharing of income or losses on a percentage basis of the combined results of operations of United, St. Catherine's, and UHS as follows: United 75% and St. Catherine's 25%.

Note 1 Summary of Significant Accounting Policies (Continued)

The Organization (Continued)

UHS has entered into a membership and affiliation agreement with Froedert & Community Health, Inc. (F&CH). UHS is structured such that there are two classes of members. United and St. Catherine's are the "Class A members" and F&CH is the sole "Class B member" of UHS. F&CH has the rights vested pursuant to the agreement, including entitlement to share in certain distributions made by the members of UHS. F&CH has no rights, interests, obligations, commitments, or liabilities under the Integration Agreement between United and St. Catherine's.

Financial Statement Presentation

The Corporation follows accounting standards set by the Financial Accounting Standards Board (FASB) 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.

The combined financial statements include the accounts of United and St. Catherine's. All significant intercompany accounts and transactions have been eliminated in preparing the accompanying combined financial statements.

Use of Estimates in Preparation of Financial Statements

The preparation of the accompanying combined 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

Cash Equivalents

The Corporation considers 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 the Corporation's investment portfolio and amounts whose use is limited or restricted. Income earned on cash and cash equivalents is reported as other operating revenue.

Note 1 Summary of Significant Accounting Policies (Continued)

Patient Accounts Receivable and Credit Policy

Patient accounts receivable are uncollateralized patient obligations that are stated at the amount management expects to collect from outstanding balances. These obligations are primarily from residents of Kenosha County, Wisconsin, and Lake County, Illinois, most of whom are insured under third-party payor agreements. The Corporation 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 coinsurance, 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.

The Corporation does not have a policy to charge interest on past due accounts.

The carrying amounts of patient 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 reduction of gross revenue and a credit to patient accounts receivable. In addition, management provides for probable uncollectible amounts, primarily 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 experience 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 patient accounts receivable.

Patient accounts receivable are recorded in the accompanying combined balance sheets net of contractual adjustments and allowances for doubtful accounts.

Inventory

Inventory of supplies are valued at the lower of cost, determined using the first-in, first-out (FIFO) method, or market.

Note 1 Summary of Significant Accounting Policies (Continued)

Investments and Investment Income

Certificates of deposit are stated at the principal contributed plus any accrued interest earned. All other investments are recorded at fair value in the accompanying combined balance sheets.

Investment income or loss (including realized gains and losses on investments, interest, and dividends) on funds held by a trustee for principal and interest payments is reported as other operating revenue. All other investment income (including realized gains and losses, interest, and dividends) is reported as nonoperating gains (losses) and is included in the excess of revenue over expenses unless the income is restricted by donor or law. Unrealized gains and losses on investments are excluded from the excess of revenue over expenses unless the investments are trading securities. Realized gains or losses are determined by specific identification.

The Corporation 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 the Corporation 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.

Assets Limited as to Use

Assets limited as to use include assets designated by the Board of Directors for future capital improvements over which the Board retains control and may at its discretion subsequently use for other purposes, assets set aside to fund donor restricted net assets, assets set aside under terms of a bond trust indenture agreement, and assets held in trust under deferred compensation arrangements.

Note 1 Summary of Significant Accounting Policies (Continued)

Property, Equipment, and Depreciation

Property and equipment acquisitions are recorded at cost or, if donated, at fair value at the date of donation. Maintenance and repair costs are charged to expense as incurred. Gains or losses on disposition of property and equipment are reflected in nonoperating gains and losses. Depreciation is provided over the estimated useful life of each class of depreciable asset and is primarily computed using the straight-line method. Estimated useful lives range from 5 to 25 years for land improvements, 5 to 40 for buildings and improvements, and 3 to 25 years for equipment.

Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support and are excluded from excess of revenue over 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.

Other Assets

Other assets consist primarily of bond issue costs related to issuance of long-term debt which are being amortized over the life of the related debt and prepaid lease payments which are being amortized over the life of the lease.

Original Issue Discounts

Original issue discounts on long-term debt are deferred and amortized over the life of the related debt. Amortization of the discount is reflected as a component of interest expense.

Note 1 Summary of Significant Accounting Policies (Continued)

Asset Retirement Obligation

ASC Topic 410-20, *Accounting for Conditional Asset Retirement Obligations,* clarifies when an entity is required to recognize a liability for a conditional asset retirement obligation. Management 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 properties. Management believes there is asbestos at the Kenosha campus; however, there is an indeterminate settlement date for the asset retirement obligation because the range of time over which the Corporation may settle the obligation is unknown and the Corporation cannot reasonably estimate the liability related to these asset retirement activities as of June 30, 2012.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained in perpetuity. When a temporary donor restriction expires, that is when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the combined statements of operations and statements of changes in net assets as net assets released from restrictions.

Excess of Revenue Over Expenses

The accompanying combined statements of operations include excess of revenue over 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, net assets released from restrictions, permanent transfer of assets to and from affiliates for other than goods and services, changes in the minimum pension obligation other than pension expense, 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.

Note 1 Summary of Significant Accounting Policies (Continued)

Net Patient Service Revenue

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

Charity Care

The Corporation provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Corporation does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue or patient accounts receivable in the accompanying combined financial statements. The Corporation did not change its charity care policy during 2012 or 2011.

The estimated cost of providing care to patients under the Corporation's charity care policy is calculated by multiplying the ratio of cost to gross charges by the gross uncompensated charity care charges. The costs to provide the Corporation's charity care policy was approximately $3,602,000 and $3,900,000 for the years ended June 30, 2012 and 2011, respectively.

Hospital Assessments

Wisconsin state regulations require eligible hospitals to pay the state and 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. The Corporation's assessment expense was approximately $7,967,000 and $8,121,000 for the year ended June 30, 2012 and 2011, respectively, and is included in other expense in the accompanying combined statements of operations. Any increases in reimbursement from Medicaid are included in net patient service revenue.

Note 1 Summary of Significant Accounting Policies (Continued)

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 the Corporation 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. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying combined financial statements.

Advertising Costs

Advertising costs are expensed as incurred.

Income Taxes

UHS, United, and St. Catherine's are nonprofit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. They are also exempt from state income taxes on related income.

In order to account for any uncertain tax positions, the Corporation determines whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position, assuming that 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 that position is not recognized in the financial statements. The Corporation recorded no assets or liabilities related to uncertain tax positions in 2012 and 2011. Tax returns for the years ended June 30, 2009 and beyond remain subject to examination by the Internal Revenue Service.

Note 1 Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

The Corporation measures fair value of its financial instruments, including assets within the defined benefit noncontributory retirement plan, using a three-tier hierarchy which prioritizes the inputs used in measuring 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 the Corporation has the ability to access.

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 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 maximize the use of observable inputs and minimize the use of unobservable inputs.

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. Additionally, this guidance requires disclosure of qualitative and quantitative information about changes in the allowance for doubtful accounts. This ASU is effective for the Corporation's fiscal 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. The Corporation 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 October 12, 2012, which is the date the combined financial statements were available to be issued.

Note 2 Reimbursement Arrangements With Third-Party Payors

The Corporation 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:

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services provided to Medicare beneficiaries are reimbursed on a prospective payment methodology, also based on a patient classification system.

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

Others - The Corporation has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Corporation under these agreements includes charges and discounts from established charges.

Medical Clinics - Reimbursement for clinic services rendered is based on charges, discounted charges, or fee schedules.

During the year ended June 30, 2012 and 2011, approximately 57.7% and 58.2% respectively, of the Corporation's gross patient service revenue related to patients participating in the Medicare and Medicaid programs.

Note 2 Reimbursement Arrangements With Third-Party Payors (Continued)

Accounting for Contractual Arrangements

The Corporation is reimbursed for certain cost reimbursable items at an interim rate, and final settlements are determined after audit of the Corporation's 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 combined financial statements. The Corporation's cost reports have been audited by the Medicare and Medicaid fiscal intermediaries through June 30, 2008.

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 significant fines and penalties, as well as repayments of previously billed and collected revenue from patient services. Management believes that the Corporation 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 its further efforts to ensure accurate payments under the Medicare program. 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 a RAC identifies a claim it believes is inaccurate, the RAC makes a deduction from or addition to the provider's Medicare reimbursement in an amount estimated to equal the overpayment or underpayment. The provider will then have the opportunity to appeal the adjustment before final settlement of the claim is made. As of June 30, 2012, the Corporation has received notice from the RAC of certain claims identified by the RAC as inaccurate. A liability of $4,500,000 for estimated adjustments related to the RAC audits has been recorded in amounts payable to third-party reimbursement programs as of June 30, 2012 in the accompaying combined balance sheets. There were no amounts accrued at June 30, 2011.

Note 3 Patient Accounts Receivable

Patient accounts receivable consisted of the following at June 30:

	2012	2011
Patient accounts receivable	$111,970,280	$100,048,075
Less:		
Contractual adjustments	55,729,864	49,229,906
Allowance for doubtful accounts	20,001,294	16,282,521
Patient accounts receivable - Net	$ 36,239,122	$ 34,535,648

Note 4 Investments, Assets Limited as to Use and Investment Income

Investments

Investments, stated at fair value, consisted of the following at June 30:

	2012	2011
Cash equivalents	$ 15,792	$ 15,121
Fixed income mutual funds	736,240	712,799
Equity mutual funds	1,194,257	1,193,310
Total investments	$ 1,946,289	$ 1,921,230

Note 4 Investments, Assets Limited as to Use and Investment Income (Continued)

Assets Limited as to Use

Assets limited as to use consisted of the following at June 30:

	2012	2011
Cash equivalents	$ 8,964,230	$ 13,939,873
Certificates of deposit	15,000,000	20,000,000
Fixed income funds	19,122,013	17,244,644
U.S. government and agency obligations	-	2,412,335
Equity mutual funds	28,595,707	27,482,458
Equity securities	8,157,983	7,615,494
Total assets limited as to use	$ 79,839,933	$ 88,694,804

The composition of assets limited to use at June 30 is as follows:

	2012	2011
Held by trustee under bond indenture agreements	$ -	$ 2,806,351
Internally designated:		
Capital improvements	68,495,434	77,790,403
Deferred compensation	8,050,992	4,866,671
Other	1,254,365	1,219,253
Donor designated:		
Scholarships	520,158	495,243
Permanent endowment	1,518,984	1,516,883
Total assets limited as to use	$ 79,839,933	$ 88,694,804

Note 4 Investments, Assets Limited as to Use and Investment Income (Continued)

Investment Income

Investment income including gains and losses on cash equivalents, investments, and assets limited as to use consisted of the following for the years ended June 30:

	2012	2011
Investment income - Other operating revenue:		
Interest and dividend income	$ 48,276	$ 62,972
Investment income - Nonoperating gains:		
Interest and dividend income	1,234,571	1,409,884
Net realized gains on sale of marketable securities	451,964	320,536
Total investment income - Nonoperating gains	1,686,535	1,730,420
Total investment income	$ 1,734,811	$ 1,793,392
Other change in unrestricted net assets - Change in net unrealized gains and losses on investments other than trading securities	$ (906,169)	$ 8,292,774

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 combined financial statements.

Note 4 Investments, Assets Limited as to Use and Investment Income (Continued)

Management assesses individual investment securities as to whether declines in market value are other-than-temporary and result in an impairment. For equity securities, the Corporation 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 the investee operates in. For debt securities, if the Corporation has made a decision to sell the security, or if it's more likely than not the Corporation will sell the security before the recovery of the security's cost basis, an other-than-temporary impairment is considered to have occurred. If the Corporation 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 the Corporation 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 temporarily impaired, and no impairment losses were recognized by the Corporation during 2012 and 2011.

Note 5 Fair Value Measurements

Following is a description of the valuation methodologies used for assets measured at fair value, including assets held by the Corporation's defined benefit retirement plan (Note 12).

Cash equivalents, consisting primarily of money market funds, sweep agreements, and repurchase agreements, are valued using a net asset value (NAV) of $1. Quoted market prices are used to determine the fair value of investments in publicly traded equity securities and preferred stock. Mutual funds and exchange traded funds that are actively traded are valued at quoted market prices which represents the NAV of shares held by the Corporation at year-end. Corporate and foreign debt securities, U.S. government and agency obligations and some equity securities are valued using quotes from pricing vendors based on recent trading activity and other observable market data. Closely held equity securities and alternative investments are valued by an outside custodian using unobservable inputs and assumptions. The common trust fund is valued at the NAV of shares held at year-end as provided by the administrator of the fund. The NAV is based on the market value of the underlying assets of the fund.

Note 5 Fair Value Measurements (Continued)

The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Corporation 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.

The following table sets forth by level, within the fair value hierarchy, the Corporation's assets at fair value as of June 30:

	2012			
	Level 1	Level 2	Level 3	Total
Cash equivalents	$ 8,980,022	$55,045,766	$ -	$64,025,788
Fixed income funds:				
Mutual funds	3,327,991	-	-	3,327,991
Common trust	-	16,530,262	-	16,530,262
Equity mutual funds	29,789,964	-	-	29,789,964
Equity securities	7,935,546	222,437	-	8,157,983
Totals	$ 50,033,523	$71,798,465	$ -	$121,831,988

	2011			
	Level 1	Level 2	Level 3	Total
Cash equivalents	$13,954,994	$26,649,678	$ -	$40,604,672
Fixed income funds:				
Mutual funds	2,323,719	-	-	2,323,719
Common trust	-	15,633,724	-	15,633,724
U.S. government and agency obligations	2,412,335	-	-	2,412,335
Equity mutual funds	28,675,768	-	-	28,675,768
Equity securities	7,413,277	202,217	-	7,615,494
Totals	$ 54,780,093	$42,485,619	$ -	$ 97,265,712

Note 5 Fair Value Measurements (Continued)

The following table sets forth additional disclosures of the Corporation's investments whose fair value is estimated at net asset value per share as of June 30:

Investment	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Common trust (a):				
2012	$16,530,262	-	Continously	N/A
2011	$15,633,724	-	Continously	N/A

(a) Invests primarily in a diversified portfolio of intermediate and long-term domestic and international debt securities.

Note 6 Property and Equipment

Property and equipment consisted of the following at June 30:

	2012	2011
Land	$ 14,769,546	$ 14,769,546
Land improvements	9,371,821	8,237,170
Buildings and improvements	260,843,518	194,254,552
Equipment	123,948,289	113,541,869
Total property and equipment	408,933,174	330,803,137
Less - Accumulated depreciation	197,015,761	176,255,748
Net depreciated value	211,917,413	154,547,389
Construction in progress	10,466,331	71,326,455
Property and equipment - Net	$ 222,383,744	$ 225,873,844

Note 6 Property and Equipment (Continued)

Construction in progress at June 30, 2012, primarily relates to the St. Catherine's campus and consists of costs associated with an expansion and remodel of the existing facilities. A substantial portion of the project costs were placed into service in 2012. Approximately $5,600,000 related to the pediatric/NICU portion of costs are included in construction in progress at June 30, 2012. The remaining balance in construction in progress relates to various other projects. The expansion project is being financed from internal resources.

Note 7 Long-Term Debt

Long-term debt consisted of the following at June 30:

	2012	2011
Note payable to Johnson Bank, dated February 29, 2012, due in monthly installments of $165,621, including interest at 3.32% until June 2014, then $164,566 including interest at 3.15%; maturity on February 28, 2022	$ 16,378,570	$ -
Wisconsin Health and Educational Facilities Authority Revenue Bonds, Series 1999, dated May 15, 1999; interest at varying rates from 5.50% to 5.625%, secured by a security interest in the pledged revenue of the Corporation, refinanced in 2012	-	24,065,000
Totals	16,378,570	24,065,000
Less:		
Unamortized bond discount	-	389,975
Current maturities	1,458,462	910,000
Long-term portion	$ 14,920,108	$ 22,765,025

Note 7 Long-Term Debt (Continued)

On February 29, 2012 the Corporation entered into a Business Loan Agreement with Johnson Bank to refinance the Wisconsin Health and Educational Facilities Authority Series ("WHEFA") 1999 Revenue Bonds. The Business Loan Agreement contains various covenants, including the requirement that the Corporation maintain certain financial ratios. The Corporation did not meet the minimum tangible net worth covenant at June 30, 2012. Subsequently, the Corporation received a waiver from the lender, and the minimum tangible net worth covenant was reduced by an amendment to the agreement.

In conjunction with the refinancing of the Series 1999 Revenue Bonds, the Corporation expensed $645,156 of the remaining unamortized bond issue costs and unamortized bond discount, which are included in nonoperating gains (losses) in the accompanying combined statements of operations in 2012.

The carrying value of long-term debt approximates its fair value.

Scheduled principal payments on long-term debt at June 30, 2012, including current maturities, are summarized as follows:

2013	$ 1,458,462
2014	1,508,320
2015	1,569,259
2016	1,619,153
2017	1,672,593
Thereafter	8,550,783
Total	$ 16,378,570

Note 8 Line of Credit

The Corporation had a bank line of credit under which it could borrow up to $2,000,000 at June 30, 2012 and up to $12,000,000 at June 30, 2011. The line of credit bears interest at the Johnson Bank Reference Rate (3.50% at June 30, 2012), and expires July 1, 2012. There were no outstanding borrowings under this agreement at June 30, 2012 and 2011. Effective July 1, 2012, the line of credit was extended to July 1, 2013 at an amount of $2,000,000.

Note 9 Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets of $520,158 and $495,243 are restricted for educational scholarship grants and various health care programs at June 30, 2012 and 2011, respectively. Permanently restricted net assets of $1,518,984 and $1,516,883 at June 30, 2012 and 2011, respectively, are to be held in perpetuity, the income from which is expendable for hospital development.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. Net assets released for scholarship grants totaled $11,745 and $9,395 during the years ended June 30, 2012 and 2011, respectively.

Note 10 Deferred Compensation

The Corporation has employment agreements with certain members of management and certain physicians whereby the Corporation is to maintain separate deferred compensation accounts corresponding to employment contract years. Corporation contributions under the agreements are at the sole discretion of the Corporation's Board of Directors. The expense recognized related to these agreements was approximately $250,000 for each of the years ended June 30, 2012 and 2011.

Note 10 Deferred Compensation (Continued)

Contributions by the Corporation are to be deposited in investment accounts, subject to certain investment discretion. A portion of the contributions may be funded subsequent to the Corporation's fiscal year-end. The deferred compensation liability was $8,067,658 and $4,905,837 as of June 30, 2012 and 2011, respectively. Until ownership of an investment account is transferred to the beneficiary, each investment account is owned by the Corporation and is subject to the claims of the Corporation's creditors. Income earned on investment accounts is reinvested in the respective account.

Deferred compensation accounts become fully vested and nonforfeitable on the earlier of the end of one to five-year terms for each account or on the death or total disability of the participant.

Note 11 Malpractice Insurance

The Corporation has professional liability insurance for claim losses of $1 million per claim and $3 million aggregate per year for claims incurred during a policy year regardless of when claims are reported (occurrence coverage). Losses in excess of policy limits are covered through mandatory participation in the Patients' Compensation Fund of the State of Wisconsin. The professional liability insurance policy is renewable annually and has been renewed by the insurance carrier for the annual period extending through January 1, 2013.

Note 12 Retirement Plan

The Corporation sponsors a defined benefit pension plan that covers substantially all of its employees with one year of credited service.

The plan calls for benefits to be paid to eligible employees at retirement based primarily upon years of service with the Corporation and their compensation near retirement. Contributions to the plan reflect benefits attributed to employees' services to date and also for services expected to be earned in the future.

Note 12 Retirement Plan (Continued)

The following provides further information about the plan for the years ended June 30:

	2012	2011
Change in benefit obligation		
Benefit obligation at beginning of year	$ 134,288,693	$ 128,147,121
Service cost	6,510,943	6,466,576
Interest cost	7,566,218	6,963,155
Curtailments	(2,394,792)	-
Benefits paid	(2,505,093)	(2,152,514)
Actuarial (gain) loss	37,690,428	(5,135,645)
Benefit obligation at end of year	181,156,397	134,288,693
Change in plan assets		
Fair value of plan assets at beginning of year	107,839,050	78,862,587
Actual return on plan assets	(3,464,270)	18,378,977
Employer contributions	9,600,000	12,750,000
Benefits paid	(2,505,093)	(2,152,514)
Fair value of plan assets at end of year	111,469,687	107,839,050
Funded status	$ (69,686,710)	$ (26,449,643)
Accumulated benefit obligation	$ 153,868,586	$ 112,091,728

Amounts recognized in the accompanying combined balance sheets consisted of the following at June 30:

	2012	2011
Current liability	$ 3,663,132	$ 3,144,541
Noncurrent liability	$ 66,023,578	$ 23,305,102
Net assets:		
Prior service cost	$ 69,495	$ 101,808
Net actuarial loss	88,552,021	43,555,626
Total amount recognized in net assets	$ 88,621,516	$ 43,657,434

Note 12 Retirement Plan (Continued)

Pension expense for the years ended June 30 was comprised of the following:

	2012	2011
Pension expense:		
Service cost	$ 6,510,943	$ 6,466,576
Interest cost	7,566,218	6,963,155
Expected return on assets	(8,787,442)	(6,644,462)
Amortization of prior service cost	22,294	22,294
Amortization of unrecognized actuarial loss	2,550,953	4,903,303
Curtailment loss	10,019	-
Total pension expense	7,872,985	11,710,866
Other changes in plan assets and benefit obligations recognized in other changes in net assets:		
Net actuarial (gain) loss	44,996,395	(21,773,463)
Prior service cost	(32,313)	(22,294)
Total recognized in other changes in unrestricted net assets	44,964,082	(21,795,757)
Total recognized as pension expense and other changes in unrestricted net assets	$ 52,837,067	$(10,084,891)

The estimated net actuarial loss and prior service cost that will be amortized from net assets into pension expense over the next fiscal year are $6,146,000 and $19,000, respectively.

Weighted average assumptions used as of June 30, the measurement date, in developing the projected benefit obligation were as follows:

	2012	2011
Discount rate for obligation	4.20 %	5.70 %
Discount rate for expense	5.70 %	5.50 %
Expected return on plan assets	8.00 %	8.00 %
Rate of compensation increase	3.50 %	4.00 %

Note 12 Retirement Plan (Continued)

To develop the expected long-term rate of return on asset assumptions, the Corporation considered the historical returns and future expectations for returns in each asset class, as well as targeted asset allocation percentages within the pension portfolio.

The Corporation's weighted average asset allocations at June 30 were as follows:

	2012	2011
Asset category:		
Cash and cash equivalents	4.4 %	3.1 %
Fixed income	24.4	21.6
Alternative	2.6	5.6
Equity funds and securities	68.6	69.7
Totals	100.0 %	100.0 %

The Corporation's investment objectives for the plan's investments emphasize total return, that is, the aggregate return from capital appreciation and dividends and interest. The goal of the investment policy is to achieve over a five-year market cycle an absolute return of 8%, exceed the return of a balanced market index of the same style as the plan's investments, and exceed the rate of inflation by at least 4%.

Note 12 Retirement Plan (Continued)

The following table sets forth by level, within the fair value hierarchy, the Corporation's Plan assets at fair value as of June 30:

	2012			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ -	$ 246,380	$ 4,627,702	$ 4,874,082
Closely held securities	-	-	4,930,175	4,930,175
Corporate debt securities	-	12,383,837	-	12,383,837
Exchange traded funds	17,695,061	-	-	17,695,061
Foreign debt securities	-	888,497	-	888,497
Alternative investments	-	-	2,910,914	2,910,914
Preferred stocks	56,543	-	-	56,543
Equity securities	48,662,144	5,114,687	-	53,776,831
U.S. Government and agency obligations	-	13,953,747	-	13,953,747
Total assets at fair value	$ 66,413,748	$32,587,148	$12,468,791	$111,469,687

	2011			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ -	$ 1,892,168	$ 539,696	$ 2,431,864
Closely held securities	-	-	5,538,219	5,538,219
Corporate debt securities	-	10,632,318	-	10,632,318
Exchange traded funds	18,597,010	-	-	18,597,010
Foreign debt securities	-	853,628	-	853,628
Alternative investments	-	-	2,925,322	2,925,322
Preferred stocks	170,863	-	-	170,863
Equity securities	49,844,403	6,359,120	-	56,203,523
U.S. Government and agency obligations	-	10,486,303	-	10,486,303
Total assets at fair value	$ 68,612,276	$30,223,537	$ 9,003,237	$107,839,050

Note 12 Retirement Plan (Continued)

The table below sets forth a summary of changes in the fair value of the Plan's level 3 assets:

	2012	2011
Balance, beginning of year	$ 9,003,237	$ 5,272,158
Net purchases and sales and change in fair value	3,465,554	3,731,079
Balance, end of year	$ 12,468,791	$ 9,003,237

The Corporation expects to contribute approximately $7,600,000 to the plan in fiscal 2013.

Benefit payments are expected to be paid as follows for the years ending June 30:

2013	$ 3,663,132
2014	$ 4,366,285
2015	$ 5,037,986
2016	$ 5,704,538
2017	$ 6,378,473
Succeeding five years	$ 43,564,784

Note 13 Self-Insurance

The Corporation maintains self-insurance programs covering workers' compensation and unemployment claims and employee hospital, medical, and short-term disability benefits. Provisions for self-insurance claims and benefits are accrued as accidents or medical treatments occur based upon the Corporation's estimate of the aggregate exposure on claims or potential claims. The Corporation's expenses associated with the health plan were approximately $13,164,000 and $11,899,000 for 2012 and 2011, respectively. A liability of approximately $2,619,000 and $2,405,000 for claims outstanding at June 30, 2012 and 2011, respectively, has been recorded in accrued salaries, wages, and payroll taxes in the accompanying combined balance sheets. Management believes this liability is sufficient to cover estimated claims, including claims incurred but not yet reported.

Note 14 Leases

The Corporation has entered into various operating lease agreements for land, buildings, and equipment with unrelated parties. Minimum future rental payments under these lease agreements consisted of the following at June 30, 2012:

2013	$ 611,304
2014	356,943
2015	186,523
2016	192,121
2017	23,113
Total minimum lease payments	$ 1,370,004

Total lease expense was approximately $1,907,000 and $1,877,000 in 2012 and 2011, respectively.

The Corporation is the lessor of certain facilities and hospital space under noncancelable lease agreements which expire in various years through 2017. These leases are accounted for as operating leases. Minimum future rentals to be received on noncancelable leases with remaining terms of more than one year consisted of the following at June 30, 2012:

2013	$ 535,911
2014	378,208
2015	270,992
2016	219,494
2017	4,130
Total	$ 1,408,735

Note 15 Concentration of Credit Risk

Financial instruments that potentially subject the Corporation to possible credit risk consist principally of accounts receivable and cash deposits in excess of insured limits.

Accounts receivable consist of amounts due from patients, their insurers, or governmental agencies (primarily Medicare and Medicaid) for health care provided to the patients.

The mix of receivables from patients and third-party payors was as follows at June 30:

	2012	2011
Medicare	32 %	35 %
Medicaid	12	9
Other third-party payors	23	22
Patients	33	34
Totals	100 %	100 %

The Corporation 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 insurance coverage of noninterest-bearing transaction accounts through December 31, 2012. In addition, the Corporation maintains cash in interest-bearing accounts at these institutions which are insured by the FDIC up to $250,000. At June 30, 2012, the Corporation's deposits exceeded the insured limits by approximately $46,513,000.

Note 16 Functional Expenses

The Corporation provides general health care services to residents within its geographic location. Expenses related to providing these services consisted of the following:

	2012	2011
Health care services	$ 231,929,985	$ 219,104,074
General and administrative	47,725,257	46,488,883
Total expenses	$ 279,655,242	$ 265,592,957

Supplementary Information

WIPFLi LLP

Independent Auditor's Report on Supplementary Information

Board of Directors
UHS, Inc.
Kenosha, Wisconsin

We have audited the basic combined financial statements of UHS, Inc. and Affiliates as of and for the years ended June 30, 2012 and 2011, and our report thereon dated October 12, 2012 which expressed an unqualified opinion on those combined financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the basic combined financial statements taken as a whole. The supplementary information appearing on pages 39 through 48 is presented for purposes of additional analysis and is not a required part of the basic combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 presented in all material respects in relation to the basic combined financial statements taken as a whole.

Wipfli LLP

Wipfli LLP

October 12, 2012
Milwaukee, Wisconsin

UHS, Inc. and Affiliates

Combining Balance Sheet

June 30, 2012

Assets	United Hospital System, Inc	St Catherine's Hospital, Inc	Eliminations	Combined Total
Current assets				
Cash and cash equivalents	$ 47,819,261	$ 6,811,762	$ -	$ 54,631,023
Patient accounts receivable - Net	36,239,122	-	-	36,239,122
Receivable from affiliate	63,358,120	-	(63,358,120)	-
Inventory	4,213,110	-	-	4,213,110
Investments	1,946,289	-	-	1,946,289
Prepaid expenses and other	4,212,357	20,163	-	4,232,520
Total current assets	157,788,259	6,831,925	(63,358,120)	101,262,064
Assets limited as to use	79,839,933	-	-	79,839,933
Property and equipment - Net	86,152,649	136,231,095	-	222,383,744
Other assets	-	-	-	-
TOTAL ASSETS	$ 323,780,841	$ 143,063,020	$ (63,358,120)	$ 403,485,741

Liabilities and Net Assets	United Hospital System, Inc	St Catherine's Hospital, Inc	Eliminations	Combined Total
Current liabilities				
Current maturities of long-term debt	$ 1,458,462	$ -	$ -	$ 1,458,462
Accounts payable				
Trade	3,578,503	33,910	-	3,612,413
Construction	651,274	31,471	-	682,745
Payable to affiliate	-	63,358,120	(63,358,120)	-
Accrued salaries, wages, and payroll taxes	17,689,486	-	-	17,689,486
Other accrued expenses	4,499,209	-	-	4,499,209
Amounts payable to third-party reimbursement programs	2,074,748	-	-	2,074,748
Total current liabilities	29,951,682	63,423,501	(63,358,120)	30,017,063
Long-term debt, less current maturities	14,920,108	-	-	14,920,108
Deferred compensation	8,067,658	-	-	8,067,658
Pension liability	66,023,578	-	-	66,023,578
Total liabilities	118,963,026	63,423,501	(63,358,120)	119,028,407
Net assets				
Unrestricted	202,778,673	79,639,519	-	282,418,192
Temporarily restricted	520,158	-	-	520,158
Permanently restricted	1,518,984	-	-	1,518,984
Total net assets	204,817,815	79,639,519	-	284,457,334
TOTAL LIABILITIES AND NET ASSETS	$ 323,780,841	$ 143,063,020	$ (63,358,120)	$ 403,485,741

UHS, Inc. and Affiliates

Combining Balance Sheet

June 30, 2011

Assets	United Hospital System, Inc	St Catherine's Hospital, Inc	Eliminations	Combined Total
Current assets				
Cash and cash equivalents	$ 20,231,914	$ 7,358,849	$ -	$ 27,590,763
Patient accounts receivable - Net	34,535,648	-	-	34,535,648
Receivable from affiliate	68,986,623	-	(68,986,623)	-
Inventory	3,582,164	-	-	3,582,164
Investments	1,921,230	-	-	1,921,230
Prepaid expenses and other	3,612,675	997,245	-	4,609,920
Total current assets	132,870,254	8,356,094	(68,986,623)	72,239,725
Assets limited as to use	88,694,804	-	-	88,694,804
Property and equipment - Net	89,867,452	136,006,392	-	225,873,844
Other assets	280,176	-	-	280,176
TOTAL ASSETS	$ 311,712,686	$ 144,362,486	$ (68,986,623)	$ 387,088,549

Liabilities and Net Assets	United Hospital System, Inc	St Catherine's Hospital, Inc	Eliminations	Combined Total
Current liabilities				
Current maturities of long-term debt	$ 910,000	$ -	$ -	$ 910,000
Accounts payable				
Trade	3,985,711	-	-	3,985,711
Construction	419,218	2,052,507	-	2,471,725
Payable to affiliate	-	68,986,623	(68,986,623)	-
Accrued salaries, wages, and payroll taxes	18,728,600	-	-	18,728,600
Other accrued expenses	4,518,878	-	-	4,518,878
Amounts payable to third-party reimbursement programs	945,297	-	-	945,297
Total current liabilities	29,507,704	71,039,130	(68,986,623)	31,560,211
Long-term debt, less current maturities	22,765,025	-	-	22,765,025
Deferred compensation	4,905,837	-	-	4,905,837
Pension liability	23,305,102	-	-	23,305,102
Total liabilities	80,483,668	71,039,130	(68,986,623)	82,536,175
Net assets				
Unrestricted	229,216,892	73,323,356	-	302,540,248
Temporarily restricted	495,243	-	-	495,243
Permanently restricted	1,516,883	-	-	1,516,883
Total net assets	231,229,018	73,323,356	-	304,552,374
TOTAL LIABILITIES AND NET ASSETS	$311,712,686	$ 144,362,486	$ (68,986,623)	$ 387,088,549

UHS, Inc. and Affiliates

Combining Statement of Operations

Year Ended June 30, 2012

	United Hospital System, Inc	St Catherine's Hospital, Inc	Eliminations	Combined Total
Revenue				
Net patient service revenue	$ 298,212,244	$ -	$ -	$ 298,212,244
Other operating revenue	6,145,929	4,666,573	(4,656,800)	6,155,702
Total revenue	304,358,173	4,666,573	(4,656,800)	304,367,946
Expenses				
Salaries and wages	114,329,894	-	-	114,329,894
Employee benefits and payroll taxes	30,531,089	-	-	30,531,089
Supplies	46,190,055	-	-	46,190,055
Other	49,164,841	335,548	(4,656,800)	44,843,589
Provision for bad debts	20,309,686	-	-	20,309,686
Interest	1,192,513	-	-	1,192,513
Depreciation	15,581,967	6,676,449	-	22,258,416
Total expenses	277,300,045	7,011,997	(4,656,800)	279,655,242
Income from operations	27,058,128	(2,345,424)	-	24,712,704
Nonoperating gains (losses)				
Investment return in excess of amounts designated for current operations	1,686,535	-	-	1,686,535
Other - Net	(669,898)	7,109	-	(662,789)
Excess of revenue over expenses before revenue sharing with affiliate	28,074,765	(2,338,315)	-	25,736,450
Revenue sharing with affiliate	(8,654,478)	8,654,478	-	-
Excess of revenue over expenses	19,420,287	6,316,163	-	25,736,450
Other changes in unrestricted net assets				
Change in net unrealized gains and losses on investments other than trading securities	(906,169)	-	-	(906,169)
Net assets released from restrictions	11,745	-	-	11,745
Change in pension obligation other than pension expense	(44,964,082)	-	-	(44,964,082)
Change in unrestricted net assets	$ (26,438,219)	$ 6,316,163	$ -	$ (20,122,056)

UHS, Inc. and Affiliates

Combining Statement of Operations (Continued)

Year Ended June 30, 2011

	United Hospital System, Inc	St Catherine's Hospital, Inc	Eliminations	Combined Total
Revenue				
Net patient service revenue	$ 279,050,175	$ -	$ -	$ 279,050,175
Other operating revenue	6,522,908	4,669,468	(4,656,800)	6,535,576
Total revenue	285,573,083	4,669,468	(4,656,800)	285,585,751
Expenses				
Salaries and wages	109,089,040	-	-	109,089,040
Employee benefits and payroll taxes	32,960,986	-	-	32,960,986
Supplies	43,954,767	-	-	43,954,767
Other	48,212,769	312,160	(4,656,800)	43,868,129
Provision for bad debts	15,951,128	-	-	15,951,128
Interest	1,724,642	-	-	1,724,642
Depreciation	14,408,508	3,635,757	-	18,044,265
Total expenses	266,301,840	3,947,917	(4,656,800)	265,592,957
Income from operations	19,271,243	721,551	-	19,992,794
Nonoperating gains				
Investment return in excess of amounts designated for current operations	1,730,420	-	-	1,730,420
Other - Net	814,902	4,092	-	818,994
Excess of revenue over expenses before revenue sharing with affiliate	21,816,565	725,643	-	22,542,208
Revenue sharing with affiliate	(4,840,013)	4,840,013	-	-
Excess of revenue over expenses	16,976,552	5,565,656	-	22,542,208
Other changes in unrestricted net assets				
Change in net unrealized gains and losses on investments other than trading securities	8,292,774	-	-	8,292,774
Net assets released from restrictions	9,395	-	-	9,395
Change in pension obligation other than pension expense	21,795,757	-	-	21,795,757
Change in unrestricted net assets	$ 47,074,478	$ 5,565,656	$ -	$ 52,640,134

UHS, Inc. and Affiliates

Combining Statement of Changes in Net Assets

Year Ended June 30, 2012

	United Hospital System, Inc	St Catherine's Hospital, Inc	Eliminations	Combined Total
Unrestricted net assets				
Excess of revenue over expenses	$ 19,420,287	$ 6,316,163	$ -	$ 25,736,450
Other changes in unrestricted net assets				
Change in net unrealized gains and losses on investments other than trading securities	(906,169)	-	-	(906,169)
Net assets released from restrictions	11,745	-	-	11,745
Change in pension obligation other than pension expense	(44,964,082)	-	-	(44,964,082)
Increase in unrestricted net assets	(26,438,219)	6,316,163	-	(20,122,056)
Temporarily restricted net assets				
Contributions and earnings	36,660	-	-	36,660
Net assets released from restrictions	(11,745)	-	-	(11,745)
Increase (decrease) in temporarily restricted net assets	24,915	-	-	24,915
Increase in permanently restricted net assets - Contributions and earnings	2,101	-	-	2,101
Change in net assets	(26,411,203)	6,316,163	-	(20,095,040)
Net assets at beginning	231,229,018	73,323,356	-	304,552,374
Net assets at end	$ 204,817,815	$ 79,639,519	$ -	$ 284,457,334

UHS, Inc. and Affiliates

Combining Statement of Changes in Net Assets (Continued)

Year Ended June 30, 2011

	United Hospital System, Inc	St Catherine's Hospital, Inc	Eliminations	Combined Total
Unrestricted net assets				
Excess of revenue over expenses	$ 16,976,552	$ 5,565,656	$ -	$ 22,542,208
Other changes in unrestricted net assets				
Change in net unrealized gains and losses on investments other than trading securities	8,292,774	-	-	8,292,774
Net assets released from restrictions	9,395	-	-	9,395
Change in pension obligation other than pension expense	21,795,757	-	-	21,795,757
Increase in unrestricted net assets	47,074,478	5,565,656	-	52,640,134
Temporarily restricted net assets				
Contributions and earnings	23,069	-	-	23,069
Net assets released from restrictions	(9,395)	-	-	(9,395)
Increase in temporarily restricted net assets	13,674	-	-	13,674
Increase in permanently restricted net assets - Contributions and earnings	418	-	-	418
Change in net assets	47,088,570	5,565,656	-	52,654,226
Net assets at beginning	184,140,448	67,757,700	-	251,898,148
Net assets at end	$ 231,229,018	$ 73,323,356	$ -	$ 304,552,374

UHS, Inc. and Affiliates

Combining Statement of Cash Flows

Year Ended June 30, 2012

	United Hospital System, Inc	St Catherine's Hospital, Inc	Eliminations	Combined Total
Increase (decrease) in cash and cash equivalents				
Cash flows from operating activities				
Change in net assets	$ (26,411,203)	$ 6,316,163	$ -	$ (20,095,040)
Adjustments to reconcile change in net assets to net cash provided by operating activities				
Depreciation and amortization	15,606,962	6,676,449	-	22,283,411
Provision for bad debts	20,309,686	-	-	20,309,686
Change in pension obligation other than pension expense	44,964,082	-	-	44,964,082
Loss from disposal of property and equipment	47,399	-	-	47,399
Change in net unrealized gains and losses on investments other than trading securities	906,169	-	-	906,169
Net realized gain on sale of marketable securities	(451,964)	-	-	(451,964)
Loss on early retirement of debt	645,156	-	-	645,156
Changes in operating assets and liabilities				
Patient accounts receivable	(22,013,160)	-	-	(22,013,160)
Inventory	(630,946)	-	-	(630,946)
Receivable/payable to affiliate - Net	5,628,503	(5,628,503)	-	-
Prepaid expenses and other current assets	(599,682)	977,082	-	377,400
Accounts payable	(407,208)	33,910	-	(373,298)
Accrued expenses and other liabilities	(1,058,783)	-	-	(1,058,783)
Amounts payable to third-party reimbursement programs	1,129,451	-	-	1,129,451
Other	916,215	-	-	916,215
Net cash provided by operating activities	38,580,677	8,375,101	-	46,955,778

UHS, Inc. and Affiliates

Combining Statement of Cash Flows (Continued)

Year Ended June 30, 2012

	United Hospital System, Inc	St Catherine's Hospital, Inc	Eliminations	Combined Total
Cash flows from investing activities				
Net sales of investments and assets limited as to use	$ 8,375,607	$ -	$ -	$ 8,375,607
Capital expenditures	(11,837,507)	(8,922,188)	-	(20,759,695)
Proceeds from disposal of property and equipment	155,000	-	-	155,000
Net cash used in investing activities	(3,306,900)	(8,922,188)	-	(12,229,088)
Cash flows from financing activities				
Proceeds from issuance of long-term debt	16,855,000	-	-	16,855,000
Principal payments on long-term debt	(7,686,430)	-	-	(7,686,430)
Early retirement of long-term debt	(16,855,000)	-	-	(16,855,000)
Net cash used in financing activities	(7,686,430)	-	-	(7,686,430)
Net increase (decrease) in cash and cash equivalents	27,587,347	(547,087)	-	27,040,260
Cash and cash equivalents at beginning	20,231,914	7,358,849	-	27,590,763
Cash and cash equivalents at end	$ 47,819,261	$ 6,811,762	$ -	$ 54,631,023
Supplemental cash flow information				
Cash paid for interest	$ 1,251,967	$ -	$ -	$ 1,251,967
Noncash financing activities				
Capital expenditures in accounts payable	$ 651,274	$ 31,471	$ -	$ 682,745

UHS, Inc. and Affiliates

Combining Statement of Cash Flows

Year Ended June 30, 2011

	United Hospital System, Inc	St Catherine's Hospital, Inc	Eliminations	Combined Total
Increase (decrease) in cash and cash equivalents				
Cash flows from operating activities				
Change in net assets	$ 47,088,570	$ 5,565,656	$ -	$ 52,654,226
Adjustments to reconcile change in net assets to net cash provided by operating activities				
Depreciation and amortization	14,445,998	3,635,757	-	18,081,755
Provision for bad debts	15,951,128	-	-	15,951,128
Change in pension obligation other than pension expense	(21,795,757)	-	-	(21,795,757)
Gain from disposal of property and equipment	114,773	-	-	114,773
Change in net unrealized gains and losses on investments other than trading securities	(8,292,774)	-	-	(8,292,774)
Net realized loss on sale of marketable securities	(320,536)	-	-	(320,536)
Changes in operating assets and liabilities				
Patient accounts receivable	(18,434,731)	-	-	(18,434,731)
Inventory	(387,776)	-	-	(387,776)
Receivable/payable to affiliate - Net	(30,006,493)	30,006,493	-	-
Prepaid expenses and other current assets	(495,372)	(996,247)	-	(1,491,619)
Accounts payable	355,289	(303)	-	354,986
Accrued expenses and other liabilities	824,135	-	-	824,135
Amounts payable to third-party reimbursement programs	310,182	-	-	310,182
Other	(2,422,234)	21,773	-	(2,400,461)
Net cash provided by (used in) operating activities	(3,065,598)	38,233,129	-	35,167,531

UHS, Inc. and Affiliates

Combining Statement of Cash Flows (Continued)

Year Ended June 30, 2011

	United Hospital System, Inc	St Catherine's Hospital, Inc	Eliminations	Combined Total
Cash flows from investing activities				
Net purchases in investments and assets limited as to use	$ 2,806,146	$ -	$ -	$ 2,806,146
Capital expenditures	(17,136,265)	(26,868,934)	-	(44,005,199)
Proceeds from disposal of property and equipment	13,770	-	-	13,770
Net cash used in investing activities	(14,316,349)	(26,868,934)	-	(41,185,283)
Net cash used in financing activities -				
Principal payments on long-term debt	(3,940,000)	(11,364,510)	-	(15,304,510)
Net increase (decrease) in cash and cash equivalents	(21,321,947)	(315)	-	(21,322,262)
Cash and cash equivalents at beginning	41,553,861	7,359,164	-	48,913,025
Cash and cash equivalents at end	$ 20,231,914	$ 7,358,849	$ -	$ 27,590,763
Supplemental cash flow information				
Cash paid for interest, net of capitalized interest of $164,545 at St Catherine's Hospital, Inc	$ 1,836,891	$ -	$ -	$ 1,836,891
Noncash financing activities				
Capital expenditures in accounts payable	$ 419,218	$ 2,052,507	$ -	$ 2,471,725