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## Form **990**

## **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)

OMB No. 1545-0047

Open to Public Inspection

Inte	mel Reve	nua Service	The organization may have to use a copy of this return to eatisfy state re	porting requi	rements.	Inspection				
A	For the	2011 cale	ndar year, or tex year beginning JULY 01 , 2011, and endin	g JUI	1É 30	,20 12				
В	Check II	applicable:	C Name of organization MEMORIAL HEALTH CARE SYSTEM, INC		D Employ	er identification number				
	Address change Doing Business As 62-0532345									
	Name c	hange	Number and street (or P.O. box if mail is not delivered to street address) Room/su	Ite	E Telepho	na number				
ñ	Initial re	-	2525 DESALES AVENUE			(423)495-7878				
ñ	Termina	-	City or town, state or country, and ZIP + 4							
$\overline{\Box}$		d return	CHATTANOOGA, TN 37404		<b>Q</b> Gross re	celpts \$ 547,817,910				
Ħ			F Name and address of principal officer: JAMES HOBSON	H(a) is this		for alligates? Yes Y No				
-	s ipparou	act, portourly	2525 DE SALES AVENUÉ, CHATTANOOGA, TN 37404			icluded? Yes No				
-	Tev.eve	mpt status:	☑ 601(c)(3) ☐ 601(c) ( ) ◄ (insert no.) ☐ 4947(a)(1) or ☐ 527			list. (see instructions)				
<u>,                                     </u>	Website		W.MEMORIAL.ORG			number ► 0928				
ĸ			Z Corporation ☐ Trust ☐ Association ☐ Other ► L. Year of format			of legal domicile: TN				
	art [	Summ			1					
	1		scribe the organization's mission or most significant activities: EMPH	ASIZE HUMA	N DIGNIT	Y AND SOCIAL				
	'	JUSTICE	AS WE CREATE HEALTHIER COMMUNITIES BY PROVIDING HEALTH CARE	SERVICES	REGARDI	FSS OF ARILITY				
8		v	FOR THOSE IN CHATTANOOGA, TN AND THE SURROUNDING AREA.							
2		.10.1711								
Activities & Governance	2	Check th	is box ▶ 🔲 if the organization discontinued its operations or disposed o	of more ther	2594 of	ite nat seeste				
ક	3		of voting members of the governing body (Part VI, line 1a).		3	20				
•₹	4		of independent voting members of the governing body (Part VI, line 1b)			17				
墨	ı				5	4,189				
₹	5		nber of individuals employed in calendar year 2011 (Part V, line 2a)		6	600				
₹	6		nber of volunteers (estimate if necessary)		78					
	7a		elated business revenue from Part VIII, column (C), line 12			9,504,498				
	b	Net unre	ated business taxable income from Form 990-T, line 34	Prior Y	7b	-2,142,293 Current Year				
	1 _	<b>~</b>								
솶	8		tions and grants (Part VIII, line 1h),		3,218,619	2,231,686				
8	9		service revenue (Part VIII, line 2g)		7,339,970	533,928,757				
Revenue	10		nt Income (Part VIII, column (A), lines 3, 4, and 7d)		418,598	4,849,508				
_	11		renue (Part VIII, column (A), lines 5, 8d, 8c, 9c, 10c, and 11e)		1,418,090	6,726,867				
	12		enue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	520	3,393,277	547,736,818				
	13		nd similar amounts paid (Part IX, column (A), lines 1-3)		681,473	638,596				
	14		paid to or for members (Part IX, column (A), line 4)		0	0				
88	15		other compensation, employee benefits (Part IX, column (A), lines 6–10)	198	3,942,187	210,538,549				
£	16a		onal fundraising fees (Part IX, column (A), line 11e)	el badella an el C	0	0				
Expenses	b		draising expenses (Part.IX, column (D), line 25). ▶0	A STATISTICAL PROPERTY OF THE PARTY OF THE P	0.11	10000000000000000000000000000000000000				
w	17		penses (Part IX, column (À), lines 11a–11d, 11f–24e) 💹 📗		3,856,457	308,997,088				
	18	Total exp	enses. Add lines 13–17 (must equal Part IX, column (A), line 25)	48:	3,480,117	520,174,233				
_	19	Revenue	less expenses. Subtract line 18 from line 12		2,913,160					
<b>1</b>	<b>8</b>			Reginning of Co	rrent Year	End of Year				
8	20		ets (Part X, line 16)		5,603,214	646,395,438				
5,	21		ilities (Part X, line 26) . 😁 . ت ت منظم المنظم		3,842,385	147,912,569				
Ŧ,	22	Net asse	ts or fund balances. Subtract line 21 from line 20 7	37	3,760,829	398,482,869				
₽	art II	Signa	ture Block							
U	re, correc	alties of perju ct, and comp	ry, I declare that I have examined this return, including accompanying schedules and state lete. Declaration of preparer (other than officer) is based on all information of which prepare	ments, and to t thas any know	he best of r ledge.	ny knowledge and belief, it is				
		T	-0 10							
Si	gn	Sign	ature of officer	Da	ito ~ /	1				
He	ere	CH CH	ERYL SADRO, SVP / CFO		511	14/13				
		Тур	or print name and title							
D.	ald	Print/Ty		atq	Check	I I PTIN				
	aiu repare	KIMBE	RLY STEENHOEK JUMBELY JE	SILAIL	3 self-ém					
		31 <u> </u>	Commission of the same of the same area	Fin	n's EIN ►	47-0617373				
U	se On	עני	ddress ► 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112		orie no.	(303)298-9100				
Ms	av the I		s this return with the preparer shown above? (see instructions)			VIYes I No				

Form 990 (2011)

Cat. No. 11282Y

For Paperwork Reduction Act Notice, see the separate instructions.

Part	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	1	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?	2	1	
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		1
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	1	
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		✓
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		1
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		1
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III	8		1
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		<b>✓</b>
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		1
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VIII, IX, or X as applicable.			4.0
а	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI	11a	1	
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		
С	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		1
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		1
е	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X	11e	1	
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	1	
	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII	12a		1
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	1	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13		<b>✓</b>
14 a	•	14a	ļ	<b>✓</b>
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, Parts I and IV	4 41		/
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any	14b	<u> </u>	<del>                                     </del>
	organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV	15		1
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 United States? If "Yes," complete Schedule F, Parts III and IV	16		1
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 (see instructions)	17		1
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		1
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		1
20 a	Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H	20a	1	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? .	20b	1	
		-	. 000	M014)

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Part	Checklist of Required Schedules (continued)		Voc.	No
21	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	21	Yes	MO
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	1	
23	Did the organization answer "Yes" to Part VII, Section A, line 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	1	
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 lines 24b through 24d and complete Schedule K. If "No," go to line 25	24a		1
	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24b 24c		
d 25a	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? 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	24d 25a		1
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		1
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		1
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part III	27		/
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 b	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28a 28b		1
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 direct or indirect owner? If "Yes," complete Schedule L, Part IV	28c		1
29 30	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M	30		1
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	31		1
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		1
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	1	
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	1	
35a b	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a 35b	1	
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		1
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		,
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	1	
		For	m <b>99</b> 0	(2011)

Part	Statements Regarding Other IRS Filings and Tax Compliance			
	Check if Schedule O contains a response to any question in this Part V	<u> </u>	• •	
			Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable			
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable			
C	reportable gaming (gambling) winnings to prize winners?	1c	1	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax	10	_	
	Statements, filed for the calendar year ending with or within the year covered by this return 2a 4,189			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? .	2b	1	
	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	✓	
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b	✓	
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, securities account, or other financial account)?	4.		1
b	If "Yes," enter the name of the foreign country: ▶	4a		
b	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		<b>✓</b>
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		<b>✓</b>
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		<b>✓</b>
þ	If "Yes," did the organization include with every solicitation an express statement that such contributions or	۱.,		
-	gifts were not tax deductible?	6b		
7 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		<b>7</b>
ь	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b		<b>—</b>
C	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was			
	required to file Form 8282?	7c		<b>✓</b>
d	If "Yes," indicate the number of Forms 8282 filed during the year			
8	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e		,
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f		<u> </u>
9 h	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?  If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7g 7h		$\vdash$
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	1		
	organization, have excess business holdings at any time during the year?	8	ļ —	
9	Sponsoring organizations maintaining donor advised funds.			
а	Did the organization make any taxable distributions under section 4966?	9a		L
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b	<u> </u>	<del>                                     </del>
10	Section 501(c)(7) organizations. Enter:  Initiation fees and capital contributions included on Part VIII, line 12		1	
a b	Initiation fees and capital contributions included on Part VIII, line 12	ł	İ	
11	Section 501(c)(12) organizations. Enter:	ſ		
а	Gross income from members or shareholders			
b	Gross income from other sources (Do not net amounts due or paid to other sources	1		
	against amounts due or received from them.)	<u> </u>		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	ļ	<u> </u>
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year [12b]	4		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.	10	<del> </del>	<b> </b>
а	Is the organization licensed to issue qualified health plans in more than one state?	13a	-	
ь	<b>Note.</b> See the instructions for additional information the organization must report on Schedule O. Enter the amount of reserves the organization is required to maintain by the states in which	1	1	
	the organization is licensed to issue qualified health plans		1	
С	Enter the amount of reserves on hand	1	}	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a		1
b	If "Yes " has it filed a Form 720 to report these payments? If "No " provide an explanation in Schedule O	14b		1

Part	Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below,	and i		*Alo
rait	response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. S			
	Check if Schedule O contains a response to any question in this Part VI			
Secti	on 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 20			
	If there are material differences in voting rights among members of the governing body, or			
	if the governing body delegated broad authority to an executive committee or similar			
	committee, explain in Schedule O.			
b	Enter the number of voting members included in line 1a, above, who are independent . 15 17			
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		1
3	Did the organization delegate control over management duties customarily performed by or under the direct	-		<del>                                     </del>
	supervision of officers, directors, or trustees, or key employees to a management company or other person? .	3		/
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		1
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	5		1
6	Did the organization have members or stockholders?	6	✓	
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	✓	<u> </u>
b	Are any governance decisions of the organization reserved to (or subject to approval by) members,	<u> </u>	1	}
8	stockholders, or persons other than the governing body?	7b		<b>—</b>
0	the year by the following:			
а	The governing body?	8a	1	
b	Each committee with authority to act on behalf of the governing body?	8b	1	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at	<u> </u>	<u> </u>	
	the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		1
Secti	on B. Policies (This Section B requests information about policies not required by the Internal Reven	ue C	ode.)	
			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a		1
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?			
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	10b	<del>- ,-</del>	<b> </b>
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990.	11a	<b>✓</b>	<del> </del>
12a	Did the organization have a written conflict of interest policy? <i>If "No,"</i> go to line 13	12a	/	├─
ь	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	7	<del>                                     </del>
C	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes,"		Ť	
	describe in Schedule O how this was done	12c	1	
13	Did the organization have a written whistleblower policy?	13	1	
14	Did the organization have a written document retention and destruction policy?	14		<b>✓</b>
15	Did the process for determining compensation of the following persons include a review and approval by			ł
_	independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		<u> </u>	ļ.,
a	The organization's CEO, Executive Director, or top management official	15a	<del>                                     </del>	1
b	Other officers or key employees of the organization	15b	<b>/</b>	<del>                                     </del>
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement	1	ĺ	
	with a taxable entity during the year?	16a	1	i –
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its		Ť.	<del>                                     </del>
	participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the		L	
	organization's exempt status with respect to such arrangements?	16b		1
•	on C. Disclosure			
17	List the states with which a copy of this Form 990 is required to be filed TN		/_\/^\	
18	Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section available for public inspection. Indicate how you made these available. Check all that apply.	100	(6)(3)s	only)
	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	of inte	rest r	olicy
	and financial statements available to the public during the tax year.		. 551 }	- O.I.O.J.
20	State the name, physical address, and telephone number of the person who possesses the books and records	of the	€	
	organization: ► CHERYL SADRO, 2525 DE SALES AVENUE, CHATTANOOGA, TN 37404, (423)495-7878			

Form	aan	/201	11

Page 7

# 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. 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, and 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 organization compensated any current officer, director, or trustee.

Officer this box if ficities the organization	Ther daily relace	<u> </u>	JU 112		C)	ompo		l	it officer, directo	, or tradico.
(A)	(B)	۱		Pos	rtion			(D)	(E)	(F)
Name and Title	Average					than o		Reportable	Reportable	Estimated
	hours per week			dad		or/trust	tee)	compensation from	compensation from related	amount of other
	(describe hours for related organizations in Schedule O)	Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	the organization (W-2/1099-MISC)	organizations (W-2/1099-MiSC)	compensation from the organization and related organizations
(1) JAMES HOBSON				İ						
PRESIDENT/CEO	50	1		1				0	558,774	78,004
(2) JUDITH RALEY, SCN		Ť	Н	H	┢		<del>                                     </del>		333,	
SECRETARY	2	1		1				0	0	0
(3) KATHERINE LINDGREN			Г	Г	Г		Г	1		
CHAIR	2	1		✓				0	0	0
(4) AARON WEB				T						
BOARD MEMBER	2	✓						0	0	0
(5) CAROLYN SMELTZER			Г	Г						
BOARD MEMBER	2	✓			1		ŀ	0	0	0
(6) CAROLYN THOMPSON									· ·	
BOARD MEMBER	2	✓						0	0	0
(7) CHRISTOPHER MCKEE				Π			П			
BOARD MEMBER	2	1				<u> </u>		0	0	0
(8) CYNTHIA NESSON							Г			
BOARD MEMBER	2	1					<u> </u>	0	0	0
(9) EARLINE HOBBS										
BOARD MEMBER	2	1			ŧ			0	0	0
(10) ELIZABETH (BETTY) VANNUCCI										
BOARD MEMBER	2	1		<u> </u>			乚	0	0	0
(11) ERIC CONN, MD				ŀ	1					
BOARD MEMBER/CARDIOLOGIST	50	1	L	L	L		L	615,132	0	39,804
(12) JAMES L E. HILL			1	ļ.		1			•	
BOARD MEMBER	2	1			<u> </u>	<u> </u>	L	0	0	0
(13) JAMES PESNELL				1	1		1		1	
BOARD MEMBER	2	1		匚	$oxed{oxed}$	<u> </u>	<u></u>	0	0	0
(14) JOAN FRIERSON		l				1				
BOARD MEMBER	2	1			L		L	0	0	0

Part VII Section A. Officers, Directors, Trust	tees, Key E	mploy	yee:	s, aı	nd F	lighe	st C	ompensated E	mployees (contin	nued)		
(A) Name and title	(B) Average hours per week	box,	unles	Pos leck is pe	rson	than ( is both or/trust	an	(D)  Reportable compensation from	(E) Reportable compensation from related	Estin amou	ınt of	
	(describe hours for related organizations in Schedule O)	Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	the organization (W-2/1099-MISC)	organizations (W-2/1099-MISC)	compe from organi and re	ner nsation n the ization elated zations	
(15) JOHN NASH												
BOARD MEMBER	2	1						0	o			0
(16) LEO BROWN												
BOARD MEMBER	2	✓						0	0			0
(17) MARY ELIZABETH O'BRIEN							Γ					
SVP OPERATIONS CHI	50	1	L				ł	0	1,268,057		87	7,218
(18) ROBERT GREVING				Г				•				
BOARD MEMBER	2	✓				l	į	0	0			0
(19) SCOTT OSSEWARDE												
BOARD MEMBER	2	1	l		١.	1		0	0			0
(20) WAYNE SCOTT			Γ		П		П	1				
BOARD MEMBER	2	1			i			0	0			0
(21) CHERYL A SADRO SVP/CFO	50			1				72,623	0		1	1,712
(22) DAVID WINCHESTER												
INTERIM CFO	50		L	✓	<u> </u>			171,113	0		35	5,737
(23) DEBRA MOORE SVP/ADMINISTRATOR OF MEMORIAL HOSPITAL HIXSON	50				,			283,793	0		27	7,864
(24) JACQUELINE JACKSON	<del>  "</del> -	<del> </del>	╌	┢	H	$\vdash$	$\vdash$	200,100	· · ·			<del>,004</del>
VP SERVICE LINE ADMIN	50				1			324,068	o		40	),314
(25) ARTHUR KORT	- 33	<del>                                     </del>		Н	H		1	021,000		1	-10	,014
CARDIOLOGIST	50			İ	1	1		596,803	o	ŀ	25	5,946
1b Sub-total	<del></del>		<u> </u>	<u> </u>	<u>.                                    </u>	<u> </u>	▶	2,063,532				5,599
c Total from continuation sheets to Part		n A	_				•	2,725,121		<del></del>		0,027
d Total (add lines 1b and 1c)							•	4,788,653	<del></del>			6,626
2 Total number of individuals (including but							e) w	<u> </u>	<del></del>	)() of		,,,,,,
reportable compensation from the organ							-, ••		2.3 than \$ 100,00			
				_						I	Yes	No
3 Did the organization list any former of	ficer, direc	tor. c	or ti	ust	ee.	kev (	emr	olovee, or high	est compensate			<del></del> -

3	Did the organization list any <b>former</b> officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual			
	employee on line tarn res, complete Schedule 3 for such individual	3	<b>✓</b>	
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	<b>✓</b>	
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		1

#### **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
BRASFIELD & GORRIE LLC, 2748 MARY TAYLOR ROAD, BIRMINGHAM, AL 35210	CONSTRUCTION	15,626,423
XANITOS INC, PO BOX #95000-3290, PHILADELPHIA, PA 19195	CLEANING SERVICES	4,143,813
SODEXO INC & AFFILIATES, PO BOX 536922, ATLANTA, GA 30353	DIETARY SERVICES	3,625,257
EMJ CORPORATION, 2034 HAMILTON PLACE BLVD, CHATTANOOGA, TN 37421-6102	CONSTRUCTION	3,430,343
EARL SWENSON ASSOCIATES INC, 2100 WEST END AVE, NASHVILLE, TN 37203	ARCHITECT SERVICES	3,102,107
2 Total number of independent contractors (including but not limited to received more than \$100,000 of compensation from the organization ▶	o those listed above) who	

	90 (201	Statement of Reve	nuo.		<u> </u>			Page 9
					(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
nts rts	1a	Federated campaigns	1a					
Contributions, Gifts, Grants and Other Similar Amounts	b	Membership dues .	1b			1		
%.₽	С	Fundraising events .	1c			}		
	d	Related organizations	1d	2,231,686	1	}		
ž, į	е	Government grants (con			1	1		
ar S	f	All other contributions, gi		1		1		
₫€		and similar amounts not inc	cluded above 11		†		İ	
ğ 2	g	Noncash contributions include				ł		
	h	Total. Add lines 1a-1	<u>f</u>		2,231,686			
ş				Business Code				
ž	2a	PATIENT SERVICES		900099	529,491,337	521,924,257	7,567,080	
Š.	b	RENTAL INCOME		900099	3,867,080	3,867,080		
支	С	EQUITY CHANGES OF UNCO	NSOLIDATED ORGS	900099	470,599	470,599		
S.	d	RESEARCH	********	541700	99,741	99,741		
E	е				0			
Program Service Revenue	f	All other program sen			0	0	0	0
┺	9	Total. Add lines 2a-2	<u>f</u>	<u></u> ▶	533,928,757			
	3	Investment income						
		and other similar amo	•	3	3,422,208		4,575	3,417,633
	4	Income from investment	-		0			<del></del>
	5	Royalties	<del></del>		0			<del></del>
		_	(i) Real	(ii) Personal				
	6a	Gross rents	32,700	<del></del>	į			
	b	Less: rental expenses	16,190		į			
	C	Rental income or (loss)		·				··
	d	Net rental income or			16,510			16,510
	7a	Gross amount from sales of	(i) Securities	(ii) Other				
	Ι.	assets other than inventory	1,362,469	129,733		1		
	b	Less: cost or other basis						
	<b>!</b>	and sales expenses .		64,902				
	C	Gain or (loss)	1,362,469	•				
	d	Net gain or (loss) .		<u> </u>	1,427,300			1,427,300
venue	8a	Gross income from fuevents (not including \$	undraising					
Other Rev		of contributions reported See Part IV, line 18 .						
8	Ь	Less: direct expenses						
	С	Net income or (loss) f		events . ▶	0			
	9a	See Part IV, line 19 .	· · · · a	1				
	l p	Less: direct expenses						
	C	Net income or (loss) f		ivities ►	0			
	10a	Gross sales of in returns and allowance	es a					
	b	Less: cost of goods s						
	ြင	Net income or (loss) f			0			
		Miscellaneous R	wvenue	Business Code				
	11a	SERVICES SOLD		900099	2,836,851	[	506,585	2,330,266
	b	PHARMACY SERVICE		446110	1,426,258		1,426,258	
	l c	LABORATORY SERVIC		621500	1,415,655			1,415,655
	d				1,031,593	0	0	1,031,593
	1,e	Total Add lines 11a-		💆	6,710,357			
	12	Total revenue. See in	istructions	· · · · <b>P</b>	547,736,818	526,361,677	9,504,498	9,638,957

#### 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).

require	Charlette columns (B), (C), and (D).		n Abia Dari IV		
<u>Do 55</u>	Check if Schedule O contains a respons				
8b, 9b	t include amounts reported on lines 6b, 7b, , 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	492,492	492,492		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22	146,104	146,104		· · · · · · · · · · · · · · · · · · ·
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16	0			
4 5	Benefits paid to or for members Compensation of current officers, directors, trustees, and key employees	0 1,117,940		1,117,940	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0		1,11,010	
7	Other salaries and wages	167,059,587	137,059,570	30,000,017	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	8,176,459	6,663,509	1,512,950	
9	Other employee benefits	22,764,738	18,552,412	4,212,326	
10	Payroll taxes	11,419,825	9,306,731	2,113,094	
11	Fees for services (non-employees):			1	
a	Management	0			
b	Legal	180,509		180,509	
C	Accounting	994,828		994,828	
đ	Lobbying	0			
e f	Professional fundraising services. See Part IV, line 17 Investment management fees	0			
g	Other	64,515,738	56,985,803	7,529,935	·
12	Advertising and promotion	1,496,848	30,303,003	1,496,848	
13	Office expenses	13,644,208	9,901,679	3,742,529	
14	Information technology	0			
15	Royalties	0			
16	Occupancy	11,592,360	10,788,938	803,422	· · · · · · · · · · · · · · · · · · ·
17	Travel	790,236	7,626	782,610	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings .	176,222		176,222	
20	Interest	339,945	339,945		
21	Payments to affiliates	8,145,795		8,145,795	
22	Depreciation, depletion, and amortization .	25,548,964	24,256,670	1,292,294	
23	Insurance	2,145,190	2,145,190		
24	Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
а	BAD DEBTS	35,949,713	35,949,713		
b	MEDICAL SUPPLIES	118,399,830	118,399,830		
C	STATE PROVIDER TAX	18,240,381	18,240,381		
d	REPAIRS AND MAINTENANCE	3,277,825	3,277,825	0.704.00=	
0F	All other expenses  Total functional expenses. Add lines 1 through 24e	3,558,496	777,189	2,781,307	0
<u>25</u> <u>26</u>	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here	520,174,233	453,291,607	66,882,626	0
	following SOP 98-2 (ASC 958-720)	0			Form <b>990</b> (2011)

Par	rt X	Balance Sheet			
			(A) Beginning of year		(B) End of year
	1	Cash—non-interest-bearing	15,033	1	15,726
	2	Savings and temporary cash investments	20,204,417	2	
	3	Pledges and grants receivable, net	4,000	3	
	4	Accounts receivable, net	66,041,371	4	100,547,365
	5	Receivables from current and former officers, directors, trustees, k employees, and highest compensated employees. Complete Part II Schedule L		5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contribution employers and sponsoring organizations of section 501(c)(9) voluntate employees' beneficiary organizations (see instructions)	ng ary	6	
Assets	~		411,788	7	259,207
9	7	Notes and loans receivable, net	·		13,903,614
٦	8	Inventories for sale or use	14,458,558	8	
	9 10a	Prepaid expenses and deferred charges	2,013,183	9	1,454,020
		•		40-	052 405 527
١.	b		,296 186,128,838		253,495,527
	11	Investments—publicly traded securities	460 00E 0E0	11	469 200 844
	12	Investments—other securities. See Part IV, line 11			168,299,814
	13	Investments—program-related. See Part IV, line 11		13	
	14	Intangible assets	7,042,487	14	7,042,487
	15	Other assets. See Part IV, line 11		$\rightarrow$	1,377,678
	16	Total assets. Add lines 1 through 15 (must equal line 34)			546,395,438
	17	Accounts payable and accrued expenses	48,283,242	17	81,487,234
	18	Grants payable	404.077	18	02.004
- 1	19	Deferred revenue	404,877	19	93,681
- 1	20	Tax-exempt bond liabilities		20	
- 1	21	Escrow or custodial account liability. Complete Part IV of Schedule D .		21	
Liabilities	22	Payables to current and former officers, directors, trustees, kemployees, highest compensated employees, and disqualified person Complete Part II of Schedule L	ns.		<del></del>
뼥		-		22	
-   4	23	Secured mortgages and notes payable to unrelated third parties		23	
- 1	24	Unsecured notes and loans payable to unrelated third parties		24	· · · · · · · · · · · · · · · · · · ·
	25	Other liabilities (including federal income tax, payables to related the parties, and other liabilities not included on lines 17-24). Complete Part of Schedule D		25	66,331,654
١,	26		86,842,385		147,912,569
十	20	Total liabilities. Add lines 17 through 25	60,642,505	20	147,512,305
ěļ,	27	Unrestricted net assets	378,780,829	27	398,492,869
믦	21 28	Temporarily restricted net assets			-10,000
9	29	Permanently restricted net assets		29	10,000
Net Assets or Fund Balances		Organizations that do not follow SFAS 117, check here ▶ □ and complete lines 30 through 34.			
ا ۾	30	Capital stock or trust principal, or current funds		30	
8	31	Paid-in or capital surplus, or land, building, or equipment fund		31	
<b>2</b>  3	32	Retained earnings, endowment, accumulated income, or other funds .		32	
<u>5</u>	33	Total net assets or fund balances		-	398,482,869
	34	Total liabilities and net assets/fund balances		-	546,395,438

Form **990** (2011)

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

За

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

(A) Name and Title	(B) Average hours per week		(Ch	C) Po	ositio:	n iply)		(D) Reportable compensation	(E) Reportable compensation	(F) Estimated amount of other
	(describe hours for related organizations in Schedule O)	Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former	from the organization (W-2/1099-MISC)	from related organizations (W-2/1099-MISC)	compensation from the organization and related organizations
(26) CALVIN LEDFORD	50					1		591,667	0	35,572
CARDIOLOGIST	30					•		391,007	· ·	33,372
(27) GORDON GRAHAM	50							595,953	O	27 274
CARDIOLOGIST	30					•		555,555		27,274
(28) ROBERT BERGLUND						,				
CARDIOLOGIST	50					<b>'</b>		591,842	0	32,970
(29) WILLIAM WARREN								507.000		22.224
CARDIOLOGIST	50					<b> </b>		597,692	0	39,804
(30) CAROL NEWTON										
DIRECTOR-INTEGRATION SERVICES/FORMER CFO							1	347,967	0	34,407

#### SCHEDULE A (Form 990 or 990-EZ)

## **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

Department of the Treasury Internal Revenue Service Name of the organization

MEMORIAL HEALTH CARE SYSTEM INC

Employer Identification number 62-0532345

	•							<u>i_</u>				
Par				ity Status (All orga						nstructio	ns.	
The c	_		•	tion because it is: (Fo		_		•	•			
1				nes, or association of			ed in sect	ion 170(	b)(1)(A)(i)	).		
2		A school desci	ribed in section	170(b)(1)(A)(ii). (Attac	h Schedu	ıle E.)						
3		A hospital or a	cooperative hos	pital service organiza	tion desc	ribed in s	section 1	70(b)(1)(	A)(iii).			
				n operated in conjunc						(b)(1)(A)	iii). Enter the	
			e, city, and state	-		·					•	
5			n operated for t	the benefit of a collect	ge or univ	versity ov	wned or o	perated	by a gov	vernment	al unit described in	
6	П	A federal, state	e. or local govern	ment or governmenta	al unit des	scribed in	section	170(b)(1	)(A)(v).			
		An organizatio	n that normally	receives a substantia (A)(vi). (Complete Par	part of					it or from	the general public	
8		A community t	rust described in	section 170(b)(1)(A)	(vi). (Con	nplete Pa	ert II.)					
9	☐ An organization that normally receives: (1) more than 331/₃% 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 331/3% 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												
11	-	_	_	d operated exclusive		-	-			-	or to carry out the	
• •				licly supported organ								
				describes the type of								
		a Type i	ь 🗆	· · · · · · · · · · · · · · · · · · ·	☐ Type			-			Type III-Other	
_		• •	_	that the organization			-	•	, by one			
•				rs and other than one								
		or section 509		is and other than one	9 01 111016	publicly	Supporte	o organi	zations u	iescribeu	iii section sos(a)(1)	
								. <b>.</b>			- 111	
f		organization, c	check this box .								e III supporting	
9		Since August following person		ne organization accep	oted any	gift or co	ontributio	n from a	ny of the	•		
				ndirectly controls, eith					described	d in (ii) ar		
				•	-				• • •		11g(i)	
			· · · · · · · · · · · · · · · · · · ·	on described in (i) abo							11g(ii)	
			•	a person described in							11g(面)	
<u>h</u>				on about the support	, <u> </u>		·		<del></del>			
(i)		ne of supported ganization	(ii) EIN	(iii) Type of organization (described on lines 1-9		rganization sted in your		ou notify sization in		s the ion in col	(vii) Amount of support	
	0	gariization		above or IRC section		document?	col (i)	of your	(i) organi:	zed in the	варроге	
				(see instructions))	ļ_ <u></u>		<u></u>	ort?	<u> </u>	S.7	1	
					Yes	No	Yes	No	Yes	No		
(A)						Ī			ŀ			
					<u> </u>		<b> </b>					
(B)									<u> </u>			
(C)												
(D)		···										
(E)												
					<u> </u>	<b></b>			<b>.</b>			
T-4-			Ì		1	1	1	·	1	1	,	

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Cat No 11285F

Schedule A (Form 990 or 990-EZ) 2011

Part	Support Schedule for Organiza (Complete only if you checked the						
	Part III. If the organization fails to						ally under
~	on A. Public Support	12			<u> </u>		
	dar year (or fiscal year beginning in) ▶	(a) 2007	<b>(b)</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.					1	
Secti	on B. Total Support						
Calen	dar year (or fiscal year beginning in) 🕨	(a) 2007	<b>(b)</b> 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7	Amounts from line 4		<u> </u>				
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. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
11	Total support. Add lines 7 through 10						
12	Gross receipts from related activities, etc					12	
13	First five years. If the Form 990 is for the	•			•		
C4	organization, check this box and stop he				• • • • •		<b>▶</b> □
	on C. Computation of Public Suppor			44 (0)		1 2 2 1	
14 15	Public support percentage for 2011 (line of Public support percentage from 2010 Sci					14	<u>%</u>
16a	331/3% support test—2011. If the organi			 on line 13 an			%
	box and stop here. The organization qua						
b	331/a% support test—2010. If the organ check this box and stop here. The organ	nization did n	ot check a bo	x on line 13 o	r 16a, and line		
17a	10%-facts-and-circumstances test—20 10% or more, and if the organization me Part IV how the organization meets the "forganization".	ets the "facts	-and-circumsta	ances" test, ch	eck this box a	nd stop here.	Explain in
b	10%-facts-and-circumstances test—20 15 is 10% or more, and if the organization or Explain in Part IV how the organization or supported organization	tion meets the	e "facts-and-c ts-and-circums	ircumstances" stances" test. 1	test, check t	his box and s	top here.
18	Private foundation. If the organization di						see
	instructions		<u> </u>			<u> </u>	🕨 🗖
							90 or 990-EZ) 2011

### Part III Support Schedule for Organizations Described in Section 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	on A. Public Support	under the te	Sto Hoted Desc	ow, piease cc	Anpiete Fait	··. <i>,</i>	
	dar year (or fiscal year beginning in)	(a) 2007	<b>(b)</b> 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1	Gifts, grants, contributions, and membership fees	(a) 2001	(0) 2000	(c) 2009	(u) 2010	(8) 2011	(i) rotai
•	received. (Do not include any "unusual grants.")						
2	Gross receipts from admissions, merchandise						
	sold or services performed, or facilities		1				
	furnished in any activity that is related to the organization's tax-exempt purpose		ŀ				
3	Gross receipts from activities that are not an						
	unrelated trade or business under section 513		1				
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		Į l				
	organization without charge						
6	Total. Add lines 1 through 5						
7a							
	received from disqualified persons .						
b	Amounts included on lines 2 and 3						
-	received from other than disqualified	1	1				
	persons that exceed the greater of \$5,000	l	1				
	or 1% of the amount on line 13 for the year	ĺ					
С	Add lines 7a and 7b						
8	Public support (Subtract line 7c from						
	line 6.)						
Secti	on B. Total Support						
Calen	dar year (or fiscal year beginning in) 🕨	(a) 2007	<b>(b)</b> 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9	Amounts from line 6			<u> </u>			
10a		i					
	payments received on securities loans, rents,						
	royalties and income from similar sources .						
b	Unrelated business taxable income (less	ł					
	section 511 taxes) from businesses acquired after June 30, 1975	f					Ì
_	•				<u> </u>		
	Add lines 10a and 10b	<b></b>					
11	Net income from unrelated business activities not included in line 10b, whether						
	or not the business is regularly carried on						
40		<u> </u>	<del> </del>				
12	Other income. Do not include gain or loss from the sale of capital assets				Ì		l
	(Explain in Part IV.)			]	Ī		İ
13	Total support. (Add lines 9, 10c, 11,	<del>                                     </del>	<u> </u>	-		-	<del> </del>
	and 12.)						
14	First five years. If the Form 990 is for the	ne organizatio	n's first, secon	d, third, fourth	, or fifth tax v	ear as a section	on 501(c)(3)
	organization, check this box and stop he	-			-		, ,, ,
Secti	on C. Computation of Public Suppo						
15	Public support percentage for 2011 (line	8, column (f) d	livided by line 1	3, column (f))		15	%
16	Public support percentage from 2010 Sc					16	%
	on D. Computation of Investment In						
17	Investment income percentage for 2011			•		17	%
18	Investment income percentage from 201					18	%
19a	331/a% support tests—2011. If the organ						
	17 is not more than 33½%, check this box		_			-	
b	331/3% support tests—2010. If the organia						
	line 18 is not more than 331/3%, check this						
20	Private foundation. If the organization d	ia not check a	Dox on line 14	, 19a, or 19b, o	cneck this box	and see instru	ictions 🕨 🔲

#### SCHEDULE C (Form 990 or 990-EZ)

## **Political Campaign and Lobbying Activities**

For Organizations Exempt From Income Tax Under section 501(c) and section 527 ► Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.

OMB No. 1545-0047 2011 Open to Public

Department of the Treasury

► See separate instructions. Internal Revenue Service Inspection If the organization answered "Yes" to Form 990, Part IV, line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then • Section 501(c)(3) organizations: Complete Parts I-A and B. Do not complete Part I-C. Section 501(c) (other than section 501(c)(3)) organizations: Complete Parts I-A and C below. Do not complete Part I-B. Section 527 organizations: Complete Part I-A only. If the organization answered "Yes" to Form 990, Part IV, line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)); Complete Part II-A. Do not complete Part II-B. • Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)): Complete Part II-B. Do not complete Part II-A. If the organization answered "Yes" to Form 990, Part IV, line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35c (Proxy Tax), then Section 501(c)(4), (5), or (6) organizations: Complete Part III. Name of organization **Employer Identification number** MEMORIAL HEALTH CARE SYSTEM INC. 62-0532345 Complete if the organization is exempt under section 501(c) or is a section 527 organization. Provide a description of the organization's direct and indirect political campaign activities in Part IV. 2 3 Volunteer hours . . . Complete if the organization is exempt under section 501(c)(3). Enter the amount of any excise tax incurred by the organization under section 4955 . . Enter the amount of any excise tax incurred by organization managers under section 4955 . 3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? . . . Yes No Yes No b If "Yes," describe in Part IV. Complete if the organization is exempt under section 501(c), except section 501(c)(3). Enter the amount directly expended by the filing organization for section 527 exempt function Enter the amount of the filing organization's funds contributed to other organizations for section Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL, 3 Yes Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments. For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV. (a) Name (b) Address (c) EIN (d) Amount paid from (e) Amount of political filing organization's contributions received and funds If none, enter -0-. promptly and directly delivered to a separate political organization. If none, enter -0-(1)(2)(3)(4)(5)(6)

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule C (Form 990 or 990-EZ) 2011

Cat. No. 50084S

	a.o o (1 oi 11	1000 01 000 124 2011					Page ∠
	II-A	Complete if the organizati section 501(h)).	_			•	ction under
A C	heck ▶	if the filing organization be name, address, EIN, exp	elongs to an a enses, and sha	ffiliated group (ar	nd list in Part IV bying expenditu	each affiliated gro	up member's
<b>B</b> C	heck >	☐ if the filing organization or a property of the filing organization or a property or a proper	hecked box A	and "limited con			
			bying Expendit			(a) Filing	(b) Affiliated
		(The term "expenditures" i	neans amounts	paid or incurred.	.)	organization's totals	group totals
1a		obbying expenditures to influence					
b	Total I	obbying expenditures to influence	e a legislative b	ody (direct lobbyin	g)		
C		obbying expenditures (add lines					
d		exempt purpose expenditures .					
е		exempt purpose expenditures (a					
f	Lobby colum	ing nontaxable amount. Enterns.	g table in both				
	If the a	mount on line 1e, column (a) or (b)	s: The lobbying	nontaxable amoun	t is:	1	
	Not ove	r \$500,000	20% of the ar	mount on line 1e.			
	Over \$5	00,000 but not over \$1,000,000	\$100,000 plus	s 15% of the excess	over \$500,000.		
	Over \$1	,000,000 but not over \$1,500,000	\$175,000 plu	s 10% of the excess	over \$1,000,000.		
	Over \$1	,500,000 but not over \$17,000,000	\$225,000 plus	s 5% of the excess o	ver \$1,500,000.	1	
	·	7,000,000	\$1,000,000.				
g	Grassi	oots nontaxable amount (enter a	25% of line 1f)				
h	Subtra	ct line 1g from line 1a. If zero or	less, enter -0-				
i		ct line 1f from line 1c. If zero or					
j		e is an amount other than zer ng section 4911 tax for this yea	_	1h or line 1i, did	_		Yes No
		(Some organizations that n	nade a section (	Period Under Sec 501(h) election do ctions for lines 2	not have to com		
	-	Lobbyii	ng Expenditures	During 4-Year A	veraging Period	1	
	Cale	endar year (or fiscal year beginning in)	(a) 2008	<b>(b)</b> 2009	(c) 2010	(d) 2011	(e) Total
2a	Lobby	ing nontaxable amount					
b		ing ceiling amount of line 2a, column (e))					
С	Total I	obbying expenditures					
d	Grassi	oots nontaxable amount					
6		oots ceiling amount of line 2d, column (e))					· · · · · · · · · · · · · · · · · · ·
f	Grassi	oots lobbying expenditures					

Schedule C (Form 990 or 990-EZ) 2011

	(election under section 501(h)).	la	a)		(b)	
	ch "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description lobbying activity.	Yes	No	,	mount	<u> </u>
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:					
а	Volunteers?		<b>✓</b>		•	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	/		ļ		
C	Media advertisements?		<b>/</b>	<u> </u>		
d	Mailings to members, fegislators, or the public?	L	<b>/</b>	<u> </u>		
е	Publications, or published or broadcast statements?	<u> </u>	<b>✓</b>	<u> </u>		
f	Grants to other organizations for lobbying purposes?	<b>✓</b>	<u> </u>			3,890
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	<u> </u>	<u> </u>			8,531
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?	<b>_</b>	ļ	<u> </u>		3,580
i	Other activities?	<b>/</b>		<u> </u>		7,353
j	Total. Add lines 1c through 1i				10	3,354
<b>2</b> a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?	<del></del>	<b>/</b>	ļ	<i></i>	
Ь	If "Yes," enter the amount of any tax incurred under section 4912	1		<u> </u>		
C	If "Yes," enter the amount of any tax incurred by organization managers under section 4912 .			-,-	<del> ,</del>	
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?	<u> </u>		- 89		
Part	III-A Complete if the organization is exempt under section 501(c)(4), section 501(c 501(c)(6).	)(5),	or se	ction		
	33 (3)(3)				Yes	No
1	Were substantially all (90% or more) dues received nondeductible by members?			1	1	
2	Did the organization make only in-house lobbying expenditures of \$2,000 or less?			2		
3	Did the organization agree to carry over lobbying and political expenditures from the prior year? .			3	1	
Part	501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No" Ol answered "Yes."					3, is
1	Dues, assessments and similar amounts from members	٠.	1	<b> </b>		
2	Section 162(e) nondeductible lobbying and political expenditures (do not include amounts political expenses for which the section 527(f) tax was paid).	s or				
	Current year		F			
а		•	2a			
a b	Carryover from last year		2b			
b c	Total		2b 2c			
b	Total		2b			
b c	Total	the	2b 2c			
ь с 3	Total	the ying	2b 2c 3	Treat and the state of the stat		
b c 3 4	Total	the ying	2b 2c 3			
b c 3 4	Total	the ying	2b 2c 3			
b c 3 4 5 Par Comp	Total	the ying	2b 2c 3 4 5	and Pa	rt II-B,	line
b c 3 4 5 Par Comp 1. Als	Total  Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues. If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of excess does the organization agree to carryover to the reasonable estimate of nondeductible lobb and political expenditure next year?  Taxable amount of lobbying and political expenditures (see instructions)  Supplemental Information  lete this part to provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; o, complete this part for any additional information.	the ying	2b 2c 3 4 5	and Pa	rt II-B,	line
b c 3 4 5 Par Comp 1. Als	Total	the ying	2b 2c 3 4 5	and Pa	rt II-B,	line
b c 3 4 5 Par Comp 1. Als	Total  Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues. If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of excess does the organization agree to carryover to the reasonable estimate of nondeductible lobb and political expenditure next year?  Taxable amount of lobbying and political expenditures (see instructions)  Supplemental Information  lete this part to provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; o, complete this part for any additional information.	the ying	2b 2c 3 4 5	and Pa	rt II-B,	line
b c 3 4 5 Par Comp 1. Als	Total  Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues. If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of excess does the organization agree to carryover to the reasonable estimate of nondeductible lobb and political expenditure next year?  Taxable amount of lobbying and political expenditures (see instructions)  Supplemental Information  lete this part to provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; o, complete this part for any additional information.	the ying	2b 2c 3 4 5	and Pa	rt II-B,	line
b c 3 4 5 Par Comp 1. Als	Total  Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues. If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of excess does the organization agree to carryover to the reasonable estimate of nondeductible lobb and political expenditure next year?  Taxable amount of lobbying and political expenditures (see instructions)  Supplemental Information  lete this part to provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; o, complete this part for any additional information.	the ying	2b 2c 3 4 5	and Pa	rt II-B,	line
b c 3 4 5 Par Comp 1. Als	Total  Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues. If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of excess does the organization agree to carryover to the reasonable estimate of nondeductible lobb and political expenditure next year?  Taxable amount of lobbying and political expenditures (see instructions)  Supplemental Information  lete this part to provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; o, complete this part for any additional information.	the ying	2b 2c 3 4 5	and Pa	rt II-B,	line
b c 3 4 5 Par Comp 1. Als	Total  Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues. If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of excess does the organization agree to carryover to the reasonable estimate of nondeductible lobb and political expenditure next year?  Taxable amount of lobbying and political expenditures (see instructions)  Supplemental Information  lete this part to provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; o, complete this part for any additional information.	the ying	2b 2c 3 4 5	and Pa	rt II-B,	line

#### SCHEDULE D (Form 990)

## **Supplemental Financial Statements**

OMB No. 1545-0047 20**11** 

Department of the Treasury Internal Revenue Service ► Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b. ► Attach to Form 990. ► See separate instructions.

Open to Public Inspection

Name of the organization Employer Identification number MEMORIAL HEALTH CARE SYSTEM INC 62-0532345 Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the Part I organization answered "Yes" to Form 990, Part IV, line 6. (b) Funds and other accounts Total number at end of year . . . . . 1 2 Aggregate contributions to (during year) . 3 Aggregate grants from (during year) . . 4 Aggregate value at end of year . . . . 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 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose ☐ Yes ☐ No Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7. Purpose(s) of conservation easements held by the organization (check all that apply). Preservation of land for public use (e.g., recreation or education) Preservation of an historically important land area ☐ Protection of natural habitat Preservation of a certified historic structure Preservation of open space Complete lines 2a through 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 Tax Year a Total number of conservation easements . 2a Total acreage restricted by conservation easements . . . . 2b Number of conservation easements on a certified historic structure included in (a) . . . Number of conservation easements included in (c) acquired after 8/17/06, and not on a 2d Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the 3 Number of states where property subject to conservation easement is located Does the organization have a written policy regarding the periodic monitoring, inspection, handling of 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 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B) 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. Organizations Maintaining Collections of Art. Historical Treasures, or Other Similar Assets. Part III Complete if the organization answered "Yes" to Form 990, Part IV, line 8. 1a If the organization elected, as permitted under SFAS 116 (ASC 958), 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 (ASC 958), 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: 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 (ASC 958) relating to these items: Assets included in Form 990, Part X

Part	III Organizations Maintaining	Collections of	Art, His	torical T	reasures, c	r Oth	er Similar As	sets (cc	ntinu	ied)
3	Using the organization's acquisition, a collection items (check all that apply):	accession, and ot	her recor	ds, chec	k any of the	followi	ing that are a s	ignificant	use	of its
а	☐ Public exhibition		d l		or exchange					
b	☐ Scholarly research		e l	Other	r					
C	Preservation for future generations									
4	Provide a description of the organizat	ion's collections	and expla	in how t	hey further th	e orga	inization's exer	npt purp	ose in	Part
	XIV.									
5	During the year, did the organization									
	assets to be sold to raise funds rather									
Part	IV Escrow and Custodial Arra				janization an	swere	ed "Yes" to Fo	orm 990,	, Part	IV,
	line 9, or reported an amoun						-41			
1a	Is the organization an agent, trustee, included on Form 990, Part X?									
	If "Yes," explain the arrangement in Pa					• •		□ Y	∌s ∐	NO
b	ii Tes, explain the arrangement in Pa	art Aiv and compr	ere rue io	nowing to	abie.		Ι Δ	mount		
С	Beginning balance					1c		11.00111		
ď	Additions during the year					1d	1			
e	Distributions during the year					1e				<del></del>
f	Ending balance					11				
2a	Did the organization include an amour						<del></del>	□ Y	es 🗆	No
b	If "Yes," explain the arrangement in Pa							_		
	V Endowment Funds. Comple		zation an	swered	"Yes" to Fo	rm 99	0, Part IV, line	10.	_	
		(a) Current year	(b) Pro	or year	(c) Two years t	oack (	(d) Three years bac	(e) Fou	years	back
1a	Beginning of year balance									
b	Contributions									
C	Net investment earnings, gains, and									
	losses	· · · · · · · · · · · · · · · · · · ·								
d	Grants or scholarships		ļ					.		
е	Other expenditures for facilities and		ł		1	- 1				
_	programs	·				$\rightarrow$				
f	Administrative expenses					$\rightarrow$		+		
g	End of year balance	be europt user e	d balana	o (lino 1a			<del> </del>	<u> </u>		
2	Provide the estimated percentage of t Board designated or quasi-endowmer			e (iiiie ig	, column (a))	neio a	S.			
a b	Permanent endowment	%	70							
c	Temporarily restricted endowment ▶									
•	The percentages in lines 2a, 2b, and 2		00%.							
За	Are there endowment funds not in the	•		zation the	at are held ar	nd adn	ninistered for th	ne		
	organization by:	•	•						Yes	No
	(i) unrelated organizations							3a(i)		
	(ii) related organizations							3a(ii)		
b	If "Yes" to 3a(ii), are the related organ							3b		
4	Describe in Part XIV the intended use									
Par		ment. See Forr	n 990, P				· · · · · · · · · · · · · · · · · · ·			
	Description of property	(a) Cost or o (investre			or other basis other)		ccumulated preciation	(d) Boo	ok value	•
1a	Land				13,797,048				13,79	7,048
b	Buildings			- 2	235,112,068		103,704,936	1	131,40	7,132
C	Leasehold improvements				1,119,967		593,594		52	6,373
d	Equipment				239,199,816		175,025,320			4,496
<u>e</u>	Other	<u>·                                      </u>		<u> </u>	50,761,924		7,171,446			0,478
Total.	Add lines 1a through 1e. (Column (d) r	nust equal Form 9	990, Part 2	X, columi	n (B), line 10(c	:).) .	▶ ]	2	253,49	5,527

Part VII Investments—Other Securities	See Form 990, Part X, li	ne 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) CHI OIP - FIXED INCOME	84,153,864	· · · · · · · · · · · · · · · · · · ·
(B) CHI OIP - EQUITY SECURITIES	84,145,950	
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
(1)	100,000,011	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 12.) ▶		inc 40
Part VIII Investments—Program Relate		
(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1)		
(2)		
(3)	+	
(4) (E)	<del> </del>	
(5) (c)	-	· · · · · · · · · · · · · · · · · · ·
<u>(6)</u>		
<u>(7)</u>		
_(8) _(9)		
(10)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 13.) ▶		
Part IX Other Assets. See Form 990, P		
· · · · · · · · · · · · · · · · · · ·	(a) Description	(b) Book value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)	<del></del>	
(9)		
(10)		
Total. (Column (b) must equal Form 990, Part X, o		<b>&gt;</b>
Part X Other Liabilities. See Form 990		
1. (a) Description of liability	(b) Book value	
(1) Federal income taxes	97.400	
(2) UNCLAIMED PROPERTY	27,199	
(3) ENVIRONMENTAL REMEDIATION LIABILITY	319,354	
(4) INTERCOMPANY NOTES PAYABLE (5) INTERCOMPANY PAYABLES	62,025,500	
(6)	3,959,601	
(7)		
(8)	<del> </del>	
(9)	<del>                                     </del>	
(10)	<del>                                     </del>	
(11)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	66,331,654	
		he organization's financial statements that reports the
organization's liability for uncertain tax positions		no organization o imanolal otatemento triat reports the

scnear	18 D (Form 890) 2011		Page 4
Par	Reconciliation of Change in Net Assets from Form 990 to Audited Financial Stater	nent	S
1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	
2	Total expenses (Form 990. Part IX. column (A). line 25)	2	<u> </u>
3	Excess or (deficit) for the year. Subtract line 2 from line 1	3	
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	Ţ
7	Prior period adjustments	7	
8	Other (Describe in Part XIV.)	8	
9	Total adjustments (net). Add lines 4 through 8	9	
10	Excess or (deficit) for the year per audited financial statements. Combine lines 3 and 9	10	
Part	XII Reconciliation of Revenue per Audited Financial Statements With Revenue pe	r Re	turn
1	Total revenue, gains, and other support per audited financial statements	1	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
а	Net unrealized gains on investments		
ь	Donated services and use of facilities		
С	Recoveries of prior year grants		
d	Other (Describe in Part XIV.)	7	
е	Add lines 2a through 2d	2	e
3	Subtract line 2e from line 1	. 3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
а	Investment expenses not included on Form 990, Part VIII, line 7b 4a	I	
b	Other (Describe in Part XIV.)	7	
С	Add lines 4a and 4b	4	c
5	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)	5	5
Part	XIII Reconciliation of Expenses per Audited Financial Statements With Expenses	per F	Return
1	Total expenses and losses per audited financial statements	. 1	
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:		
а	Donated services and use of facilities		
b	Prior year adjustments	$\neg$	
С	Other losses	7	
d	Other (Describe in Part XIV.)	7	
е	Add lines 2a through 2d	2	е
3	Subtract line 2e from line 1	. [3	3
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
а	Investment expenses not included on Form 990, Part VIII, line 7b 4a	Í	
b	Other (Describe in Part XIV.)	7	
C	Add lines 4a and 4b	. 4	С
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.)		5
Part	XIV Supplemental Information		
Part \ any a	olete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; /, line 4; Part X, line 2; Part XI, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b. Also co dditional information.		
•••••			
••••			

#### SCHEDULE H (Form 990)

## **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

Department of the Treasury Internal Revenue Service

Open to Public Inspection

Name of the organization Employer identification number MEMORIAL HEALTH CARE SYSTEM INC 0532345 62 Financial Assistance and Certain Other Community Benefits at Cost Yes No 1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a . . . 1a 1b 1 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year. Applied uniformly to all hospital facilities Applied uniformly to most hospital facilities Generally tailored to individual hospital facilities Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year. Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: . . . . 3а 1 □ Other □ 200% Did the organization use FPG to determine eligibility for providing discounted care? If "Yes," indicate which 3b 1 □ 300% □ 350% **400%** ☐ Other c If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care. Did the organization's financial assistance policy that applied to the largest number of its patients during the 5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? 5a If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? . . . . . 5b If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? 5c 6a Did the organization prepare a community benefit report during the tax year? 6a **b** If "Yes." did the organization make it available to the public? . . . . . 6b 1 Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H. Financial Assistance and Certain Other Community Benefits at Cost (a) Number of (b) Persons (c) Total community (d) Direct offsetting (e) Net community (f) Percent Financial Assistance and activities or benefit expense benefit expense of total Means-Tested Government programs (optional) (optional) expense **Programs** Financial Assistance at cost (from Worksheet 1) 8.226 6,705,312 6,705,312 1 38 Medicaid (from Worksheet 3, column a) . . . 14,769 38,014,714 28,367,207 9,647,507 1 99 Costs of other means-tested government programs (from Worksheet 3, column b) . . . Total Financial Assistance and 0 n 0 00 Means-Tested Government 0 22,995 44,720,026 28,367,207 16,352,819 **Programs** 3 37 Other Benefits Community health improvement services and community benefit 19 1,848 99,226 operations (from Worksheet 4) . 1,571,622 1,472,396 0 30 Health professions education (from Worksheet 5) 5 121 842,853 842,853 0 17 . . . Subsidized health services (from Worksheet 6) . . . . . 14,055 6 3,514,627 1,212,730 2,301,897 0 48 Research (from Worksheet 7) 2 1.064.785 99,741 965.044 0 0 20 Cash and In-kind contributions for community benefit (from 8 1,183 0 25 Worksheet 8) 1,199,762 1,199,762 40 17.207 8,193,649 1,411,697 6,781,952 1 40 Total. Other Benefits . Total. Add lines 7d and 7i 40 40.202 52.913.675 29.778.904 23.134.771 4.77

Part II Community Building Activities Complete this table if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

		(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	0	0	0	0	0	0 00
2	Economic development	0	0	0	0	0	0 00
3	Community support	6	418	804,199	0	804,199	0 15
4	Environmental Improvements	0	0	0	0	0	0 00
5	Leadership development and training for community members	0	0	0	0	0	0.00
6	Coalition building	1	0	5,586	0	5,586	0 00
7	Community health improvement advocacy	0	0	0	0	0	0 00
8	Workforce development	1	0	404,571	0	404,571	0 08
9	Other	0	0	0	0	0	0 00
10	Total	8	418	1,214,356	0	1,214,356	0 23

Part III Bad Debt, Medicare, & Collection Practices Section A. Bad Debt Expense Yes No Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15? Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under 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) . 176,497,416 Enter Medicare allowable costs of care relating to payments on line 5... 6 174,239,368 Subtract line 6 from line 5. This is the surplus (or shortfall) . . . . . . 2.258.048 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 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

Pa	rt V Management Comp	panies and Joint Ventures (see instructions)	ı		
	(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	MEMORIAL MISSION SUR	AMBULATORY SURGERY CENTER	29.3	0	70 7
2	BERYWOOD OFFICE PROP	PHYSICIAN OFFICE BUILDING	63	0	37
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Control of the Section of the Sectio									Fage O
Part V Facility Information									
Section A. Hospital Facilities	Licens	Gener	<u>Ω</u>	Tegg	<u>ਨ</u> ਨੂੰ	Rei ea	EA-24	ER-other	
(list in order of size, from largest to smallest)	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	<b>1</b>	
How many hospital facilities did the organization operate	몵	<u>8</u>	<u>\$</u>	돭	5	₹			
during the tax year? 2	-	_ 020 200	筐	-	₽ 6		1		
		Ę	1		Ē				
Name and address	1	5	1		1				Other (december)
Name and address	_	<del>                                     </del>	-		<del></del>	├			Other (describe)
(1) MEMORIAL HOSPITAL					İ				
2525 DESALES AVENUE	✓	<b>√</b>		İ			✓		
CHATTANOOGA, TN 37404					<u> </u>	ļ			
(2) MEMORIAL HOSPITAL HIXSON		١.					ا ا		
2051 HAMILL ROAD		✓	1	1	1		✓		
HIXSON, TN 37343		<u> </u>	<u> </u>						
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## 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)

Name (	of Hospital Facility: MEMORIAL HOSPITAL			
Line N	umber of Hospital Facility (from Schedule H, Part V, Section A): 1			
		.	Yes	No
Com	munity Health Needs Assessment (Lines 1 through 7 are optional for tax year 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 line 8	1		
	If "Yes," indicate what the Needs Assessment describes (check all that apply):			
a	A definition of the community served by the hospital facility			
b	Demographics of the community			
С	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 the community health needs			
h	☐ The process for consulting with persons representing the community's interests	l		
i	Information gaps that limit the hospital facility's ability to assess the community's health needs	İ		
j	Other (describe in Part VI)		Ì	
2	Indicate the tax year the hospital facility last conducted a Needs Assessment:	<u> </u>	<b>!</b>	↓
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,"	<u> </u>	<del>                                     </del>	
	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):			
а	Hospital facility's website		l	ļ
b	Available upon request from the hospital facility	1		
C	Other (describe in Part VI)		1	
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	1		
b	Execution of the implementation strategy			i :
C	Participation in the development of a community-wide community benefit plan		1	'
d	Participation in the execution of a community-wide community benefit plan  Inclusion of a community benefit section in operational plans	1	1	•
e f	<ul> <li>Inclusion of a community benefit section in operational plans</li> <li>Adoption of a budget for provision of services that address the needs identified in the Needs Assessment</li> </ul>	1	1	l
g	Prioritization of health needs in its community	1	1	ļ
h	Prioritization of services that the hospital facility will undertake to meet health needs in its community		1	1
i	Other (describe in Part VI)			l
7	Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain		1	<b>1</b>
	in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7		l
Finar	ncial Assistance Policy			
	Did the hospital facility have in place during the tax year a written financial assistance policy that:		<b>I</b>	
8	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted			
_	care?	8	/	<b> </b>
9	Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	9	<u>l</u>	1
	If "Yes," indicate the FPG family income limit for eligibility for free care:%  If "No," explain in Part VI the criteria the hospital facility used.			
	and the second s			

Part	Facility Information (continued)			
<u> </u>			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10		<b>√</b>
	If "Yes," indicate the FPG family income limit for eligibility for discounted care:			
	If "No," explain in Part VI the criteria the hospital facility used.			
11	Explained the basis for calculating amounts charged to patients?	11	1	
	If "Yes," indicate the factors used in determining such amounts (check all that apply):			
a	☑ Income level			
b	✓ Asset level	•		
С	✓ Medical indigency			
d	✓ Insurance status			
е	✓ Uninsured discount			l
f	✓ Medicaid/Medicare			
g	✓ State regulation			
h	Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	1	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	<b>\</b>	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply):			
a	☑ The policy was posted on the hospital facility's website			
b	☐ The policy was attached to 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		:	
е	The policy was provided, in writing, to patients on admission to the hospital facility			
f	☑ The policy was available on request			
g	Other (describe in Part VI)			
	g 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	✓	
15	Check all of the following 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			
Ь	Lawsuits			
C	Liens on residences			
d	Body attachments			
e 46	Other similar actions (describe in Part VI)		ļ	
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		<b>/</b>
•	If "Yes," check all actions in which the hospital facility or a third party engaged:			
a	Reporting to credit agency			
b	Lawsuits		ł	
C	☐ Liens on residences			
d	☐ Body attachments ☐ Other similar actions (describe in Part VI)			
e 17				
• •	Indicate which efforts the hospital facility made before initiating any of the actions checked in line 16 (check all that apply):		1	
_	Notified patients of the financial assistance policy on admission			
8 h			1	
D C	Notified patients of the financial assistance policy prior to discharge  Notified patients of the financial assistance policy in communications with the patients regarding the			
•	patients' bills		1	
d	Documented its determination of whether patients were eligible for financial assistance under the		l	
_	hospital facility's financial assistance policy		1	
е	Other (describe in Part VI)			

Part	٧	Facility Information (continued)			
Polic	y Rel	ating to Emergency Medical Care			
				Yes	No
18	that indiv	the hospital facility have in place during the tax year a written policy relating to emergency medical care requires the hospital facility to provide, without discrimination, care for emergency medical conditions to iduals regardless of their eligibility under the hospital facility's financial assistance policy?	18	1	
	II "N	o," indicate why:			
а		The hospital facility did not provide care for any emergency medical conditions			
c		The hospital facility's policy was not in writing  The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
<u>d</u>		Other (describe in Part VI)	L		l
Indiv		s Eligible for Financial Assistance			
19		cate how the hospital facility determined, during the tax year, the maximum amounts that can be charged			
	to F	AP-eligible individuals for emergency or other medically necessary care.	Ī		
а		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 its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
С		The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d		Other (describe in Part VI)		<u> </u>	
20	finai	the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's notial assistance policy, and to whom the hospital facility provided emergency or other medically essary services, more than the amounts generally billed to individuals who had insurance covering such and a service of the control of the covering such and the covering such and the covering such and the covering such and the covering such and the covering such and the covering such and the covering such and the covering such as the covering	20		1
		es," explain in Part VI.		ļ	
21		the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for any ice provided to that patient?	21		1
	If "Y	es," 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)

Name of Hospital Facility: MEMORIAL HOSPITAL HIXSON

			Yes	No
)omi	nunity Health Needs Assessment (Lines 1 through 7 are optional for tax year 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 line 8	1		
	If "Yes," indicate what the Needs Assessment describes (check all that apply):			
а	A definition of the community served by the hospital facility			
b	☐ Demographics of the community			
С	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 the community health needs			
h i	<ul> <li>The process for consulting with persons representing the community's interests</li> <li>Information gaps that limit the hospital facility's ability to assess the community's health needs</li> </ul>			
j	Other (describe in Part VI)	1	ŀ	1
2	Indicate the tax year the hospital facility last conducted a Needs Assessment:			ļ
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		<u> </u>
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		┝
а	☐ Hospital facility's website	'	1	ł
b	Available upon request from the hospital facility			1
C	Other (describe in Part VI)		}	1
6	If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply):			
a b	Adoption of an implementation strategy to address the health needs of the hospital facility's community  Execution of the implementation strategy			
С	Participation in the development of a community-wide community benefit plan		1	1
d	Participation in the execution of a community-wide community benefit plan		1	1
е	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 Needs Assessment		]	1
g	Prioritization of health needs in its community	1		1
h	Prioritization of services that the hospital facility will undertake to meet health needs in its community			1
i	Other (describe in Part VI)		]	<u> </u>
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 and the reasons why it has not addressed such needs	7		
Fina	clal Assistance Policy	<b>↓</b>	]	
	Did the hospital facility have in place during the tax year a written financial assistance policy that:	<u> </u>	1	<u> </u>
8	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted			
	care?	8	1	↓
9	Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	l 9	1	1 /

Part	V	Facility Information (continued)			
				Yes	No
10	Used	FPG to determine eligibility for providing discounted care?	10		✓_
	If "Ye	s," indicate the FPG family income limit for eligibility for discounted care:%			
		o," explain in Part VI the criteria the hospital facility used.			
11		ined the basis for calculating amounts charged to patients?	11	1	
		s," indicate the factors used in determining such amounts (check all that apply):			
а	Ø	Income level			
b		Asset level			
С	Ø	Medical indigency			
ď	Ø	Insurance status			
е		Uninsured discount			
f	Ø	Medicaid/Medicare			
g	_	State regulation			
ĥ	ō	Other (describe in Part VI)			
12		ained the method for applying for financial assistance?	12	1	
13		ded measures to publicize the policy within the community served by the hospital facility?	13	1	
		es," indicate how the hospital facility publicized the policy (check all that apply):			
а	$\mathbf{Z}$	The policy was posted on the hospital facility's website			
b	ŏ	The policy was attached to billing invoices	ł		
С		The policy was posted in the hospital facility's emergency rooms or waiting rooms	1		
ď		The policy was posted in the hospital facility's admissions offices	ŀ		
e	$\bar{\Box}$	The policy was provided, in writing, to patients on admission to the hospital facility		1	
f	Ø	The policy was available on request	İ		
g	$\overline{\Box}$	Other (describe in Part VI)	•	1	
	g and	Collections			
14	Did t	he hospital facility have in place during the tax year a separate billing and collections policy, or a written			
	finan	cial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	1	
15	Chec	k all of the following actions against an individual that were permitted under the hospital facility's			
		ies during the tax year before making reasonable efforts to determine the patient's eligibility under the			
	facili	ty's FAP:			
a		Reporting to credit agency		l	
b		Lawsuits			
C		Liens on residences			
d		Body attachments	1	1	
e		Other similar actions (describe in Part VI)		<u> </u>	
16	Did	the hospital facility or an authorized third party perform any of the following actions during the tax year			
		re making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16	<u> </u>	<b>!</b>
		es," check all actions in which the hospital facility or a third party engaged:			
а		Reporting to credit agency			
b		Lawsuits		1	
C	$\overline{\Box}$	Liens on residences		1	
d	Ш	Body attachments			
е		Other similar actions (describe in Part VI)		İ	
17		eate which efforts the hospital facility made before initiating any of the actions checked in line 16 (check			
	_	at apply):			1
а		Notified patients of the financial assistance policy on admission	1		
b		Notified patients of the financial assistance policy prior to discharge			
С		Notified patients of the financial assistance policy in communications with the patients regarding the		1	
	_	patients' bills	1		
d		Documented its determination of whether patients were eligible for financial assistance under the		1	
_	_	hospital facility's financial assistance policy			
e	<u> </u>	Other (describe in Part VI)		1	

Part	V Facility Information (continued)			
Polic	y 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	1	
	If "No," indicate why:		i	
a	The hospital facility did not provide care for any emergency medical conditions			
b	☐ The hospital facility's policy was not in writing			1
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)			
Indiv	iduals 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 its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
С	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		<b>,</b>
	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 any service provided to that patient?	21	Biratan .	<b>✓</b>
	If "Yes," explain in Part VI.			

Schedule I	H (Form	990)	2011

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Dest V. Feetlin 1.4 at 1.4 at 1.4	Page I
Part V Facility Information (continued) Section C. Other Health Care Facilities That Are Not	Licensed, Registered, or Similarly Recognized as a Hospital
Facility	Licensed, negistered, or Similarly necognized as a nospital
(list in order of size, from largest to smallest)	
,	
How many non-hospital health care facilities did the organizatio	n operate during the tax year?6
Name and address	Type of Facility (describe)
(1) MEMORIAL HOME HEALTH	HOME HEALTH
6028 SHALLOWFORD ROAD	
CHATTANOOGA, TN 37421	
(2) MEMORIAL OOLTEWAH IMAGING CENTER	OUTPATIENT IMAGING CENTER
6401 MOUNTAIN VIEW ROAD	
OOLTEWAH, TN 37363	
(3) MEMORIAL HEART INSTITUTE	CARDIAC PHYSICIAN PRACTICE
2501 CITICO AVENUE	
CHATTANOOGA, TN 37404	<del></del>
(4) MEMORIAL HEART INSTITUTE	CARDIAC PHYSICIAN PRACTICE
2051 HAMILL ROAD	
HIXSON, TN 37343	
(5) MEMORIAL HEART INSTITUTE	CARDIAC PHYSICIAN PRACTICE
400 BERYWOOD TRAIL SUITE A	
CLEVELAND, TN 37312	
(6) BERYWOOD OFFICE PROPERTIES, LLC	PHYSICIAN OFFICE BUILDING
2501 CITICO AVENUE	
CHATTANOOGA, TN 37404	

#### Part VI

#### **Supplemental Information**

Complete this part to provide the following information.

- 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, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
- Needs assessment. Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 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 polic
- 4 Community information. Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 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.)
- 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
- State filing of community benefit report. If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

Return Reference	Identifier	Explanation
SCHEDULE H, PART I, LINE 3C	ELIGIBILITY CRITERIA FOR FREE OR DISCOUNTED CARE	WHEN CATHOLIC HEALTH INITIATIVES (THE ULTIMATE PARENT ORGANIZATION TO MEMORIAL HEALTH CARE SYSTEM) ESTABLISHED ITS CHARITY CARE POLICY IT WAS DETERMINED THAT USING A HOUSEHOLD INCOME SCALE BASED ON THE HUD VERY LOW INCOME GUIDELINES MORE ACCURATELY REFLECTS THE SOCIOECONOMIC DISPERSIONS AMONG THE 69 URBAN AND RURAL COMMUNITIES IN 19 STATES SERVED BY CHI HOSPITALS AND HEALTH CARE FACILITIES. IN COMPARING HUD GUIDELINES TO THE FEDERAL POVERTY GUIDELINES ("FPG"), WE FIND THAT ON AVERAGE HUD GUIDELINES COMPUTE TO APPROXIMATELY 200% TO 250% (AND SOMETIMES 300%) OF FPG.
		MEMORIAL HEALTH CARE SYSTEM BASES ITS CHARITY CARE ELIGIBILITY ON HUD'S 130% OF VERY LOW INCOME GUIDELINES BASED ON GEOGRAPHY, AND AFFORDS THE UNINSURED AND UNDERINSURED THE ABILITY TO OBTAIN CHARITY CARE WRITE-OFFS, BASED ON A SLIDING SCALE, RANGING FROM 25%-100% OF CHARGES COINCIDING WITH HUD'S ANNUAL UPDATE TO THE PUBLISHED INCOME LIMITS, MEMORIAL HEALTH CARE SYSTEM APPROPRIATELY UPDATES THE SLIDING SCALE
		AN INDIVIDUAL'S INCOME UNDER THE HUD GUIDELINES IS A SIGNIFICANT FACTOR IN DETERMINING ELIGIBILITY FOR CHARITY CARE. HOWEVER, IN DETERMINING WHETHER TO EXTEND DISCOUNTED OR FREE CARE TO A PATIENT, THE PATIENT'S ASSETS ARE ALSO TAKEN INTO CONSIDERATION FOR EXAMPLE, A PATIENT SUFFERING A CATASTROPHIC ILLNESS MAY HAVE AN INCOME ABOVE THE INCOME LIMITS, BUT HIGH EXPENSES AND A LOW LEVEL OF LIQUID ASSETS SUCH THAT THE PAYMENT OF MEDICAL BILLS WOULD BE SERIOUSLY DETRIMENTAL TO THE PATIENT'S BASIC FINANCIAL (AND ULTIMATELY PHYSICAL) WELL-BEING AND SURVIVAL SUCH A PATIENT MAY BE EXTENDED DISCOUNTED OR FREE CARE BASED UPON THE FACTS AND CIRCUMSTANCES
SCHEDULE H, PART I, LINE 7	COSTING METHODOLOGY USED TO CALCULATE FINANCIAL ASSISTANCE	THE COST-TO-CHARGE RATIO FOR THE YEAR ENDED 6/30/12 WAS COMPUTED USING THE FOLLOWING FORMULA: OPERATING EXPENSE (BEFORE RESTRUCTURING, IMPAIRMENT AND OTHER LOSSES) DIVIDED BY GROSS PATIENT REVENUE THIS RESULTED IN A COST TO CHARGE RATIO OF 25.31%.  WORKSHEET 2 WAS NOT USED TO DERIVE THE COST-TO-CHARGE RATIO
SCHEDULE H, PART I, LINE 7, COLUMN(F)	BAD DEBT EXPENSE EXCLUDED FROM FINANCIAL ASSISTANCE CALCULATION	35,949,713
SCHEDULE H, PART I, LINE 7G	SUBSIDIZED HEALTH SERVICES	THERE ARE NO PHYSICIAN CLINICS INCLUDED IN SUBSIDIZED HEALTH SERVICES
SCHEDULE H, PART III, LINE 4	BAD DEBT EXPENSE - FINANCIAL STATEMENT FOOTNOTE	THE AMOUNT REPORTED ON THE SCHEDULE H, PART III, LINES 2 AND 3 ARE THE SAME AMOUNTS REPORTED FOR BAD DEBT IN THE AUDITED FINANCIAL STATEMENTS PLEASE REFER TO THE FINANCIAL STATEMENT FOOTNOTE BELOW FOR INFORMATION REGARDING THE METHODOLOGY USED TO DETERMINE AND REPORT BAD DEBT EXPENSE
	TOOTNOTE	MEMORIAL HEALTH CARE SYSTEM DOES NOT BELIEVE THAT ANY PORTION OF BAD DEBT EXPENSE COULD REASONABLY BE ATTRIBUTED TO PATIENTS WHO QUALIFY FOR FINANCIAL ASSISTANCE SINCE AMOUNTS DUE FROM THOSE INDIVIDUALS' ACCOUNTS WILL BE RECLASSIFIED FROM BAD DEBT EXPENSE TO CHARITY CARE WITHIN 30 DAYS FOLLOWING THE DATE THAT THE PATIENT IS DETERMINED TO QUALIFY FOR CHARITY CARE.
		MEMORIAL HEALTH CARE SYSTEM DOES NOT ISSUE SEPARATE COMPANY AUDITED FINANCIAL STATEMENTS HOWEVER, THE ORGANIZATION IS INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS OF CATHOLIC HEALTH INITIATIVES THE CONSOLIDATED FOOTNOTE READS AS FOLLOWS:
		"THE PROVISION FOR BAD DEBTS IS BASED UPON MANAGEMENT'S ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS CONSIDERING HISTORICAL BUSINESS AND

Return Reference	Identifier	Explanation
		ECONOMIC CONDITIONS, TRENDS IN HEALTH CARE COVERAGE, AND OTHER COLLECTION INDICATORS MANAGEMENT ROUTINELY ASSESSES THE ADEQUACY OF THE ALLOWANCES FOR UNCOLLECTIBLE ACCOUNTS BASED UPON HISTORICAL WRITE-OFF EXPERIENCE BY PAYOR CATEGORY. THE RESULTS OF THESE REVIEWS ARE USED TO MODIFY, AS NECESSARY, THE PROVISION FOR BAD DEBTS AND TO ESTABLISH APPROPRIATE ALLOWANCES FOR UNCOLLECTIBLE NET PATIENT ACCOUNTS RECEIVABLE AFTER SATISFACTION OF AMOUNTS DUE FROM INSURANCE, CHI FOLLOWS ESTABLISHED GUIDELINES FOR PLACING CERTAIN PATIENT BALANCES WITH COLLECTION AGENCIES, SUBJECT TO THE TERMS OF CERTAIN RESTRICTIONS ON COLLECTION EFFORTS AS DETERMINED BY EACH FACILITY."
SCHEDULE H, PART III, LINE 8	COMMUNITY BENEFIT & METHODOLOGY FOR DETERMINING MEDICARE COSTS	USING ESSENTIALLY THE SAME MEDICARE COST REPORT PRINCIPLES AS TO THE ALLOCATION OF GENERAL SERVICES COSTS AND "APPORTIONMENT" METHODS, THE "CHI WORKBOOK" CALCULATES A PAYERS' GROSS ALLOWABLE COSTS BY SERVICE (SO AS TO FACILITATE A CORRESPONDING COMPARISON BETWEEN GROSS ALLOWABLE COSTS AND ULTIMATE PAYMENTS RECEIVED) THE TERM "GROSS ALLOWABLE COSTS" MEANS COSTS BEFORE ANY DEDUCTIBLES OR CO-INSURANCE ARE SUBTRACTED MEMORIAL HEALTH CARE SYSTEM'S ULTIMATE REIMBURSEMENT WILL BE REDUCED BY ANY APPLICABLE COPAYMENT! DEDUCTIBLE WHERE MEDICARE IS THE SECONDARY INSURER, AMOUNTS DUE FROM THE INSURED'S PRIMARY PAYER WERE NOT SUBTRACTED FROM MEDICARE ALLOWABLE COSTS BECAUSE THE AMOUNTS ARE TYPICALLY IMMATERIAL
		ALTHOUGH NOT PRESENTED ON THE MEDICARE COST REPORT, IN ORDER TO FACILITATE A MORE ACCURATE UNDERSTANDING OF THE "TRUE" COST OF SERVICES (FOR "SHORTFALL" PURPOSES) THE CHI WORKBOOK ALLOWS A HEALTH CARE FACILITY NOT TO OFFSET COSTS THAT MEDICARE CONSIDERS TO BE NON-ALLOWABLE, BUT FOR WHICH THE FACILITY CAN LEGITIMATELY ARGUE ARE RELATED TO THE CARE OF THE FACILITY'S PATIENTS IN ADDITION, ALTHOUGH NOT REPORTABLE ON THE MEDICARE COST REPORT, THE CHI WORKBOOK INCLUDES THE COST OF SERVICES THAT ARE PAID VIA A SET FEE-SCHEDULE RATHER THAN BEING REIMBURSED BASED ON COSTS (E.G. OUTPATIENT CLINICAL LABORATORY) FINALLY, THE CHI WORKBOOK ALLOWS A FACILITY TO INCLUDE OTHER HEALTH CARE SERVICES PERFORMED BY A SEPARATE FACILITY (SUCH AS A PHYSICIAN PRACTICE) THAT ARE MAINTAINED ON SEPARATE BOOKS AND RECORDS (AS OPPOSED TO THE MAIN FACILITY'S BOOKS AND RECORDS WHICH HAS ITS COSTS OF SERVICE INCLUDED WITHIN A COST REPORT) TRUE COSTS OF MEDICARE COMPUTED USING THIS METHODOLOGY.
		TOTAL MEDICARE REVENUE <sup>.</sup> 247,405,503 TOTAL MEDICARE COSTS 271,786,284 SURPLUS OR SHORTFALL (24,380,781)
		MEMORIAL HEALTH CARE SYSTEM BELIEVES THAT EXCLUDING MEDICARE LOSSES FROM COMMUNITY BENEFIT MAKES THE OVERALL COMMUNITY BENEFIT REPORT MORE CREDIBLE FOR THESE REASONS
		UNLIKE SUBSIDIZED AREAS SUCH AS BURN UNITS OR BEHAVIORAL-HEALTH SERVICES, MEDICARE IS NOT A DIFFERENTIATING FEATURE OF TAX-EXEMPT HEALTH CARE ORGANIZATIONS IN FACT, FOR-PROFIT HOSPITALS FOCUS ON ATTRACTING PATIENTS WITH MEDICARE COVERAGE SIGNIFICANT EFFORT AND RESOURCES ARE DEVOTED TO ENSURING THAT HOSPITALS ARE REIMBURSED APPROPRIATELY BY THE MEDICARE PROGRAM THE MEDICARE PAYMENT ADVISORY COMMISSION (MEDPAC), AN INDEPENDENT CONGRESSIONAL AGENCY, CAREFULLY STUDIES MEDICARE PAYMENT AND THE ACCESS TO CARE THAT MEDICARE BENEFICIARIES RECEIVE THE COMMISSION RECOMMENDS PAYMENT ADJUSTMENTS TO CONGRESS ACCORDINGLY.
,		THOUGH MEDICARE LOSSES ARE NOT INCLUDED BY CATHOLIC HOSPITALS AS COMMUNITY BENEFIT, THE CATHOLIC HEALTH ASSOCIATION (CHA) GUIDELINES ALLOW HOSPITALS TO COUNT AS COMMUNITY BENEFIT SOME PROGRAMS THAT SPECIFICALLY SERVE THE MEDICARE POPULATION FOR INSTANCE, IF HOSPITALS OPERATE PROGRAMS FOR PATIENTS WITH MEDICARE BENEFITS THAT RESPOND TO IDENTIFIED COMMUNITY NEEDS, GENERATE LOSSES FOR THE HOSPITAL, AND MEET OTHER CRITERIA, THESE PROGRAMS CAN BE INCLUDED IN THE CHA FRAMEWORK IN CATEGORY C AS "SUBSIDIZED HEALTH SERVICES"
		MEDICARE LOSSES ARE DIFFERENT FROM MEDICAID LOSSES, WHICH ARE COUNTED IN THE CHA COMMUNITY BENEFIT FRAMEWORK, BECAUSE MEDICAID REIMBURSEMENTS GENERALLY DO NOT RECEIVE THE LEVEL OF ATTENTION PAID TO MEDICARE REIMBURSEMENT MEDICAID PAYMENT IS LARGELY DRIVEN BY WHAT STATES CAN AFFORD TO PAY, AND IS TYPICALLY SUBSTANTIALLY LESS THAN WHAT MEDICARE PAYS
SCHEDULE H, PART III, LINE 9B	COLLECTION PRACTICES FOR PATIENTS ELIGIBLE FOR FINANCIAL	MEMORIAL HEALTH CARE SYSTEM, ALONG WITH ITS AFFILIATED OUTPATIENT FACILITIES ARE PART OF CATHOLIC HEALTH INITIATIVES "CHI" CHI HAS A WRITTEN POLICY (STEWARDSHIP POLICY NO. 16) GOVERNING THE PROCEDURES FOR COLLECTIONS OF PAST DUE ACCOUNTS. ALL HOSPITAL FACILITIES INCLUDED IN THE FILING ORGANIZATION HAVE ADOPTED THIS POLICY AND FOLLOW THESE PRACTICES WITH REGARDS TO COLLECTIONS
	ASSISTANCE	PROCEDURES CHI ENTITIES WILL FOLLOW STANDARD PROCEDURES IN COLLECTING SELF-PAY BALANCES AS FOLLOWS
		PERMISSIBLE COLLECTIONS ACTIVITY EACH FACILITY MUST ADHERE TO THE FOLLOWING REQUIREMENTS IN RELATION TO THE PURSUIT OF SELF-PAY BALANCES.
		•FAIR PURSUIT. EACH FACILITY SHALL ENSURE THAT ALL PATIENT AND PATIENT GUARANTOR ACCOUNTS ARE PURSUED FAIRLY. •ETHICS AND INTEGRITY. EACH FACILITY SHALL ENSURE THAT ALL COLLECTION ACTIVITIES CONSISTENTLY REFLECT THE HIGHEST STANDARDS OF ETHICS AND INTEGRITY. •REASONABLE PAYMENT TERMS EACH FACILITY SHALL OFFER REASONABLE PAYMENT SCHEDULES AND TERMS TO EACH PATIENT AND PATIENT GUARANTOR WITH SELF-PAY

Return Reference	Identifier	Explanation
		BALANCES
		ALL COLLECTION ACTIVITIES CONDUCTED BY THE FACILITY OR ITS THIRD-PARTY COLLECTION AGENTS WILL BE IN CONFORMANCE WITH ALL FEDERAL AND STATE LAWS GOVERNING DEBT COLLECTION PRACTICES COLLECTION ACTIVITY MAY BE IN THE FORM OF LETTERS, EMAILS, PHONE CALLS, AND/OR CREDIT REPORTING AND MAY ALSO INCLUDE WAGE GARNISHMENTS, PLACING OF LIENS ON BUILDINGS OR RESIDENCES OTHER THAN PERSONAL RESIDENCES, INITIATION OF LAWSUIT, AND/OR OTHER ACTIONS AS REQUIRED, EXCEPT AS PROHIBITED BY IMPERMISSIBLE COLLECTIONS ACTIONS BELOW
		PRE-COLLECTIONS ACTIVITY •TIMING GENERALLY, ACCOUNTS WILL NOT BE REFERRED TO COLLECTIONS UNTIL THEY ARE 120 DAYS OLD HOWEVER, IN CIRCUMSTANCES WHERE INVOICES TO NON-MEDICARE PATIENTS ARE RETURNED UNDELIVERED WITH NO KNOWN ADDRESS, THOSE SELF-PAY BALANCES MAY BE REFERRED TO COLLECTIONS PRIOR TO EXPIRATION OF 120 DAYS
		•LIMITATIONS – FINANCIAL ASSISTANCE ELIGIBILITY. THE FACILITY SHALL PERFORM A REASONABLE REVIEW OF EACH PATIENT ACCOUNT PRIOR TO TURNING AN ACCOUNT OVER TO A THIRD-PARTY COLLECTION AGENT AND PRIOR TO INSTITUTING ANY LEGAL ACTION FOR NON-PAYMENT (INCLUDING, BUT NOT LIMITED TO, REPORTING THE ACCOUNT TO A COLLECTION AGENCY) TO ENSURE THAT THE PATIENT AND PATIENT GUARANTOR ARE NOT ELIGIBLE FOR ANY ASSISTANCE PROGRAM (E.G., MEDICAID) AND DO NOT QUALIFY FOR COVERAGE THROUGH THE FACILITY'S FINANCIAL ASSISTANCE POLICY THAT REASONABLE REVIEW WILL INCLUDE ONE OR MORE OF THE FOLLOWING
		•NOTIFICATION TO PATIENT OF THE AVAILABILITY OF FINANCIAL ASSISTANCE ON ADMISSION, PRIOR TO DISCHARGE, AND/OR IN THE BILLING PROCESS, •REVIEW OF FINANCIAL ASSISTANCE APPLICATION SUBMITTED BY OR ON BEHALF OF THE PATIENT; OR •REVIEW OF THE PATIENT'S ELIGIBILITY USING PATIENT ACCOUNT STATISTICAL SCORING SOFTWARE
		*COOPERATING EFFORTS NO FACILITY SHALL SEND ANY UNPAID SELF-PAY ACCOUNT TO A THIRD-PARTY COLLECTION AGENT AS LONG AS THE PATIENT AND PATIENT GUARANTOR ARE COOPERATING WITH THE FACILITY IN EFFORTS TO SETTLE THE ACCOUNT BALANCE WITHIN A REASONABLE TIME FRAME (GENERALLY 18 MONTHS)  *SUBSEQUENT ASSESSMENT. AFTER HAVING BEEN TURNED OVER TO A THIRD-PARTY COLLECTION AGENT, ANY ACCOUNT THAT SUBSEQUENTLY IS DETERMINED TO QUALIFY FOR FINANCIAL ASSISTANCE SHALL BE RETURNED IMMEDIATELY BY THE THIRD-PARTY COLLECTION AGENT TO THE FACILITY FOR APPROPRIATE FOLLOW-UP. CHI SHALL DIRECT ITS STAFF AND THIRD-PARTY COLLECTION AGENTS TO CONTINUALLY ASSESS EACH PATIENT AND PATIENT GUARANTOR'S ABILITY TO PAY OR TO BE DETERMINED ELIGIBLE FOR FINANCIAL ASSISTANCE.
		COLLECTIONS THE FACILITY MAY USE A THIRD-PARTY COLLECTION AGENT AS A REPRESENTATIVE, ACTING IN THE NAME OF THE FACILITY AND ENGAGED ON A CONTRACTUAL BASIS, FOR THE EXPRESS PURPOSES OF FOLLOWING-UP ON AND POTENTIALLY COLLECTING ANY PATIENT ACCOUNTS RECEIVABLE BALANCES
		THE FACILITY SHALL CONTRACTUALLY DEFINE THE STANDARDS AND SCOPE OF PRACTICES TO BE USED BY THIRD-PARTY COLLECTION AGENTS THOSE STANDARDS AND SCOPE OF PRACTICES SHALL BE CONSISTENT WITH THIS POLICY AND SHALL, AT A MINIMUM, INCLUDE THE FOLLOWING
		•STATEMENT MESSAGE THE FACILITY SHALL REQUIRE ITS THIRD-PARTY COLLECTION AGENTS TO INCLUDE A MESSAGE ON ALL STATEMENTS INDICATING THAT IF A PATIENT OR PATIENT GUARANTOR MEETS CERTAIN STIPULATED INCOME REQUIREMENTS, THE PATIENT OR PATIENT GUARANTOR MAY BE ELIGIBLE FOR FACILITY OR OTHER FINANCIAL ASSISTANCE PROGRAMS. •ADVANCE SETTLEMENT APPROVALS THE FACILITY SHALL INSTRUCT ITS THIRD-PARTY COLLECTION AGENTS TO SEEK APPROVAL FROM THE AUTHORIZED AND DESIGNATED FACILITY STAFF MEMBER BEFORE ANY SETTLEMENT, AS A RESULT OF BANKRUPTCY PROCEEDINGS, SHALL BE ACCEPTED.
		•STANDARDS OF CONDUCT. THE FACILITY SHALL REQUIRE THAT THE THIRD-PARTY COLLECTION AGENTS CONDUCT THEMSELVES IN COMPLIANCE WITH THE HIGHEST STANDARDS OF BUSINESS ETHICS AND INTEGRITY AND APPLICABLE LEGAL REQUIREMENTS, AS REFLECTED IN THE CHI STANDARDS OF CONDUCT, AS MAY BE AMENDED BY CHI, AVAILABLE AT THE FOLLOWING WEBSITE HTTP://WWW.CATHOLICHEALTHINITIATIVES ORG/CORPORATERESPONSIBILITY
		•PROHIBITED COLLECTIONS ACTIONS. THE FACILITY SHALL PROHIBIT THE THIRD-PARTY COLLECTION AGENTS FROM ENGAGING IN PROHIBITED COLLECTIONS ACTIONS AS DEFINED IN IMPERMISSIBLE COLLECTIONS ACTIONS BELOW.
		•ANNUAL ADHERENCE AUDIT THE FACILITY OR ITS DESIGNEE SHALL BE PERMITTED TO AUDIT ITS THIRD-PARTY COLLECTION AGENTS AT LEAST ANNUALLY FOR ADHERENCE TO THESE STANDARDS
		IMPERMISSIBLE COLLECTIONS ACTIONS CHI ENTITIES SHALL DIRECT THEIR STAFF AND THIRD-PARTY COLLECTION AGENTS THAT THE FOLLOWING ACTIONS ARE ALWAYS PROHIBITED IN RELATION TO THE PURSUIT OF SELF-PAY BALANCES
		*UNEMPLOYED WITHOUT SIGNIFICANT INCOME/ASSETS NO FACILITY SHALL PURSUE ANY LEGAL ACTION FOR NON-PAYMENT OF ANY BILLS AGAINST ANY PATIENT OR PATIENT GUARANTOR WHO IS KNOWN TO BE UNEMPLOYED AND WHO HAS BEEN DETERMINED IN

Return Reference	Identifier		Explanation
		ACCORDANCE WITH CHI STEWA THE BASIS OF A COMPLETED FI SIGNIFICANT INCOME OR ASSE	ARDSHIP POLICY NO. 15, HOSPITAL FINANCIAL ASSISTANCE, ON NANCIAL ASSISTANCE APPLICATION, TO BE WITHOUT IS.
		PATIENT OR PATIENT GUARANT FORECLOSING UPON THE PRIN PLACING A LIEN ON THE PRINCI RESULT IN THE INVOLUNTARY S	CILITY SHALL PURSUE ANY LEGAL ACTION AGAINST ANY OR BY SEEKING A REMEDY THAT WOULD INVOLVE CIPLE RESIDENCE OF A PATIENT OR PATIENT GUARANTOR, PAL RESIDENCE, TAKING ANY OTHER ACTION THAT COULD SALE OR TRANSFER OF SUCH RESIDENCE, OR INFORMING ANY OR THAT HE/SHE MAY BE SUBJECT TO ANY SUCH ACTION.
		OTHER IMPERMISSIBLE COLLE	CTION TACTICS.
		•NO FACILITY SHALL REQUIRE F WITH RECOURSE TO THE PATIE ASSETS ("RECOURSE INDEBTEI •NO FACILITY SHALL INVOKE SO	ITEREST ON OUTSTANDING BALANCES, PATIENTS OR PATIENT GUARANTORS TO INCUR DEBT OR LOANS NT'S OR GUARANTOR'S PERSONAL OR REAL PROPERTY DNESS"); AND P-CALLED "BODY ATTACHMENTS" (I.E., THE ARREST OR JAILING HEIR ACCOUNTS, SUCH AS FOR MISSED COURT APPEARANCES)
			POLICY ALL OF CATHOLIC HEALTH INITIATIVES' HOSPITALS' Y COLLECTION AGENCIES INCLUDE THE FOLLOWING
		•NEITHER CHI HOSPITALS NOR ARREST WARRANTS AS A RESU	THEIR COLLECTION AGENCIES WILL REQUEST BENCH OR ILT OF NON-PAYMENT;
		NEITHER CHI HOSPITALS NOR REQUIRE THE SALE OR FORECU	THEIR COLLECTION AGENCIES WILL SEEK LIENS THAT WOULD LOSURE OF A PRIMARY RESIDENCE, AND
		•NO CATHOLIC HEALTH INITIATI HOSPITAL APPROVAL	VES' COLLECTION AGENCY MAY SEEK COURT ACTION WITHOUT
			ES ARE TRAINED ON THE CATHOLIC HEALTH INITIATIVES FANDARD OF CONDUCT TO MAKE SURE ALL PATIENTS ARE ESPECT
SCHEDULE H,	USED FEDERAL	(a) Facility	(b) Explanation
PART V SECTION B, LINE 9	POVERTY GUIDELINES	(1) MEMORIAL HOSPITAL	HUD LOW INCOME GUIDELINES USED
- <b>,</b>	(FPG) TO DETERMINE ELIGIBILITY	(2) MEMORIAL HOSPITAL HIXSON	HUD LOW INCOME GUIDELINES USED
SCHEDULE H.	USED FPG TO	(a) Equilibr	(h) Evilonation
PART V SECTION	DETERMINE	(a) Facility (1) MEMORIAL HOSPITAL	HUD LOW INCOME GUIDELINES USED
B, LINE 10	ELIGIBILITY FOR PROVIDING DISCOUNTED CARE CRITERIA	(2) MEMORIAL HOSPITAL HIXSON	HUD LOW INCOME GUIDELINES USED
001150111511			a 1
SCHEDULE H, PART V SECTION B, LINE 19D	MEANS USED TO DETERMINE AMOUNTS BILLED	(a) Facility (1) MEMORIAL HOSPITAL	ALL PATIENTS THAT DO NOT HAVE INSURANCE RECEIVE A DISCOUNT THAT IS CALCULATED EACH YEAR AS 175% OF THE COST TO CHARGE RATIO IN ACCORDANCE WITH TENNESSEE STATE CODE THIS DISCOUNT IS APPLIED TO THE PATIENTS ACCOUNT PRIOR TO BILLING AND IS TREATED AS AN ADJUSTMENT TO NET PATIENT REVENUE IN THE SAME MANNER AS A MANAGED CARE DISCOUNT THE PROVISION OF THIS DISCOUNT TO ALL PATIENTS WITHOUT INSURANCE LOWERS THE AMOUNT THAT IS BILLED TO THE PATIENT AND REDUCES THE AMOUNT OF ANY SUBSEQUENT BAD DEBT EXPENSE IN FISCAL YEAR 2012, SELF PAY DISCOUNTS WERE \$17 1 MILLION REPRESENTING A COST OF \$4 3 MILLION
		(2) MEMORIAL HOSPITAL HIXSON	ALL PATIENTS THAT DO NOT HAVE INSURANCE RECEIVE A DISCOUNT THAT IS CALCULATED EACH YEAR AS 175% OF THE COST TO CHARGE RATIO IN ACCORDANCE WITH TENNESSEE STATE CODE. THIS DISCOUNT IS APPLIED TO THE PATIENTS ACCOUNT PRIOR TO BILLING AND IS TREATED AS AN ADJUSTMENT TO NET PATIENT REVENUE IN THE SAME MANNER AS A MANAGED CARE DISCOUNT. THE PROVISION OF THIS DISCOUNT TO ALL PATIENTS WITHOUT INSURANCE LOWERS THE AMOUNT THAT IS BILLED TO THE PATIENT AND REDUCES THE AMOUNT OF ANY SUBSEQUENT BAD DEBT EXPENSE. IN FISCAL YEAR 2012, SELF PAY DISCOUNTS WERE \$9 8 MILLION REPRESENTING A COST OF \$2.4 MILLION
SCHEDULE H.	LINES 2, 4, & 5	INTRODUCTION	
PART VI	COMMUNITY BENEFIT NARRATIVE AND NEEDS ASSESSMENT	MEMORIAL HEALTH CARE SYST ("CHI"), A NATIONAL HEALTH CA MINISTRY OF FAITH-BASED HEA CHI IS TO NURTURE THE HEALI ENERGY AND VIABILITY IN THE	TEM INC ("MHCS") IS PART OF CATHOLIC HEALTH INITIATIVES ARE SYSTEM ESTABLISHED TO FOSTER A MORE EFFECTIVE ALTHCARE IN THE UNITED STATES THE MISSION OF MHCS AND NG MINISTRY OF THE CHURCH BY BRINGING IT NEW LIFE, 21ST CENTURY. BOTH MHCS AND CHI ARE COMMITTED TO HEMPHASIS ON HUMAN DIGNITY AND SOCIAL JUSTICE IN THE

Return Reference	Identifier	Explanation
		CREATION OF HEALTHIER COMMUNITIES
		MHCS IS PRIMARILY MADE UP OF TWO HOSPITALS, MEMORIAL HOSPITAL AND MEMORIAL HOSPITAL HIXSON MEMORIAL HOSPITAL OPENED ITS DOORS ON JANUARY 2, 1952 IN RESPONSE TO CONCERNS ABOUT THE SEVERE SHORTAGE OF HOSPITAL BEDS IN THE COMMUNITY FROM THE BEGINNING, WHEN MEMORIAL HOSPITAL WAS ESTABLISHED AND THE SISTERS OF CHARITY OF NAZARETH PUT FORTH THEIR COMMITMENT TO PROVIDE LEADERSHIP TO THE OPERATIONS OF THE HOSPITAL, THE CARE OF THE POOR AND QUALITY HEALTH CARE FOR THE ENTIRE COMMUNITY WAS CENTRAL TO OUR MISSION MEMORIAL HOSPITAL HIXSON JOINED MHCS WHEN IT WAS PURCHASED FEBRUARY 1, 1998 AND HAS ADOPTED THE SAME COMMITMENT TO PROVIDE EXCELLENT HEALTH CARE TO EVERYONE IN THE COMMUNITY
		MHCS IS ONE OF THE SOUTHEAST'S LEADING MEDICAL SYSTEMS AND THE REGIONS PREEMINENT PROVIDER OF CARDIAC AND CANCER CARE WITH CENTERS OF EXCELLENCE IN SURGERY AND ORTHOPEDICS MHCS HOSPITALS HAVE BEEN NAMED ONE OF THE NATION'S 100 TOP HOSPITALS® SIX TIMES BY THOMSON REUTERS, THE HEALTH CARE INDUSTRY'S LEADING SOURCE OF INFORMATION ON HOSPITAL QUALITY ACCORDING TO THOMSON'S RESEARCH, FACILITIES NAMED TO THE ANNUAL 100 TOP HOSPITALS ROSTER OUTPERFORM THEIR PEERS IN QUALITY, SAFETY AND EFFICIENCY.
Į.		COMMUNITY NEEDS ASSESSMENT
		MEMORIAL HEALTH CARE SYSTEM ASSESSED THE NEEDS OF THE COMMUNITY SERVED BY MEMORIAL HOSPITAL AND MEMORIAL HOSPITAL HIXSON DURING THE YEAR BY CONSULTING WITH BOARD MEMBERS, OTHER HEALTH RELATED ORGANIZATIONS, AND COMMUNITY OUTREACH ORGANIZATIONS INITIALLY EIGHT COUNTIES WERE INCLUDED IN THE ORIGINAL NEEDS ASSESSMENT. THE COMMUNITY NEEDS ASSESSMENT HAD SEVERAL KEY FINDINGS
		•THE REGION GENERALLY HAS POORER HEALTH OUTCOMES THAN THE NATION AS A WHOLE AS INDICATED BY HIGHER MORTALITY FOR CHRONIC DISEASES OBESITY, DIABETES, HYPERTENSION, AND HEART DISEASE WERE IDENTIFIED AS PRIORITY HEALTH NEEDS TO TARGET MANY PROGRAMS HAVE BEEN DEVELOPED TO ADDRESS THESE ISSUES IN OUR COMMUNITY
		•THE REGION'S POPULATION OF INDIVIDUALS OVER AGE 65 IS GROWING AT A FASTER PACE THAN THE NATION BETWEEN 2000 AND 2008, THE NUMBER OF 65 AND OLDER RESIDENTS GREW BY 18% VERSUS 11% NATIONWIDE THIS WILL LEAD TO INCREASED DEMAND FOR HEALTH CARE SERVICES
		•ALZHEIMER'S DISEASE DEATH RATES IN THE REGION ARE SIGNIFICANTLY HIGHER THAN THE NATIONAL RATE IN FOUR OF THE EIGHT COUNTIES, MORTALITY RATES WERE MORE THAN DOUBLE THE NATIONAL RATE •HEALTH DISPARITIES IN HAMILTON COUNTY BETWEEN AFRICAN AMERICANS AND WHITES CONTINUE
		-WITHING HAMILTON COUNTY THE WORST HEALTH OUTCOMES WERE IN INNER CITY CHATTANOOGA AREAS LARGELY CONCENTRATED IN THE "RIVER TO RIDGE" AREA INCLUDING THE AREAS IMMEDIATELY SURROUNDING MEMORIAL HOSPITAL
		MHCS CONDUCTED COMMUNITY FOCUS GROUPS IN EIGHT NEIGHBORHOODS ADJACENT TO MEMORIAL HOSPITAL TO IDENTIFY THE MAJOR HEALTH ISSUES FROM THE TOP TEN HEALTH DISPARITIES DATA AVAILABLE AT THE CENTER FOR DISEASE CONTROL AND PREVENTION, RESIDENTS SELECTED DIABETES, HYPERTENSION AND OBESITY AS THEIR LEADING CHRONIC DISEASES REQUIRING INTERVENTION IN COLLABORATION WITH THE EAST CHATTANOOGA IMPROVEMENT, INC AND THE CHATTANOOGA PARKS AND RECREATION DEPARTMENT, MEMORIAL ESTABLISHED EXERCISE CLASSES, NUTRITION AND DIABETES CLASSES ALONG WITH WEIGHT MANAGEMENT CLASSES FOR PARTICIPANTS WHOSE AGES HAVE RANGED FROM 7 THRU 87 YEARS OF AGE EXERCISE CLASSES BEGAN THREE YEARS AGO WITH 25 PARTICIPANTS, AND HAVE NOW GROWN TO 120 RESIDENTS WHO EXERCISE FIVE DAYS A WEEK AT THREE CITY RECREATION CENTERS FOURTEEN OF THE ORIGINAL 25 REMAIN IN THE PROGRAM, AND TWO HAVE LOST OVER 100 POUNDS. SIGNIFICANT IMPROVEMENT HAS ALSO OCCURRED IN PARTICIPANTS' BLOOD PRESSURE WITH MOST NOW IN THE HEALTHY RANGE THE CITY HAS PLANS TO EXPAND THE EXERCISE CLASSES TO ADDITIONAL RECREATION CENTERS HELPING ENSURE THE SUSTAINABILITY OF THE HEALTHY LIFESTYLE PROGRAM
		TAX EXEMPT PURPOSE
		MHCS IS A FAITH BASED, TAX-EXEMPT 501(C)(3) ORGANIZATION THAT PROVIDES MEDICAL CARE TO ALL REGARDLESS OF THEIR ABILITY TO PAY OUR TAX EXEMPT STATUS IS SUBSTANTIATED BY ITS INCLUSION IN THE OFFICIAL CATHOLIC DIRECTORY AS A TAX-EXEMPT HOSPITAL COMMUNITY SERVICES HAVE ALWAYS BEEN A SIGNIFICANT PART OF MHCS EACH YEAR, SERVICES AND PROGRAMS OFFERED TO THE COMMUNITY ARE EVALUATED AND EXPANDED TO PROMOTE INCREASED ACCESS TO HEALTHCARE AND HEALTHIER COMMUNITIES THAT TARGETS CHRONIC DISEASE PREVENTION AND MANAGEMENT FOR VULNERABLE AND UNDERSERVED POPULATIONS TO ENHANCE THE HEALTH STATUS OF CHATTANOOGANS, MHCS FOCUSES ON THE WHOLE PERSON INCLUDING THE PERSON'S SPIRITUAL, EMOTIONAL, AND PHYSICAL WELL-BEING, IN FISCAL YEAR 2010 MHCS HIRED AN OUTSIDE CONSULTANT TO PERFORM A COMMUNITY NEEDS ASSESSMENT ON THE 8 COUNTY MHCS REGION THIS DATA WILL BE USED TO DETERMINE THE CURRENT IMMEDIATE HEALTH NEEDS OF THIS REGION AND WILL AID IN THE DEVELOPMENT OF A COMMUNITY BENEFIT PLAN
		IN ACCORDANCE WITH ITS MISSION AND PHILOSOPHY, MHCS COMMITS SUBSTANTIAL RESOURCES TO SPONSOR A BROAD RANGE OF SERVICES TO BOTH THE POOR AS WELL AS THE BROADER COMMUNITY. BENEFITS FOR THE POOR INCLUDE THE COST OF PROVIDING SERVICES TO INDIVIDUALS WHO ARE UNABLE TO AFFORD HEALTH CARE DUE TO INADEQUATE RESOURCES AND/OR THOSE THAT ARE UNINSURED OR UNDERINSURED. BENEFITS FOR THE POOR INCLUDE TRADITIONAL CHARITY CARE, UNPAID COSTS OF MEDICAID, SUBSIDIZED OR FREE HEALTH SERVICES, AND CASH AND IN-KIND DONATIONS TO ORGANIZATIONS THAT SERVE THE POOR THE AMOUNTS REPORTED REFLECT THE COSTS OF THESE SERVICES, NET OF CONTRIBUTIONS, GOVERNMENT PAYMENTS AND OTHER REVENUES RECEIVED AS DIRECT

Return Reference	Identifier	Explanation
		ASSISTANCE
		COMMUNITY BENEFITS PROVIDED TO THE BROADER COMMUNITY INCLUDES THE COSTS OF PROVIDING SERVICES TO OTHER POPULATIONS WHO MAY NOT QUALIFY AS POOR BUT MAY NEED SPECIAL SERVICES AND SUPPORT BENEFITS TO THE BROADER COMMUNITY INCLUDE: HEALTH PROMOTION AND EDUCATION, HEALTH FAIRS AND SCREENINGS; UNPAID COSTS OF TRAINING HEALTH PROFESSIONALS SUCH AS MEDICAL RESIDENTS, NURSING STUDENTS AND STUDENTS IN ALLIED HEALTH PROFESSIONS, CASH AND IN-KIND DONATIONS TO ORGANIZATIONS THAT SERVE THE BROADER COMMUNITY; AND THE UNPAID COSTS OF TESTING MEDICAL EQUIPMENT AND CONTROLLED STUDIES OF THERAPEUTIC PROTOCOLS
		IN FISCAL YEAR 2012, MHCS PROVIDED COMMUNITY BENEFITS AND COMMUNITY BUILDING ACTIVITIES TO APPROXIMATELY 40,620 PEOPLE AT A TOTAL COST OF \$54,128,031. DONATIONS, GRANTS, AND OTHER RECEIPTS TOTALING \$29,778,904 WERE AVAILABLE AS DIRECT OFFSETS TO THESE COSTS
SCHEDULE H, PART VI	LINES 2, 4, & 5 COMMUNITY BENEFIT NARRATIVE AND NEEDS ASSESSMENT (CONTINUATION 1)	EMERGENCY ROOM MHCS OPERATES A 24-HOUR EMERGENCY ROOM 365 DAYS PER YEAR AT BOTH MEMORIAL AND MEMORIAL HOSPITAL HIXSON BOTH EMERGENCY ROOMS ARE OPEN TO ALL INDIVIDUALS REGARDLESS OF ABILITY TO PAY DURING FISCAL YEAR 2012, OVER 78,957 PATIENTS VISITED ONE OF THESE EMERGENCY ROOMS MEMORIAL HOSPITAL'S EMERGENCY ROOM IS A LEVEL 3 CERTIFIED CHEST PAIN CENTER THIS IS IMPORTANT FOR A HOSPITAL THAT FOCUSES ON CARDIAC CARE WHERE EVERY MINUTE COUNTS WHEN PATIENTS ARE EXPERIENCING CHEST PAIN
		UNCOMPENSATED CARE CHARITY CARE IS THE COST OF CARE OF UNINSURED OR UNDERINSURED, LOW-INCOME PATIENTS WHO ARE NOT EXPECTED TO PAY ALL OF A BILL, OR WHO ARE ABLE TO PAY ONLY A PORTION USING AN INCOME-RELATED SCALE THOSE RECEIVING CHARITY CARE ARE NOT ELIGIBLE FOR PUBLIC PROGRAMS SUCH AS TENNCARE. MHCS HAS A CHARITY CARE POLICY, WHICH ASSURES THAT ALL PERSONS RECEIVE MEDICALLY NECESSARY HOSPITAL SERVICES REGARDLESS OF THEIR ABILITY TO PAY. MHCS PROVIDES A SIGNIFICANT LEVEL OF CHARITY CARE EACH YEAR IN FISCAL YEAR 2012, THE COST OF CHARITY CARE WAS \$6,705,312 ADDITIONALLY, MHCS PROVIDED UNREIMBURSED COSTS IN THE AMOUNT OF \$9,647,507 FOR PATIENTS WHO QUALIFIED FOR THE TENNCARE PROGRAM IN FISCAL YEAR 2012, MHCS CLASSIFIED CHARITY AND UNREIMBURSED TENNCARE COSTS FOR REPORTING PURPOSES IN A MANNER CONSISTENT WITH A STANDARDIZED APPROACH DEVELOPED BY CHI FOR REPORTING AND BUDGETING BENEFITS PROVIDED TO THE COMMUNITY
		COMMUNITY OUTREACH FOR THE POOR
		PRESCRIPTION DRUG PROGRAM MHCS PROVIDES PRESCRIPTION DRUGS TO THOSE CHATTANOOGANS WHO CANNOT AFFORD TO PURCHASE THEM IN FISCAL YEAR 2012 MHCS PROVIDED \$134,151 IN FREE PRESCRIPTION DRUGS.
		PHARMACEUTICAL ASSISTANCE PROGRAMS MHCS HAS PARTNERED WITH DISPENSARY OF HOPE, A NATIONAL ORGANIZATION THAT HELPS QUALIFYING UNINSURED PATIENTS OBTAIN NECESSARY MEDICATIONS AND OTHER PHARMACEUTICAL ASSISTANCE PROGRAMS MHCS IS ONE OF 80 DISPENSARY OF HOPE SITES THAT REDISTRIBUTE PHARMACEUTICALS THAT HAVE BEEN RECEIVED AS A DONATION FROM PHYSICIANS, DISTRIBUTORS, AND MANUFACTURERS. PATIENTS ARE MADE AWARE OF THIS PROGRAM THROUGH PHYSICIANS, CASE MANAGERS, NURSES AND OTHER CAREGIVERS MHCS WAS ABLE TO ASSIST 1485 INDIVIDUALS RECEIVE THEIR PRESCRIPTION DRUGS THROUGH DISPENSARY OF HOPE AND OTHER PROGRAMS MHCS INCURRED \$135,577 IN EXPENSES RELATED TO THIS PROGRAM
		HOMELESS HEALTH CARE CLINIC THE HOMELESS HEALTH CARE CLINIC PROVIDES COMPREHENSIVE HEALTH CARE TO HOMELESS MEN, WOMEN, AND CHILDREN THE CLINIC STAFF GOES TO ABANDONED BUILDINGS, CAMPSITES AND SHELTERS LOOKING FOR HOMELESS PEOPLE WHO MAY NEED MEDICAL ATTENTION. MANY HOMELESS PEOPLE ARE AFRAID TO TALK TO PEOPLE OR LEAVE THEIR FAMILIAR SURROUNDINGS THE CLINIC PROVIDES THEM WITH BLANKETS AND WARM CLOTHES IN THE WINTER AND WATER IN THE SUMMER MEMORIAL HOSPITAL ASSISTS THE HOMELESS BY PROVIDING FREE LAB TESTS COSTING \$52,108 AND FUNDS A NURSING POSITION IN THE AMOUNT OF \$40,000.
		FREE LABORATORY TESTS MHCS PROVIDES FREE LAB TESTS TO THE SAMARITAN CENTER, HOMELESS HEALTH CARE CLINIC, VOLUNTEERS IN MEDICINE, PROJECT ACCESS, NORTHSHORE CLINIC, AND WESTSIDE CLINIC FOR THOSE PATIENTS WITHOUT INSURANCE OR ADEQUATE MEANS TO PAY LAB TESTS PROVIDED IN FISCAL YEAR 2012 TOTALED \$298,012 AND SERVED 8,690 PEOPLE
		CATHOLIC CHARITIES MHCS PROVIDED \$36,000 IN FISCAL YEAR 2012 TO CATHOLIC CHARITIES TO HELP FUND THEIR INTERFAITH SENIOR SERVICES, FAMILY SUPPORT SERVICES, AND THEIR COUNSELING PROGRAM THESE FUNDS ARE USED TO HELP PROVIDE TRANSPORTATION SERVICES TO FRAIL AND LOW INCOME ELDERLY INDIVIDUALS.
		PROJECT ACCESS PROJECT ACCESS IS A REFERRAL NETWORK THAT OFFERS ACCESS TO MEDICAL CARE FOR LOW-INCOME RESIDENTS OF HAMILTON COUNTY WHO DO NOT HAVE INSURANCE PATIENTS ENROLLED IN THIS PROGRAM MUST BE BELOW 150% OF THE POVERTY LEVEL AND CANNOT BE ELIGIBLE FOR HEALTH INSURANCE OR OTHER MEDICAL BENEFITS SUCH AS MEDICARE OR TENNCARE PROJECT ACCESS HELPS PATIENTS GET SPECIALTY HEALTH CARE THAT PRIMARY CLINICS MAY NOT BE ABLE TO PROVIDE PATIENTS ARE ALSO PROVIDED A PRESCRIPTION CARD THAT WILL ALLOW THEM TO GET THEIR MEDICATION WITH A \$5 00 CO-PAY. MEMORIAL HOSPITAL PARTICIPATES AS A PROVIDER IN THIS NETWORK. COSTS ASSOCIATED WITH THIS

Return Reference	Identifier	Explanation
		PROGRAM ARE REPORTED IN THE PRESCRIPTION DRUG PROGRAM, FREE LABORATORY TESTS AND THE COST OF CHARITY CARE
		EMERGENCY SITTING SERVICES MHCS PROVIDES EMERGENCY SITTING SERVICES AT NO COST TO FAMILIES OF PATIENTS WHO ARE UNABLE TO AFFORD TO HAVE SOMEONE STAY WITH THE PATIENT. THIS SERVICE IS AVAILABLE WHEN IT HAS BEEN DETERMINED THAT THE PATIENT DOES NOT NEED TO BE LEFT ALONE FOR SAFETY REASONS IN FISCAL YEAR 2012 COSTS ASSOCIATED WITH PROVIDING THIS SERVICE WERE \$188,622.
		LINEN SERVICES MHCS PROVIDES LAUNDRY AND LINEN SERVICES TO THE INTERFAITH HOSPITALITY NETWORK IN FISCAL YEAR 2012, MHCS'S CONTRIBUTION TO THE HOMELESS POPULATION FOR LINEN SERVICES TOTALED \$2,610
		COMMUNITY OUTREACH FOR THE BROADER COMMUNITY
		FAITH COMMUNITY NURSE PROGRAM MHCS PIONEERED A FAITH COMMUNITY NURSE PROGRAM THAT OFFERS TRAINING TO NURSES ON HOW TO SERVE AS A VITAL LINK BETWEEN AREA CHURCHES AND HEALTHCARE PROVIDERS THE FAITH COMMUNITY NURSE PROGRAM HAS PLACED SPECIAL FOCUS ON TRACKING ENCOUNTERS FOR PATIENTS WITH OBESITY, DIABETES, HYPERTENSION, AND HEART DISEASE SINCE THESE HAVE BEEN IDENTIFIED AS THE MAJOR HEALTH ISSUES IN OUR COMMUNITY. INTERNS ENROLLED IN THIS PROGRAM ARE PROVIDED MONTHLY WORKSHOPS ON TOPICS SUCH AS CRISIS INTERVENTION, FAMILY SYSTEMS, LOSS AND GRIEF, MIND/BODY/SPIRIT CONNECTION AND MORE THIS TRAINING GIVES THESE NURSES THE TOOLS TO GUIDE PARISHIONERS THROUGH THE HEALTHCARE SYSTEM, PROMOTE HEALTH EDUCATION, CONDUCT HEALTH FAIRS AND SCREENINGS, AND PROVIDE A RESOURCE TO CHURCH MEMBERS WHO ARE COPING WITH A CHRONIC ILLNESS, LONELINESS, OR FAMILY CRISIS FAITH COMMUNITY NURSES HELP TO ADD A SPIRITUAL DIMENSION TO THE HEALING PROCESS THE COST OF THIS PROGRAM IN FISCAL YEAR 2012 WAS \$61,177
		HOSPICE UNIT A SEVEN BED INPATIENT HOSPICE UNIT IS PROVIDED TO HELP MEET THE SPECIAL NEEDS OF HOSPICE PATIENTS WHO WERE NOT ABLE TO STAY HOME THE TOTAL COST OF THIS PROGRAM FOR FISCAL YEAR 2012 WAS \$2,249,540 FUNDING FOR HOSPICE PATIENTS OF \$906,412 WAS RECEIVED IN FISCAL YEAR 2012 TO HELP OFFSET THESE EXPENSES
		DIABETES NUTRITION CENTER THE DIABETES NUTRITION CENTER AT MEMORIAL HOSPITAL PROVIDES MANY SERVICES TO PEOPLE WITH DIABETES THAT ARE NOT COVERED BY INSURANCE. THIS CENTER FOCUSES ON SELF-MANAGEMENT AND PROVIDING EDUCATION TO PATIENTS ON DIET AND NUTRITION AND OTHER SKILLS TO HELP THE PATIENT BETTER MANAGE THEIR DISEASE IN FISCAL YEAR 2012, THIS PROGRAM INCURRED \$234,631 IN UNREIMBURSED COSTS FOR 2,564 PATIENTS.
SCHEDULE H, PART VI	LINES 2, 4, & 5 COMMUNITY BENEFIT NARRATIVE AND NEEDS ASSESSMENT (CONTINUATION 2)	CANCER RESOURCE CENTER MHCS HAS DEVELOPED A PROGRAM TO HELP CANCER PATIENTS AND THEIR FAMILIES COPE, OFFERING THEM THE LATEST INFORMATION ABOUT CANCER CARE WHETHER AN INDIVIDUAL HAS JUST BEEN DIAGNOSED OR HAS A FAMILY MEMBER WITH CANCER, THE ONCOLOGY PROFESSIONALS AT THE CANCER RESOURCE CENTER CAN ANSWER QUESTIONS OR HELP INDIVIDUALS UNDERSTAND THEIR OPTIONS REGARDLESS OF WHERE THEY GO FOR TREATMENT YOU CAN LEARN ABOUT FINANCIAL RESOURCES, SCREENING OPPORTUNITIES, THE MOST CURRENT CLINICAL TRIALS, AND SUPPORT GROUPS AND SEMINARS OFFERED TO PATIENTS, FAMILY, AND FRIENDS THE CANCER RESOURCE CENTER ALSO OFFERS A HEALING ARTS PROGRAM TO ENHANCE THE HEALING AND PROVIDE ALTERNATIVE APPROACHES TO COPING NONE OF THE SERVICES ARE BILLED TO THE PATIENT AND FEW QUALIFY FOR INSURANCE REIMBURSEMENT. IN FISCAL YEAR 2012 THE COST OF THIS PROGRAM WAS \$455,884
		MOBILE MAMMOGRAPHY COACH MHCS OPERATES A MOBILE MAMMOGRAPHY COACH THAT SERVICES 31 COUNTIES IN SOUTHEAST TENNESSEE, NORTHWEST GEORGIA AND NORTHEAST ALABAMA IN THESE COUNTIES MINORITIES, UNINSURED, UNDERINSURED, HOMELESS AND SHELTERED WOMEN ARE GIVEN THE OPPORTUNITY TO RECEIVE BREAST SERVICES THAT WOULD NORMALLY NOT BE AVAILABLE. NO CHARGE CANCER RISK COUNSELING AS WELL AS LIFE STYLE MODIFICATIONS TO REDUCE THE RISK OF CANCER ARE ALSO MADE AVAILABLE THROUGH THE COACH. IN FISCAL YEAR 2012 4,832 PATIENTS WERE SEEN ON THE MOBILE COACH UNREIMBURSED COSTS FOR THE MOBILE COACH AND OTHER BREAST SERVICES TOTALED \$323,169 FOR FISCAL YEAR 2012
		HATS FROM THE HEART PROGRAM MHCS ADMINISTERS THE HATS FROM THE HEART PROGRAM WHICH PROVIDES HATS TO CANCER PATIENTS WHO HAVE LOST THEIR HAIR DURING THEIR CANCER TREATMENT. PRIVATE DONATIONS FUND THIS PROGRAM WHICH IS AVAILABLE IN SEVERAL COMMUNITY CANCER TREATMENT FACILITIES.
		UNITED WAY MHCS HAS AN ANNUAL CAMPAIGN FOR UNITED WAY WHICH CONSISTS OF SEVERAL EVENTS FOR ASSOCIATES DURING THE FISCAL YEAR. THE STAFF COST TO PUT ON THESE EVENTS IS APPROXIMATELY \$15,000 THE DONATIONS MADE BY ASSOCIATES TO THE UNITED WAY HELP FUND LOCAL COMMUNITY ORGANIZATIONS. IN ADDITION TO THE EMPLOYEE CAMPAIGN, MEMORIAL HOSPITAL ALSO PROVIDES SUPPORT THROUGH A CORPORATE DONATION TOTALING \$28,550
		SUPPORT GROUPS MHCS OFFERS A WIDE VARIETY OF SUPPORT GROUPS FOR PATIENTS AND THE BROADER COMMUNITY. SUPPORT GROUPS MEETING AT MHCS INCLUDE GROUPS DEALING WITH VARIOUS

Return Reference	Identifier	Explanation
		CANCER DIAGNOSIS, CAREGIVERS FOR ALZHEIMERS FAMILY MEMBERS, WEIGHT MANAGEMENT AND BARIATRICS, DIABETES, OSTOMY PATIENTS, NICOTINE ANONYMOUS, AND GRIEF SUPPORT. SOME OF THESE GROUPS HAVE A STAFF MEMBER WHO LEADS THE GROUPS AND OTHERS ARE SELF-LED THE SALARY COSTS ASSOCIATED WITH GROUPS LED BY A STAFF MEMBER ARE \$4,882
		NOTRE DAME HIGH SCHOOL MHCS PROVIDES FINANCIAL AID TO STUDENTS FROM THE IMMEDIATE COMMUNITY TO ATTEND NOTRE DAME HIGH SCHOOL NOTRE DAME HIGH SCHOOL IS A PRIVATE SCHOOL THAT IS ABOUT 2 MILES FROM MEMORIAL HOSPITAL APPLICANTS ARE REQUIRED TO COMPLETE AN APPLICATION AS WELL AS WRITE AN ESSAY TO DETERMINE IF THEY ARE ELIGIBLE FOR A SCHOLARSHIP THE APPLICATIONS AND ESSAYS ARE REVIEWED BY AN INTERNAL COMMITTEE, SCHOLARSHIPS ARE THEN AWARDED TO STUDENTS BASED UPON THE RECOMMENDATION OF THE COMMITTEE IN FISCAL YEAR 2012 MHCS PROVIDED 3 STUDENTS WITH PARTIAL SCHOLARSHIPS WHICH TOTALED \$10,000.
		BRAINERD HIGH SCHOOL ADOPT A SCHOOL PROGRAM OVER THE YEARS MHCS HAS PARTNERED WITH BRAINERD HIGH SCHOOL IN VARIOUS WAYS TO PROVIDE STUDENTS WITH OPPORTUNITIES TO LEARN ABOUT DIFFERENT HEALTH CARE PROFESSIONS. ONE OF THE WAYS THAT MHCS HAS HELPED BRAINERD HIGH SCHOOL IS TO GIVE STUDENTS THE OPPORTUNITY TO JOB SHADOW EMPLOYEES THROUGHOUT THE HOSPITAL. ON AVERAGE 6 TO 8 STUDENTS A YEAR WILL JOB SHADOW INDIVIDUALS IN NURSING OR RADIOLOGY
		JUNIOR ACHIEVEMENT IN FISCAL YEAR 2012 MHCS DONATED \$700 TO JUNIOR ACHIEVEMENT TO SUPPORT THEIR PROGRAMS
		RESEARCH PROGRAMS MHCS IS ACTIVE IN RESEARCHING NEW TREATMENT PROTOCOLS AND DETERMINING ALL THE ALTERNATIVES AVAILABLE TO BOTH OUR CARDIAC AND CANCER PATIENTS IN FISCAL YEAR 2012, MEMORIAL SPENT \$660,590 ON RESEARCH PROGRAMS THAT WERE NOT FUNDED BY AN OUTSIDE ORGANIZATION
		HEALTH CARE STUDENT EDUCATION MHCS SERVES AS A CLINICAL EDUCATION SITE FOR HEALTH CARE STUDENTS BY PROVIDING HANDS ON TRAINING IN NURSING, PHYSICAL THERAPY, PHARMACY, LAB AND SURGERY WITH NURSING SHORTAGES PROJECTED TO INCREASE WITH AGING BABY BOOM POPULATION, MHCS FEELS VERY STRONGLY ABOUT EDUCATING OUR FUTURE HEALTHCARE PROFESSIONALS MEMORIAL ALSO PROVIDES A PROGRAM FOR EMPLOYEES TO FURTHER THEIR EDUCATION AND RECEIVE TUITION REIMBURSEMENT EXPENSES RELATED TO STUDENT EDUCATION AND TUITION REIMBURSEMENT WERE \$842,853 DURING FISCAL YEAR 2012
		CONTRIBUTIONS MHCS RECEIVES SOME COMMUNITY SUPPORT FROM DONATIONS THAT HELPS FUND RESEARCH AND EDUCATION, CAPITAL EXPANSION AND RENOVATION, INDIGENT CARE, NEW EQUIPMENT AND OPERATING COST. THE VALUE OF THIS COMMUNITY SUPPORT IS RETURNED TO THE COMMUNITY THROUGH LOWER COSTS IN PATIENT CARE PROGRAMS AND COMMUNITY SERVICES DESCRIBED THROUGHOUT THIS DOCUMENT
SCHEDULE H, PART VI, LINE 3	PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	MEMORIAL HEALTH CARE SYSTEM, ALONG WITH ITS AFFILIATED OUTPATIENT FACILITIES ARE PART OF CATHOLIC HEALTH INITIATIVES "CHI" CHI HAS A WRITTEN POLICY (STEWARDSHIP POLICY NO 15) GOVERNING THE PROCEDURES FOR DETERMINING AND INFORMING PATIENTS ABOUT THE ENTITY'S FINANCIAL ASSISTANCE POLICY MEMORIAL HEALTH CARE SYSTEM INCLUDES INFORMATION CONCERNING ITS FINANCIAL ASSISTANCE POLICY ON ITS WEBSITE IN ADDITION, MEMORIAL HEALTH CARE SYSTEM PROMINENTLY DISPLAYS INFORMATION CONCERNING ITS CHARITY CARE POLICY IN BOTH ENGLISH AND SPANISH IN ALL WAITING AREAS THROUGHOUT THE HOSPITALS, INCLUDING THE EMERGENCY ROOMS AND OTHER PATIENT INTAKE AREAS, AS WELL AS IN MEMORIAL HEALTH CARE SYSTEM OUTPATIENT FACILITIES
		IN ADDITION, MEMORIAL HEALTH CARE SYSTEM REGISTRARS AND FINANCIAL COUNSELORS ARE TRAINED TO PROVIDE CONSULTATION TO THOSE WHO HAVE NO INSURANCE OR POTENTIALLY INADEQUATE INSURANCE CONCERNING THEIR FINANCIAL OPTIONS INCLUDING APPLICATION FOR MEDICAID AND FOR FINANCIAL ASSISTANCE UNDER MEMORIAL HEALTH CARE SYSTEM'S CHARITY CARE POLICY ONCE ALL EMTALA REQUIREMENTS ARE MET, PATIENTS WHO ARE IDENTIFIED AS UNINSURED DURING THE REGISTRATION PROCESS (AND NOT COVERED BY MEDICARE OR MEDICAID) ARE PROVIDED WITH A PACKET OF INFORMATION THAT ADDRESSES THE FINANCIAL ASSISTANCE POLICY AND PROCEDURES INCLUDING AN APPLICATION FOR ASSISTANCE MEMORIAL HEALTH CARE SYSTEM REGISTRARS AND FINANCIAL COUNSELORS READ THE ORGANIZATION'S MEDICAL ASSISTANCE POLICY TO THOSE WHO APPEAR TO BE INCAPABLE OF READING, AND PROVIDE TRANSLATORS FOR NON-ENGLISH-SPEAKING INDIVIDUALS MEMORIAL HEALTH CARE SYSTEM'S STAFF WILL ALSO ASSIST THE PATIENT / GUARANTOR WITH COMPLETING THE FINANCIAL ASSISTANCE APPLICATION AND APPLYING FOR OTHER AVAILABLE COVERAGE (SUCH AS MEDICAID), IF NECESSARY.
		AFTER ALL EMTALA REQUIREMENTS ARE MET, DURING THE REGISTRATION PROCESS UNINSURED PATIENTS ARE SCREENED IN THE EMERGENCY DEPARTMENT FOR POSSIBLE ELIGIBILITY FOR THE MEDICAID PROGRAM A TENNCARE APPLICATION IS FAXED TO THE DEPARTMENT OF HUMAN SERVICES IN THE SCREENING DETERMINED THAT THE PATIENT MIGHT HAVE A CATEGORY THAT WOULD QUALIFY THEM FOR MEDICAID. THE PATIENT IS GIVEN INSTRUCTIONS ON HOW TO FOLLOW-UP WITH THE DEPARTMENT OF HUMAN SERVICES TO COMPLETE THE APPLICATION PROCESS COUNSELORS ASSIST MEDICARE ELIGIBLE PATIENTS IN ENROLLMENT BY PROVIDING REFERRALS TO THE APPROPRIATE GOVERNMENT AGENCIES.
		DURING THE BILLING AND COLLECTION PROCESS, ALL STATEMENTS TO THE PATIENT, INCLUDING THOSE MAILED FROM THE THIRD PARTY COLLECTION AGENCY, ALERT THE PATIENT

Return Reference	Identifier	Explanation
		THAT FINANCIAL ASSISTANCE IS AVAILABLE IF THEY NEED IT AND INSTRUCTS THEM ON HOW TO OBTAIN AN APPLICATION
SCHEDULE H, PART VI, LINE 6	AFFILIATED HEALTH CARE SYSTEM	MEMORIAL HEALTH CARE SYSTEM, ALONG WITH ITS AFFILIATED OUTPATIENT FACILITIES ARE PART OF CATHOLIC HEALTH INITIATIVES
	J O TO TEM	CATHOLIC HEALTH INITIATIVES ("CHI") IS A NATIONAL FAITH-BASED NONPROFIT HEALTH CARE ORGANIZATION WITH HEADQUARTERS IN ENGLEWOOD, COLORADO. CHI'S EXEMPT PURPOSE IS TO SERVE AS AN INTEGRAL PART OF ITS NATIONAL SYSTEM OF HOSPITALS AND OTHER CHARITABLE ENTITIES, WHICH ARE DESCRIBED AS MARKET-BASED ORGANIZATIONS, OR MBOS AN MBO IS A DIRECT PROVIDER OF CARE OR SERVICES WITHIN A DEFINED MARKET AREA THAT MAY BE AN INTEGRATED HEALTH SYSTEM AND/OR A STAND-ALONE HOSPITAL OR OTHER FACILITY OR SERVICE PROVIDER
		CHI SERVES AS THE PARENT CORPORATION OF ITS MBOS WHICH ARE COMPRISED OF 73 HOSPITALS, 40 LONG-TERM CARE, ASSISTED- AND RESIDENTIAL-LIVING FACILITIES, AND TWO COMMUNITY HEALTH-SERVICES ORGANIZATIONS TOGETHER, THESE FACILITIES PROVIDED \$590 MILLION IN CHARITY CARE AND COMMUNITY BENEFIT IN THE 2010 FISCAL YEAR, INCLUDING SERVICES FOR THE POOR, FREE CLINICS, EDUCATION AND RESEARCH.
		CHI PROVIDES STRATEGIC PLANNING AND MANAGEMENT SERVICES AS WELL AS CENTRALIZED "SHARED SERVICES" FOR THE MBOS. THE PROVISION OF CENTRALIZED MANAGEMENT AND SHARED SERVICES – INCLUDING AREAS SUCH AS ACCOUNTING, HUMAN RESOURCES, PAYROLL AND SUPPLY CHAIN – PROVIDES ECONOMIES OF SCALE AND PURCHASING POWER TO THE MBOS COST SAVINGS ASSOCIATED WITH CENTRALIZED SERVICES FOR THE FISCAL YEAR ENDED JUNE 30, 2010 INCLUDE MORE THAN \$105 MILLION IN SUPPLY CHAIN EXPENSE, APPROXIMATELY \$30 MILLION FOR INSURANCE COSTS AND MORE THAN \$10 MILLION AS THE RESULT OF A SYSTEM-WIDE EFFORT TO COORDINATE AND NEGOTIATE TECHNOLOGY AND EQUIPMENT PURCHASES  THE COST SAVINGS ACHIEVED THROUGH CHI'S CENTRALIZATION ENABLE MBOS TO DEDICATE ADDITIONAL RESOURCES TO HIGH-QUALITY HEALTH CARE AND COMMUNITY OUTREACH SERVICES TO THE MOST VULNERABLE MEMBERS OF OUR SOCIETY
		MEMORIAL HEALTH CARE SYSTEM OPERATES WITH ITS WHOLLY OWNED AFFILIATES AND COMMUNITY PARTNERS, ALONG WITH ITS FUNDRAISING ARM, THE MEMORIAL HEALTH CARE SYSTEM FOUNDATION, TO SERVE THE HEALTH CARE NEEDS OF THE CHATTANOOGA, TENNESSEE COMMUNITIES
SCHEDULE H, PART VI, LINE 7	STATE FILING OF COMMUNITY BENEFIT REPORT	TN

**SCHEDULE 1** (Form 990) Department of the Treasury Internal Revenue Service Name of the organization

MEMORIAL HEALTH CARE SYSTEM INC.

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

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

Open to Public Inspection 201

OMB No. 1545-0047

Employer identification number

62-0532345

► Attach to Form 990.

ş O ∑ Yes Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and . . . . . . . . . . . . Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States. the selection criteria used to award the grants or assistance? Sart General Information on Grants and Assistance

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. Part II can be duplicated if additional space is needed Part II

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1 (a) Name and address of organization or government	( <b>9</b> ) EIN	(c) IRC 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
(1) AMERICAN HEART ASSOCIATION 7272 GREENVILLE AVENUE, DALLAS, TX 75231	62-0532345	501C3	43,750		N/A		COMMUNITY SUPPORT
(2) CYCLONE/LEARFIELD/MOCS PO BOX1467, JEFFERSON CITY, MO 65102	43-0998586	501C3	41,664		N/A		COMMUNITY SUPPORT
(3) HAMILTON COUNTY GOVERNMENT 821 EAST THIRD STREET, CHATTANOOGA, TN 37403	62-6000636	501C3	40,000		N/A		COMMUNITY SUPPORT
(4) UNIVERISITY OF TENNESSEE MOCS 800 EAST THIRD STREET STE 100, CHATTANOOGA, TH 37403	62-6001636	501C3	37,163		N/A		COMMUNITY SUPPORT
(5) CATHOLIC CHARITIES OF EAST TENNESSEE 859 MCCALLIE AVENUE, CHATTANOOGA, TN 37403	62-1377551	501C3	36,000		N/A		COMMUNITY SUPPORT
(6) UNITED WAY 830 MARKET STREET, CHATTANOOGA, TN 37405	62-0565962	501C3	28,550		N/A		COMMUNITY SUPPORT
(T) CHATTANOOGA AREA CHAMBER OF COMMERCE 811 BROAD STREET SUITE 100, CHATTANOOGA, TN 37402	62-0154480	501C3	25,900		N/A		COMMUNITY SUPPORT
(B) CHATTANOGGA STATE TECH COLLEGE FOUNDATION 4501 AMNICOLA HIGHWAY, CHATTANOGGA, TN 37406	58-1311669	50103	20,000		N/A		COMMUNITY SUPPORT
(9) MEMORIAL HEALTH CARE SYSTEM FOUNDATION 2525 DE SALES AVENUE, CHATTANOGGA, TN 37404	62-1839548	501(C)(3)	20,000		N/A		PROGRAM SUPPORT
(10) SISKIN HOSPITAL FOR PHYSICAL REHAB 3RD STREET, CHATTANOOGA, TN 37403	62-1220402	501C3	15,657		N/A		COMMUNITY SUPPORT
(11) NOTRE DAME HIGH SCHOOL 2701 VERMONT AVENUE, CHATTANOOGA, TN 37404	43-1694323	50103	12,000		N/A		COMMUNITY SUPPORT
(12) FRIENDS OF THE FESTIVAL 180 HAMM ROAD, CHATTANOOGA, TN 37405	62-1112739	50103	11,000		N/A		COMMUNITY SUPPORT
<ul> <li>Enter total number of section 501(c)(3) and government org</li> <li>Enter total number of other organizations listed in the line 1</li> </ul>	1501(c)(3) and gov rganizations listed	remment organizat I in the line 1 table	anizations listed in the line 1 table table	ne 1 table			. <b>▼</b> 22

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule I (Form 990) (2011)

Cat. No. 50055P

Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Part III can be duplicated if additional space is needed. Schedule I (Form 990) (2011)
Part III Grants ar

(a) Type of grant or assistance (b) Number of grant or assistance (b) Number of grant or assistance (c) Number of grant or assistance (c) Number of grant or assistance (c) Number of grant or assistance (d) Numb	(b) Number of	(c) Amount of	(d) Amount of	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
THACO LOUGHT GAS ONOTATIONS THE SOCIOUS OF A		75 050		VIV	
TADIOLOGIST INTERPRETATIONS PAID TRACOGNI GRANT	76,2	Conto /			
$oldsymbol{2}$ WE CARE WEEKEND FOR CANCER SURVIVORS AND THEIR FAMILIES	150	32,777		N/A	
3 DISASTER RELIEF/EMPLOYEE ASSISTANCE	62	18,343		N/A	
4 EDUCATIONAL ASSISTANCE	23	14,419		N/A	
5 LYMPHEDEMA THERAPY ASSISTANCE	10	3,142		N/A	
6 TRANSPORTATION ASSISTANCE	25	570		N/A	
Part IV Supplemental Information. Complete this part to provide the information required in Part I, line 2, and any other additional information.	this part to pre	wide the information	required in Part I,	line 2, and any other add	litional information.
SEE NEXT PAGE					
		**********			
		***************************************			
***************************************	***************************************	**********	***************************************		

Schedule I (Form 990) (2011)

Part IV

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

Return Reference	Identifier	Explanation
SCHEDULE I, PART I, LINE 2	PROCEDURES FOR MONITORING USE OF GRANT FUNDS	GRANT REQUESTS ARE COORDINATED THROUGH THE MEMORIAL HEALTH CARE SYSTEM FOUNDATION THE BENEFICIARY OF THE GRANT IS RESPONSIBLE FOR USING THE FUNDS IN ACCORDANCE WITH THE GRANT REQUIREMENTS ALL GRANT SPENDING IS REVIEWED BY FISCAL SERVICES AND THE FOUNDATION BEFORE GRANT SPENDING IS REIMBURSED THROUGH THE FOUNDATION PERIODIC REPORTING IS COORDINATED BETWEEN THE BENEFICIARY, FISCAL SERVICES, AND THE FOUNDATION

# Grants and Other Assistance to Governments and Organizations in the United States (continued)

(8)	(q)	(2)	(g)	(e)	<b>(a)</b>	(B)	(£)
Name and address of organization or government	EIN	IRC section if applicable	Amount of cash Amount of nongrant cash assistance	Amount of non- cash assistance	Method of valuation (book, FMV, appraisal, other)	Description of non-cash assistance	Purpose of grant or assistance
(13) TENNESSEE AQUARIUM ONE BROAD STREET, CHATTANOOGA, TN 37402	58-1837154 501C3	501C3	10,000		N/A		COMMUNITY SUPPORT
(14) SUSAN G KOMEN FOR THE CURE PO BOX 11208, CHATTANOOGA, TN 37401	75-2875175 501C3	501C3	10,000		N/A		COMMUNITY SUPPORT
(15) CREATIVE DISCOVERY MUSEUM 321 CHESTNUT STREET, CHATTANOOGA, TN 37405	62-1509462 501C3	501C3	10,000		N/A		COMMUNITY SUPPORT
(16) COMMUNITY FOUNDATION OF CHATTANOOGA 1270 MARKET STREET, CHATTANOOGA, TN 37402	62-6045999 5010	501C3	9,550		N/A		COMMUNITY SUPPORT
(17) FOUNDATION OF NATIONAL STUDENT NURSE 45 MAIN STREET STE 606, BROOKLYN, NY 11201	13-3123125 5010	501C3	7,500		N/A		COMMUNITY SUPPORT
(18) MEDICAL FOUNDATION OF CHATTANOOGA 1917 E THIRD STREET, CHATTANOOGA, TN 37404	58-1696660 501C3	501C3	7,500		N/A		COMMUNITY SUPPORT
(19) GREATER CHATTANOOGA SPORTS PO BOX 11508, CHATTANOOGA, TN 37401	58-1866591	501C3	7,500		N/A		COMMUNITY SUPPORT
(20) AMERICAN CANCER SOCIETY 1100 IRELAND WAY SUITE 300, BIRMINGHAM, AL 35205	64-0329009 501C3	501C3	09'9		N/A		COMMUNITY SUPPORT
(21) CHATTANOOGA COMMUNITY KITCHEN PO BOX 11203 727 E 11TH STREET, CHATTANOOGA, TN 37401	62-1151413 501C3	501C3	5,000		N/A		COMMUNITY SUPPORT
(22) THE CALDSTED FOUNDATION 3701 CHERRYTON DRIVE, CHATTANOOGA, TN 37411	62-0696466 501	501(C)(3)		10,000 FMV	FMV	600KW GENERATOR	COMMUNITY SUPPORT

## **SCHEDULE J** (Form 990)

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

► Complete if the organization answered "Yes" to Form 990, Part IV, line 23.

► Attach to Form 990. ► See separate instructions.

2011 Open to Public

OMB No 1545-0047

Inspection

Department of the Treasury Internal Revenue Service Name of the organization

MEMORIAL HEALTH CARE SYSTEM INC

**Employer Identification number** 62-0532345

art	Questions Regarding Compensation				
			Yes	s No	_
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in F 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.	orm			
	☐ First-class or charter travel ☐ Housing allowance or residence for personal use				Ì
	☐ Travel for companions ☐ Payments for business use of personal residence	ĺ			
	☐ Tax indemnification and gross-up payments ☐ Health or social club dues or initiation fees	l		1	
	☐ Discretionary spending account ☐ Personal services (e.g., maid, chauffeur, chef)	- 1	1	-	
		- 1	1		
b	,,,,,,,, .		_ _		
	or reimbursement or provision of all of the expenses described above? If "No," complete Part II		1		
	explain	· 1t	Ч_		_
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all office		1		
	directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	·   2	+	_	<del>-,</del>
					-
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by		-		
	related organization to establish compensation of the CEO/Executive Director. Explain in Part III.	/ a			İ
	☐ Compensation committee ☐ Written employment contract	İ	1		
	☐ Independent compensation consultant ☐ Compensation survey or study		-		ł
	Form 990 of other organizations Approval by the board or compensation committee	ا ۵			
		Ĭ			ļ
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filling	1			
	organization or a related organization:		1		
а	Receive a severance payment or change-of-control payment?	. 4	3	1	_
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	. 41	<b>√</b>		_
C	Participate in, or receive payment from, an equity-based compensation arrangement?	. 40	3	1	_
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.				
				Î	
_	Only section 501(c)(3) and 501(c)(4) organizations 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:				
_	•	-	}	1	لــا
a b		. 5i		1	_
D	If "Yes" to line 5a or 5b, describe in Part III.	.   31	<del>'</del>	+	٦
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:				
а		. 6	a	1	ئــ
b		. 61		17	_
	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-f				
	payments not described in lines 5 and 6? If "Yes," describe in Part III	. 7	1		
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject				
	to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," described in Regulations section 53.4958-4(a)(3)?	ribe		1.	
	in Part III	. 8		1	_
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure describe	d in			_
	Regulations section 53.4958-6(c)?	.   g	) F	1	

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Cat. No 50053T

Schedule J (Form 990) 2011

Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed. Part II

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)()-(ii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(B) Breakdown of W-2 and/or 1099-MISC compensation (C) British (C) (C) (C) (C) (C) (C) (C) (C) (C) (C)	202	(B) Breakdown of	W-2 and/or 1099-MIS	C compensation	C. Bettement and	A Moderation	(B) Total of continues	
(A) Name		(i) Base compensation	(ii) Bonus & incentive compensation	(III) Other reportable compensation	other deferred	Denefits	(a)-(b)(a)	(F) Compensation reported as deferred in prior Form 990
ARTHUR KORT	8	575,917	16,667	4,219	20,228	5,718	622,749	0
•	ε	0	0	0	0	0	0	0
CALVIN LEDFORD	ε	573,317	16,667	1,683	20,228	15,344	627,239	0
8	ε	0	0	0	0	0	0	0
CAROL NEWTON	€	269,817	35,176	42,974	27,578	6,829	382,374	0
n	8	0	0	0	0	0	0	0
DAVID WINCHESTER	8	153,671	15,775	1,667	16,732	19,005	206,850	0
•	8	0	0	0	0	0	0	0
DEBRA MOORE	ε	254,684	28,536	573	30,028	7,836	321,657	0
<sub>O</sub>	8	0	0	0	0	0	0	0
ERIC CONN, MD	ε	593,827	16,667	4,638	20,228	19,576	654,936	0
9	E	0	0	0	0	0	0	0
GORDON GRAHAM	€	575,044	16,667	4,242	20,228	7,046	623,227	0
_	E	0	0	0	0	0	0	0
JACQUELINE JACKSON	€	286,232	36,670	1,166	32,478	7,836	364,382	0
80	ε	0	0	0	0	0	0	0
JAMES HOBSON	€	0	0	0	0	0	0	0
6	E	454,524	80,918	23,332	60,316	17,688	636,778	0
MARY ELIZABETH O'BRIEN	ε	0	0	0	0	0	0	0
10	E	624,467	307,246	336,344	77,574	9,644	1,355,275	0
ROBERT BERGLUND	ε	570,741	16,667	4,434	20,228	12,742	624,812	0
=	ε		0	0	0	0	0	0
WILLIAM WARREN	€	580,326	16,667	669	20,228	19,576	637,496	0
12	E	0	0	0	0	0	0	0
	W_							
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	€	000000000000000000000000000000000000000	000000000000000000000000000000000000000		000000000000000000000000000000000000000	••••••		******************
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16	€							
							Sch	Schedule J (Form 990) 2011

Chattanooga - Memorial Health Care System (62-0532345) - 620532345

# 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.

Return Reference	Identifier	Explanation
SCHEDULE J, PART I, LINE 3	ARRANGEMENT USED TO ESTABLISH THE TOP MANAGEMENT OFFICIAL'S COMPENSATION	COMPENSATION FOR THE TOP MANAGEMENT OFFICIAL WAS ESTABLISHED AND PAID BY CATHOLIC HEALTH INITIATIVES (CHI), A RELATED ORGANIZATION CHI USED THE FOLLOWING TO ESTABLISH THE TOP MANAGEMENT OFFICIAL'S COMPENSATION (1) COMPENSATION COMMITTEE, (2) INDEPENDENT COMPENSATION CONSULTANT; (3) WRITTEN EMPLOYMENT CONTRACTS, (4) COMPENSATION SURVEY OR STUDY, (5) APPROVAL BY THE BOARD OR COMPENSATION COMMITTEE.
SCHEDULE J, PART I, LINE 4A	SEVERENCE PAYMENTS	POST-TERMINATION PAYMENTS ARE ADDRESSED IN EXECUTIVE EMPLOYMENT AGREEMENTS FOR CATHOLIC HEALTH INITIATIVES ("CHI") AND RELATED ORGANIZATIONS' EMPLOYEES AT THE LEVEL OF VICE PRESIDENT AND ABOVE, INCLUDING THE MBO CEOS THESE EMPLOYMENT AGREEMENTS REQUIRE THAT IN ORDER FOR THE EXECUTIVE TO RECEIVE POST-TERMINATION PAYMENTS, THESE INDIVIDUALS MUST EXECUTE A GENERAL RELEASE AND SETTLEMENT AGREEMENT POST-TERMINATION PAYMENT ARRANGEMENTS ARE PERIODICALLY REVIEWED FOR OVERALL REASONABLENESS IN LIGHT OF THE EXECUTIVE'S OVERALL COMPENSATION PACKAGE  NO REPORTABLE INDIVIDUALS RECEIVED SEVERANCE FROM THE FILING ORGANIZATION OR ANY RELATED ORGANIZATION
SCHEDULE J, PART I, LINE 4B	SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN	DURING THE 2011 CALENDAR YEAR CATHOLIC HEALTH INITIATIVES ("CHI"), A RELATED ORGANIZATION, MAINTAINED A SUPPLEMENTAL NON-QUALIFIED DEFERRED COMPENSATION PLAN FOR MBO CEOS AND OTHER CHI EMPLOYEES AT THE LEVEL OF SENIOR VICE PRESIDENT AND ABOVE THE FOLLOWING REPORTABLE INDIVIDUALS WERE ELIGIBLE TO PARTICIPATE IN THAT PLAN JAMES HOBSON, MARY ELIZABETH O'BRIEN  DURING 2011 THE FOLLOWING CONTRIBUTIONS WERE MADE BY CHI TO THE DEFERRED COMPENSATION PLAN.  JAMES HOBSON \$40,088  MARY ELIZABETH O'BRIEN \$54,896
SCHEDULE J, PART I, LINE 7	NON-FIXED PAYMENTS	MEMORIAL HEALTH CARE SYSTEM (MHCS) ISSUED BONUSES BASED ON INDIVIDUAL PERFORMANCE AND SPECIFIED EVENTS BONUSES ARE SUBJECT TO MANAGEMENT AND BOARD APPROVAL

# Schedule O (Form 990) Department of 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 990-EZ or to provide any additional information

OMB No 1545-0047 Open to Public Inspection

Name of the Organization MEMORIAL HEALTH CARE SYSTEM INC

Employer Identification Number 62-0532345

Return Reference	Identifier	Explanation
FORM 990, PART VI, SECTION A, LINE 1A	DELEGATE BROAD AUTHORITY TO A COMMITTEE	PURSUANT TO SECTION 8 6 OF THE BYLAWS OF MEMORIAL HEALTH CARE SYSTEM, THE EXECUTIVE COMMITTEE SHALL CONSIST OF ONLY DIRECTORS OF THE CORPORATION AND SHALL BE COMPOSED OF THE CHAIRPERSON OF THE BOARD, THE VICE CHAIRPERSON OF THE BOARD, THE IMMEDIATE PAST CHAIRPERSON OF THE BOARD, THE PRESIDENT AND CHIEF EXECUTIVE OFFICER, AND THE SECRETARY, WITH ONE (1) OR TWO (2) OTHER DIRECTORS, PROVIDED THAT THE EXECUTIVE COMMITTEE SHALL INCLUDE: (1) TO THE EXTENT POSSIBLE, AT LEAST ONE MEMBER OF A PARTICIPATING CONGREGATION OR OTHER RELIGIOUS INSTITUTE OF THE ROMAN CATHOLIC CHURCH, AND (2) AT LEAST ONE DIRECTOR WHO IS A PHYSICIAN MEMBER OF THE MEDICAL STAFF. EACH INDIVIDUAL APPOINTED TO THE EXECUTIVE COMMITTEE SHALL SERVE FOR A TERM OF ONE (1) YEAR OR UNTIL HIS OR HER SUCCESSOR IS DULY APPOINTED BY THE BOARD OF DIRECTORS. ANY VACANCY OF AN APPOINTED EXECUTIVE COMMITTEE MEMBERSHIP MAY BE FILLED FOR THE UNEXPIRED PORTION OF THE TERM IN THE MANNER THAT THE ORIGINAL COMMITTEE MEMBER WAS APPOINTED.
		PURSUANT TO SECTION 8.1 OF THE CORPORATIONS BYLAWS, THE BOARD OF DIRECTORS MAY, BY RESOLUTION ADOPTED BY A MAJORITY OF THE DIRECTORS THEN IN OFFICE, ESTABLISH ONE OF MORE COMMITTEES, AS NEEDED OR REQUIRED TO CONDUCT AND TRANSACT THE BUSINESS OF THE CORPORATION EXCEPT AS OTHERWISE PROVIDED IN THESE BYLAWS, THE BOARD OF DIRECTORS MAY SET THE QUALIFICATIONS FOR MEMBERSHIP ON ANY COMMITTEE IT MAY ESTABLISH, PROVIDED THAT EACH COMMITTEE SHALL CONSIST OF AT LEAST ONE (1) DIRECTOR OF THE CORPORATION COMMITTEES MAY INCLUDE PERSONS OTHER THAN DIRECTORS, EXCEPT THAT A COMMITTEE THAT HAS THE AUTHORITY TO ACT ON BEHALF OF THE BOARD OF DIRECTORS MUST INCLUDE ONLY DIRECTORS OF THE CORPORATION COMMITTEE MEMBERS SHALL SERVE FOR A TERM OF ONE (1) YEAR OR UNTIL THEIR SUCCESSORS ARE DULY APPOINTED AND QUALIFIED
		FURTHER, PURSUANT TO SECTION 8 6 OF THE CORPORATION'S BYLAWS, THE EXECUTIVE COMMITTEE HAS AND MAY EXERCISE SUCH POWERS AS MAY BE DELEGATED TO IT BY THE BOARD OF DIRECTORS THE EXECUTIVE COMMITTEE ALSO POSSESSES THE POWER TO TRANSACT ROUTINE BUSINESS OF THE CORPORATION IN THE INTERIM PERIOD BETWEEN REGULARLY SCHEDULED MEETINGS OF THE BOARD OF DIRECTORS
FORM 990, PART VI, SECTION A, LINE 6	CLASSES OF MEMBERS OR STOCKHOLDERS	ACCORDING TO THE BYLAWS OF MEMORIAL HEALTH CARE SYSTEM, THE ENTITY'S SOLE MEMBER IS CATHOLIC HEALTH INITIATIVES ("CHI"), A COLORADO NONPROFIT CORPORATION
FORM 990, PART VI, SECTION A, LINE 7A	MEMBERS OR STOCKHOLDERS ELECTING MEMBERS OF GOVERNING BODY	ACCORDING TO THE ORGANIZATION'S BYLAWS, DIRECTORS OF THE CORPORATION SHALL BE APPOINTED BY THE CORPORATE MEMBER NO LATER THAN JUNE 30TH OF EACH YEAR THE NAMES AND QUALIFICATIONS OF EACH INDIVIDUAL ACCEPTED BY THE BOARD OF DIRECTORS SHALL BE SUBMITTED TO THE CORPORATE MEMBER, WHO SHALL APPOINT OR REFUSE EACH NOMINEE IN ACCORDANCE WITH THE CORPORATE MEMBER'S BYLAWS AND WITH ENDORSEMENT OF THE SENIOR VICE PRESIDENT OF OPERATIONS THE CORPORATE MEMBER MAY AT ANY TIME REMOVE, WITH OR WITHOUT CAUSE, ANY MEMBER OF THE BOARD OF DIRECTORS
FORM 990, PART VI, SECTION A, LINE 7B	DECISIONS REQUIRING APPROVAL BY MEMBERS OR STOCKHOLDERS	MEMORIAL HEALTH CARE SYSTEM'S ("MHCS"), CORPORATE MEMBER IS CATHOLIC HEALTH INITIATIVES ("CHI") PURSUANT TO SECTION 5 4 OF MHCS'S BYLAWS, THE CORPORATE MEMBER SHALL HAVE THE SPECIFIC RIGHTS SET FORTH IN THE GOVERNANCE MATRIX PURSUANT TO THE GOVERNANCE MATRIX THE FOLLOWING RIGHTS ARE RESERVED TO THE CHI BOARD DIRECTLY OR THROUGH POWERS DELEGATEDTO THE CHI HIEF EXECUTIVE OFFICER 'SUBSTANTIAL CHANGE IN THE MISSION OR PHILOSOPHY OF MHCS  * AMENDMENT OF THE CORPORATE DOCUMENTS OF MHCS  * APPROVE MEMBERS OF THE MHCS BOARD  * REMOVAL OF A MEMBER OF THE GOVERNING BODY OF MHCS  * APPROVAL OF ISSUANCE OF DEBT BY MHCS  * APPROVAL OF PARTICIPATION OF MHCS IN A JOINT VENTURE  * APPROVAL OF A MERGER INVOLVING MHCS  * APPROVAL OF THE SALE OF ALL OR SUBSTANTIALLY ALL OF THE ASSETS OF MHCS  * TO REQUIRE THE TRANSFER OF ASSETS BY MHCS TO CHI TO ACCOMPLISH CHI'S GOALS AND OBJECTIVES, AND TO SATISFY CHI DEBTS  * ADOPTION OF LONG RANGE AND STRATEGIC PLANS FOR MHCS.  IN ADDITION, PURSUANT TO SECTION 5 5 2 OF THE ORGANIZATION'S BYLAWS, CHI MAY, IN EXERCISE OF ITS APPROVAL POWERS, GRANT OR WITHHOLD APPROVAL IN WHOLE OR IN PART, OR MAY, IN ITS COMPLETE DISCRETION, AFTER CONSULTATION WITH THE BOARD AND THE PRESIDENT AND CHIEF EXECUTIVE OFFICER OF THE ORGANIZATION, RECOMMEND SUCH OTHER OR DIFFERENT ACTIONS AS IT DEEMS APPROPRIATE
FORM 990, PART VI, SECTION B, LINE 11B	REVIEW OF FORM 990 BY GOVERNING BODY	MHCS'S FORM 990 IS PREPARED AND REVIEWED BY THE INTERNAL TAX DEPARTMENT OF ITS PARENT ORGANIZATION, CHI. THE RETURN IS THEN REVIEWED BY MHCS'S FISCAL SERVICES DEPARTMENT AND ITS CHIEF FINANCIAL OFFICER PRIOR TO FILING, A COPY OF THE RETURN IS PROVIDED TO EACH MEMBER OF THE BOARD ELECTRONICALLY.

Return Reference	Identifier	Explanation
		SUBSEQUENT TO PRESENTATION TO THE BOARD THE TAX DEPARTMENT FILES THE RETURN WITH THE APPROPRIATE FEDERAL AND STATE AGENCIES, MAKING ANY NON-SUBSTANTIVE CHANGES NECESSARY TO EFFECT E-FILING ANY SUCH CHANGES ARE NOT RE-SUBMITTED TO THE BOARD
FORM 990, PART VI, SECTION B, LINE 12C	CONFLICT OF INTEREST POLICY	THE CONFLICT OF INTEREST POLICY OF MHCS COVERS ALL DIRECTORS AND OFFICERS WHO HOLD THE TITLE OF VICE PRESIDENT AND ABOVE THE POLICY APPLIES TO ALL AFFILIATES OF THE CORPORATION AND IS INTENDED TO SUPPLEMENT, BUT NOT REPLACE, ANY APPLICABLE LAWS GOVERNING CONFLICTS OF INTEREST APPLICABLE TO NONPROFIT CORPORATIONS. IF A DIRECTOR OR OFFICER HAS A POTENTIAL OR ACTUAL CONFLICT WITH THE CORPORATION AND/OR ANY OF ITS AFFILIATES, SUCH DIRECTOR OR OFFICER IS DEEMED TO ALSO HAVE A POTENTIAL OR ACTUAL CONFLICT WITH RESPECT TO THE CORPORATION AND ALL OF ITS AFFILIATES. EACH DIRECTOR MUST PROMPTLY AND FULLY REPORT TO THE BOARD CHAIR SITUATIONS THAT MAY CREATE A CONFLICT OF INTEREST WHEN HE OR SHE BECOMES AWARE OF SUCH SITUATIONS DISCLOSURE MUST BE MADE TO THE CORPORATION'S PRESIDENT AND CEO WHO WILL REPORT SUCH DISCLOSURE TO THE BOARD CHAIR. A WRITTEN RECORD OF THE DISCLOSURE WILL BE MADE. THE CEO SHALL ANNUALLY SEND TO ALL DIRECTORS AND OFFICERS A COPY OF THE CONFLICT OF INTEREST POLICY AND DISCLOSURE STATEMENT AT THE BEGINNING OF THE BOARD MEETING AND ALL COMMITTEE MEETINGS, MEMBERS ARE ASKED TO DECLARE ANY CONFLICTS OF INTEREST THAT NEED TO BE DISCLOSED THE BOARD OF DIRECTORS SHALL CAREFULLY SCRUTINIZE, AND MUST IN GOOD FAITH APPROVE OR DISAPPROVE, ANY TRANSACTION IN WHICH THE CORPORATION AND/OR ANY OF ITS AFFILIATES IS A PARTY, AND IN WHICH ONE OR MORE OF THE CORPORATION'S DIRECTORS OR OFFICERS HAS EITHER A MATERIAL FINANCIAL INTEREST OR IS A DIRECTOR OR OFFICER OF THE OTHER PARTY. BY A MAJORITY VOTE OF THE DISINTERESTED DIRECTORS, THE BOARD SHALL TAKE WHATEVER ACTION IS DEEMED APPROPRIATE UNDER THE CIRCUMSTANCES WITH RESPECT TO THE DIRECTOR OR OFFICER IN ORDER TO BEST PROTECT THE INTERESTS OF THE CORPORATION, INCLUDING POSSIBLE DISCIPLINARY OR CORRECTIVE ACTION
FORM 990, PART VI, LINE 14	DOCUMENT RETENTION POLICY	WHILE THE ORGANIZATION DOES HAVE A WRITTEN DOCUMENT RETENTION AND DESTRUCTION POLICY IT HAS NOT BEEN FORMALLY ADOPTED BY THE BOARD
FORM 990, PART VI, LINE 15A	PROCESS FOR DETERMINING CEO'S COMPENSATION	THE ORGANIZATION'S CEO'S COMPENSATION IS PAID BY CHI. CHI HAS A DEFINED COMPENSATION PHILOSOPHY. BOTH THE EXECUTIVE AND NON-EXECUTIVE COMPENSATION STRUCTURES AND RANGES ARE REVIEWED ANNUALLY IN COMPARISON TO MARKET DATA.
		CHI USES THE HAY GROUP AS THE INDEPENDENT THIRD PARTY TO ASSESS EXECUTIVE COMPENSATION PROGRAMS AND TO ENSURE THE REASONABLENESS OF ACTUAL SALARIES AND TOTAL COMPENSATION PACKAGES COMPENSATION OF THE SENIOR MOST EXECUTIVES IS REVIEWED ANNUALLY THE HAY GROUP REVIEWS BOTH CASH AND TOTAL COMPENSATION FOR OVERALL REASONABLENESS, FOR ADHERENCE TO CHI'S COMPENSATION PHILOSOPHY, AND FOR COMPARABILITY TO THE NOT-FOR-PROFIT HEALTHCARE MARKET THIS INDEPENDENT REVIEW IS DELIVERED BY HAY GROUP TO THE HR COMMITTEE OF THE CHI BOARD OF STEWARDSHIP TRUSTEES ANNUALLY AT THEIR SEPTEMBER MEETING AND MINUTES ARE SHARED WITH THE FULL BOARD AT THE DECEMBER MEETING THE LAST REVIEW WAS SEPTEMBER 2012
		ALL POSITIONS AT THE LEVEL OF VICE PRESIDENT AND ABOVE TO DETERMINE AND VALIDATE APPROPRIATE COMPENSATION LEVELS THESE LEVELS HAVE BEEN REVIEWED ANNUALLY SINCE AND REVISED BASED ON MARKET DATA, WHERE APPLICABLE.
FORM 990, PART VI, SECTION B, LINE 15B	PROCESS USED TO ESTABLISH COMPENSATION OF OTHER OFFICERS/KEY EMPLOYEES	ON AN ANNUAL BASIS MHCS ENGAGES AN EXTERNAL CONSULTANT TO REVIEW THE COMPENSATION OF ITS EXECUTIVES THE REVIEW IS PERFORMED TO ENSURE THAT EXECUTIVE SALARIES ARE WITHIN COMPARABLE MARKET RANGES FOR THAT POSITION THE RESULTS OF THE REVIEW ARE PRESENTED TO THE EXECUTIVE COMPENSATION HUMAN RESOURCES COMMITTEE FOR REVIEW AND RECOMMENDATION TO THE BOARD OF DIRECTORS FOR APPROVAL.
FORM 990, PART VI, LINE 16B	JOINT VENTURE POLICY	MHCS HAS NOT FORMALLY ADOPTED A WRITTEN POLICY OR WRITTEN PROCEDURE REGARDING JOINT VENTURES HOWEVER CHI'S SYSTEM-WIDE JOINT VENTURE MODEL OPERATING AGREEMENT INCORPORATES CONTROLS OVER THE VENTURE SUFFICIENT TO ENSURE THAT (1) THE EXEMPT ORGANIZATION AT ALL TIMES RETAINS CONTROL OVER THE VENTURE SUFFICIENT TO ENSURE THAT THE PARTNERSHIP FURTHERS THE EXEMPT PURPOSE OF THE ORGANIZATION; (2) IN ANY PARTNERSHIP IN WHICH THE EXEMPT ORGANIZATION IS A PARTNER, ACHIEVEMENT OF EXEMPT PURPOSES IS PRIORITIZED OVER MAXIMIZATION OF PROFITS FOR THE PARTNERS, (3) THE PARTNERSHIP DOES NOT ENGAGE IN ANY ACTIVITIES THAT WOULD JEOPARDIZE THE EXEMPT ORGANIZATION'S EXEMPTION, (4) RETURNS OF CAPITAL, ALLOCATIONS, AND DISTRIBUTIONS MUST BE MADE IN PROPORTION TO THE PARTNERS' RESPECTIVE OWNERSHIP INTERESTS, AND (5) ALL CONTRACTS ENTERED INTO BY THE PARTNERSHIP WITH THE EXEMPT ORGANIZATION MUST BE AT ARM'S-LENGTH, WITH PRICES SET AT FAIR MARKET VALUE
FORM 990, PART	GOVERNING	GENERALLY REVIEWED BY COUNSEL.  THE ORGANIZING DOCUMENTS AND CONFLICT OF INTEREST POLICY ARE NOT AVAILABLE TO
VI, SECTION C, LINE 19	DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC	THE PUBLIC.  THE PUBLIC.  THE ORGANIZATION'S FINANCIAL STATEMENTS ARE INCLUDED IN CATHOLIC HEALTH INITIATIVES' CONSOLIDATED AUDITED FINANCIAL STATEMENTS THAT ARE AVAILABLE AT WWW.CATHOLICHEALTHINIT ORG OR AT WWW DACBOND ORG.
		THE FINANCIAL STATEMENTS ARE ALSO AVAILABLE THROUGH ANNUAL REPORTS FILED WITH

Return Reference	Identifier	Explanation	
		THE STATE OF TENNESSEE	
FORM 990. PART VII, SECTION A, LINE 1A, COLUMN (B)	ESTIMATE OF HOURS DEVOTED TO RELATED ORGANIZATIONS	COMPENSATION REPORTED ON FORM 990, PART VII AS PAID BY RELATED O WAS PAID TO THESE INDIVIDUALS FOR THE FULFILLMENT OF THEIR DUTIES HOUR-PER-WEEK EMPLOYEES	RGANIZATIONS AS FULL-TIME, 60
FORM 990, PART	OTHER CHANGES IN NET ASSETS OR FUND	(a) Description	(b) Amount
XI, LINE 5	BALANCES	NET UNREALIZED GAINS (LOSSES) ON INVESTMENTS	- 4,621,854
		CAPITAL RESOURCE POOL CONTRIBUTIONS	- 429,840
		CHI CONNECT DEPRICIATION	1,292,294
		CONTRIBUTIONS OF SERVICES	- 3,207,166
		BERRYWOOD TRANSFER TO SEPERATE ENTITY	- 838,076
		NONCONTROLLING INTEREST	- 35,903

# SCHEDULE R (Form 990)

Department of the Treasury Internal Revenue Service

Name of the organization

MEMORIAL HEALTH CARE SYSTEM INC.

Part !

► Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.

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

OMB No. 1545-0047 Open to Publ 20

Related Organizations and Unrelated Partnerships

► See separate instructions.

► Attach to Form 990.

Inspection

Employer identification number 62-0532345

(g) Section 512(b)(13) controlled entity? ŝ (f) Direct controlling Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.) Yes MHCS (f) Direct controlling 8,632,116 (e) End-of-year assets CHI-IA CORP AHBMHS FIS 댕 ᇙ 동 ᇙ 11 - TYPE Public charity status (if section 501(c)(3)) -7,814,043 (d) Total income • (d) Exempt Code section 501(C)(3) 501(C)(3) 501(C)(3) 501(C)(3) 501(C)(3) 501(C)(3) 501(C)(3) (c) Legal domicile (state or foreign country) ₹ Z Legal domicile (state or foreign country) (b) Primary activity CONTRACT SVCS Σ Σ 빌 2 PHYSICIAN SVC ٨ ≰ ≤ (b) Primary activity SENIOR HOMES HEALTHCARE HEALTHCARE HEALTHCARE HEALTHCARE LTERM CARE LTERM CARE (1) ALEGENT HEALTH - BERGAN MERCY HEALTH SYS (47-0484764) | 7500 MERCY ROAD, OMAHA, NE 68124 (2) ALEGENT HEALTH - MERCY HOSPITAL, CORNING, IOWA (42-0782518) (6) BORNEMANN HEALTHCARE CORPORATION (23-2187242) 2500 BERNVILLE RD, PO BOX 316, READING, PA 19603 (5) BISHOP DRUMM RETIREMENT CENTER (42-0725196) 800 NORTH 4TH STREET, CARRINGTON, ND 58421 (7) CARRINGTON HEALTH CENTER (45-0227311) (a) lame, address, and ElN of disregarded entity 300 SE 8TH AVENUE, LITTLE FALLS, MN 56345 (2) MEMORIAL HEART INSTITUTE, LLC DBA (27-3799362) (4) APPLETREE COURT (41-1850500) 601 OAK STREET, BRECKENRIDGE, MN 56520 (a)Name, address, and EIN of related organization 2525 DE SALES AVENUE, CHATTANOOGA, TN 37404 2525 DE SALES AVENUE, CHATTANOOGA, TN 37404 1111 6TH AVENUE, DES MOINES, IA 50314 (3) ALVERNA APARTMENTS (41-1351177 (1) MEMORIAL HEALTH PARTNERS (62-1784262) P.O. BOX 368, CORNING, IA 50841 Part II Ŧ 9 0 ල

For Paperwork Reduction Act Notice, see the instructions for Form 990.

Cat. No. 50135Y

Schedule R (Form 990) 2011

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

(a) Name, address, and EIN of related organization	the country)  (b) (c) (d) (d) (e) (h) (f) (h) (f) (h) (f) (h) (f) (h) (f) (h) (f) (h) (f) (f) (f) (f) (f) (f) (f) (f) (f) (f	(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	(9) (h) Share of end-of- Dispropriorate year assets aboations?	(h) Disproportionata allocations?	(i) Code V.—UB! amount in box 20 of Schedule K-1 (Form 1065)	(i) General or managing partner?	(k) Percentage ownership
(1) See Statement							Yes		Yes	
(2)										
(3)										
(4)										
(5)										
(9)										
ω										
Part IV Identific	Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)	zations Ta	ixable as a Co	moration or Trust eated as a corporat	t (Complete if tion or trust d	the organizat uring the tax	ion answ year.)	ered "Yes" to Forr	n 990, Pa	μ [ζ,

(a) (b) (c) (d) (e)  Name, address, and EiN of related organization Primary activity Legal domicile Direct controlling Type of e (state or entity (C corp. S foreign country) or thus	(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) (h) Share of Percentage end-of-year assets ownership	(h) Percentage ownership
(1) ALTERNATIVE INSURANCE MANAGEMENT SERVICE (84-1112049) 3900 OLYMPIC BOULEVARD, SUITE 400, ERLANGER, KY 41018 MAI	MANAGEMENT SERVICES CO	00	СНІ	C CORPORATION	0	3,267,441	100
(2) AMERICAN NURSING CARE (31-1085414) 1700 EDISON DRIVE, MILFORD, OH 45150	НОМЕ НЕАСТН	Ю	снѕ	C CORPORATION	4,648,726	44,654,199	100
(3) AMERIMED, INC. (31-1158699) 1700 EDISON DRIVE, MILFORD, OH 45150	НОМЕ НЕАLTH	НО	ANC	C CORPORATION	662,062	11,666,874	100
(4) BC HOLDING COMPANY, INC. (31-1542851) 1850 BLUEGRASS AVE, LOUISVILLE, KY 40215	FITNESS CLUB	ΚΥ	Hſ	C CORPORATION	0	0	100
(5) CADUCEUS MEDICAL ASSOCIATES, INC (62-1570736) 5600 BRAINERD ROAD, SUITE 500, CHATTANOOGA, TN 37411 HEALTHCARE		N	MHCS	C CORPORATION	0	1,008	100
(6) CAPTIVE MANAGEMENT INITIATIVES (98-0663022) PO BOX 10073, APO, GEORGETOWN, GRAND CAYMAN, KY1-1001, CJ CAPTIVE MANAGEMENT CJ	CAPTIVE MANAGEMENT	ر د	СНІ	CCORPORATION	0	0	100
(7) CATHOLIC HEALTH INITIATIVES CENTER FOR TRANSLATIONAL RESEARCH (27-2269511) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	RESEARCH	00	CIRI	TRUST	-2,864,605	2,809,707	100

Schedule R (Form 990) 2011

Transactions With Related Organizations (Complete if the organization answered "Yes" to Form 990, Part IV, line 34, 35, 35a, or 36.) Schedule R (Form 990) 2011
Part V Transactio

Mark Complete the different to the state of			N KWA
Note: Complete line 1 if any entity is used in Farts if, in, or 10 or 11 or some series with one or more related organizations listed in Parts IHV?	d organizations listed	in Parts IHIV?	
	•	•	. 1a 🗸
<b>b</b> Gift, grant, or capital contribution to related organization(s)			<b>\$ q p</b>
c Gift, grant, or capital contribution from related organization(s)			- tc -
d Loans or loan guarantees to or for related organization(s)	•		. 1d .
• Loans or loan guarantees by related organization(s)	•	•	10
(A) contract to maintain the state of the st			7
	•	•	
g Purchase or assets from related organization(s)	•		
h Exchange of assets with related organization(s)			
i Lease of facilities, equipment, or other assets to related organization(s)			<b>,</b>
l lease of facilities, equipment, or other assets from related organization(s)	•	•	-
k Performance of services or membership or fundraising solicitations for related organization(s)			1k
Performance of services or membership or fundraising solicitations by related organization(s)	•		- II
m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)			1m /
n Sharing of paid employees with related organization(s)			<b>1</b>
			) o
<b>p</b> Reimbursement paid by related organization(s) for expenses			<b>Joh</b> .
d Other transfer of cash or property to related organization(s)			) b ÷
	perevos paipulaci e	elationshine and trans	saction thresholds
I THE BLISWELLO BLY OF THE BLOVE IS TEST, SEE THE HISTOCKOTIS FOR THE HISTOCKOTIS TO THE BLOWN OF WHO THESE COMPLETE WISH		ממווסווסווסו	Sacrification and a second a second and a second and a second and a second and a second and a second and a second and a second and a second and a second and a second and a second and a second and a second and a second a second and a second and a second and a second and a second and a second and a second and a second and a second and a second and a second and a second and a second and a second and a second a second and a second and a second and a second and a second and
(a) Name of other organization	(b) Transaction type (a-r)	(c) Amount involved	(3) Method of determining amount involved
MEMORIAL HEALTH CARE SYSTEM FOUNDATION			
	C	748 954 FMV	EMV
MEMORIAL HEALTH CARE SYSTEM FOUNDATION			
	8	2,096,890	FMV
MEMORIAL HEALTH CARE SYSTEM FOUNDATION			
(S)	M	65,474 FMV	FMV
MHP FOUNDATION			
(4)	A	1,224,920	FMV
MHP FOUNDATION		010	Š
(5) ALIAN FOR INDIVIDUAL TO A STATE OF THE PROPERTY OF THE PRO		VIVI 000,012,1	A IMIL
	Ф.	26,987,876 FMV	FMV
		Schec	Schedule R (Form 990) 2011

Schedule R (Form 990) 2011

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

digitass revenind, utat was not a related digatilization. Occur instructions regarding excession for an excession participation of the control of the contro	(g)	(5)	6	9	<u>-</u>	ε		ε	(6)	L	<b>—</b>
Name, address, and ElN of entity	Primary activity	Legal domicile	Predominant	Are all pa	States	Share of		Disproportionate	Code V-UBI		
		(state or foreign country)	income (related, unrelated, excluded	501(c)(3)	5 D	total income	end-of-year assets	afocations?	of Schedule K-1	partner	diusteuwo
			section 512-514)	Yes No	ž 2			Yes No		Yes No	
(1)											
(2)											
(3)											
(4)											
(5)											
(9)											
ω											
(8)											
(6)											
(10)											
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(12)											
(13)											
(14)											
(15)											
(16)											
									Sche	dule R (Fo	Schedule R (Form 990) 2011

2011 Return Chattanooga - Memorial Health Care System (62-0532345) - 620532345

Part II

Identification of Related Tax-Exempt Organizations (continued)

HEALTHCARE   CO   SOTIC()(3)   9   11-TYPE	(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 entity?
HEALTHCARE   CO   501(C)(3)   9							Yes No
FUNDRAISING   CO   S01(C)(3)   T	(e) CATHOLIC HEALTH INITIATIVES (47-0617373) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	HEALTHCARE	00	501(C)(3)	6	N/A	•
HEALTHCARE   CO   S01(C)(3)   11-TYPE	(9) CATHOLIC HEALTH INITIATIVES COLORADO FOUNDATION (84-0902211) 6385 CORPORATE DRIVE COLORADO SPRINGS CO 80919	FUNDRAISING	00	501(C)(3)	7	CHIC	`
FUNDRAISING   CO   S01(C)(3)   9   9   9   9   9   9   9   9   9		HEALTHCARE	8	501(C)(3)	11 - TYPE I	СНІ	`
HEALTHCARE   CO   S01(C/3)   3   3   3   3   3   3   3   3   3	(11) CATHOLIC HEALTH INITIATIVES NATIONAL FOUNDATION (27- 0930004) 6385 CORPORATE DRIVE. COLORADO SPRINGS. CO 80919	FUNDRAISING		501(C)(3)	6	СНІ	<b>,</b>
SURGERY CNTR   KS   SOI(C)(3) 3   3   3   3   3   3   3   3   3   3	(12) CATHOLIC HEALTH INITIATIVES-COLORADO (84-0405257) 188 INVERNESS DRIVE WEST. ENGLEWOOD, CO 80112	HEALTHCARE		501(C)(3)	3	СНІ	<b>,</b>
SURGERY CNTR   KS   501(C)(3) 3   3   4   4   4   4   4   4   4   4	(13) CENTENNIAL MEDICAL GROUP, INC. (26-3946191) 2700 STEWART PARKWAY, ROSEBURG, OR 97470	PHYSICIANS		501(C)(3)	6	MMC	<i>/</i>
HEALTHCARE   ND   501(C)(3)   11-TYPE     HEALTHCARE   CO   501(C)(3)   11-TYPE     HEALTHCARE   CO   501(C)(3)   11-TYPE     HEALTHCARE   NE   501(C)(3)   11-TYPE     HEALTHCARE   WA   501(C)(3)   3     11-TYPE   WA   501(C)(3)   3     11-TYPE   WA   501(C)(3)   3     11-TYPE   WA   501(C)(3)   3     11-TYPE   WA   501(C)(3)   3     11-TYPE   WA   501(C)(3)   3     11-TYPE   WA   501(C)(3)   9     11-TYPE   WA   501(C)(3)	(14) CENTRAL KANSAS MEDICAL CENTER (48-0543724) 3515 BROADWAY, GREAT BEND, KS 67530	SURGERY CNTR	KS	501(C)(3)	3	СНІ	/
HEALTHCARE   KY   501(C)(3)   11-TYPE     HEALTHCARE   CO   501(C)(3)   9   11-TYPE     HEALTHCARE   CO   501(C)(3)   9   11-TYPE     HEALTHCARE   NE   501(C)(3)   3   11-TYPE     HEALTHCARE   WA   501(C)(3)   3   3   4     HEALTHCARE   KY   501(C)(3)   3   3     HEALTHCARE   KY   501(C)(3)   9   11-TYPE     HEALTHCARE   WA   501(C)(3)   9	(15) CHI HEALTH CONNECT AT HOME - FARGO (27-1966847) 4816 AMBER VALLEY PARKWAY, FARGO, ND 58104	HEALTHCARE		501(C)(3)	3	СНІ	,
HEALTHCARE   CO   501(C)(3)   9   11-TYPE     HEALTHCARE   CO   501(C)(3)   9   11-TYPE     HEALTHCARE   NE   501(C)(3)   11-TYPE     HOME HEALTH   PA   501(C)(3)   11-TYPE     HOME HEALTH   PA   501(C)(3)   3   11-TYPE     HEALTHCARE   KY   501(C)(3)   3   11-TYPE     HEALTHCARE   KY   501(C)(3)   9   11-TYPE     HEALTHCARE   WA   501(C)(3	(16) CHI KENTUCKY, INC (20-2741651) 3900 OLYMPIC BLVD., SUITE 400, ERLANGER, KY 41018	HEALTHCARE		501(C)(3)	11 - TYPE I	CHI	•
HEALTHCARE   CO   S01(C)(3)   11-TYPE     HEALTHCARE   NE   S01(C)(3)   11-TYPE     HEALTHCARE   WA   S01(C)(3)   3     HOME HEALTH   PA   S01(C)(3)   3     HOME HEALTH   PA   S01(C)(3)   3     HEALTHCARE   KY   S01(C)(3)   3     HEALTHCARE   KY   S01(C)(3)   9     HEALTHCARE   WA   S01(C)(3)   9     HEALTHCARE   W	(17) CHI NATIONAL HOME CARE (45-1261716) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	HEALTHCARE		501(C)(3)	11 - TYPE I	CHI NS	<b>,</b>
HEALTHCARE   NE   501(C)(3)   11-TYPE     LTACH   KY   501(C)(3)   3	(18) CHI NATIONAL SERVICES (45-2532084) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	HEALTHCARE	00	501(C)(3)	6	CHI	`
LTACH	(19) CHI NEBRASKA (36-3233121) 6940 O STREET, SUITE 200, LINCOLN, NE 68510	HEALTHCARE	NE	501(C)(3)	11 - TYPE I	CHI	`
HOME HEALTH PA   501(C)(3)   11-TYPE		LТАСН		501(C)(3)	3	SJHS	`
HEALTHCARE   WA   501(C)(3)   3   11-TYPE	(21) COVENANT HOME CARE (23-2018429) 1223 POTTSVILLE PIKE, SHOEMAKERSVILLE, PA 19555	НОМЕ НЕАLTH	PA	501(C)(3)	11 - TYPE II	N/A	•
- HEALTHCARE KY 501(C)(3) 3 FUNDRAISING KY 501(C)(3) 9 TEM HEALTHCARE WA 501(C)(3) 9 HEALTHCARE WA 501(C)(3) 9 HEALTHCARE WA 501(C)(3) 9	(22) ENUMCLAW REGIONAL HOSPITAL ASSOCIATION (91-0715805) 1450 BATTERSBY AVENUE, ENUMCLAW, WA 98022	HEALTHCARE		501(C)(3)	3	FHS	,
FUNDRAISING         KY         501(C)(3)         11 - TYPE I           TEM         HEALTHCARE         WA         501(C)(3)         3           HEALTHCARE         WA         501(C)(3)         9           HEALTHCARE         WA         501(C)(3)         9	(23) FLAGET HEALTHCARE, D/B/A FLAGET MEMORIAL HOSPITAL (61-1345363) 4305 NEW SHEPHERDSVILLE ROAD, BARDSTOWN, KY 40004	HEALTHCARE		501(C)(3)	3	КОН	`
TEM         HEALTHCARE         WA         501(C)(3)         9           HEALTHCARE         WA         501(C)(3)         3           HEALTHCARE         WA         501(C)(3)         9	(24) FLAGET MEMORIAL HOSPITAL FOUNDATION, INC (56-2351341) 4305 NEW SHEPHERDSVILLE ROAD, BARDSTOWN, KY 40004	FUNDRAISING	KY	501(C)(3)	11 - TYPE I	H	`
TEM         HEALTHCARE         WA         501(C)(3)         3           HEALTHCARE         WA         501(C)(3)         9	(25) FRANCISCAN FOUNDATION (91-1145592) 1717 SOUTH J STREET, TACOMA, WA 98405	FUNDRAISING	WA	501(C)(3)	6	FHS	`
HEALTHCARE WA 501(C)(3) 9	(28) FRANCISCAN HEALTH SYSTEM FKA FRANCISCAN HEALTH SYSTEM WEST (91-0564491) 1717 SOUTH J STREET, TACOMA, WA 98405	HEALTHCARE		501(C)(3)	8	СНІ	`
C (39-1093829) HEAI THCARE WI 501(C)(3) 9	(27) FRANCISCAN MEDICAL GROUP (91-1939739) 1708 SOUTH YAKIMA AVENUE, TACOMA, WA 98405	HEALTHCARE		501(C)(3)	8	FHS	•
	(28) FRANCISCAN VILLA OF SOUTH MILWAUKEE, INC (39-1093829) 3601 SOUTH CHICAGO AVENUE, SOUTH MILWAUKEE, WI 53172	HEALTHCARE	WI	501(C)(3)	6	CHI	<b>,</b>
(28) GETTYSBURG MEDICAL CENTER (46-0234354) HEALTHCARE SD 501(C)(3) 3 SMHC		HEALTHCARE		501(C)(3)	3	SMHC	•

(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 (resection 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?
						Yes No
606 EAST GARFIELD AVENUE, GETTYSBURG, SD 57442						
	MINISTRIES	00	501(C)(3)	11 - TYPE I	CHI	`>
TH SCIENCE (31-	EDUCATION	Ю	501(C)(3)	2	СSН	`
SINCINNATI, INC. (31-1206047) SINNATI, OH 45206	FUNDRAISING	Ю	501(C)(3)	11 - TYPE I	GSH	<b>&gt;</b>
	HEALTHCARE	NE	501(C)(3)	9	CHI NEBRASKA	`
N (47-0659443)	FUNDRAISING	NE	501(C)(3)	7	GSH	<b>&gt;</b>
	LOW INC.CARE	00	501(C)(3)	7	CHIC	`
61782)	FUNDRAISING	MN	501(C)(3)	11 - TYPE I	SFMC	`
3050777)	HEALTHCARE	MD	501(C)(3)	6	SJMC	`
	SHELTER	IA	501(C)(3)	7	CHI-IA CORP	<b>&gt;</b>
EALTHCARE (61-1029768) E, KY 40202	HEALTHCARE	KY	501(C)(3)	3	КОН	<b>&gt;</b>
	HEALTHCARE	KY	501(C)(3)	6	лн Вмн	<b>&gt;</b>
ES, INC (61-1029769)	HEALTHCARE	KY	501(C)(3)	6	띥	`,
	HEALTHCARE	WN	501(C)(3)	3	CHI	`
0	SENIOR LIVING	or	501(C)(3)	6	MMC	`,
	HEALTHCARE	DN	501(C)(3)	3	CHI	`,
ON (62-1839548) 4	FUNDRAISING	N.	501(C)(3)	7	MHCS	<b>`</b>
	HEALTHCARE	NL	501(C)(3)	3	CHI	`
3-0417049)	HEALTHCARE	N.	501(C)(3)	6	MHCS	`
	AUXILIARY	IA	501(C)(3)	11 - TYPE I	CHI-IA CORP	`,
	PHYSICIAN	ΙĄ	501(C)(3)	6	CHI-IA CORP	`
ES (42-1511682)	EDUCATION	1 <b>A</b>	501(C)(3)	2	CHI-IA CORP	`>
)	FUNDRAISING	IA.	501(C)(3)	7	CHI-IA CORP	`,
(82) MERCY FOUNDATION, INC. (93-6088946) 2700 STEWART PARKWAY, ROSEBURG, OR 97470	FUNDRAISING	oR	501(C)(3)	7	MMC	`
)64)	FUNDRAISING	NE	501(C)(3)	11 - TYPE I	АНМН	<u> </u>

(a) Name, address and EIN of related organization	(b) Primary Activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code	(e) Public charity status (if section	(f) Direct controlling entity	(g) Section 512(b)(13)
	•					controlled entity?
(64) MERCY HEALTHCARE FOUNDATION (45-0226553) 570 CHAUTAUQUA BOULEVARD, VALLEY CITY, ND 58072	FUNDRAISING	ND	501(C)(3)	11 - TYPE I	MHVC	<i>,</i>
(55) MERCY HOSPITAL FOUNDATION, COUNCIL BLUFFS (42-1178204) 800 MERCY DRIVE, COUNCIL BLUFFS, IA 51503	FUNDRAISING	ΙA	501(C)(3)	11 - TYPE I	АНВМНЅ	`
(56) MERCY HOSPITAL OF DEVILS LAKE (45-0227012) 1031 SEVENTH STREET NE, DEVILS LAKE, ND 58301	HEALTHCARE	ND	501(C)(3)	3	띥	`
(57) MERCY HOSPITAL OF VALLEY CITY (45-0226553) 570 CHAUTAUQUA BOULEVARD, VALLEY CITY, ND 58072	HEALTHCARE	ND	501(C)(3)	3	딩	`
(sa) MERCY MEDICAL CENTER (93-0386868) 2700 STEWART PARKWAY, ROSEBURG, OR 97470	HEALTHCARE	OR	501(C)(3)	3	CHI	`
(sa) MERCY MEDICAL CENTER (45-0231183) 1301 15TH AVENUE WEST, WILLISTON, ND 58801	HEALTHCARE	ND	501(C)(3)	3	띥	`
(60) CATHOLIC HEALTH INITIATIVES-IOWA CORP DBA MERCY MEDICAL CENTER-DES MOINES (42-0680448) 1111 6TH AVENUE, DES MOINES, IA 50314	HEALTHCARE	VI	501(C)(3)	က	CHI	<b>,</b>
(61) MERCY MEDICAL FOUNDATION (45-0381803) 1301 15TH AVENUE WEST, WILLISTON, ND 58801	FUNDRAISING	ND	501(C)(3)	11 - TYPE I	ММС	<b>,</b>
TES, INC. (42-1470935)	PHYSICIAN	VI	501(C)(3)	6	CHI-IA CORP	,
	PROPERTY MGMT	МО	501(C)(3)	11 - TYPE I	SJRMC	<b>&gt;</b>
(64) MNMCH, INC. (48-1216238) 220 NORTH PENNSYLVANIA, COLUMBUS, KS 66725	HEALTHCARE	KS	501(C)(3)	3	SJRMC	<u>,</u>
(65) MT ST JOSEPH, INC (93-0386870) 3060 SE STARK STREET, PORTLAND, OR 97214	NURSING CARE	oR	501(C)(3)	6	CHI	`
(cs) NEBRASKA HEART HOSPITAL (39-2031968) 7500 SOUTH 91ST STREET, LINCOLN, NE 68526	HEALTHCARE	NE	501(C)(3)	3	CHI NEBRASKA	`
(	HEALTHCARE	ND	501(C)(3)	3	CHI	`
(68) OAKES COMMUNITY HOSPITAL FOUNDATION (71-0966606) 1200 N. 7TH STREET, OAKES, ND 58474	FUNDRAISING	ND	501(C)(3)	11 - TYPE I	ОСН	`
(89) PUEBLO STEPUP (84-1234295) 1925 EAST ORMAN AVE, SUITE G52, PUEBLO, CO 81004	COMMUNITY	00	501(C)(3)	7	CHIC	`
NGS, CO 80903	LTERM CARE	00	501(C)(3)	7	CHIC	`
(71) SAINT CLARE'S COMMUNITY CARE (22-2876836) 25 POCONO ROAD, DENVILLE, NJ 07834	HEALTHCARE	- N	501(C)(3)	11 - TYPE II	SCHS	`
(72) SAINT CLARE'S FOUNDATION, INC. (22-2502997) 25 POCONO ROAD, DENVILLE, NJ 07834	FUNDRAISING	ΓN	501(C)(3)	7	SCHS	•
(73) SAINT CLARE'S HEALTH SERVICES, INC (22-3639733) 25 POCONO ROAD, DENVILLE, NJ 07834	MANAGEMENT	NJ	501(C)(3)	7	CHI	<b>,</b>
(74) SAINT CLARE'S HOSPITAL (22-3319886) 25 POCONO ROAD, DENVILLE, NJ 07834	HEALTHCARE	NJ	501(C)(3)	3	SCHS	<b>&gt;</b>
ரு SAINT ELIZABETH FOUNDATION (47-0625523) 555 SOUTH 70TH STREET, LINCOLN, NE 68510	FUNDRAISING	NE	501(C)(3)	7	SERMC	`
(78) SAINT ELIZABETH HEALTH SERVICES (36-3233120) 555 SOUTH 70TH STREET, LINCOLN, NE 68510	HEALTHCARE	NE	501(C)(3)	3	SERMC	`
7-0379836)	HEALTHCARE	NE	501(C)(3)	3	CHI NEBRASKA	`
	HEALTHCARE	NE	501(C)(3)	3	CHI NEBRASKA	,

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(a) Name, address and EIN of related organization	(b) Primary Activity	(c) Legal domicile (state or loreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13)	ction (13) entity?
						Yes	٩
2620 WEST FAIDLEY, GRAND ISLAND, NE 68803							
(78) SAINT FRANCIS MEDICAL CENTER FOUNDATION (47-0630267) P.O. BOX 9804, GRAND ISLAND, NE 68802	FUNDRAISING	NE	501(C)(3)	7	SFMC	,	
(60) SAINT JOSEPH BEREA HOSPITAL FOUNDATION, INC. (26-0152877) 305 ESTILL STREET, BEREA, KY 40403	FUNDRAISING	KY	501(C)(3)	7	SJHS	`	
(81) SAINT JOSEPH HEALTH SYSTEM, INC. (61-1334601) 424 LEWIS HARGETT CIRCLE, #160, LEXINGTON, KY 40509	HEALTHCARE	KY	501(C)(3)	3	CHI	`	
(82) SAINT JOSEPH LONDON FOUNDATION, INC. (26-0438748) 310 EAST NINTH STREET, LONDON, KY 40741	FUNDRAISING	KY	501(C)(3)	11 - TYPE I	SHS	,	
(63) SAINT JOSEPH MEDICAL FOUNDATION, INC. (31-1539059) ONE ST. JOSEPH DRIVE, LEXINGTON, KY 40504	PHY PRACTICES	KY	501(C)(3)	3	SJHS	,	
(64) SAINT JOSEPH MOUNT STERLING FOUNDATION, INC (27-2884584) 50 STERLING AVENUE, MOUNT STERLING, KY 40353	FUNDRAISING	KY	501(C)(3)	7	SJHS	,	
(66) SAINT JOSEPH'S HOSPITAL FOUNDATION (36-3418207) 30 WEST 7TH STREET, DICKINSON, ND 58601	FUNDRAISING	ND	501(C)(3)	11 - TYPE I	SJHHC	`	
(66) SAMARITAN BEHAVIORAL HEALTH (02-0633634) 601 S. EDWIN C. MOSES BLVD., DAYTON, OH 45408	HEALTHCARE	ОН	501(C)(3)	3	SHP	,	
(87) SAMARITAN HEALTH FOUNDATION (23-7296923) 2222 PHILADELPHIA DRIVE, DAYTON, OH 45406	FUNDRAISING	Ю	501(C)(3)	7	SHP	`	
(89) SAMARITAN HEALTH PARTNERS (31-1107411) 2222 PHILADELPHIA DRIVE, DAYTON, OH 45406	HEALTHCARE	ОН	501(C)(3)	11 - TYPE I	동	,	
(69) SJMGROUP (43-1882377) 2727 MCCLELLAND BLVD, JOPLIN, MO 64804	PHYS PRACTICE	МО	501(C)(3)	6	SJRMC	<b>`</b>	
(60) SJRMC, JOPLIN MISSOURI (44-0545809) 2727 MCCLELLAND BLVD, JOPLIN, MO 64804	HEALTHCARE	МО	501(C)(3)	3	CHI	`	
(91) ST JOSEPH HEALTH MINISTRIES (23-2342997) 1929 LINCOLN HWY E, STE 150, LANCASTER, PA 17602	неастн	PA	501(C)(3)	11 - TYPE I	댕	,	
(82) ST. ANTHONY HOSPITAL (93-0391614) 1601 S.E. COURT AVENUE, PENDLETON, OR 97801	HEALTHCARE	OR	501(C)(3)	3	댕	`	
(83) ST. ANTHONY HOSPITAL FOUNDATION (83-0892727) 1601 S.E. COURT AVENUE, PENDLETON, OR 97801	FUNDRAISING	OR	501(C)(3)	11 - TYPE I	SA HOSPITAL	•	
(84) ST. ANTHONY'S HOSPITAL ASSOCIATION (71-0245507) FOUR HOSPITAL DRIVE, MORRILTON, AR 72110	HEALTHCARE	AR	501(C)(3)	3	SVIMC	`	
(85) ST. CATHERINE HOSPITAL (48-0543721) 401 EAST SPRUCE STREET, GARDEN CITY, KS 67846	HEALTHCARE	KS	501(C)(3)	3	댕	`	
(%) ST. CATHERINE HOSPITAL DEVELOPMENT FOUNDATION (20-0598702) 401 FAST SPRUCE STREET, GARDEN CITY, KS 67846	FUNDRAISING	. KS	501(C)(3)	11 - TYPE !	SCH	`	
(gn. ST. DOMINIC OF ONTARIO, OREGON (93-0433692) 351 S.W. 9TH STREET, ONTARIO, OR 97914	HEALTHCARE	OR	501(C)(3)	3	СНІ	,	
(89) ST. FRANCIS HOME (41-0729978) 2400 ST. FRANCIS DRIVE, BRECKENRIDGE, MN 56520	LTERM CARE	MN	501(C)(3)	6	띥	,	
(69) ST. FRANCIS LIFE CARE CORPORATION (22-2536017) 19 POCONO ROAD, DENVILLE, NJ 07834	ELDERLY CARE	NJ	501(C)(3)	6	SCHS	,	Í
(100) ST. FRANCIS MEDICAL CENTER (41-0695598) 2400 ST. FRANCIS DRIVE, BRECKENRIDGE, MN 56520	HEALTHCARE	MN	501(C)(3)	3	띥	,	
(101) ST. FRANCIS OF BAKER CITY (93-0412495) 3325 POCAHONTAS ROAD, BAKER CITY, OR 97814	HEALTHCARE	OR	501(C)(3)	ေ	띥	•	
(102) ST. JOHN'S MERCY REGIONAL FOUNDATION (43-1308084) 2727 MCCLELLAND BLVD, JOPLIN, MO 64804	FUNDRAISING	МО	501(C)(3)	7	SJRMC	<u>,</u>	

(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 entity?
						Yes No
(103) ST. JOSEPH COMMUNITY HEALTH (71-0897107) 300 CENTRAL AVE SW SUITE 3000, ALBUQUERQUE, NM 87102	COMMUNITY	NM	501(C)(3)	11 - TYPE I	СНІ	`
(104) ST. JOSEPH HOSPITAL FOUNDATION, INC. (61-1159649) 305 ESTILL STREET, LEXINGTON, KY 40504	FUNDRAISING	КҮ	501(C)(3)	11 - TYPE I	SJHS	<b>`</b>
(105) ST. JOSEPH MEDICAL CENTER FOUNDATION (23-2649362) 2500 BERNVILLE ROAD, PO BOX 316, READING, PA 19603	FUNDRAISING	PA	501(C)(3)	11 - TYPE I	SJRHN	`
(106) ST. JOSEPH MEDICAL CENTER FOUNDATION, INC. (52-1681044) 7601 OSLER DRIVE, TOWSON, MD 21204	FUNDRAISING	MD	501(C)(3)	7	SJMC	<b>&gt;</b>
(107) ST. JOSEPH MEDICAL CENTER, INC. (52-0591461) 7601 OSLER DRIVE, TOWSON, MD 21204	HEALTHCARE	MD	501(C)(3)	3	CHI	<b>&gt;</b>
(100) ST JOSEPH MEDICAL GROUP (20-8544021) 2500 BERNVILLE ROAD, PO BOX 316, READING, PA 19603	HEALTHCARE	РА	501(C)(3)	6	внс	<b>&gt;</b>
(109) ST. JOSEPH PHYSICIAN ENTERPRISES (52-1311775) 7601 OSLER DRIVE, TOWSON, MD 21204	PHYSICIANS	MD	501(C)(3)	11 - TYPE I	SJMC	,
(110) ST JOSEPH REGIONAL HEALTH NETWORK (23-1352211) 2500 BERNVILLE ROAD, PO BOX 316, READING, PA 19603	HEALTHCARE	РА	501(C)(3)	3	СНІ	<b>,</b>
(111) ST. JOSEPH'S AREA HEALTH SERVICES (41-0695603) 600 PLEASANT AVENUE, PARK RAPIDS, MN 56470	HEALTHCARE	MN	501(C)(3)	3	СНІ	<b>,</b>
(៧រង) ST. JOSEPH'S HOSPITAL AND HEALTH CENTER (45-0226429) 30 WEST 7TH STREET, DICKINSON, ND 58601	HEALTHCARE	QN	501(C)(3)	3	СНІ	<i>,</i>
(113) MERCY MEDICAL CENTER - CENTERVILLE (42-0680308) ONE ST JOSEPH'S DRIVE, CENTERVILLE, IA 52544	HEALTHCARE	۷I	501(C)(3)	3	CHI-IA CORP	<i>&gt;</i>
	HEALTHCARE	NE	501(C)(3)	3	CHI NEBRASKA	·
(115) ST. MARY'S HEALTHCARE CENTER (46-0230199) 801 EAST SIOUX AVENUE, PIERRE, SD 57501	HEALTHCARE	SD	501(C)(3)	3	СНІ	<i>&gt;</i>
4)	FUNDRAISING	NE	501(C)(3)	7	SMH	<b>&gt;</b>
	FUNDRAISING	AR	501(C)(3)	11 - TYPE I	SVIMC	<b>&gt;</b>
(118) ST. VINCENT INFIRMARY MEDICAL CENTER (71-0236917) TWO ST. VINCENT CIRCLE, LITTLE ROCK, AR 72205	HEALTHCARE	AR	501(C)(3)	3	СНІ	<b>,</b>
(119) ST. VINCENT MEDICAL GROUP (71-0830696) TWO ST. VINCENT CIRCLE, LITTLE ROCK, AR 72205	HEALTHCARE	AR	501(C)(3)	6	SVIMC	<b>,</b>
(120) THE COMMUNITY LIMITED CARE DIALYSIS CENTER (23-7419853) 619 OAK STREET, ACCOUNTING-3 W, CINCINNATI, OH 45206	DIALYSIS	Ю	501(C)(2)		СЅН	`
(121) THE GOOD SAMARITAN HOSPITAL OF CINCINNATI, OH (31-0537486) 619 OAK STREET, ACCOUNTING-3 W, CINCINNATI, OH 45206	HEALTHCARE	ЮН	501(C)(3)	3	CHI	`
(122) THE MERCY HOSPITAL OF DEVILS LAKE FDN (35-2367360) 1031 SEVENTH STREET NE, DEVILS LAKE, ND 58301	FUNDRAISING	ND DV	501(C)(3)	7	MHDL	<b>&gt;</b>
(123) THE PHYSICIAN NETWORK (47-0780857) 2000 Q STREET, SUITE 500, LINCOLN, NE 68503	PHYS PRACTICE	E.	501(C)(3)	11 - TYPE I	CHI NEBRASKA	<b>\</b>
(124) TOTAL HEALTHCARE (84-0927232) 188 INVERNESS DRIVE WEST, SUITE 500, ENGLEWOOD, CO 80112	HEALTHCARE	00	501(C)(3)	3	СНІС	<b>\</b>
(125) UNITY FAMILY HEALTHCARE (41-0721642) 815 2ND STREET SE, LITTLE FALLS, MN 56345	HEALTHCARE	MN	501(C)(3)	3	СНІ	<b>,</b>
(128) VILLA NAZARETH, INC. (45-0226714) 801 PAGE DRIVE, FARGO, ND 58103	LT CARE	ND	501(C)(3)	. 6	СНІ	•
(127) VISITING NURSE ASSOCIATION OF SAINT CLARE'S (22-1768334) 191 WOODPORT ROAD, SPARTA, NJ 07871	номе неастн	- Z	501(C)(3)	6	SCHS	•

3
-694,032 <b>v</b>
-694,032 -2,537,888 1,013,237
34,991 -694,033 -2,862,040 -2,537,886 57,545 1,013,233 -92,336 745,068 1,835,812 2,199,57
7, 2,8
RELATED RELATED RELATED RELATED RELATED
AHBMHS R SJHS R R R R R R R R R R R R R R R R R R R
REAL ESTATE CO HEALTHCARE NE PHYS OFFICE TN
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FOOD IN ACADEMY BLVD CLITTE 300 COLODADO

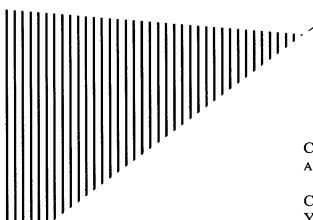
(a) Name, address and EIN of related organization (b) Primary Activity	(b) Primary Activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income income related, unrelated, excluded from fax under sections 512-514	(f) Share of (g) Share of total income end-of-year assets		(h) Dispropor tionate allocation s?	(i) Code V - UBI amount in box 20 of Schedule K- 1 (Form 1065)	General or managing partner?	(k) li Percentage ownership
MD 21204							1			
(16) SAINT JOSEPH - SCA HOLDINGS, LLC (45- 3801157) 34011571 EXNGTON, KY 40503	OP SURGERY	DE	SJHS	RELATED			<b>&gt;</b>		`	51
GERY CENTER OF 886840) R WAY, LOUISVILLE, KY	SURGERY CENTER	Ϋ́	Нſ	RELATED	68,676	446,063	<b>&gt;</b>		<b>,</b>	51
(18) ST FRANCIS LAND COMPANY (26-3134100) 5390 N ACADEMY BLVD SUITE 300, COLORADO SPRINGS, CO 80918	REAL ESTATE	00	СНІС	RELATED	-130,967	408,090	``		`	51
(19) ST. FRANCIS MEDICAL CENTER ASSOCIATES (91-1352698) 1717 SOUTH J STREET, TACOMA, WA 98405	MED. OFFICE	WA	FHS	RELATED	110,986	1,672,098	<b>&gt;</b>			54.21
(20) ST. JOSEPH-PAML, LLC (45-2116736) 424 LEWIS HARGETT CIRCLE, STE 160, LEXINGTON, KY 40503	MGMT SVCS	KY	SHIS	RELATED			>		`	62.5
(21) SUPERIOR MEDICAL IMAGING, LLC (26- 2884555) 5000 NORTH 26TH STREET, LINCOLN, NE 68521	OP DIAGNOSTICS	NE	SERMC	RELATED	-254,775	796,941	`	0		51
(22) SURGERY CENTER OF LEXINGTON, LLC (62-179539) 424 LEWIS HARGETT CIRCLE, STE 160, LEXINGTON, KY 40503	SURGERY CENTER	DE	SHCS	RELATED	393,519	2,214,599	<u> </u>		<b>`</b>	51
(23) SURGERY CENTER OF LOUISVILLE, LLC (62-179537) 200 ABRAHAM FLEXNER WAY, LOUISVILLE, KY 40202	SURGERY CENTER	Ķ	H	RELATED	-3,676	395,845	•		<u> </u>	51

(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
(a) CGH REALTY COMPANY, INC (23-2326801) 215 N. 12TH ST. READING, PA 19603	REAL ESTATE	PA	SJHM	C CORPORATION			100
(9) COMCARE SERVICES (84-0904813) 4231 W 16TH AVENUE, DENVER, CO 80204	INACTIVE	00	CHIC	C CORPORATION	0	0	100
(10) CONSOLIDATED HEALTH SERVICES (31-1378212) 1700 EDISON DRIVE, MILFORD, OH 45150	НОМЕ НЕАLTH	ЮН	СНІ	C CORPORATION	-1,525,246	65,844,862	100
(11) DAVID DEYLE CHARITABLE REMAINDER UNITRUST (47-6192395) PO BOX 1810, KEARNEY. NE 68848	INVESTMENTS	ШN	GSHF	TRUST			100
(12) DES MOINES MEDICAL CENTER INC (42-0837382) 1111 6TH AVENUE, DES MOINES, IA 50314	REAL ESTATE	ΙĄ	CHI-IA CORP	C CORPORATION	71,497	1,221,667	95 98
(13) FIRST INITIATIVES INSURANCE, LTD (98-0203038) PO BOX 10073, APO, GEORGETOWN, GRAND CAYMAN, KY1-1001, C.J	INSURANCE	ខ	СНІ	C CORPORATION	0	0	100
(14) FRANCISCAN SERVICES, INC. (23-2487967) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	HEALTHCARE	၀၁	СНІ	C CORPORATION	-5,719	5,837,142	100
440)	MEDICAL CLINIC	NE	CHI NEBRASKA	C CORPORATION	-165,666	355,110	100
(18) HAROLD W. RASE 1995 CHARITABLE UNITRUST (45-6090420) 30 WEST 7TH STREET, DICKINSON, ND 58601	INVESTMENTS	ND	SJHHC	TRUST	1,240	22,148	100
เก HAROLD W. RASE 1996 CHARITABLE UNITRUST (20-6037112) 30 WEST 7TH STREET, DICKINSON, ND 58601	INVESTMENTS	ND	SJHHC	TRUST	1,057	15,462	100
(18) HAROLD W RASE 1997 CHARITABLE UNITRUST (20-6037104) 30 WEST 7TH STREET, DICKINSON, ND 58601	INVESTMENTS	ND	SJHHC	TRUST	0	20,520	100
(19) HAROLD W. RASE 1999 CHARITABLE UNITRUST (20-6037099) 30 WEST 7TH STREET, DICKINSON, ND 58601	INVESTMENTS	ON	SJHHC	TRUST	0	25,036	100
(20) HEALTH SYSTEMS ENTERPRISES, INC (47-0664558) PO BOX 1990, KEARNEY, NE 68848	MANAGEMENT	NE	GSH	C CORPORATION	102,136	1,443,049	100
(21) HEALTHCARE MGMT. SERVICES ORG, INC. (91-1865474) 1149 MARKET ST., TACOMA, WA 98402	неастн окс.	WA	FHS	C CORPORATION	0	0	100
(22) JAMES & HENRIETTA NISTLER UNITRUST (20-6021899) 30 WEST 7TH STREET, DICKINSON, ND 58601	INVESTMENTS	ON	SJHHC	TRUST	692	39,075	100
(23) JEANNE DEYLE CHARITABLE REMAINDER UNITRUST (47-6192388) PO BOX 1810, KEARNEY, NE 68848	INVESTMENTS	NE	GSHF	TRUST			100
(24) JOSEPH A SCHUSTER ANNUITY TRUST #1 (42-1195122) 400 UNIVERSITY AVENUE, DES MOINES, IA 50314	INVESTMENTS	IA	MFDM	TRUST	7,834	416,349	100
(25) LODESCA MILLER CHARITABLE REMAINDER UNITRUST (47-6186933) PO BOX 1810, KEARNEY, NE 68848	INVESTMENTS	IJ N	GSHF	TRUST			100
(26) MEDQUEST (45-0392137) 1301 15TH AVENUE WEST, WILLISTON, ND 58801	SALE OF DME	QN	MMC WILLISTON	C CORPORATION	151,498	962,554	100
(27) MERCY PARK APARTMENTS, LTD (42-1202422) 1111 6TH AVENUE, DES MOINES, IA 50314	HOUSING	ΙΑ	CHI-IA CORP	C CORPORATION	369,905	1,937,220	100
(28) MERCY SERVICES CORP (93-0824308) 2700 STEWART PARKWAY, ROSEBURG, OR 97470	RETAIL SALES	OR	MMC	C CORPORATION	0	956,003	100
(28) MHSERVICES CORPORATION (43-1457881) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	DME	МО	SJRMC	C CORPORATION	4,061	0	100
(30) MOUNTAIN MANAGEMENT SERVICES INC (62-1570739)	MGMT SVC	N <u>L</u>	MHCS	U	93,155	5,085,031.77	100

(a) Name, address and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or toreign 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
5600 BRAINERD ROAD, SUITE 500, CHATTANOOGA, TN 37411	ORG			CORPORATION			
(31) NAZARETH ASSURANCE COMPANY (03-0304831) PO BOX 10073, APO, GEORGETOWN, GRAND CAYMAN, KY1-1001, CJ	INSURANCE	ري د	СНІ	C CORPORATION	0	0	100
(32) PATIENT TRANSPORT SERVICES, INC. (31-1100798) 1700 EDISON DRIVE, MILFORD, OH 45150	НОМЕ НЕАLTH	ЮН	ANC	C CORPORATION	479,940		100
(33) PHYSICIAN HEALTH SYSTEM NETWORK (91-1746721) 1149 MARKET ST., TACOMA, WA 98402	НЕАLТН ОRG.	WA	FHS	C CORPORATION	0	0	100
(34) RAY & SHIRLEY DAVID 1999 UNITRUST (20-6037077) 30 WEST 7TH STREET, DICKINSON, ND 58601	INVESTMENTS	ND	SJHHC	TRUST	0	26,110	100
(35) ROBERT & WANDA CHARITABLE REMAINDER UNITRUST (26- 6191916) PO BOX 1810, KEARNEY, NE 68848	INVESTMENTS	NE	GSHF	TRUST			100
(36) SAINT CLARE"S PRIMARY CARE, INC. (22-2441202) 66 FORD ROAD, DENVILLE, NJ 07834	BILLING SERVICES	N	၁၁၁Տ	C CORPORATION	469,962	1,772,016	100
(ภา SAMARITAN FAMILY CARE, INC. (31-1299450) 40 W. FOURTH ST, #1700, DAYTON, OH 45402	HEALTHCARE	ОН	SHP	C CORPORATION			100
(38) SJH SERVICES CORPORATION (23-2307408) 198 INVERNESS DRIVE WEST, ENGLEWOOD, CO 80112	HEALTHCARE	00	FSI	C CORPORATION	-192,777	2,973,858	100
(39) SJL PHYSICIAN MANAGEMENT SERVICES, INC. (27-0164198) 424 LEWIS HARGETT CR #160, LEXINGTON, KY 40503	MANAGEMENT	KY	SJHS	C CORPORATION	0	0	100
(40) ST ANTHONY DEVELOPMENT COMPANY (93-1216943) 1415 SOUTHGATE, PENDLETON, OR 97801	ATHLETIC CLUB	or	SAH	C CORPORATION	92,139	3,007,550	100
(41) ST VINCENT COMMUNITY HEALTH SERVICES, INC. (71- 0710785) TWO ST VINCENT CIRCLE, LITTLE ROCK, AR 72205	HEALTHCARE	AR	SVIMC	C CORPORATION	2,804,485	14,049,374	100
(42) ST JOSEPH DEVELOPMENT COMPANY, INC. (91-1480569) 1717 SOUTH J STREET, TACOMA, WA 98405	RENTAL	WA	FSI	C CORPORATION	63,164	11,845,439	100
(43) ST. JOSEPH OFFICE PARK ASSOCIATION (61-1079899) 1401 HARRODSBURG ROAD, BLDG B70, LEXINGTON, KY 40504	MANAGEMENT	KY	SJHS	C CORPORATION		882,139	85
(4) TOM DEYLE CHARITABLE REMAINDER UNITRUST (47-6192393) PO BOX 1810, KEARNEY, NE 68848	INVESTMENTS	N.	GSHF	TRUST			100
(48) TOWSON MANAGEMENT, INC. (52-1710750) 7601 OSLER DRIVE, TOWSON, MD 21204	MANAGEMENT SERVICES	MD	FSI	C CORPORATION	(325,476)	266,960	100

Transactions with Related Organizations (continued) Part V

(a) Name of other organization	(b) Transaction type (a-r)	(c) Amount Involved	(f) Method of determining amount involved
(η) MHP FOUNDATION	S	3,207,166 FMV	-MV
(8) MOUNTAIN MANAGEMENT SERVICES	N	338,146 FMV	:MV
(9) MOUNTAIN MANAGEMENT SERVICES	Д	26,480,000 FMV	-MV
(10) MEMORIAL HEALTH CARE SYSTEM FOUNDATION	7	258,794 FMV	:MV



CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Catholic Health Initiatives Years Ended June 30, 2012 and 2011 With Report of Independent Auditors

Ernst & Young LLP



# Catholic Health Initiatives Consolidated Financial Statements and Supplemental Information

Years Ended June 30, 2012 and 2011

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# Report of Independent Auditors

Board of Stewardship Trustees Catholic Health Initiatives

We have audited the accompanying consolidated balance sheets of Catholic Health Initiatives (CHI) as of June 30, 2012 and 2011, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of CHI's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Alegent Health-Bergan Mercy Health System, a wholly sponsored direct affiliate of CHI, which statements reflect total assets of \$716 million and \$708 million as of June 30, 2012 and 2011, respectively, and total revenues of \$452 million and \$466 million, respectively, for the years then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Alegent Health-Bergan Mercy Health System, is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of CHI's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CHI's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Catholic Health Initiatives at June 30, 2012 and 2011, and the consolidated results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Ernst + Young LLP

September 18, 2012

# Catholic Health Initiatives Consolidated Balance Sheets

Assets Current assets: Cash and equivalents  2012 (In Thorematical Contract of the Contract of	2011 usands) \$ 449,674
Assets Current assets:	•
Current assets:	\$ 449,674
	\$ 449,674
Cash and equivalents \$ 403.972	\$ 449,674
Net patient accounts receivable, less allowances of	
\$687,631 and \$636,815 in 2012 and 2011, respectively <b>1,353,928</b>	1,090,882
Other accounts receivable 116,607	105,361
Current portion of investments and assets limited as to use 1,901	19,554
Inventories 185,571	163,387
Assets held for sale 474,990	497,545
Prepaid and other 87,179	68,214
Total current assets 2,624,148	2,394,617
Investments and assets limited as to use:	
Internally designated for capital and other funds 4,588,519	4,617,181
Mission and Ministry Fund 110,918	117,832
Capital Resource Pool 320,218	268,690
Held by trustees 228	229
Held for insurance purposes 745,127	739,071
Restricted by donors 171,123	146,569
Total investments and assets limited as to use 5,936,133	5,889,572
Property and equipment, net 5,347,475	4,546,748
Deferred financing costs 28,717	23,699
Investments in unconsolidated organizations 307,918	343,640
Intangible assets and goodwill, net 162,880	55,617
Notes receivable and other 605,113	639,466
Total assets \$ 15,012,384	\$ 13,893,359

Continued on following page

# Catholic Health Initiatives Consolidated Balance Sheets (continued)

	Jun	e 30	)
	2012		2011
	(In Tho	usai	nds)
Liabilities and net assets			
Current liabilities:			
Compensation and benefits	\$ 418,597	\$	384,095
Third-party liabilities	76,660		62,034
Accounts payable and accrued expenses	718,897		585,750
Liabilities held for sale	103,633		104,611
Variable-rate debt with self liquidity	321,455		163,400
Commercial paper and current portion of debt	643,083		836,201
Total current liabilities	2,282,325		2,136,091
Pension liability	892,820		315,523
Self-insured reserves and claims	513,584		448,940
Other liabilities	236,763		215,231
Long-term debt	3,778,709		3,135,225
Total liabilities	7,704,201		6,251,010
Net assets:			
Net assets attributable to CHI	6,922,466		7,448,161
Net assets attributable to noncontrolling interests	180,863		8,967
Unrestricted	7,103,329		7,457,128
Temporarily restricted	136,821		122,795
Permanently restricted	68,033		62,426
Total net assets	7,308,183		7,642,349
Total liabilities and net assets	\$ 15,012,384	\$	13,893,359

See accompanying notes.

## Catholic Health Initiatives Consolidated Statements of Operations

	Year Ended June 30			
		2012	2011	
		(In Thousan	ids)	
Revenues:				
Net patient services	\$	9,223,859 \$	8,316,852	
Nonpatient:				
Donations		27,968	23,425	
Changes in equity of unconsolidated organizations		22,934	33,835	
Investment income used in operations		37,169	30,475	
Other		532,341	431,863	
Total nonpatient revenues		620,412	519,598	
Total operating revenues		9,844,271	8,836,450	
Expenses:				
Salaries and wages		3,776,388	3,339,440	
Employee benefits		749,055	700,293	
Purchased services, medical professional fees, consulting and legal		925,427	750,323	
Supplies		1,566,367	1,431,037	
Bad debts		709,654	691,218	
Utilities		120,205	105,777	
Rentals, leases, maintenance and insurance		523,076	462,786	
Depreciation and amortization		473,773	434,652	
Interest		129,648	117,179	
Other		511,125	464,615	
Total operating expenses before restructuring, impairment				
and other losses		9,484,718	8,497,320	
Income from operations before restructuring, impairment				
and other losses		359,553	339,130	
Restructuring, impairment and other losses		47,735	20,363	
Income from operations		311,818	318,767	
Nonoperating gains (losses):				
Investment income, net		19,829	803,554	
Loss on defeasance of bonds		(70,555)	, <u> </u>	
Realized and unrealized losses on interest rate swaps		(153,411)	(4,870)	
Other nonoperating (losses) gains		(12,215)	16,462	
Total nonoperating (losses) gains		(216,352)	815,146	
Excess of revenues over expenses	\$	95,466 \$	1,133,913	
Excess of revenues over expenses attributable to noncontrolling interest	<u>\$</u>	537 \$	3,298	
Excess of revenues over expenses attributable to CHI	<u>\$</u>	94,929 \$	1,130,615	

Community benefit provided to the poor and broader community and the unpaid cost of Medicare (unaudited) was \$1.1 billion in each of 2012 and 2011 (see Note 2 of the accompanying notes).

Catholic Health Initiatives
Consolidated Statements of Changes in Net Assets
(In Thousands)

	İ	Uni	restricte	Unrestricted Net Assets	ts							
	Ā	Attributable to CHI	Attribi Noncoi Inte	Attributable to Noncontrolling Interests	Tc	Total	Tem Restr	Temporarily Restricted Net Assets	Perm Restri	Permanently Restricted Net Assets	Ĭ \	Total Net Assets
Balances, June 30, 2010	∽	5,875,377	<b>↔</b>	8,204	\$,5,	5,883,581	<del>60</del>	112,207	<del>60</del>	53,408	<b>∽</b>	6,049,196
Excess of revenues over expenses		1,130,615		3,298	<u>-</u>	1,133,913		ı		1		1,133,913
Net loss from discontinued operations		(13,231)		I		(13,231)		I		I		(13,231)
Decrease in pension liability		404,768		I	•	404,768		ı		I		404,768
Temporarily and permanently restricted contributions		I		1		l		44,502		3,803		48,305
Net assets released from restriction for capital		26,270		ı		26,270		(26,270)		ı		I
Net assets released from restriction for operations		I		ı		I		(13,868)		ı		(13,868)
Investment income		I		1		1		7,718		1,737		9,455
Other changes in net assets		24,362		(2,535)		21,827		(1,494)		3,478		23,811
Net increase in net assets		1,572,784		292	1,	1,573,547		10,588		9,018		1,593,153
Balances, June 30, 2011		7,448,161		8,967	7,	7,457,128		122,795		62,426		7,642,349
Excess of revenues over expenses		94,929		537		95,466		ı		ı		95,466
Net loss from discontinued operations		(45,177)		ı		(45,177)		ŀ		I		(45,177)
Increase in pension liability		(618,141)		(878)	ڪ	(619,019)		I		ı		(619,019)
Temporarily and permanently restricted contributions		ı		ı		ı		39,117		(122)		38,995
Net assets released from restriction for capital		18,119		1		18,119		(18,119)		ı		ı
Net assets released from restriction for operations		I		I		ı		(19,689)		ı		(19,689)
Investment income		232		ı		232		1,007		47		1,286
KentuckyOne Health noncontrolling interest		ı		181,551	•	181,551		I		ı		181,551
Other changes in net assets		24,343		(9,314)		15,029		11,710		5,682		32,421
Net (decrease) increase in net assets		(525,695)		171,896		(353,799)		14,026		2,607		(334,166)
Balances, June 30, 2012	S	6,922,466	8	180,863	\$ 7.	7,103,329	S	136,821	€	68,033	S	7,308,183

See accompanying notes.

## Catholic Health Initiatives Consolidated Statements of Cash Flows

		Year Ended June 30		
		2012	2011	
		(In Thousands	)	
Operating activities				
(Decrease) increase in net assets	\$	(334,166) \$	1,593,153	
Adjustments to reconcile (decrease) increase in net assets to				
net cash provided by operating activities				
Depreciation and amortization		473,773	434,652	
Provision for bad debts		709,654	691,218	
Changes in equity of unconsolidated organizations		(22,934)	(33,835)	
Net gains on sales of facilities and investments in unconsolidated				
organizations		(57,383)	(3,540)	
Noncash operating expenses related to restructuring,		. , ,	(,,,	
impairment and other losses		16,024	9,644	
Loss on defeasance of bonds		70,555	_	
Decrease (increase) in fair value of interest rate swaps		121,949	(26,876)	
Increase (decrease) in unfunded pension liability		601,990	(404,768)	
Net changes in current assets and liabilities		001,>>0	(101,700)	
Net patient and other accounts receivable		(883,703)	(710,994)	
Other current assets		(10,992)	(20,318)	
Current liabilities		2,771	(40,549)	
Noncontrolling equity of acquisition of JHSMH			(40,549)	
Other changes		(181,551)	21.452	
Net cash provided by operating activities before net change in		(75,749)	21,452	
investments and assets limited as to use		420.220	1 500 220	
		430,238	1,509,239	
Net decrease (increase) in investments and assets limited as to use		286,773	(729,424)	
Net cash provided by operating activities		717,011	779,815	
Investing activities				
Purchases of property, equipment and other capital assets		(861,034)	(761,713)	
Purchase of CHS, net of cash acquired		_	(35,533)	
Purchase of NHH, net of cash acquired		(130,982)	_	
Purchase of JHSMH, net of cash acquired		(28,685)		
Net cash proceeds from asset sales		22,159	4,992	
Distributions from investments in unconsolidated organizations		40,214	44,748	
Cash from net repayments (issuances) of notes receivable		29,740	(4,635)	
Other changes		21,373	6,889	
Net cash used in investing activities		(907,215)	(745,252)	
Financing activities				
Proceeds from bank loan and issuance of long-term debt		1,126,463	276,598	
Net costs associated with issuance of long-term debt		(8,855)		
Repayment of long-term debt		(973,106)	(355,974)	
Net cash provided by (used in) financing activities		144,502	(79,376)	
The same provided by (about m) immining above the		144,302	(17,510)	
Decrease in cash and equivalents		(45,702)	(44,813)	
Cash and equivalents at beginning of year		449,674	494,487	
Cash and equivalents at end of year	\$	403,972 \$	449,674	
Supplemental disclosures of cash flow information				
Cash paid during the year for interest, including amounts capitalized	_\$	151,837 \$	149,822	

See accompanying notes

June 30, 2012

### 1. Summary of Significant Accounting Policies

## Organization

Catholic Health Initiatives (CHI), established in 1996, is a tax-exempt Colorado corporation and has been granted an exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code. CHI sponsors market-based organizations (MBOs) and other facilities in 19 states, including 74 acute-care hospitals, of which 21 are designated as critical access hospitals by the Medicare program, two community health service organizations (CHSOs), two accredited nursing colleges, home health agencies, and 40 other sites including long-term care, assisted living and residential facilities. CHI also has an offshore captive insurance company, First Initiatives Insurance, Ltd. (FIIL).

The mission of CHI is to nurture the healing ministry of the Church, bringing it new life, energy and viability in the 21st century. CHI is committed to fidelity to the Gospel, with emphasis on human dignity and social justice in the creation of healthier communities. CHI is sponsored by a lay-religious partnership, calling on other Catholic sponsors and systems to unite to ensure the future of Catholic health care.

### **Principles of Consolidation**

CHI consolidates all direct affiliates in which it has sole corporate membership or ownership (Direct Affiliates) and all entities in which it has greater than 50% equity interest with commensurate control. All significant intercompany accounts and transactions are eliminated in consolidation.

### Fair Value of Financial Instruments

Financial instruments consist primarily of cash and equivalents, patient accounts receivable, notes receivable, accounts payable and long-term debt. The carrying amounts reported in the consolidated balance sheets for these items approximate fair value.

## Cash and Equivalents

Cash and equivalents include all deposits with banks and investments in interest-bearing securities with maturity dates of 90 days or less from the date of purchase. In addition, cash and equivalents include deposits in short-term funds held by professional managers. The funds generally invest in high-quality, short-term debt securities, including U.S. government securities, securities issued by domestic and foreign banks, such as certificates of deposit and bankers'

### 1. Summary of Significant Accounting Policies (continued)

acceptances, repurchase agreements, asset-backed securities, high-grade commercial paper and corporate short-term obligations.

### Net Patient Accounts Receivable and Net Patient Services Revenues

Net patient accounts receivable has been adjusted to the estimated amounts expected to be collected. These estimated amounts are subject to further adjustments upon review by third-party payors.

The provision for bad debts is based upon management's assessment of historical and expected net collections, taking into consideration historical business and economic conditions, trends in health care coverage and other collection indicators. Management routinely assesses the adequacy of the allowances for uncollectible accounts based upon historical write-off experience by payor category. The results of these reviews are used to modify, as necessary, the provision for bad debts and to establish appropriate allowances for uncollectible net patient accounts receivable. After satisfaction of amounts due from insurance, CHI follows established guidelines for placing certain patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by each facility.

CHI records net patient services revenues in the period in which services are performed. CHI has agreements with third-party payors that provide for payments at amounts different from its established rates. The basis for payment under these agreements includes prospectively determined rates, cost reimbursement and negotiated discounts from established rates and per diem payments.

Net patient services revenues are reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments due to future audits, reviews and investigations, and excluding estimated amounts considered uncollectible. The differences between the estimated and actual adjustments are recorded as part of net patient services revenues in future periods, as the amounts become known, or as years are no longer subject to such audits, reviews and investigations.

### Investments and Assets Limited as to Use

Investments and assets limited as to use include assets set aside by CHI for future long-term purposes, including capital improvements and self-insurance. In addition, assets limited as to use include amounts held by trustees under bond indenture agreements, amounts contributed by donors with stipulated restrictions and amounts held for Mission and Ministry programs.

## 1. Summary of Significant Accounting Policies (continued)

CHI has designated its investment portfolio as trading. Accordingly, unrealized gains and losses on marketable securities are reported within excess of revenues over expenses. In addition, cash flows from the purchases and sales of marketable securities are reported as a component of operating activities in the accompanying consolidated statements of cash flows.

Direct investments in equity securities with readily determinable fair values and all direct investments in debt securities have been measured at fair value in the accompanying consolidated balance sheets. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in excess of revenues over expenses unless the income or loss is restricted by donor or law.

Investments in limited partnerships and limited liability companies are recorded using the equity method of accounting (which approximates fair value as determined by the net asset values of the related unitized interests) with the related changes in value in earnings reported as investment income in the accompanying consolidated financial statements.

### **Inventories**

Inventories, primarily consisting of pharmacy drugs, and medical and surgical supplies, are stated at lower of cost (first-in, first-out method) or market.

### Assets and Liabilities Held for Sale

A long-lived asset or disposal group of assets and liabilities that is expected to be sold within one year is classified as held for sale. For long-lived assets held for sale, an impairment charge is recorded if the carrying amount of the asset exceeds its fair value less costs to sell. Such valuations include estimates of fair values generally based upon discounted cash flows and incremental direct costs to transact a sale.

### **Property and Equipment**

Property and equipment are stated at historical cost or, if donated or impaired, at fair value at the date of receipt or impairment. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. For property and equipment under capital lease, amortization is determined over the shorter period of the lease term or the estimated useful life of the property and equipment. Interest cost incurred during the period of construction of major capital projects is capitalized as a component of the cost of acquiring those assets. Capitalized interest of \$14.6 million and \$14.7 million was recorded in 2012 and 2011, respectively.

## 1. Summary of Significant Accounting Policies (continued)

Costs incurred in the development and installation of internal-use software are typically expensed if they are incurred in the preliminary project stage or post-implementation stage, while certain costs are capitalized if incurred during the application development stage. Amounts capitalized are amortized over the useful life of the developed asset following project completion.

## **Investments in Unconsolidated Organizations**

Investments in unconsolidated organizations are accounted for under the cost or equity method of accounting, as appropriate, based on the relative percentage of ownership or degree of influence over that organization. The equity income or loss on these investments is recorded in the consolidated statements of operations as changes in equity of unconsolidated organizations.

## **Intangible Assets and Goodwill**

Intangible assets are amortized over the estimated useful life of each class of amortizable asset using the straight-line method. Amortization expense of \$4.9 million and \$6.1 million was recorded in 2012 and 2011, respectively. Intangible assets increased \$20.8 million in 2012 due to the Nebraska Heart Hospital and Nebraska Heart Institute acquisition discussed in Note 4, *Acquisitions and Divestitures*, and the acquisition of a cardiology practice in Tacoma.

Goodwill is not amortized but is subject to annual impairment tests as well as more frequent reviews whenever circumstances indicate a possible impairment may exist. Impairment testing of goodwill is done at the MBO level by comparing the fair value of the MBO's net assets against the carrying value of the MBO's net assets, including goodwill. The fair value of net assets is calculated based on quantitative analysis of discounted cash flows. The fair value of goodwill is determined by assigning fair values to assets and liabilities and calculating any remaining fair value as the implied fair value of goodwill.

Goodwill increased \$91.2 million due to the Nebraska Heart Hospital and Nebraska Heart Institute acquisition discussed in Note 4, *Acquisitions and Divestitures*, and the acquisition of a cardiology practice in Tacoma.

## 1. Summary of Significant Accounting Policies (continued)

A summary of intangible assets and goodwill is as follows as of June 30 (in thousands):

		2011		
Intangible assets	\$	62,754 \$	41,930	
Less accumulated amortization		(20,298)	(15,525)	
		42,456	26,405	
Goodwill		120,424	29,212	
Total intangible assets and goodwill, net	\$	162,880 \$	55,617	

### Notes Receivable and Other Assets

Other assets consist primarily of notes receivable, pledges receivable, deferred compensation assets, deposits and other long-term assets. Notes receivable include balances from the following related entities: Alegent Health and Alegent Health Immanuel Medical Center (collectively, Alegent), the Nebraska joint operating company (JOC) and non-CHI joint operating agreement (JOA) partner, respectively; and Bethesda Hospital, Inc. (Bethesda), the non-CHI JOA partner in the Cincinnati, Ohio JOA. All of the notes bear interest at rates commensurate with the CHI blended interest cost and require monthly debt service payments.

A summary of notes receivable and other assets is as follows as of June 30 (in thousands):

	2012		2011
Notes receivable from related entities:		-	_
Total notes receivable from related entities	\$	465,400 \$	511,091
Reinsurance recoverable on unpaid losses and loss			
adjustment expense		42,703	39,066
Deferred compensation assets		18,809	21,726
Other long-term assets		78,201	67,583
Total notes receivable and other	\$	605,113 \$	639,466

Alegent and Bethesda are Designated Affiliates in the CHI credit group under the Capital Obligation Document (COD). As conditions of joining the CHI credit group, the Designated Affiliates have agreed to certain covenants related to corporate existence, insurance coverage, exempt use of bond-financed facilities, maintenance of certain financial ratios and compliance with limitations on the incurrence of additional debt. Based upon management's review of the creditworthiness of the Designated Affiliates and their compliance with the covenants and limitations, no allowances for uncollectible notes receivable were recorded at June 30, 2012 and 2011.

## 1. Summary of Significant Accounting Policies (continued)

### **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 consist of gifts with corpus values that have been restricted by donors to be maintained in perpetuity, including endowment funds. Temporarily restricted net assets and earnings on permanently restricted net assets, including earnings on endowment funds, are used in accordance with the donor's wishes primarily to purchase equipment, to provide charity care and to provide other health and educational programs and services.

Unconditional promises to receive cash and other assets are reported at fair value at the date the promise is received. Conditional promises and indications of donors' intentions to give are reported at fair value at the date the conditions are met or the gifts are received. All unrestricted contributions are included in the excess of revenue over expenses as donation revenues. Other gifts are reported as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as donations revenue when restricted for operations or as unrestricted net assets when restricted for property and equipment.

### **Performance Indicator**

The performance indicator is the excess of revenues over expenses, which includes all changes in unrestricted net assets other than changes in the pension liability funded status, net assets released from restrictions for property acquisitions, the cumulative effect of changes in accounting principles, discontinued operations, contributions of property and equipment, and other changes not required to be included within the performance indicator under generally accepted accounting principles.

### **Operating and Nonoperating Activities**

CHI's primary mission is to meet the health care needs in its market areas through a broad range of general and specialized health care services, including inpatient acute care, outpatient services, physician services, long-term care and other health care services. Activities directly associated with the furtherance of this purpose are considered to be operating activities. Earnings from fixed-income investments held by FIIL are also classified within operating activities as such earnings support FIIL operations. Other activities that result in gains or losses peripheral to CHI's primary mission are considered to be nonoperating. Nonoperating activities include all other investment earnings; losses from bond defeasance; net interest cost and changes in fair value of interest rate swaps; and the nonoperating component of JOA income share adjustments.

## 1. Summary of Significant Accounting Policies (continued)

## **Charity Care**

As an integral part of its mission, CHI accepts and treats all patients without regard to the ability to pay. Services to patients are classified as charity care in accordance with standards established across all MBOs. Charity care represents services rendered for which partial or no payment is expected, and includes the cost of providing services to persons who cannot afford health care due to inadequate resources and/or who are uninsured or underinsured. The cost of charity care is determined on the basis of an MBO's total cost as a percentage of total charges applied to the charges incurred by patients qualifying for charity care under CHI's policy and is not included in net patient services revenues in the accompanying consolidated statements of operations and changes in net assets. The estimated cost of charity care provided was \$248.7 million and \$235.8 million in 2012 and 2011, respectively, for continuing operations, and \$24.6 million and \$9.2 million in 2012 and 2011, respectively, for discontinued operations.

## **Other Nonpatient Revenues**

Other nonpatient revenues include gains and losses on the sales of assets, the operating portion of revenue-sharing income or expense associated with Direct Affiliates that are part of JOAs, cafeteria sales, rental income, retail pharmacy and durable medical equipment sales, auxiliary and gift shop revenues, and revenues from other miscellaneous sources.

## **Derivative and Hedging Instruments**

CHI uses derivative financial instruments (interest rate swaps) in managing its capital costs. These interest rate swaps are recognized at fair value on the consolidated balance sheets. CHI has not designated its interest rate swaps related to CHI's long-term debt as hedges. The net interest cost and change in the fair value of such interest rate swaps is recognized as a component of nonoperating gains (losses) in the accompanying consolidated statements of operations. It is CHI's policy to net the value of collateral on deposit with counterparties against the fair value of its interest rate swaps in other liabilities on the consolidated balance sheets.

### **Functional Expenses**

CHI provides inpatient, outpatient, ambulatory, long-term care and community-based services to individuals within the various geographic areas supported by its facilities. Support services include administration, finance and accounting, information technology, public relations, human resources, legal, mission services and other functions that are supported centrally for all of CHI. Support services expenses as a percent of total operating expenses were approximately 5.0% and 4.7% in 2012 and 2011, respectively.

## 1. Summary of Significant Accounting Policies (continued)

## Restructuring, Impairment and Other Losses

CHI periodically evaluates property, equipment, goodwill and certain other intangible assets to determine whether assets may have been impaired. Management determined there were certain property and equipment impairments in both 2012 and 2011 to the extent that the fair values (estimated based upon discounted cash flows) of those assets were less than the underlying carrying values.

During the years ended June 30, 2012 and 2011, CHI recorded total charges of \$58.7 million and \$25.7 million, respectively, relating to asset impairments and changes in business operations, including reorganization and severance costs. Of this amount, \$47.7 million and \$20.4 million were from continuing operations and reported in the consolidated statements of operations for 2012 and 2011, respectively, and \$11.0 million and \$5.3 million were reported as discontinued operations in the consolidated statements of changes in net assets for 2012 and 2011, respectively.

### **Income Taxes**

CHI is a tax-exempt Colorado corporation and has been granted an exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code. CHI owns certain taxable subsidiaries and engages in certain activities that are unrelated to its exempt purpose and therefore subject to income tax.

Management reviews its tax positions annually and has determined that there are no material uncertain tax positions that require recognition in the accompanying consolidated financial statements.

### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could vary from the estimates.

## 1. Summary of Significant Accounting Policies (continued)

## New Accounting Pronouncements and Adoption of New Accounting Standards

In August 2010, the Financial Accounting Standards Board (FASB) released Accounting Standards Update (ASU) No. 2010-23, *Measuring Charity Care for Disclosure*. ASU 2010-23 requires the disclosure of charity care amounts and requires that cost be used as the measurement basis for charity care. The accounting provisions also specifically require that charity care not be reduced by reimbursement for charity care, and that the amount of reimbursements for charity care be disclosed. CHI adopted the disclosure provisions of ASU 2010-23 during 2012.

In August 2010, the FASB released ASU No. 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*. ASU 2010-24 applies to malpractice claims and similar contingent liabilities and requires that such liabilities disregard the effect of any anticipated insurance recoveries in determining the liability amounts. The accounting provisions also provide accounting guidance for recording any insurance recovery receivables. ASU 2010-24 was effective for fiscal years beginning after December 15, 2010, and was adopted by CHI in fiscal year 2012, with no material effect on its overall consolidated results of financial position, operations or cash flows.

In July 2011, the FASB released ASU No. 2011-07, Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Entities. ASU 2011-07 requires health care entities to change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient services revenues from an operating expense to a deduction from patient services revenues (net of contractual allowances and discounts). Additionally, enhanced disclosures will be required surrounding the entity's policies for recognizing revenue and assessing bad debts. ASU 2011-07 is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2011. CHI does not believe its adoption of ASU 2011-07 will have a material effect on its overall consolidated results of financial position, operations or cash flows.

## Meaningful Use of Certified Electronic Health Record Technology Incentive Payments

The American Recovery and Reinvestment Act of 2009 provides for Medicare and Medicaid incentive payments beginning in 2011 to certain hospitals and professionals that implement and achieve meaningful use of certified electronic health record (EHR) technology in ways that demonstrate improved quality and effectiveness of care. Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period. An initial Medicaid incentive payment is available to providers that adopt, implement or upgrade certified EHR technology. However, in order to receive additional Medicaid incentive payments in subsequent years, providers must demonstrate continued meaningful use of EHR technology.

## 1. Summary of Significant Accounting Policies (continued)

CHI accounts for meaningful use incentive payments under the gain contingency model. Medicare EHR incentive payments are recognized as revenues when eligible providers demonstrate meaningful use of certified EHR technology and the cost report information for the full cost report year that will determine the full calculation of the incentive payment is available. Medicaid EHR incentive payments are recognized as revenues when an eligible provider demonstrates meaningful use of certified EHR technology. For fiscal year 2012, CHI recognized \$11.3 million of Medicare meaningful use revenues and \$20.7 million of Medicaid meaningful use revenues in its consolidated statements of operations.

### Reclassifications

Certain reclassifications were made to the 2011 consolidated financial statement presentation to conform to the 2012 presentation.

## 2. Community Benefit (Unaudited)

In accordance with its mission and philosophy, CHI commits substantial resources to sponsor a broad range of services to both the poor and the broader community. Community benefit provided to the poor includes the cost of providing services to persons who cannot afford health care due to inadequate resources and/or who are uninsured or underinsured. This type of community benefit includes the costs of traditional charity care; unpaid costs of care provided to beneficiaries of Medicaid and other indigent public programs; services such as free clinics and meal programs for which a patient is not billed or for which a nominal fee has been assessed; and cash and in-kind donations of equipment, supplies or staff time volunteered on behalf of the community.

Community benefit provided to the broader community includes the costs of providing services to other populations who may not qualify as poor but may need special services and support. This type of community benefit includes the costs of services such as health promotion and education, health clinics and screenings, all of which are not billed or can be operated only on a deficit basis; unpaid portions of training health professionals such as medical residents, nursing students and students in allied health professions; and the unpaid portions of testing medical equipment and controlled studies of therapeutic protocols.

## 2. Community Benefit (Unaudited) (continued)

A summary of the cost of community benefit provided to both the poor and the broader community is as follows (in thousands):

	2012			2011		
Cost of community benefit:						
Cost of charity care provided	\$	248,667	\$	235,756		
Unpaid cost of public programs, Medicaid and						
other indigent care programs		280,785		235,326		
Nonbilled services		28,514		23,327		
Cash and in-kind donations		3,221		2,950		
Education and research		49,640		33,165		
Other benefit		52,369		61,362		
Total cost of community benefit from continuing						
operations		663,196		591,886		
Total cost of community benefit from discontinued						
operations		51,815		20,260		
Total cost of community benefit		715,011		612,146		
Unpaid cost of Medicare from continuing operations		368,245		439,316		
Unpaid cost of Medicare from discontinued operations		26,226		22,042		
Total unpaid cost of Medicare		394,471		461,358		
Total cost of community benefit and the unpaid cost of Medicare	<u>\$</u>	1,109,482	\$	1,073,504		

The summary above has been prepared in accordance with the policy document of the Catholic Health Association of the United States (CHA), Community Benefit Program – A Revised Resource for Social Accountability. Community benefit is measured on the basis of total cost, net of any offsetting revenues, donations or other funds used to defray cost.

The total cost of community benefit from continuing and discontinued operations was 7.0% and 6.6% of total expenses before operating expenses related to restructuring, impairment and other losses in 2012 and 2011, respectively. The total cost of community benefit and the unpaid cost of Medicare from continuing and discontinued operations was 10.8% and 11.6% of total expenses before operating expenses related to restructuring, impairment and other losses in 2012 and 2011, respectively.

### 3. Joint Operating Agreements and Investments in Unconsolidated Organizations

## **Joint Operating Agreements**

CHI participates in JOAs with hospital-based organizations in five separate market areas. The agreements generally provide for, among other things, joint management through JOCs of the combined operations of the local facilities included in the JOAs. CHI retains ownership of the assets, liabilities, equity, revenues and expenses of the CHI facilities that participate in the JOAs. The financial statements of the CHI facilities managed under all JOAs are included in the CHI consolidated financial statements. Transfers of assets from facilities owned by the JOA participants generally are restricted under the terms of the agreements.

CHI has a 70% interest in a JOC based in Colorado and has interests of 50% in three other JOCs associated with other JOAs. These interests are included in investments in unconsolidated organizations and totaled \$99 million and \$125 million at June 30, 2012 and 2011, respectively. CHI recognizes its investment in all JOCs under the equity method of accounting. The JOCs provide varying levels of services to the related JOA sponsors, and operating expenses of the JOCs are allocated to each sponsoring organization. The unconsolidated JOCs had total assets of \$688 million and \$721 million at June 30, 2012 and 2011, respectively, and net assets of \$156 million and \$209 million, respectively.

## **Investments in Unconsolidated Organizations**

CHI Kentucky – Effective on January 1, 2012, CHI purchased a controlling interest in Jewish Hospital and St. Mary's Healthcare Inc. and affiliates (JHSMH). CHI contributed its controlling interest, including its 25% joint venture investment in JHSMH, into a newly formed consolidated subsidiary, KentuckyOne Health (see Note 4, *Acquisitions and Divestitures*). As a result of the change in control of its investment in JHSMH, CHI recognized a gain on the remeasurement of its joint venture investment of \$45.0 million reported in other revenue.

CHI's prior 25% joint venture investment in JHSMH was created on November 1, 2005, with CHI contributing substantially all of the net assets of the former MBO in Louisville, Kentucky, with a value of \$7 million, along with \$20 million, paid in quarterly installments through August 2008. The investment in the joint venture was accounted for under the equity method of accounting. It had a book value of \$30 million at June 30, 2011, and was included in investments in unconsolidated organizations. In fiscal year 2011, the joint venture had annual operating revenues of approximately \$1.0 billion, and total assets of \$920 million and net assets of \$335 million as of June 30, 2011. Prior to the contribution of the 25% joint venture investment in January 2012, the joint venture had executed a note to CHI with monthly payments of principal and interest. The note was included in other assets as of June 30, 2011, and had a balance of \$25 million. Subsequent to the contribution of the 25% joint venture investment in JHSMH into KentuckyOne Health, the note is considered an intercompany transaction and eliminated in consolidation.

## 3. Joint Operating Agreements and Investments in Unconsolidated Organizations (continued)

Preferred Professional Insurance Corporation (PPIC) – PPIC is an unconsolidated affiliate of CHI. PPIC provides professional liability insurance and other related services to preferred physician and other health care providers that are associated with its owners. CHI owns a 27% interest in PPIC and accounts for its investment under the equity method of accounting. The book value of the investment was \$50 million and \$49 million at June 30, 2012 and 2011, respectively. PPIC had net assets of \$184 million and \$183 million at December 31, 2011 and 2010, respectively.

Other Entities – The summarized financial positions and results of operations for the other entities accounted for under the equity method as of and for the periods ended June 30, excluding the investments described above, are as follows (in thousands):

						20	12				
	-	Aedical Office uildings	D	utpatient and iagnostic Services	5	nbulatory Surgery Centers	P	hysician ractices	I	Other nvestees	Total
Total assets Total debt Net assets Net patient services revenues Total revenues, net Excess of revenues over expenses	\$	29,557 27,793 1,160 5,845	\$	141,683 12,866 102,401 159,001 159,805 26,251	\$	58,575 10,627 42,396 125,121 125,326 34,367	\$	19,997 8,637 8,462 33,254 35,685 5,854	\$	258,784 18,062 169,870 228,446 439,806 26,072	\$ 508,596 77,985 324,289 545,822 766,467 93,021
						20	11				
		1edical Office uildings	D	utpatient and iagnostic Services	5	nbulatory Surgery Centers	P	hysician ractices	I	Other nvestees	Total
Total assets Total debt Net assets Net patient services revenues Total revenues, net Excess of revenues over expenses	\$	28,439 26,315 1,263 - 5,834 679	\$	129,620 42,133 86,316 125,066 139,594 16,236	\$	63,130 13,023 46,024 116,927 117,020 31,659	\$	21,028 10,664 8,054 33,991 37,452 6,142	\$	246,490 20,013 164,528 195,163 481,395 95,751	\$ 488,707 112,148 306,185 471,147 781,295 150,467

### 4. Acquisitions and Divestitures

## **Continuing Operations**

KentuckyOne Health – Effective on January 1, 2012, CHI acquired an additional 58% interest in JHSMH from Jewish Hospital HealthCare Services, Inc. (JHHS) in exchange for a noncontrolling interest in KentuckyOne Health, a new statewide health care network in the state of Kentucky, through the combination of JHSMH and St. Joseph Health System, a CHI-sponsored MBO. CHI has a controlling interest of approximately 83% in KentuckyOne Health and JHHS has the remaining 17% interest. The fair value of the noncontrolling interest of \$181.6 million was determined using valuation techniques including discounted cash flows.

Upon the change in control, the fair value of the assets and liabilities of JHSMH were allocated as follows (in thousands):

Patient receivables	\$ 116,733
Other receivables	6,307
Current portion of assets limited as to use	5,567
Inventory	15,772
Prepaid and other current assets	11,672
Cash, investments and assets limited as to use	275,764
Property and equipment	451,662
Deferred financing costs	3,945
Investments in unconsolidated organizations	5,290
Other assets	8,095
Accrued compensation and benefits	(33,683)
Third-party liabilities	(1,691)
Accounts payable and accrued expenses	(107,903)
Current portion of long-term debt	(7,518)
Other liabilities	(87,459)
Long-term debt	(404,050)
Net assets acquired	\$ 258,503

CHI began consolidating the results of JHSMH's operations effective January 1, 2012. The acquisition of JHSMH added \$477.1 million of operating revenues and \$62.2 million of deficit of revenues over expenses to the CHI consolidated results of operations from January 1 to June 30, 2012. On an unaudited pro forma basis, had CHI owned JHSMH at the beginning of each fiscal year, JHSMH would have reported \$959.9 million and \$991.4 million of operating revenues in 2012 and 2011, respectively, \$84.2 million of deficiency of revenues over expenses in 2012, and \$32.1 million of excess of revenues over expenses in 2011. However, the unaudited pro forma

## 4. Acquisitions and Divestitures (continued)

information is not necessarily indicative of the historical results that would have been obtained had the transaction actually occurred on those dates, nor of future results.

Nebraska Heart Hospital and Nebraska Heart Institute – Effective on August 1, 2011, CHI acquired Nebraska Heart Hospital and Nebraska Heart Institute. The acquisition allowed CHI to expand cardiac, thoracic and vascular care across the state of Nebraska. The gross purchase price of \$131.1 million cash consideration was allocated as follows (in thousands):

Cash	\$ 146
Patient receivables	8,080
Other receivables	1,735
Inventory	1,302
Prepaid and other assets	1,777
Property and equipment	45,150
Intangible assets	10,123
Goodwill	69,786
Accrued compensation and benefits	(3,063)
Accounts payable and accrued expenses	(3,354)
Other liabilities	 (555)
Purchase price	\$ 131,127

Nebraska Heart Hospital and Nebraska Heart Institute added \$81.2 million of operating revenues and \$5.7 million of excess of revenues over expenses to the CHI consolidated results of operations from August 1, 2011 to June 30, 2012. On an unaudited pro forma basis, had CHI owned Nebraska Heart Hospital and Nebraska Heart Institute at the beginning of each fiscal year, they would have reported \$90.2 million and \$95.1 million of operating revenues in 2012 and 2011, respectively, and \$6.3 million and \$14.7 million of excess of revenues over expenses in 2012 and 2011, respectively. However, the unaudited pro forma information is not necessarily indicative of the historical results that would have been obtained had the transaction actually occurred on those dates, nor of future results.

Consolidated Health Services (CHS) – Effective on October 1, 2010, CHI acquired CHS, headquartered near Cincinnati, Ohio, from Bethesda, Inc., an Ohio nonprofit corporation. CHS is a home health care service provider operating in 30 locations in Indiana, Kentucky and Ohio. The gross purchase price of the acquisition was \$43.3 million (\$35.5 million, net of cash acquired), which was allocated as follows (in thousands):

## 4. Acquisitions and Divestitures (continued)

Cash	\$ 7,814
Patient receivables	6,534
Current deferred tax asset	2,077
Property and equipment	3,260
Investment in unconsolidated organizations	17,900
Intangibles	12,064
Deferred tax asset	1,503
Goodwill	6,479
Other assets	5,960
Other liabilities	(13,210)
Deferred tax liability	(7,034)
Purchase price	\$ 43,347

Consolidated Health Services contributed \$60.3 million of operating revenues and \$2.9 million of excess of revenues over expenses to the CHI consolidated results of operations for fiscal year 2012, and \$47.8 million of operating revenues and \$2.5 million of excess of revenues over expenses to the CHI consolidated results of operations for fiscal year 2011.

### **Discontinued Operations**

CHI has committed to a plan to sell the MBOs in Denville, New Jersey; Towson, Maryland; and Pierre, South Dakota. Effective in March 2012, CHI entered into exclusive negotiations with the intent of signing a non-binding Letter of Intent to transfer ownership of the Denville MBO to Ascension Health Care Network, Inc., an affiliate of Ascension Health; the Towson MBO to the University of Maryland Medical Systems; and the Pierre MBO to Avera Health. All the transactions are subject to governmental and Church approvals. It is anticipated that a definitive asset purchase agreement for the sale of the Denville MBO will be finalized and have a closing date prior to January 1, 2013. The asset purchase agreement for the sale of the Towson MBO is being negotiated with an expected closing date of November 1, 2012. No final agreement has been reached for the sale of the Pierre MBO as discussions are ongoing with Avera Health. In accordance with Accounting Standards Codification (ASC) 205-20, Discontinued Operations, and ASC 360-10, Impairment and Disposal of Long-Lived Assets, the results of operations associated with these MBOs have been reported as discontinued operations and are included in the consolidated statements of changes in net assets. Assets held for sale consist primarily of cash and investments, net patient accounts receivable, net property and other long-term assets. Liabilities held for sale consist of accounts payable and accrued compensation and benefits.

## 4. Acquisitions and Divestitures (continued)

Related to the MBOs held for sale, CHI recorded a deficiency of revenues over expenses of \$45.2 million and \$13.2 million for the years ended June 30, 2012 and 2011, respectively, which is reported as discontinued operations in the accompanying consolidated statements of changes in net assets. Total operating revenues and deficiency of revenues over expenses included in the results of discontinued operations for the years ended June 30 are summarized below (in thousands):

		2011		
Total operating revenues	\$	714,405 \$	727,886	
Total operating expenses		(748,388)	(753,466)	
Restructuring and other losses		(10,987)	(5,293)	
Nonoperating (losses) gains		(207)	17,642	
Deficiency of revenues over expenses	\$	(45,177) \$	(13,231)	

The consolidated statements of cash flows include the use of \$45.4 million and \$12.8 million of operating, investing and financing activities related to discontinued operations for the years ended June 30, 2012 and 2011, respectively.

**Dayton Heart and Vascular Hospital** – Effective on July 28, 2011, the Dayton Heart and Vascular Hospital was sold for \$16.0 million. No gain or loss was recorded as a result of the sale. The property was classified as an asset held for sale on the consolidated balance sheet as of June 30, 2011.

### 5. Net Patient Services Revenues

Net patient services revenues are derived from services provided to patients who are either directly responsible for payment or are covered by various insurance or managed care programs. CHI receives payments from the federal government on behalf of patients covered by the Medicare program, from state governments for Medicaid and other state-sponsored programs, from certain private insurance companies and managed care programs and from patients themselves. A summary of payment arrangements with major third-party payors follows:

Medicare – Inpatient acute care and certain outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge or procedure. These rates vary according to patient classification systems based on clinical, diagnostic and other factors. Certain CHI facilities have been designated as critical access hospitals and, accordingly, are reimbursed their cost of providing services to Medicare beneficiaries. Professional services rendered by physicians are paid based on the Medicare allowable fee schedule.

### 5. Net Patient Services Revenues (continued)

Medicaid – Inpatient services rendered to Medicaid program beneficiaries are primarily paid under the traditional Medicaid plan at prospectively determined rates per discharge. Certain outpatient services are reimbursed based on a cost reimbursement methodology, fee schedules or discounts from established charges.

Other – CHI has also entered into payment agreements with certain managed care and commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to CHI under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

CHI's Medicare, Medicaid and other payor utilization percentages, based upon net patient services revenues, are summarized as follows:

	2012	2011
Medicare	31%	30%
Medicaid	7	8
Managed care	39	39
Self-pay	8	8
Commercial and other	15	15
	100%	100%

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Estimated settlements related to Medicare and Medicaid of \$57 million and \$44 million at June 30, 2012 and 2011, respectively, are included in third-party liabilities. Net patient services revenues from continuing operations increased by \$20.5 million in 2012 and \$32.1 million in 2011 due to favorable changes in estimates related to prior-year settlements. Also during 2012, CHI prevailed on the appeal of two cost report settlements from the Centers for Medicare and Medicaid Services (CMS) related to the calculation used by CMS for the rural floor wage index and for the disallowance of insurance premiums paid to FIIL. The settlement amounts are included in the 2012 net patient services revenues from continuing operations, and totaled \$76.7 million for the rural floor wage index and \$19.8 million for the insurance premiums. The appeals spanned years from 1997 through 2011.

### 6. Investments and Assets Limited as to Use

CHI's investments and assets limited as to use as of June 30 are reported in the accompanying consolidated balance sheets as presented in the following table (in thousands):

	2012	2011
Cash and equivalents CHI Investment Program Marketable equity securities Marketable fixed-income securities Hedge funds and other investments	\$ 155,418 4,827,922 315,064 477,440 162,190	\$ 141,283 4,891,140 308,846 416,484 151,373
	5,938,034	5,909,126
Less current portion	(1,901) \$ 5,936,133	(19,554) \$ 5,889,572

Net unrealized gains at June 30, 2012 and 2011, were \$144.0 million and \$298.0 million, respectively.

CHI attempts to reduce its market risk by diversifying its investment portfolio using cash equivalents, fixed-income securities, marketable equity securities and alternative investments. Most of the U.S. Treasury, money market funds and corporate debt obligations as well as exchange-traded marketable securities held by CHI and the CHI Investment Program (the Program) have an actively traded market. However, CHI also invests in commercial paper, mortgage-backed or other asset-backed securities, alternative investments (such as hedge funds, private equity investments, real estate funds, funds of funds, etc.), collateralized debt obligations, municipal securities and other investments that have potential complexities in valuation based upon the current conditions in the credit markets. For some of these instruments, evidence supporting the determination of fair value may not come from trading in active primary or secondary markets. Because these investments may not be readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had an active market for such investments existed. Such differences could be material. However, management reviews the CHI investment portfolio on a regular basis and seeks guidance from its professional portfolio managers related to U.S. and global market conditions to determine the fair value of its investments. CHI believes the carrying amount of these financial instruments in the consolidated financial statements is a reasonable estimate of fair value. Additionally, CHI assesses the risk of impairment related to securities held in its investment portfolio on a regular basis and noted no impairment during the years ended June 30, 2012 and 2011.

### 6. Investments and Assets Limited as to Use (continued)

Substantially all CHI long-term investments are held in the Program. The Program is structured under a Limited Partnership Agreement with CHI as managing general partner and numerous limited partners, most sponsored by CHI. The partnership provides a vehicle whereby virtually all entities associated with CHI, as well as certain other unrelated entities, can seek to optimize investment returns while managing investment risk. Entities participating in the Program that are not consolidated in the accompanying financial statements have the ability to direct their invested amounts and liquidate and/or withdraw their interest without penalty as soon as practicable based on market conditions but within 180 days of notification. The Limited Partnership Agreement permits a majority vote of the noncontrolled limited partners to terminate the partnership. Accordingly, CHI recognizes only the portion of Program assets attributable to CHI and its sponsored affiliates. Program assets attributable to CHI and its direct affiliates represented 86% of total Program assets at June 30, 2012 and 2011.

The Program asset allocation at June 30 is as follows:

	2012	2011
Marketable equity securities	44%	45%
Marketable fixed-income securities	35	34
Alternative investments	19	19
Cash and equivalents	2	2
•	100%	100%

The CHI Investment Committee (the Investment Committee) of the Board of Stewardship Trustees is responsible for determining asset allocations among fixed-income, equity and alternative investments. At least annually, the Investment Committee reviews targeted allocations and, if necessary, makes adjustments to targeted asset allocations. Given the diversity of the underlying securities in which the Program invests, management does not believe there is a significant concentration of credit risk.

## 6. Investments and Assets Limited as to Use (continued)

Investment income is comprised of the following for the years ended June 30 (in thousands):

	2012	2011
Dividend and interest income Net realized gains Net unrealized (losses) gains	\$ 123,432 \$ 86,566 (153,000)	116,710 268,526 448,793
Total investment income from continuing operations	\$ 56,998 \$	834,029
Included in other nonpatient revenue Included in nonoperating gains	\$ 37,169 \$ 19,829	30,475 803,554
Total investment income from continuing operations	56,998	834,029
Total investment (loss) income from discontinued operations Total investment income	\$ (207) 56,791 \$	17,642 851,671

Direct expenses of the Program are less than 0.4% of total assets. Fees paid to the alternative investment managers are not included in the total expense calculation as they are not a direct expense of the Program.

### 7. Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC 820, Fair Value Measurements and Disclosures, establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

The three levels of the fair value hierarchy and a description of the valuation methodologies used for instruments measured at fair value are as follows:

Level 1 – Valuation is based upon quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Valuation is based upon quoted prices for similar assets and liabilities in active markets or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial asset or liability.

## 7. Fair Value of Assets and Liabilities (continued)

Level 3 – Valuation is based upon other unobservable inputs that are significant to the fair value measurement.

Certain of CHI's alternative investments are made through limited liability companies (LLCs) and limited liability partnerships (LLPs). These LLCs and LLPs provide CHI with a proportionate share of the investment gains (losses). CHI accounts for its ownership in the LLCs and LLPs under the equity method. CHI also accounts for its ownership in the Partnership under the equity method. As such, these investments are excluded from the scope of ASC 820.

Financial assets and liabilities measured at fair value on a recurring basis were determined using the following inputs at June 30 (in thousands):

		Fair Valu	ıe Me	20 easurements		Reporting :	Date	Using
			(	Level 1)	(	(Level 2)	(l	Level 3)
		air Value as of June 30	i	oted Prices n Active Markets	О	Other bservable Inputs		bservable Inputs
Assets	-							
Assets limited as to use:								
Cash and short-term	<b>c</b>	155 /10	\$	100 440	\$	46 070	\$	
investments	\$	155,418	Ф	108,448	Э	46,970	Þ	_
Marketable equity securities  Marketable fixed-income		315,064		315,064		_		_
		477 440		000		176 510		
securities		477,440		900		476,540		1.052
Other investments		1,953		_		_		1,953
Deferred compensation assets: Cash and short-term								
investments		10,852		10,852		_		_
	\$	960,727	\$	435,264	\$	523,510	\$	1,953
Liabilities								
Interest rate swaps	\$	238,549	\$	_	\$	238,549	\$	_
Deferred compensation liability		10,852		10,852				
-	\$	249,401	\$	10,852	\$	238,549	\$	_

### 7. Fair Value of Assets and Liabilities (continued)

2011

Level 3) observable Inputs
_
_
_
2,255
_
2,255
_

The fair values of the instruments included in Level 1 were determined through quoted market prices. Level 1 instruments include money market funds, mutual funds and marketable debt and equity securities. The fair values of Level 2 instruments were determined through evaluated bid prices based on recent trading activity and other relevant information, including market interest rate curves and referenced credit spreads; estimated prepayment rates, where applicable, are used for valuation purposes and are provided by third-party services where quoted market values are not available. Level 2 instruments include corporate fixed-income securities, government bonds, mortgage and asset-backed securities, and interest rate swaps. The fair values of Level 3 securities are determined primarily through information obtained from the relevant counterparties for such investments. Information on which these securities' fair values are based is generally not readily available in the market.

## 8. Property and Equipment

A summary of property and equipment is as follows as of June 30 (in thousands):

	2012	2011
Land and improvements	\$ 393,367	\$ 327,766
Buildings and improvements	5,098,617	4,630,792
Equipment	3,814,458	3,491,942
	9,306,442	8,450,500
Less accumulated depreciation	(4,594,277)	(4,267,741)
	4,712,165	4,182,759
Construction in progress	635,310	363,989
	\$ 5,347,475	\$ 4,546,748

CHI evaluates whether events and circumstances have occurred that indicate the remaining useful life of property, equipment and certain other intangible assets may not be recoverable. Management determined there were impairment issues in both 2012 and 2011, to the extent that the undiscounted cash flows estimated to be generated by certain assets were less than the underlying carrying value. CHI recorded \$16.0 million and \$7.8 million in impairment losses in continuing operations for 2012 and 2011, respectively, resulting from charges related to estimated fair value deficiencies (based upon projected discounted cash flows) at various MBOs. Impairment charges of \$1.1 million related to assets held for sale were included in discontinued operations in the consolidated statement of changes in net assets for 2011.

## 9. Debt Obligations

The following is a summary of debt obligations as of June 30 (in thousands):

	Interest Rates at June 30, 2012		2012	2011
Variable-rate Bonds:				
Series 1997B, maturing through 2022	0.28%	\$	18,900	\$ 24,400
Series 2000B, maturing through 2028	0.18%		27,300	81,800
Series 2002B, maturing 2032	0.17-0.18%		103,300	106,100
Series 2004B, maturing through 2044	0.17-0.23%		180,700	290,900
Series 2004C, maturing through 2044	0.15-0.17%		163,300	163,400
Series 2008A, maturing through 2036	0.17%		120,260	120,260
Series 2008C, maturing through 2041	0.16%		50,000	_
Series 2011B, maturing through 2046	0.18%		158,155	_
Series 2011C, maturing through 2046	0.16%		125,000	_
Fixed-rate Bonds:				
Series 1989A			-	3,390
Series 1995C			_	10,145
Series 1997A			_	12,950
Series 2000A			-	39,600
Series 2002A, maturing 2017	5.50%		4,140	4,845
Series 2004A, maturing through 2034	4.75-5.00%		146,605	146,605
Series 2006A, maturing through 2041	4.00-5.00%		384,135	384,135
Series 2006C, maturing through 2041	3.85-5.10%		250,000	250,000
Series 2008C, maturing through 2041	4.00-5.00%		105,000	215,000
Series 2008D, maturing through 2038	5.00-6.38%		473,950	473,950
Series 2009A, maturing through 2039	3.00-5.50%		772,110	794,345
Series 2009B, maturing through 2039	5.00%		260,995	260,995
Series 2011A, maturing through 2041	2.00-5.25%		526,090	_
Series 2012A, maturing through 2035	3.00-5.00%		271,260	_
Commercial Paper			475,625	617,400
Unamortized debt issuance premium			58,832	21,427
Unamortized debt issuance discount			(9,801)	(9,203)
Total CHI debt issued under the COD			4,665,856	4,012,444
Capital leases and other debt			77,391	122,382
I are Amounts showiffed as summer			4,743,247	4,134,826
Less: Amounts classified as current			(221 455)	(1.62.400)
Variable-rate debt with self-liquidity	C 1 1 .		(321,455)	(163,400)
Commercial paper and current portion of	t debt		(643,083)	 (836,201)
Long-term debt		\$_	3,778,709	\$ 3,135,225

## 9. Debt Obligations (continued)

The fair value of debt obligations was approximately \$5.0 billion at June 30, 2012. Management has determined the carrying values of the variable-rate bonds are representative of fair values as of June 30, 2012, as the interest rates are set by the market participants. The fair value of the fixed-rate tax-exempt bond obligations as of June 30, 2012, is determined by applying credit spreads for similar tax-exempt obligations in the marketplace, which are then used to calculate a price/yield for the outstanding obligations.

A summary of scheduled principal payments, based upon stated maturities, on long-term debt for the next five years is as follows (in thousands):

	A	Amounts
		Due
Year Ending June 30:		
2013	\$	639,763
2014		174,229
2015		168,793
2016		183,205
2017		72,071

CHI issues the majority of its debt under the COD and is the sole obligor. Bondholder security resides both in the unsecured promise by CHI to pay its obligations and in its control of its Direct and Designated Affiliates. Covenants include a minimum CHI debt service coverage ratio and certain limitations on secured debt. The Direct Affiliates of CHI, defined as Participants under the COD, have agreed to certain covenants related to corporate existence, maintenance of insurance and exempt use of bond-financed facilities.

In November 2011, CHI issued \$809.2 million of fixed-rate, variable-rate and Windows variable-rate bonds (Windows) in the states of Colorado, Kentucky and Washington. Proceeds were used to refund \$223.5 million of existing debt and to redeem \$116.8 million of commercial paper outstanding. Concurrent with the issuance of these bonds, CHI converted \$50.0 million of Ohio Series 2008C-2 bonds to bear interest at weekly rates. Also, during November 2011, CHI redeemed \$55.8 million of existing debt. These redemptions resulted in a loss on extinguishment of \$0.7 million.

In connection with the acquisition of JHSMH in January 2012, CHI acquired \$342.0 million of JHSMH 2008 series bonds and \$43.0 million of JHSMH 1996 series bonds. In January 2012, the 1996 bonds were legally defeased, which resulted in a loss on defeasance of \$0.5 million. In April 2012, CHI issued \$271.3 million of par value bonds in the state of Kentucky. Debt proceeds of \$299.7 million and cash of \$114.3 million were used to refund \$322.9 million and

### 9. Debt Obligations (continued)

legally defease \$88.4 million of the 2008 bonds. The transaction resulted in a loss on extinguishment of \$69.4 million.

CHI has two types of external liquidity facilities: those that are dedicated to specific series of variable-rate demand bonds (VRDBs) and those that are not dedicated to a particular series of VRDBs but may be used to support CHI's obligations to fund tenders of VRDBs and pay the maturing principal of commercial paper. Liquidity facilities that are dedicated to specific series of bonds were \$625.5 million and \$623.5 million at June 30, 2012 and 2011, respectively, of which \$9.4 million and \$18.8 million, respectively are classified as current debt. The remaining \$616.1 million and \$604.7 million at June 30, 2012 and 2011, respectively, are reported as long term debt due to the repayment terms on any associated drawings extending beyond the subsequent fiscal year under the terms of the specific agreements.

Liquidity facilities not dedicated for specific series of VRDBs but used to support CHI's obligations to fund tenders and to pay maturing principal of commercial paper were \$435.0 million and \$565.0 million at June 30, 2012 and 2011, respectively. At June 30, 2012 and 2011, respectively, \$475.6 million and \$617.4 million of commercial paper were classified as current due to maturities of less than one year, and \$321.5 million of VRDBs and Windows, and \$163.4 million of VRDBs, respectively, were classified as current due to the holder's ability to put such VRDBs and Windows back to CHI without liquidity facilities dedicated to these bonds.

At June 30, 2012, CHI had a \$60.0 million credit facility with Wells Fargo Bank. Letters of credit totaling \$58.6 million have been issued for the benefit of third parties, principally in support of the self-insurance programs administered by FIIL. At June 30, 2012 and 2011, no amounts were outstanding under this credit facility.

CHI is a party to seven floating-to-fixed interest rate swap agreements with notional amounts totaling \$931.8 million and \$942.8 million at June 30, 2012 and 2011, respectively. Generally, it is CHI policy that all counterparties have an AA rating or better. The swap agreements require CHI to provide collateral if CHI's liability, determined on a mark-to-market basis, exceeds a specified threshold that varies based upon the rating on the corporation's long-term indebtedness. These fixed-payor swap agreements convert CHI's variable-rate debt to fixed-rate. The seven swaps have varying maturity dates ranging from May 2025 to December 2036. The fair value of the swaps is estimated based on the present value sum of anticipated future net cash settlements until the swaps' maturities. At June 30, 2012 and 2011, the fair value was \$238.5 million and \$116.6 million, respectively. Cash collateral balances of \$140.7 million and \$47.0 million at June 30, 2012 and 2011, respectively, are netted against the fair value of the swaps, and the net amount is reflected in other liabilities. The change in the fair value of these agreements was a net loss of \$121.9 million in 2012 and a net gain of \$26.9 million in 2011.

### 10. Retirement Plans

CHI and its direct affiliates maintain noncontributory, defined benefit retirement plans (Plans) covering substantially all employees. Benefits in the Plans are based on compensation, retirement age and years of service. Vesting occurs over a five-year period. Substantially all of the Plans are qualified as church plans and are exempt from certain provisions of both the Employee Retirement Income Security Act and Pension Benefit Guaranty Corporation premiums and coverage. Funding requirements are determined through consultation with independent actuaries.

CHI recognizes the funded status (that is, the difference between the fair value of plan assets and the projected benefit obligations) of its Plans in the consolidated balance sheets, with a corresponding adjustment to net assets. Actuarial gains and losses that arise and are not recognized as net periodic pension cost in the same periods are recognized as a component of net assets.

In connection with the acquisition of JHSMH in January 2012, CHI acquired the pension liabilities of JHSMH, herein referred to as the JHSMH plan.

## 10. Retirement Plans (continued)

A summary of the changes in the benefit obligation, fair value of plan assets and funded status of the Plans at the June 30 measurement dates is as follows (in thousands):

		2012	2011
Change in benefit obligation:			
Benefit obligation, beginning of year	\$	2,767,988 \$	2,648,696
Service cost		169,477	167,444
Interest cost		153,204	143,536
Actuarial loss (gain)		446,352	(80,030)
JHSMH plan		183,733	_
Settlements		(8,495)	_
Benefits paid		(110,851)	(111,340)
Expenses paid		(177)	(318)
Benefit obligation, end of year		3,601,231	2,767,988
Change in the Plans' assets:			
Fair value of the Plans' assets, beginning of year		2,452,465	1,917,500
Actual return on the Plans' assets, net of expenses		45,002	454,343
Employer contributions		194,279	192,280
JHSMH plan		136,188	_
Settlements		(8,495)	_
Benefits paid		(110,851)	(111,340)
Expenses paid		(177)	(318)
Fair value of the Plans' assets, end of year		2,708,411	2,452,465
Funded status of the Plans	\$	(892,820) \$	(315,523)
	_		
End-of-year values:			
Projected benefit obligation	\$	3,601,231 \$	2,767,988
Accumulated benefit obligation		3,428,819	2,598,491

Included in net assets at June 30, 2012, are the following amounts that have not yet been recognized in net periodic pension cost: unrecognized prior service cost of \$0.9 million and unrecognized actuarial losses of \$1.2 billion. The prior service cost and actuarial loss included in net assets and expected to be recognized in net periodic pension cost during the fiscal year ending June 30, 2013, are \$0.2 million and \$92.5 million, respectively.

## 10. Retirement Plans (continued)

The components of net periodic pension expense are as follows (in thousands):

	2012		2011	
Components of net periodic pension expense:				
Service cost	\$	169,477 \$	167,444	
Interest cost		153,204	143,536	
Expected return on the Plans' assets		(198,093)	(183,365)	
Amortization of prior service benefit		187	893	
Actuarial losses		39,029	47,550	
	\$	163,804 \$	176,058	
Weighted-average assumptions:		-		
Discount rate, beginning of year		5.39%	5.24%	
Discount rate, end of year		4.06	5.39	
Expected return on the Plans' assets		<b>7.7</b> 5	8.00	
Rate of compensation increase		3.75	4.25	

The assumption for the expected return on the Plans' assets is based on historical returns and adherence to the asset allocations set forth in the Plans' investment policies. The expected return on the Plans' assets for determining pension cost was 7.75% in 2012 and 8.00% in 2011. The decrease in the discount rate to 4.06% at June 30, 2012 increased the pension benefit obligation by approximately \$420.3 million.

A summary of the Plans' asset allocation targets, ranges by asset class and allocations by asset class at the measurement dates of June 30 is as follows:

-	2012	2011	Target	Range
Fixed-income securities	29.8%	26.1%	27.5%	17.5–37.5%
Equity securities	51.2	53.7	52.5	42.5-62.5
Alternative investments	19.0	20.2	20.0	10.0-30.0

The Plans' assets are invested in a portfolio designed to preserve principal and obtain competitive investment returns and long-term investment growth, consistent with actuarial assumptions, while minimizing unnecessary investment risk. Diversification is achieved by allocating assets to various asset classes and investment styles and by retaining multiple investment managers with complementary philosophies, styles and approaches. Although the objective of the Plans is to maintain asset allocations close to target, temporary periods may exist where allocations are outside of the expected range due to market conditions. The use of leverage is prohibited except as specifically directed in the alternative investment allocation. The portfolio is managed on a basis consistent with the CHI social responsibility guidelines.

## 10. Retirement Plans (continued)

The Plans' assets measured at fair value on a recurring basis were determined using the following inputs at June 30 (in thousands):

Cash and short-term
investments
Marketable equity securities
Marketable fixed-income
securities
Alternative investments

	Fair Valu	e M	easurements	sat	Reporting 1	Date	Using
			(Level 1)	(	(Level 2)	(	Level 3)
F	Fair Value as of June 30	i	oted Prices in Active Markets	O	Other bservable Inputs	Un	observable Inputs
\$	128,098 1,318,456	\$	117,585 1,318,456	\$	10,513	\$	_
	756,137 505,720		230,647		525,490 -		- 505,720
\$	2,708,411	\$	1,666,688	\$	536,003	\$	505,720

2011

2012

Cash and short-term investments
Marketable equity securities
Marketable fixed-income securities
Alternative investments

			(Level 1)	(	(Level 2)	(	Level 3)
F	Tair Value as of June 30	-	ioted Prices in Active Markets	o	Other bservable Inputs	Un	observable Inputs
\$	133,920	\$	80,363	\$	53,557	\$	_
	1,276,810	·	1,276,810		, <u> </u>		_
	547,052		122,806		424,246		_
	494,683				_		494,683
\$	2,452,465	\$	1,479,979	\$	477,803	\$	494,683

## 10. Retirement Plans (continued)

A summary of the changes in the fair value of the Plans' investments for which Level 3 inputs were used at the June 30 measurement dates is as follows (in thousands):

	 2012	2011
Beginning investments at fair value	\$ 494,683 \$	415,079
Purchases of investments	24,306	41,499
Proceeds from sale of investments	(32,860)	(23,322)
Net change in unrealized appreciation on investments		
and effect of foreign currency translation	2,426	43,066
Net realized gains on investments	17,346	18,369
Net transfers out of Level 3	(181)	(8)
Ending investments at fair value	\$ 505,720 \$	494,683

CHI expects to contribute \$195.1 million to the Plans in fiscal year 2013. A summary of expected benefits to be paid to the Plans' participants and beneficiaries is as follows (in thousands):

	stimated ayments
Year Ending June 30:	
2013	\$ 187,219
2014	171,532
2015	183,811
2016	211,306
2017	243,581
2018–2022	1,522,626

### 11. Concentrations of Credit Risk

CHI grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. CHI's exposure to credit risk on patient accounts receivable is limited by the geographical diversity of its MBOs. The mix of receivables from patients and third-party payors at June 30 approximated the following:

	2012	2011
Medicare	26%	23%
Medicaid	11	7
Managed care	32	36
Self-pay	6	10
Commercial and other	25	24
	100%	100%

CHI maintains long-term investments with various financial institutions and investment management firms through its investment program, and its policy is designed to limit exposure to any one institution or investment. Management does not believe there are significant concentrations of credit risk at June 30, 2012 and 2011.

## 12. Commitments and Contingencies

### Litigation

During the normal course of business, CHI may become involved in litigation. Management assesses the probable outcome of unresolved litigation and records estimated settlements. After consultation with legal counsel, management believes that any such matters will be resolved without material adverse impact to the consolidated financial position or results of operations of CHI.

## **Health Care Regulatory Environment**

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Management believes CHI is in compliance with all applicable laws and regulations of the Medicare and Medicaid programs. Compliance with such laws and regulations is complex and can be subject to future governmental interpretation as well as significant regulatory action, including fines, penalties and exclusion from the Medicare and Medicaid programs. Certain CHI entities have

### 12. Commitments and Contingencies (continued)

been contacted by governmental agencies regarding alleged violations of Medicare practices for certain services. In the opinion of management after consultation with legal counsel, the ultimate outcome of these matters will not have a material adverse effect on CHI's consolidated financial position.

## **Operating Leases**

CHI leases certain real estate and equipment under operating leases, which may include renewal options and escalation clauses. Future minimum lease payments required for the next five years and thereafter for all operating leases that have initial or remaining noncancelable lease terms in excess of one year at June 30, 2012, are as follows (in thousands):

	Amounts Due
Year Ending June 30:	
2013	\$ 104,407
2014	91,753
2015	75,761
2016	68,627
2017	61,038
Thereafter	210,019
	\$ 611,605

Lease expense under operating leases for continuing operations for the years ended June 30, 2012 and 2011, totaled approximately \$175 million and \$145 million, respectively.

### 13. Insurance Programs

FIIL, a wholly owned captive insurance company of CHI, provides hospital professional liability, employment practices liability and commercial general liability coverage, primarily to MBOs related to CHI either on a directly written basis or through reinsurance fronting relationships with commercial carriers such as PPIC. Policies written provide coverage with primary limits in the amount of \$8 million for each and every claim. For the policy year July 1, 2011 to July 1, 2012, there is an annual policy aggregate of \$75 million eroded by hospital professional liability and commercial general liability claims, subject to a \$175,000 continuing underlying per claim limit. Effective July 1, 2011, FIIL provided excess umbrella liability coverage for claims in excess of the underlying limits discussed above. The limits provided under such excess coverage are \$200 million per claim and in the aggregate. Prior to July 1, 2011, CHI had obtained excess coverage directly from commercial insurance companies. FIIL reinsured 100% of the excess coverage layer with various commercial insurance companies. At June 30, 2012 and 2011, investments and assets limited as to use held for insurance purposes included \$59 million and \$58 million, respectively, held as collateral for the reinsurance fronting arrangement with PPIC.

### 13. Insurance Programs (continued)

FIIL provides workers' compensation coverage, either on a directly written basis or through reinsurance fronting relationships with commercial carriers for amounts above \$1 million per claim. Coverage of \$500,000 in excess of \$500,000 per claim is reinsured with an unrelated commercial carrier. FIIL also underwrites the property and casualty risks of CHI for up to \$1 million per claim. Unrelated commercial insurance carriers reinsure losses in excess of the per-claim limits.

The liability for self-insured reserves and claims represents the estimated ultimate net cost of all reported and unreported losses incurred through June 30. The reserves for unpaid losses and loss adjustment expenses are estimated using individual case-based valuations, statistical analyses and the expertise of an independent actuary.

The estimates for loss reserves are subject to the effects of trends in loss severity and frequency. Although considerable variability is inherent in such estimates, management believes that the reserves for unpaid losses and loss adjustment expenses are adequate. The estimates are reviewed periodically, with consultation from independent actuaries, and any adjustments to the loss reserves are reflected in current operations. As a result of these reviews of claims experience, estimated reserves were reduced by \$47.8 million and \$19.3 million in 2012 and 2011, respectively. The reserves for unpaid losses and loss adjustment expenses relating to the workers' compensation program were discounted, assuming a 4% annual return at June 30, 2012 and 2011, to a present value of \$147.1 million and \$148.8 million at June 30, 2012 and 2011, respectively, and represented a discount of \$46.3 million and \$32.2 million in 2012 and 2011, respectively. Reserves related to professional liability, employment practices and general liability are not discounted.

FIIL holds \$722.1 million and \$715.7 million of investments held for insurance purposes as of June 30, 2012 and 2011, respectively. Distribution of amounts from FIIL to CHI are subject to the approval of the Cayman Island Monetary Authority. CHI established a captive management operation (Captive Management Initiatives, Ltd.) based in the Cayman Islands, which currently manages FIIL as well as operations of other unrelated parties.

CHI, through its Welfare Benefit Administration and Development Trust, provides comprehensive health and dental coverage to certain employees and dependents through a self-insured medical plan. Accounts payable and accrued expenses include \$54 million and \$45 million for unpaid claims and claims adjustment expenses for CHI's self-insured medical plan at June 30, 2012 and 2011, respectively. Those estimates are subject to the effects of trends in loss severity and frequency. Although considerable variability is inherent in such estimates, management believes that the reserves for unpaid losses and loss adjustment expenses are adequate. The estimates are reviewed periodically and, as adjustments to the liability become necessary, such adjustments are reflected in current operations. CHI has stop-loss insurance to cover unusually high costs of care beyond a predetermined annual amount per enrolled participant.

### 14. Subsequent Events

CHI's management has evaluated events subsequent to June 30, 2012 through September 18, 2012, which is the date these consolidated financial statements were available to be issued. There have been no material events noted during this period that would either impact the results reflected herein or CHI's results going forward, except as disclosed below.

### **Alegent Health**

Since 1996, CHI and Immanuel have been party to a Joint Operating Agreement in Omaha, operating under the name Alegent Health (Alegent). Effective in June 2012, CHI and Immanuel signed a letter of intent under which Immanuel will resign its membership and governance role in Alegent, leaving CHI as the sole member and sponsor of Alegent. The transaction is expected to close in late 2012.

In April 2012, Alegent also entered into an agreement with Creighton University to form a long-term strategic affiliation and to acquire Creighton University Medical Center (CUMC). Effective in September 2012, Alegent assumed the operations of CUMC's physician group, Creighton Medical Associates. Although CHI is not currently a party to this transaction, it would become one as a result of the June 2012 letter of intent with Immanuel discussed above.

## **PeaceHealth**

In August 2012, CHI signed a nonbinding letter of intent with PeaceHealth, a Catholic health care system, to create a new integrated regional health care system in the states of Washington, Oregon and Alaska. CHI and PeaceHealth would be equal partners in the new health system and would include CHI's operations in the states of Washington and Oregon. The transaction is subject to various approvals and is expected to be completed before June 30, 2013.

### **Conifer Health Solutions**

Effective in fiscal year 2013, CHI entered into an agreement with Tenet Healthcare to become a minority owner of Conifer Health Solutions (Conifer), a provider of revenue cycle and business management services to hospitals, whereby, in exchange for CHI's ownership interest, Conifer will manage the revenue cycle services for most of CHI's hospitals. CHI will be transitioning its revenue cycle and health information management employees to Conifer over the 2013 fiscal year.

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Supplemental Information



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## Report of Independent Auditors on Supplemental Information

Board of Stewardship Trustees Catholic Health Initiatives

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements of Catholic Health Initiatives as a whole. The following consolidating financial information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in our audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

September 18, 2012

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## Catholic Health Initiatives Consolidating Balance Sheet

June 30, 2012 (In Thousands)

					S	CHI Welfare			Eliminations		
	MBOs	ပိ	Corporate	FIIL	Ber	Benefits Trust	1	Other	and Adjustments		Consolidated
Assets											
Current assets.											
Cash and equivalents	\$ 329,818	<u>چ</u>	42,280		\$ 611	29,705	<b>∽</b>	2,050	i •>	∽	403,972
Net patient accounts receivable, less allowance											
of \$687.631	1,353,928	~	ı		ı	ı		1	I		1,353,928
Other accounts receivable	127,010	_	74,618	5,182	23	313		34,400	(124,916)		116,607
Current portion of investments and assets limited as to use	1,901	_			ı	I		1	•		1,901
Inventories	185,571		1		i	ı		I	I		185,571
Assets held for sale	474,990	_	ı		ı	ı		ı	I		474,990
Prepaid and other	52,678	~	34,265	_	13	157		99	_		87,179
Total current assets	2,525,896	,,	151,163	5,314	4	30,175		36,516	(124,916)		2,624,148
Investments and assets limited as to use:											
Internally designated for capital and other funds	3,415,100	_	,083,825		1	89,594		1	ı		4,588,519
Mission and Ministry Fund	•		110,918		ı	ı		1	1		816,011
Capital Resource Pool	•		320,218		1	I		1	ı		320,218
Held by trustees	228	~	ı		ı	1		1	ı		228
Held for insurance purposes	23,058	~	1	722,069	6	ı		ı	1		745,127
Restricted by donors	170,638	~	485		ı	1		I	-		171,123
Total investments and assets limited as to use	3,609,024		1,515,446	722,069	6	89,594		1	1		5,936,133
Property and equipment, net	4,870,828	~	475,473		ı	1		1,174	l		5,347,475
Deferred financing costs	188	~	28,529		1	ı		ı	1		28,717
Investments in unconsolidated organizations	209,279		1,161,507		ı	1		8,922	(1,071,790)		307,918
Intangible assets	162,880	_	1		1	Ì		1	I		162,880
Notes receivable and other	76,590		2,995,622	20,518	8	1		1	(2,487,617)		605,113
Total assets	\$ 11,454,685		\$ 6,327,740	\$ 747,901	\$	119,769	S	46,612	\$ (3,684,323)	S	15,012,384

Continued on following page

# Catholic Health Initiatives Consolidating Balance Sheet (continued)

June 30, 2012 (In Thousands)

	_	MBOs	Corporate		FIIL	CHI V Benefi	CHI Welfare Benefits Trust	Other	Elimi and Ad	Eliminations and Adjustments	Consolidated	idated
Liabilities and net assets												
Current liabilities:	•	;				•		•	•	•		
Compensation and benefits	<del>69</del>	363,171	\$ 52,224	<del>4</del>	1	<del>69</del>	1,374 \$	1,828	643	<del>so</del> !		418,597
Third-party liabilities		76,660	,	,	1		ı	l		ĺ		76,660
Accounts payable and accrued expenses		551,084	228,885	<b>ا</b>	3,961		53,478	3,326		(121,837)		718,897
Liabilities held for sale		103,633	•	1	1		1	I		ı		103,633
Variable-rate debt with self liquidity		1	321,455		I		ı	1		ı		321,455
Current portion of long-term debt		124,416	629,115	10	1		ı	l		(110,448)	)	643,083
Total current liabilities	-	1,218,964	1,231,679		3,961	i	54,852	5,154		(232,285)	2,2	2,282,325
Pension liability		83,364	809,456	ς.	I		ı	1		ſ	w	892,820
Self-insured reserves and claims		16,338	37,185	10	460,061		1	1		ı	۷,	513,584
Other liabilities		118,120	121,722	~1	•		1	ı		(3,079)	.,	236,763
Long-term debt	7	2,440,592	3,715,286	٠,	1	!	1	1	(2	(2,377,169)	3,7	3,778,709
Total habilities	m	3,877,378	5,915,328		464,022		54,852	5,154	(2	(2,612,533)	7,7	7,704,201
Net assets:												
Net assets attributable to CHI	7	7,367,623	236,379	•	283,879		64,917	41,458		(1,071,790)	6,9	6,922,466
Net assets attributable to noncontrolling interests		5,317	175,546	ν,	1		1	!		_	1	180,863
Unrestricted	7	7,372,940	411,925	١,	283,879		64,917	41,458	(1	(1.071,790)	7,1	7,103,329
Temporarily restricted		136,334	487	7	ı		I	1		1	_	136,821
Permanently restricted		68,033		,	1		1	1		ı		68,033
Total net assets	7	7,577,307	412,412	~	283,879		64,917	41,458		1,071,790)	7,3	7,308,183
Total liabilities and net assets	\$ 	11,454,685	\$ 6,327,740	\$ (	747,901	\$ 1	\$ 692,61	46,612	\$ (3	(3,684,323) \$		15,012,384

## 1111-1309439

## Catholic Health Initiatives Consolidating Statement of Operations

Year Ended June 30, 2012 (In Thousands)

				Cul Wolfers		Eliminations		
	MBOs	Corporate	FIIL	Benefits Trust	Other	Adjustments	Consolidated	lated
Revenues: Net patient services	\$ 9,336,797	69   	1	\$ I	l	\$ (112,938)	€4	9,223,859
Nonpatient							ć	9
Donations	25,960	2,008	I	ı	1 000	ι §		20,70
Changes in equity of unconsolidated organizations	16,504		24 146	:	(7,206)	(e)		22,934
Investment income from self-insured trust funds	3,024	669 558	34,145 133,740	372.557	6.516	(1.215.334)	. K	532.341
Total nonpatient revenues	424,651		167,885	372,557	4,310	(1,215,340)	62	620,412
Total operating revenues	9,761,448		167,885	372,557	4,310	(1,328,278)	9,84	9,844,271
Expenses:	3 523 165		ı	1	11.743	(46)	3.77	3.776.388
Finally and wages	822.465	25,993	I	376,459	1,725	(477,587)	74	749,055
Purchased services, medical professional fees, consulting and legal	1,129,211		653	2,094	3,086	(356,685)	92:	925,427
	1,558,339		l	ı	334	I	1,56	,566,367
Bad debts	709,654		1	1	I	1	70	709,654
Utilities	182,781		ı	ı	25	I	<u> </u>	120,205
Rentals, leases, maintenance and insurance	310,596	,	135,412	1	1,112	(234,769)	25	523,076
Depreciation and amortization	453,484		1	l	354	ļ	47	473,773
Interest	96,926	_	I	1	I	(101,379)	12	129,648
Other	655,555	11,122	166	298	999	(157,807)	51	511,125
Total operating expenses before restructuring, impairment	361 636 0	010 563	137 056	379 151	19 045	(178 273)	0 48	9 484 718
and other losses	11,100,		000,000			(2)		
and other losses	394,272	Ū	30,829	(6,594)	(14,735)	(5)		359,553
Restructuring, impairment and other losses	24,226		1	ı	969	1	4	47,735
Income (loss) from operations	370,046	5 (67,027)	30,829	(6,594)	(15,431)	(5)	31	311,818
Nonoperating gains (losses):								
Investment income (loss), net	33,881	_	(10,159)	2,488	(4)	I	<b>-</b> (	19,829
Loss on defeasance of bonds	(69,878)		ı	ı	1	ı	5 5	(555,0/)
Realized and unrealized losses on interest rate swaps	(310.01)	- (153,411)	I	ı	Ī	- 35 173	( <u>)</u>	(155,411)
Uner nonoperating (losses) gains	(48 212)		(10.159)	2.488	(4)	35,323	210	(216,352)
Excess (deficiency) of revenues over expenses	\$ 321,834	S	20,670	\$ (4,106) \$	(15,435)	\$ 35,318	8	95,466
Excess (deficiency) of revenues over expenses attributable to noncontrolling interest	\$ 6,542	\$ (6,005) \$	ı	\$ -	-	- \$	<b>∽</b>	537
Excess (deficiency) of revenues over expenses attributable to CHI	\$ 315,292	2 \$ (256,810) \$	20,670	\$ (4,106) \$	(15,435)	\$ 35,318	6 \$	94,929

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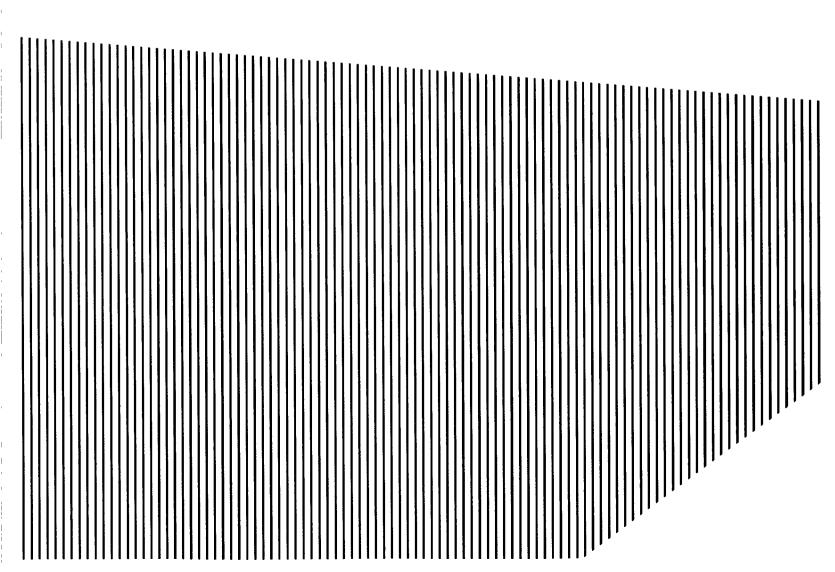
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## Form **8868**

(Rev January 2012)

Department of the Treasury Internal Revenue Service

## Application for Extension of Time To File an Exempt Organization Return

► File a separate application for each return.

OMB No 1545-1709

Internal Rev	enue Service						
• If you	are filing for an Automatic 3-Month Extension, c	omplete o	nly Part I and check th	is box			. ▶ 🗸
• If you	are filing for an Additional (Not Automatic) 3-Mo	nth Exten	sion, complete only Pa	art II (on page 2 of	this f	orm).	
Do not	complete Part II unless you have already been g	ranted an a	automatic 3-month exte	ension on a previou	ısly fil	led Form	8868.
a corpor 8868 to Return	nic filing (e-file). You can electronically file Form ration required to file Form 990-T), or an additional request an extension of time to file any of the firm Transfers Associated With Certain Personal cons). For more details on the electronic filing of the	al (not auto orms listed Benefit C	matic) 3-month extensi I in Part I or Part II with Contracts, which must	on of time. You can the exception of the sent to the IF	in ele Forn S in	ctronicall n 8870, I paper fo	ly file Form nformation ormat (see
Part I	Automatic 3-Month Extension of Time	Only sub	omit original (no copie	es needed).			
_	ration required to file Form 990-T and reques				s box	and co	mplete
-	· · · · · · · · · · · · · · · · · · ·	_					
	corporations (including 1120-C filers), partnershi						
	come tax returns.	po,	o, and induite made add			.,, 0,,,,0,,,0	
			En	iter filer's identifying	a num	ber. see i	nstructions
	Name of exempt organization or other filer, see in	structions	<del>_</del>	Employer identif			
Type or	MEMORIAL HEALTH CARE SYSTEM			l		32345	<b>(</b>
print	Number, street, and room or suite no. If a P.O. bo	x. see ınstrı	uctions.	Social security n			
File by the	locas provide August	,				(	
filing your City, town or post office, state, and ZIP code. For a foreign address, see instructions.							
return See							
Enter th	e Return code for the return that this application is	s for (file a	separate application for	r each return) .			0 1
Applic	ation	Return	Application				Return
Is For		Code	Is For				Code
Form 9	90	01	Form 990-T (corporati	on)			07
Form 9		02	Form 1041-A	<u> </u>			08
Form 9		01	Form 4720				09
Form 9		04	Form 5227				10
	90-T (sec. 401(a) or 408(a) trust)	05	Form 6069				11
	90-T (trust other than above)	06	Form 8870				12
1011110	oo i (tradi dilai tradi abovo)		7 0 007 0				I
	ooks are in the care of ► CHERYL SADRO						
l elepi	none No. (423)495-7878		AX No. ▶			-	
	organization does not have an office or place of b						. ▶⊔
	is for a Group Return, enter the organization's fou					If the	
	vhole group, check this box ▶ □ . If	-	t of the group, check th	is box		_ and att	ach
	th the names and EINs of all members the extensi						
	request an automatic 3-month (6 months for a co					<b>T</b> 1	
	intil February 15 , 20 13 , to file the exer	npt organi	zation return for the org	anization named a	bove.	. The exte	ension is
	or the organization's return for:						
ı	▶ ☐ calendar year 20 or						
_			44   1   1			00	40
	► ✓ tax year beginning July 01					, 20	
_	f the tax year entered in line 1 is for less than 12 r	nonths, ch	eck reason: LInitial re	eturn 🔲 Fınal ret	urn		
	Change in accounting period	T 1700	0000		ı		·, ·····
ı	f this application is for Form 990-BL, 990-PF, 990 nonrefundable credits. See instructions.			•	3a	\$	
	f this application is for Form 990-PF, 990-T,		•				
_	estimated tax payments made. Include any prior y		<u> </u>		3b	\$	
	Balance due. Subtract line 3b from line 3a. Includ			equired, by using			·
	EFTPS (Electronic Federal Tax Payment System).	See instru	ctions.		3с	\$	
Caution	If you are going to make an electronic fund withdrawal	with this Fo	rm 8868, see Form 8453-F	O and Form 8879-E	O for i	payment in	nstructions

Form 886	8 (Rev 1-2012)				Page 2
Note. C	are filing for an Additional (Not Automatic) 3-M Only complete Part II if you have already been gra are filing for an Automatic 3-Month Extension,	anted an aut	omatic 3-month extensi		<b>▶ </b>
Part				original (no copies peeded)	
raiti	Additional (Not Automate) 3-Month	LATCHSION		nter filer's Identifying number, se	
	Name of exempt organization or other filer, see	instructions		Employer Identification number	
Type or	MEMORIAL HEALTH CARE SYSTEM			62-0532345	2. (2) 0.
print	Number, street, and room or suite no. If a P.O. I	ox. see instri	uctions	Social security number (SSN)	<del></del>
File by the due date t	9	30,1, acc			
filing your	City town or post office, state, and ZIP code, F	or a foreign a	ddress, see Instructions.		
retum Se Instruction	9	o. u. (o. o.g.)			
	ne Return code for the return that this application	is for (file a	separate application fo	r each return)	. 01
Applic	eation	Return	Application		Return
Is For		Code	Is For		Code
	······································				
Form 9		01	Form 10/1 ^		00
	990-BL	02	Form 1041-A		08
	990-EZ	01	Form 4720		10
	390-PF	04	Form 5227 Form 6069		11
	990-T (sec. 401(a) or 408(a) trust)	05			12
Forms	990-T (trust other than above)	06	Form 8870	······································	
• If the • If this for the v list with  4 5 6	hone No. ► (423)495-7878 organization does not have an office or place of is for a Group Return, enter the organization's for whole group, check this box ►	our digit Gro f it is for par on is for. e until ning months, ch	up Exemption Number tof the group, check the May 15 July 01 , 20 11 eck reason:  Initial	(GEN) If in is box ▶ □ and in is box ▶ □ and in in it is box ■ and in it is box	, 20 12 .
	If this application is for Form 990-BL, 990-PF, 9 nonrefundable credits. See instructions.			8a \$	
	If this application is for Form 990-PF, 990-T, estimated tax payments made. Include any pramount paid previously with Form 8868.	ior year ove	erpayment allowed as	a credit and any 8b \$	
	Balance due. Subtract line 8b from line 8a. Include (Electronic Federal Tax Payment System). See instru		it with this form, if require	ed, by using EFTPS 8c \$	
linder r	Signature and Verificon senanties of perjury, 1 declare that I have examined				the best of my
knowled Signature	age and belief, it is true, correct, and complete, and the	at I am author	ized to prepare this form.	v13cr Date > 2/6	// 3 168 (Bey 1-2012)
				Fullit OC	