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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 07-01-2011 and ending 06-30-2012

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

C Name of organization
St Vincent's Birmingham

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
810 St Vincents Drive

City or town, state or country, and ZIP + 4
Birmingham, AL 35205

D Employer identification number
63-0288864

E Telephone number
(205)939-7000

G Gross receipts $ 399,625,602

F Name and address of principal officer
John O'Neil
810 St Vincents Drive
Birmingham, AL 35205

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

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

H(c) Group exemption number ▶ 0928

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

J Website: ▶ www stvhs com

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1898

M State of legal domicile AL

Part I Summary

1 Briefly describe the organization's mission or most significant activities
Provides essential health care services as well as community services

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	15
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	14
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	2,429
6	Total number of volunteers (estimate if necessary)	**6**	14
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	249,013
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-23,771

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	1,302,445	708,826
	9 Program service revenue (Part VIII, line 2g)	359,133,758	377,650,651
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	5,740,839	3,110,244
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	3,419,366	17,143,555
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	369,596,408	398,613,276
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	468,528	345,569
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	116,041,081	121,880,313
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	227,400,945	229,075,893
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	343,910,554	351,301,775
	19 Revenue less expenses Subtract line 18 from line 12	25,685,854	47,311,501

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	445,600,944	497,777,253
	21 Total liabilities (Part X, line 26)	179,307,917	187,948,569
	22 Net assets or fund balances Subtract line 21 from line 20	266,293,027	309,828,684

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

▶ Signature of officer — 2013-05-14 Date

▶ David A Cauble EVP/CFO - STVHS
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶ Rebecca Lyons | Date | Check if self-employed ▶☐ | Preparer's taxpayer identification number (see instructions) P01487105

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ Deloitte Tax LLP
250 East Fifth Street Suite 1900
Cincinnati, OH 45202

EIN ▶ 86-1065772

Phone no ▶ (513) 784-7100

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

Rooted in the loving ministry of Jesus as healer, we commit ourselves to serving all persons with special attention to those who are poor and vulnerable Our Catholic health ministry is dedicated to spiritually centered, holistic care which sustains and improves the health of individuals and communities We are advocates for a compassionate and just society through our actions and our words

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

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

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

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 316,207,707 including grants of $ 345,569) (Revenue $ 380,763,480)

The Hospital is dedicated to spiritually centered, holistic care that sustains and improves the health of the individuals and communities It furthers this goal through delivery of patient services, care to the elderly and indigent, patient education and health awareness programs for the community For detailed information on the Hospital's program services accomplishments and statistical data see Schedule H

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

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

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ $ 316,207,707

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules *(continued)*

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

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

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	**1a**	0		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1c**		
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	2,429		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b**	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?			**4a**		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**	0			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			**9a**		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	**11a**				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			**13a**		
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**				
c	Enter the aggregate amount of reserves on hand	**13c**				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**		

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	15		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	14		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .		3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .		5		No
6	Did the organization have members or stockholders?		6	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		7a	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b		No
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

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

Section C. Disclosure

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

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you made these available Check all that apply

☐ Own website ☐ Another's website ☑ Upon request

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

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

David A Cauble
810 St Vincents Drive
Birmingham, AL 35205
(205) 939-7079

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								1,231,760	2,926,212	244,769

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 7

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Brasfield & Gorrie LLC Drawer 351 PO Box 11407 Birmingham, AL 352460351	Construction	4,723,416
TriMedx PO Box 636129 Cincinnati, OH 452636129	Medical Equipment	4,375,595
Crothall Services Group 200 16th Street South Birmingham, AL 352331600	Environmental Services	4,248,200
Morrison Management Specialists PO Box 102289 Atlanta, GA 303682289	Dietary Services	3,067,064
Med-South Inc PO Box 689 Jasper, AL 35502	Sleep Services	1,398,945

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 45

Part VIII Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d	625,592			
	e	Government grants (contributions)	1e	52,985			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	30,249			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		708,826			
Program Service Revenue			Business Code				
	2a	Net Patient Revenue	621990	376,131,315	375,958,771	172,544	
	b	Investment - JV's	621990	905,558	905,558		
	c	Lab Revenue	621990	613,778	537,309	76,469	
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		377,650,651			
	3	Investment income (including dividends, interest and other similar amounts)		3,051,227			3,051,227
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
			(i) Real	(ii) Personal			
	6a	Gross rents	222,586				
	b	Less rental expenses	98,973				
	c	Rental income or (loss)	123,613				
	d	Net rental income or (loss)		123,613			123,613
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory		68,130			
	b	Less cost or other basis and sales expenses		9,113			
	c	Gain or (loss)		59,017			
	d	Net gain or (loss)		59,017			59,017
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events					
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities					
	10a	Gross sales of inventory, less returns and allowances	a	1,337,369			
	b	Less cost of goods sold	b	904,240			
	c	Net income or (loss) from sales of inventory		433,129			433,129
		Miscellaneous Revenue	Business Code				
	11a	Pension Curtailment	900099	10,102,598			10,102,598
	b	Gain on Sale of JV	900099	1,450,000			1,450,000
	c	Parking Revenue	812930	1,342,484			1,342,484
	d	All other revenue		3,691,731	3,361,842		329,889
	e	**Total.** Add lines 11a–11d		16,586,813			
	12	**Total revenue.** See Instructions		398,613,276	380,763,480	249,013	16,891,957

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)

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21	345,569	345,569		
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	1,589,882	1,430,894	158,988	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	92,472,986	83,225,687	9,247,299	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	11,845,099	10,660,589	1,184,510	
9	Other employee benefits	9,064,895	8,158,406	906,489	
10	Payroll taxes	6,907,451	6,216,706	690,745	
11	Fees for services (non-employees)				
a	Management	723,797	651,417	72,380	
b	Legal				
c	Accounting				
d	Lobbying	15,530	15,530		
e	Professional fundraising *See Part IV, line 17* . .				
f	Investment management fees				
g	Other	32,067,571	28,860,814	3,206,757	
12	Advertising and promotion	73,662	66,296	7,366	
13	Office expenses	1,679,834	1,511,851	167,983	
14	Information technology	14,281,226	12,853,103	1,428,123	
15	Royalties . .				
16	Occupancy	11,722,121	10,549,909	1,172,212	
17	Travel	18,866	16,979	1,887	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	30,423	27,381	3,042	
20	Interest	4,406,327	3,965,694	440,633	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	19,671,786	17,704,607	1,967,179	
23	Insurance	1,856,276	1,670,648	185,628	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	Medical Supplies	81,048,746	72,943,871	8,104,875	
b	Corporate Allocation	26,686,264	24,017,638	2,668,626	
c	Bad Debt Expense	19,404,653	17,464,188	1,940,465	
d	Medical/Surgical Rental	4,523,623	4,071,261	452,362	
e					
f	All other expenses	10,865,188	9,778,669	1,086,519	
25	**Total functional expenses.** Add lines 1 through 24f	351,301,775	316,207,707	35,094,068	0
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

			(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing	2,304,876	1	278,908
	2	Savings and temporary cash investments		2	
	3	Pledges and grants receivable, net		3	
	4	Accounts receivable, net	33,663,451	4	38,788,876
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L		6	
	7	Notes and loans receivable, net		7	
	8	Inventories for sale or use	4,175,524	8	5,184,979
	9	Prepaid expenses and deferred charges	1,200,579	9	490,526
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D* — 10a: 489,992,391			
	b	Less accumulated depreciation — 10b: 294,861,010	204,784,300	10c	195,131,381
	11	Investments—publicly traded securities		11	
	12	Investments—other securities See Part IV, line 11		12	
	13	Investments—program-related See Part IV, line 11	2,044,552	13	2,030,030
	14	Intangible assets	300,450	14	300,450
	15	Other assets See Part IV, line 11	197,127,212	15	255,572,103
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)	445,600,944	16	497,777,253
Liabilities	17	Accounts payable and accrued expenses	4,164,827	17	7,537,879
	18	Grants payable		18	
	19	Deferred revenue	57,260	19	27,664
	20	Tax-exempt bond liabilities		20	
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*		21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*		22	
	23	Secured mortgages and notes payable to unrelated third parties		23	
	24	Unsecured notes and loans payable to unrelated third parties		24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D	175,085,830	25	180,383,026
	26	**Total liabilities.** Add lines 17 through 25	179,307,917	26	187,948,569
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**			
	27	Unrestricted net assets	266,115,350	27	309,626,448
	28	Temporarily restricted net assets	177,677	28	202,236
	29	Permanently restricted net assets		29	0
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.			
	30	Capital stock or trust principal, or current funds		30	
	31	Paid-in or capital surplus, or land, building or equipment fund		31	
	32	Retained earnings, endowment, accumulated income, or other funds		32	
	33	Total net assets or fund balances	266,293,027	33	309,828,684
	34	Total liabilities and net assets/fund balances	445,600,944	34	497,777,253

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	398,613,276
2	Total expenses (must equal Part IX, column (A), line 25)	2	351,301,775
3	Revenue less expenses Subtract line 2 from line 1	3	47,311,501
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	266,293,027
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-3,775,844
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	309,828,684

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
St Vincent's Birmingham

Employer identification number
63-0288864

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

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

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

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

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

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

_____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

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

Section C. Computation of Public Support Percentage

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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

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

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

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

Facts And Circumstances Test

Explanation

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

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

OMB No 1545-0047

2011

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
St Vincent's Birmingham	63-0288864

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

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

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

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		15,530
j	Total lines 1c through 1i			15,530
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

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

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
St Vincent's Birmingham

Employer identification number
63-0288864

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance					
b Contributions					
c Investment earnings or losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

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

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

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

		Yes	No
(i) unrelated organizations	3a(i)		
(ii) related organizations	3a(ii)	Yes	
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		8,790,157		8,790,157
b Buildings		202,035,009	83,771,229	118,263,780
c Leasehold improvements		6,200,875	4,513,667	1,687,208
d Equipment		262,106,209	198,746,268	63,359,941
e Other		10,860,141	7,829,846	3,030,295
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				195,131,381

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

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

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

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

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

(a) Description	(b) Book value
(1) Due From TriMedx	240,788
(2) Other Receivable	1,059,671
(3) Other Long-Term Investments	416,124
(4) Other Long-Term Assets	262,648
(5) Intercompany Receivables	191,513,304
(6) Restricted Assets	202,237
(7) Interest in Investments Held by Ascension Health Alliance	61,877,331
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	255,572,103

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
Patient AR Credit Balances	1,745,772
Estimated Third Party Payables	12,610,969
Other Current Liabilities	148
Other Non-Current Liability	47,336,790
Intercompany Debt with Ascension Health Alliance	118,404,030
Post Retirement Benefits	285,317
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	180,383,026

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

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

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

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

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
St Vincent's Birmingham

Employer identification number
63-0288864

Part I Charity Care and Certain Other Community Benefits at Cost

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

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			2,550,630		2,550,630	0 770 %
b Medicaid (from Worksheet 3, column a)			24,116,425	12,763,104	11,353,321	3 420 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs			26,667,055	12,763,104	13,903,951	4 190 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)	27	10,083	928,556	3,306	925,250	0 280 %
f Health professions education (from Worksheet 5)	8	796	708,490	211,921	496,569	0 150 %
g Subsidized health services (from Worksheet 6)	4	4,480	23,820		23,820	0 010 %
h Research (from Worksheet 7)	2		155,207		155,207	0 050 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)	9	8,156	222,097	14	222,083	0 070 %
j **Total** Other Benefits	50	23,515	2,038,170	215,241	1,822,929	0 560 %
k **Total.** Add lines 7d and 7j	50	23,515	28,705,225	12,978,345	15,726,880	4 750 %

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

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development	1	15	118		118	0 %
3	Community support	7	595	13,032		13,032	0 %
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building	1		611		611	0 %
7	Community health improvement advocacy						
8	Workforce development						
9	Other	2	1,027	17,230		17,230	0 010 %
10	**Total**	11	1,637	30,991		30,991	0 010 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1		No
2	Enter the amount of the organization's bad debt expense	2	4,729,420		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	1,684,632		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	134,091,477		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	136,143,500		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-2,052,023		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures (see instructions)

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

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

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	St Vincent's Birmingham 810 St Vincents Drive Birmingham, AL 35205	X	X					X		

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

St Vincent's Birmingham

Name of Hospital Facility:

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

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

Part V Facility Information *(continued)*

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

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

Part V Facility Information *(continued)*

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

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

	Name and address	Type of Facility (Describe)
1	Access to Care Network 810 St Vincents Drive POB 1-Ste 105 Birmingham, AL 35205	Medical Clinic
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

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

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

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
		Part I, Line 7g The organization employs its physicians at physician clinics, so the associated costs and charges relating to those physician services are included in all relevant categories in Part I

Identifier	ReturnReference	Explanation
		Part I, L7 Col(f) The amount of bad debt expense reported on Form 990, Part IX, Line 25, column (A), but subtracted for purposes of calculating the percentages in Part I, Line 7, column (f) is $19,404,653

Identifier	ReturnReference	Explanation
		Part II St Vincent's Health System provided the following community building activities in FY 2012 St Vincent's Health System has taken the lead in creating a Community Health C are Provider Coalition that meets every other month to collaborate, coordinate and educate each other and the community about important health issues and resources This group incl udes hospitals, mental health providers, non-profit clinics, local health department, and other service providers St Vincent's Heart Day - A System-wide initiative with its main g oal to assist individuals to access heart tests at an affordable cost if they would otherw ise be unable to access such services Heart assessment tests (valued at $350) are made av ailable for a low fee of $40 Follow up by Dial-A-Nurse is offered to those who need addit ional testing Dial-A-Nurse - Registered nurses are available during normal business hours to answer health information inquiries They are able to triage callers who express sympt oms and give basic information about health conditions St Vincent's Christmas Store - A Christmas program in partnership with Catholic Center of Concern and King's Home that work s to provide families who have experienced an emergency with Christmas items as well as he alth information The program provides a toy, winter coat, food box with fresh produce, bo oks for the children and the option for parents to receive a free flu shot It is a collab orative effort between St Vincent's Birmingham, St Vincent's East and St Vincent's One Nineteen King's Home - St Vincent's One Nineteen provides assistance to this local home f or women and children experiencing homelessness or domestic violence One Nineteen hosts a race event benefiting the organization and residents participate in the Christmas Store i nitiative Camp Bluebird is a St Vincent's Birmingham and St Vincent's East program for adult cancer survivors The camp provides retreat and supportive services for participants The model has acquired national recognition and other healthcare providers have adopted the program's model St Vincent's Wellness Services provide a wide variety of community o utreach and health education From free or low cost workshops to health fairs and classes, the outreach is designed to emphasize healthy living and healthy habits Wellness Service s perform screenings at local churches free of charge and at events related to the Hispani c Outreach Wellness services provides programming in local assisted living facilities, es pecially those in underserved areas, free of charge They have also worked closely with sc hools and neighborhood organizations to provide programs about nutrition to children and y oung adults St Vincent's Birmingham and St Vincent's East both maintain a cancer regist ry, which provides information for the community's benefit These two facilities also supp ort research that is unsponsored but ultimately benefits the greater community as well As a Health System, St Vincent's is committed to disaster preparedness, especially in light of recent events Our System Safety Officer facilitates trainings and education above and beyond what is required to ensure that the employees are more than prepared for any emerge ncy situations St Vincent's St Clair, Blount and East all participate in local organizat ions such as Rotary Club, Chamber of Commerce and Kiwanis to educate local leaders about h ealth issues St Vincent's Case Management at all facilities frequently go above and beyo nd the required care by providing assistance in applying for public benefits (MedAssist), providing transportation services for medical appointments (shuttle service), sponsoring s itters/companions for those who are unable to afford, and medication assistance to those w ho cannot afford prescriptions St Vincent's East provides community support in the form o f various on-campus support groups The groups include support for cancer survivors, indi viduals living with low vision, gastric bypass, diabetes, grief support and heart health A t every St Vincent's facility, students and interns shadow and train with associates in a variety of fields nursing, physical therapy, health information management, business adm inistration, respiratory therapy, patient care assisting, phlebotomy, medical secretary, r adiology, surgery, sterile processing, as well as a medical residency program and clinic i n collaboration with St Vincent's East We provide essential medical services to the comm unity, train and recruit healthcare professionals to serve the needs of the broader commun ity, provide appropriate charity services to those unable to pay for their health care nee ds, and provide services to other organizations that allow them to provide quality service s to their patients or constituents St Vincent's Health System currently partners with l ocal chapters of national organizations with intent to assist those with varying health is sues Among the organizations that associates may

Identifier	ReturnReference	Explanation
		volunteer with, participate in and raise funds for are American Cancer Society, American Diabetes Association, American Heart Association, Leukemia and Lymphoma Society, March of Dimes, Susan G Komen for the Cure, Dispensary of Hope, Red Cross, and United Way Local h ealth-related organizations that receive support from St Vincent's Health System include Birmingham AIDS Outreach, Tot Shots (free vaccination program), Sickle Cell Foundation, C ahaba Valley Health Care (dental and vision), Office of Women's Health, and M-POWER Minist ries (free clinic) Other organizations in the community that St Vincent's sponsors and s upports are - Cristo Rey - an internship program for inner city youth at Holy Family Cath olic School, - MedMission - a medical supply organization that matches international need with surplus or nearly expired items, - Royal Family Kids Camp - which provides a summer c amp experience for foster care children, - Magic City Harvest - provides food distribution to homeless shelters,- Ladies of Charity - raise funds and volunteer in the spirit of St Vincent dePaul,- The Nest - a homeless health outreach, - Christian Service Mission - pro vides emergency donations and need (especially in recent disaster relief efforts),- YWCA a nd Pathways - a set of services designed to assist homeless women become self-sufficient,- O ur Lady of Fatima and St Barnabas Catholic Schools - which provide private school educa tion in underserved communities, - The Exceptional Foundatio - that supports mentally chal lenged children to learn skills and socialize,- Jones Valley Urban Farm - which supports u rban farming and healthy nutrition

Identifier	ReturnReference	Explanation
		Part III, Line 4 From the consolidated audited financial statements of Ascension Health Alliance (which includes the activity of St Vincent's Birmingham) The provision for bad debt expense is based upon management's assessment of expected net collections considering economic conditions, historical experience, trends in healthcare coverage, and other collection indicators Periodically throughout the year, management assesses the adequacy of the allowance for uncollectible accounts based upon historical write-off experience by payor category, including those amounts not covered by insurance The results of this review are then used to make any modifications to the provision for bad debt expense to establish an appropriate allowance for uncollectible accounts After satisfaction of amounts due from insurance and reasonable efforts to collect from the patient have been exhausted, the System follows established guidelines for placing certain past-due patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by the System Accounts receivable are written off after collection efforts have been followed in accordance with the System's policies The cost of charge ratio was used to determine the bad debt expense at cost Bad debt expense at cost attributable to patients eligible under the organization's charity polity was calculated by using the US Census date to determine the percentage of population below 200% of the FPL and applied that percentage to bad debt expense at cost as an estimate of charity in bad debt

Identifier	ReturnReference	Explanation
		Part III, Line 8 Ascension Health and related health ministries follow the Catholic Health Association ("CHA") guidelines for determining community benefit CHA community benefit reporting guidelines suggest that Medicare shortfall is not treated as community benefit The cost to charge ratio method is used in determining the shortfall

Identifier	ReturnReference	Explanation
		Part III, Line 9b St Vincent's Health System follows the Ascension guidelines for collection practices related to patients qualifying for charity or financial assistance A patient can apply for charity or financial assistance at any time during the collection cycle Once qualifying documentation is received the patient's account is adjusted Patient accounts for the qualifying patient in the previous six months may also be considered for charity or financial assistance Once a patient qualifies for charity or financial assistance, all collection activity is suspended

Identifier	ReturnReference	Explanation
		Part VI, Line 2 Our most recent community needs assessment was conducted in April 2008 by our parent company Ascension Health and was limited geographically to the seven counties served by St Vincent's Health System The assessment was completed by interviewing key stakeholders both within St Vincent's Health Care System and in the external community The interviews were conducted between December 2007 and April 2008 Interviewees included a range of CEO's and program managers from area health care organizations, and 55 interviews were completed The needs assessment consists of census data, public health information, and findings from the interviews These findings include an assessment of the local healthcare infrastructure and the service gaps, especially in regards to those in our community who lack access to basic healthcare services

Identifier	ReturnReference	Explanation
		Part VI, Line 3 St Vincent's Birmingham uses visual aids to inform patients of available financial assistance The statement of Patient Financial Services Financial Assistance is displayed at all registration areas throughout the hospital, including the Emergency Department to make patients aware that assistance is available Our staff, when discussing collections with patients, also makes patients aware of the available assistance if they are unable to pay

Identifier	ReturnReference	Explanation
		Part VI, Line 4 St Vincent's Health System primarily services residents of central Alabama in the following seven counties Blount, Cullman, Jefferson, Shelby, St Clair, Talladega, and Walker - Our primary service area consists of both rural and urban communities with a population of 1,231,544, median income of $45,822, and median age of 38 - Age of population 26 15% age 0-19, 33 12% age 20-44, 27 23% age 45-64, 13 5% age 65+ - Sex 51 8% Female and 48 1% Male - Ethnicity 67 5% White non-Hispanic, 27 4% Black non-Hispanic, 4 2% Hispanic, 1 2% Asian non-Hispanic - Language English speaking 96 44%, Non-English age 5+ 3 56% - There are 102 federally designated Medically Underserved Areas (MUA's) and 17% of the population is eligible for Medicaid inside the seven county service areas - Insurance coverage breakdown is 57 7% Private, 15 8% Medicare, 15 4% Medicaid, and 11 1% Uninsured - Poverty 15 1% on average in poverty Range in 7 counties 6 9% to 19 3% - Hospitals in service area 18 total, 16 Nonprofit, 2 For profit, 1 academic medical center - Health Statistics- Obesity 31% - Leading causes of death Heart disease, Cancer, Stroke

Identifier	ReturnReference	Explanation
		Part VI, Line 5 This report illustrates the significant degree to which St Vincent's Hea lth System through its four hospitals and Health & Wellness facility, contributes to the p ositive health status of the communities we serve The system's four hospitals include St Vincent's Birmingham, St Vincent's East, St Vincent's Blount and St Vincent's St Cla ir Each hospital has a separate Tax ID number Each makes an important contribution to ca ring for their community, including those who are underserved As a member of Ascension He alth, St Vincent's Health System continues to build and strengthen sustainable collaborat ive efforts that benefit the health of individuals, families and the community as a whole The Health System's mission is to extend the healing ministry of Christ The hospitals of the health system further the mission through the delivery of patient services, care to t he elderly and indigent, patient education, and health awareness programs for the communit y Our concern for all human life and commitment to the dignity of each person leads us to provide medical services to all people in the community without regard to race, creed, na tional origin, economic status, or ability to pay Based on our Core Values and in the spi rit of principles adopted by Ascension Health, our Health System has taken proactive steps to address those issues that affect accessibility, the financing, and the delivery of hea lth care to all persons, especially the uninsured, underinsured, and the underserved The following chart demonstrates the significant number of patient days and the estimated unre imbursed cost of services provide by our four hospitals to the uninsured or underserved F Y12 Number of Number of Estimated Licensed Beds Patient Days Unreimbursed costSt Vincent' s Birmingham 409 98,995 9,711,933 St Vincent's East 328 78,770 9,864,608 St Vincent's Bl ount 40 4,869 957,278 St Vincent's St Clair 40 5,992 1,586,040 Total 777 188,626 22,119, 859 St Vincent's Heath System has a deep commitment to serving the community We earmark a certain percentage of our yearly profits for charitable donations Through this charitab le donation program, we are able to support local chapters of national organizations such as the American Cancer Society, the American Heart Association, March of Dimes, and Susan G Komen for the Cure We also fund local programs and initiatives such as the United Way Many of our executives serve on the boards of these organizations We also realize that o ur community can extend beyond geographic boundaries, which is why we are pleased to partn er with MedMission International For many reasons, perfectly usable medical supplies, whi ch could be used to save lives in poor countries, are required to be discarded in the Unit ed States At St Vincent's Health System, we collect that medical surplus and donate to M edMission International to redistribute it to under-served hospitals and clinics around th e world We provide essential medical services to the community, train and recruit healthca re professionals to serve the needs of the broader community, provide appropriate charity services to those unable to pay for their health care needs, and provide services to other organizations that allow them to provide quality services to their patients or constituen ts Some of these services include Liz Moore Low Vision Center located at St Vincent's Ea st, Jeremiah's Hope Skills Program, Hispanic O utreach Ministry, Adult Medical Clinic and E lder Care Services program which are all located at St Vincent's Birmingham The goal of t he Liz Moore Low Vision Center at St Vincent's East is to assist the person with low visi on to use functional vision to the utmost capacity A person with low vision may be legall y blind but able to function with visual aids that enhance the remaining vision With the assistance of magnification and adaptations of the special low vision aids that are useful for certain daily tasks, the visually impaired person can function with less difficulty The Vision Center provides services for the person with low vision These services are des igned to benefit a person's daily life activities, which may be hindered by the visual los s St Vincent's Birmingham Jeremiah's Hope Skills Program focuses on training at-risk indi viduals, particularly women, for entry level jobs in the healthcare industry Today, more than 450 people have graduated from Jeremiah's Hope, and most are still working in the hea lthcare industry St Vincent's has also recently partnered with Jeff State Community Coll ege to begin identifying "under-employed" individuals from within our own workforce and tr aining them to become nurses Philanthropy allowed this revolutionary program to blossom a nd it has now become a model for other healthcare facilities nationwide In 2003, St Vince nt's Birmingham initiated a Hispanic O utreach program, La Sana Esperanza/The Healthy Hope, recognizing the changing demographics in Birmingh

Identifier	ReturnReference	Explanation
		am This program provides health and medical assistance to the burgeoning Latino populatio n, often an isolated sector of our community By identifying and placing high-risk persons in our Access to Care Network, we are providing critical care for those in need in a fisc ally responsible manner We have provided health fairs, health screenings, health informat ion, case management assistance, and language assistance to a myriad of persons within the Birmingham community in order to break down the barriers that lead to poor heath in the L atino population Access to Care Network is a healthcare option for the "working poor" in t he Birmingham area, serving individuals who are employed but lack health insurance The Cl inic treats up to 350 patients at any given time, providing for all of their healthcare ne eds at no cost to the patient St Vincent's works with patients to identify ways to acqui re insurance and screens patients based on a willingness to make life changes conducive to good health This charity care is only made possible because of charitable gifts which pr ovide the equipment, space and staffing the Clinic needs The Clinic is a service for thos e patients who have no other options and is possible because of the many philanthropists w ho support this ministry The St Vincent's Birmingham Elder Care Services Program was crea ted in response to a need expressed by a donor to St Vincent's Foundation That donor is a self-described Elder Orphan She has few family members and no prospects to assist her w ith care as she ages She worries about her future when the time comes when she is no long er able to drive herself to and from physician appointments and to the grocery store She trusts St Vincent's to care for her medical needs and wondered if there was a way for St Vincent's to assist people like her who will need additional assistance as they age The idea was presented to Susann Montgomery-Clark in the Foundation office, and after more tha n two years of focus groups and meetings with St Vincent's associates, the project was of ficially launched Initial funding was requested from a group of focus group members who w ere supportive and excited about the project and a grant was obtained from the Daughters o f Charity to begin work on the outline of services that the Elder Care Services Program mi ght provide Just in its infancy, the Elder Care Program has hopes to become one that assi sts our original donor and those like her who will need support services in their twilight years We Are Called To - Service of the Poor - Generosity of spirit, especially for per sons most in need- Reverence - Respect and compassion for the dignity and diversity of lif e- Integrity- Inspiring trust through personal leadership- Wisdom- Integrating excellence and stewardship- Creativity- Courageous innovation- Dedication- Affirming the hope and joy of our ministry St Vincent's Health System is made up of five facilities St Vincent's Birmingham, St Vincent's Blount, St Vincent's East, St Vincent's St Clair, and O ne Nin eteen Health and Wellness Together, we provide a special brand of high-touch, high-tech q uality care to people in more than 40 different zip codes Our healthcare family has an ex tensive network of skilled physicians and associates, as well as the most advanced technol ogies available We are a part of Ascension Health, the nation's largest Catholic and non- profit health system, with more than 100,000 associates serving in 20 states and the Distr ict of Columbia We are committed to providing healthcare that works, healthcare that is s afe, and healthcare that leaves no one behind for life

Identifier	ReturnReference	Explanation
		Part VI, Line 6 St Vincent's Health System (the Health Ministry) is a member of Ascensio n Health Ascension Health Alliance is the sole corporate member and parent organization o f Ascension Health, a Catholic national health system consisting primarily of nonprofit co rporations that own and operate local healthcare facilities, or Health Ministries, located in 21 of the United States and the District of Columbia The Health Ministry, located in B irmingham, Alabama, is a nonprofit health system The Health Ministry is the sole corporat e member of four not-for-profit acute care hospitals St Vincent's Birmingham, St Vincen t's East, St Vincent's Blount, and St Vincent's St Clair, LLC (collectively referred to as the Hospitals) The Hospitals provide inpatient, outpatient and emergency care service s for the residents of Birmingham and surrounding areas Admitting physicians are primaril y practitioners in the local area The Health Ministry is also the sole corporate member o f St Vincent's Foundation of Alabama, Inc and St Vincent's East Foundation, Inc (colle ctively referred to as the Foundations) The Foundations provide fund raising efforts to s upport charitable, religious and educational purposes of charitable works of the Health Mi nistry in accordance with mission and values of Ascension Health The consolidated financi al statements of the Health Ministry also include the following healthcare entities Unive rsal Health Services (provides physician, diagnostic and rehabilitative services, as well as temporary lodging to families of patients), Seton Property Corporation of North Alabama (owns and rents professional office buildings and other real property primarily for medic al services), Ascension Venture Corporation (provides for-profit wellness, spa and fitness services), and Vincentian Ventures of North Alabama, Inc (operates a for-profit pharmacy and other occupational health services) The Health Ministry is related to Ascension Heal th's other sponsored organizations through common control Substantially all expenses of A scension Health are related to providing health care services Mission The System directs i ts governance and management activities toward strong, vibrant, Catholic Health Ministries united in service and healing, and dedicates its resources to spiritually centered care w hich sustains and improves the health of the individuals and communities it serves In acc ordance with the System's mission of service to those persons living in poverty and other vulnerable persons, each Health Ministry accepts patients regardless of their ability to p ay The System uses four categories to identify the resources utilized for the care of per sons living in poverty and community benefit programs - Traditional charity care includes the cost of services provided to persons who cannot afford health care because of inadequ ate resources and/or who are uninsured or underinsured - Unpaid cost of public programs, e xcluding Medicare, represents the unpaid cost of services provided to persons covered by p ublic programs for the persons living in poverty and other vulnerable persons - Cost of ot her programs for persons living in poverty and other vulnerable persons includes unreimbur sed costs of programs intentionally designed to serve the persons living in poverty and ot her vulnerable persons of the community, including substance abusers, the homeless, victim s of child abuse, and persons with acquired immune deficiency syndrome - Community benefit consists of the unreimbursed costs of community benefit programs and services for the gen eral community, not solely for the poor, including health promotion and education, health clinics and screenings, and medical research Discounts are provided to all uninsured patie nts, including those with the means to pay Discounts provided to those patients who did n ot qualify for assistance under charity care guidelines are not included in the cost of pr oviding care of persons who are poor and community benefit programs The cost of providing care of persons who are poor and community benefit programs is estimated using internal c ost data Unreimbursed Services Provided to the Elderly and the PoorSt Vincent's Health Sy stem provides a substantial portion of its services to the elderly and poor During the fi scal year ending 2012, approximately 46% of the value of services rendered were to elderly patients under the Medicare program, and approximately 6% of the services were provided t o patients who were deemed indigent under state, county, or Medical Center Guidelines In the spirit of principles adopted by Ascension Health, St Vincent's Health System has take n proactive steps to address those issues that will affect accessibility, the financing, a nd the delivery of healthcare to all persons, especially the uninsured, underinsured, and the underserved During the fiscal year ending 2012, the estimated unreimbursed cost of se rvices provided to the elderly, uninsured, and und

Identifier	ReturnReference	Explanation
		erinsured totaling approximately $22 1 million Patient ServicesSt Vincent's Health System mission focused health ministry, provides acute care services and community focused servi ces During the fiscal year ending 2012, our Health System treated 38,225 adults and childr en in the community for a total of 188,626 patient days of service The Health System also provided services to 498,084 outpatients, including 33,647 outpatient surgery patients, 1 35,307 emergency and minor care visits and 110,379 clinic and office visits SummarySt Vin cent's Health System furthers its charitable purposes by providing a broad array of servic es to meet the healthcare needs of patients and organizations in the community We provide essential medical services to the community, train and recruit healthcare professionals t o serve the needs of the broader community, provide appropriate charity services to those patients who are not able to pay for their own healthcare needs, provide services to other organizations that allow them to provide quality services to their patients or constituen ts, and present education information classes and activities to the community in order to improve its overall health status

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
St Vincent's Birmingham

Employer identification number
63-0288864

Part I General Information on Grants and Assistance

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

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

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

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) American Cancer Society1100 Ireland Way Suite 300 Birmingham, AL 35205	64-0329009	Section 501(c)(3)	10,000				General Support
(2) American Heart Association1101 Northchase Parkway Suite 1 Marletta, GA 30067	13-5613797	Section 501(c)(3)	7,500				General Support
(3) Bessemer Academy 1705 4th Ave Southwest Bessemer, AL 35022	63-0521463	Section 501(c)(3)	11,650				General Support
(4) Briarwood High School 2204 Briarwood Way Birmingham, AL 35243	63-0653634	Section 501(c)(3)	26,500				General Support
(5) Calera High School100 Calera Eagle Drive Calera, AL 35040	63-6001081	N/A	19,000				General Support
(6) Gardendale High School 800 Main Street Gardendale, AL 35071	63-1255574	N/A	26,700				General Support
(7) Homewood High School 1901 S Lakeshore Drive Homewood, AL 35209	63-0586314	Section 501(c)(3)	18,100				General Support
(8) Mountain Brook High School3650 Bethune Drive Mountain Brook, AL 35213	63-1076010	N/A	29,000				General Support
(9) Pelham High School 2500 Panther Circle Pelham, AL 35124	63-6001081	N/A	19,000				General Support
(10) Vestavia High School 1204 Montgomery Highway Birmingham, AL 35216	63-0590762	N/A	34,500				General Support

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . ▶ 5

3 Enter total number of other organizations listed in the line 1 table . . . ▶ 5

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

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance

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

Identifier	Return Reference	Explanation
Procedure for Monitoring Grants in the U S	Part I, Line 2	Schedule I, Part I, Line 2 The Associate Allocations Committee consists of 8-16 members who are appointed by the Chief Operating Officer (COO) of St Vincent's Health System The Committee is authorized to expend resources of the St Louise/Help Fund, however expenditures will not exceed the budgeted amount The Committee has the following allocation options Award - Any part of the approved allcoation will not be required to be paid back Denial - Associate's request is denied The Committee meets every two (2) weeks opposite payroll weeks unless otherwise necessary

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 63-0288864
Name: St Vincent's Birmingham

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
American Cancer Society1100 Ireland Way Suite 300 Birmingham, AL 35205	64-0329009	Section 501(c)(3)	10,000				General Support
American Heart Association1101 Northchase Parkway Suite 1 Marletta, GA 30067	13-5613797	Section 501(c)(3)	7,500				General Support

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Bessemer Academy 1705 4th Ave Southwest Bessemer, AL 35022	63-0521463	Section 501(c)(3)	11,650				General Support
Briarwood High School2204 Briarwood Way Birmingham, AL 35243	63-0653634	Section 501(c)(3)	26,500				General Support

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Calera High School 100 Calera Eagle Drive Calera, AL 35040	63-6001081	N/A	19,000				General Support
Gardendale High School800 Main Street Gardendale, AL 35071	63-1255574	N/A	26,700				General Support

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Homewood High School1901 S Lakeshore Drive Homewood, AL 35209	63-0586314	Section 501(c)(3)	18,100				General Support
Mountain Brook High School3650 Bethune Drive Mountain Brook, AL 35213	63-1076010	N/A	29,000				General Support

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Pelham High School 2500 Panther Circle Pelham, AL 35124	63-6001081	N/A	19,000				General Support
Vestavia High School1204 Montgomery Highway Birmingham, AL 35216	63-0590762	N/A	34,500				General Support

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
St Vincent's Birmingham

Employer identification number
63-0288864

Part I Questions Regarding Compensation

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

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

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) John D O'Neil	(i)	0	0	0	0	0	0	0
	(ii)	573,221	455,586	78,206	4,900	17,535	1,129,448	17,180
(2) David A Cauble	(i)	0	0	0	0	0	0	0
	(ii)	334,555	0	2,708	948	16,579	354,790	0
(3) Nan M Priest	(i)	0	0	0	0	0	0	0
	(ii)	287,681	0	65,122	7,350	14,090	374,243	61,633
(4) Gregory L James	(i)	0	0	0	0	0	0	0
	(ii)	350,406	0	20,195	7,350	9,068	387,019	0
(5) Carol A Maietta	(i)	0	0	0	0	0	0	0
	(ii)	205,343	0	16,317	6,341	10,783	238,784	0
(6) William A Davis	(i)	257,173	0	6,574	7,350	15,836	286,933	3,806
	(ii)	0	0	0	0	0	0	0
(7) Christopher L Moore	(i)	185,049	0	4,112	5,839	12,111	207,111	0
	(ii)	0	0	0	0	0	0	0
(8) Brian K Mader	(i)	182,122	0	8,542	5,415	14,248	210,327	0
	(ii)	0	0	0	0	0	0	0
(9) Lydia E Esty	(i)	147,678	0	106	0	14,093	161,877	0
	(ii)	0	0	0	0	0	0	0
(10) Sam A Faircloth	(i)	128,622	0	21,224	4,614	13,982	168,442	0
	(ii)	0	0	0	0	0	0	0
(11) Richard L Stephens	(i)	145,604	0	1,457	4,194	14,085	165,340	0
	(ii)	0	0	0	0	0	0	0
(12) Gregory M Prestage	(i)	123,293	0	20,204	4,551	13,977	162,025	0
	(ii)	0	0	0	0	0	0	0
(13) Neeysa C Biddle end 611	(i)	0	0	0	0	0	0	0
	(ii)	215,431	0	210,991	5,694	10,771	442,887	102,817

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	Part I, Line 1a	St Vincent's Health System provides membership to The Summit Club and The Club for the executive team, as well as, Rotary and Kiwanis club memberships for various members of the management team to facilitate networking and community benefit related to St Vincent's Health System
	Part I, Line 4b	Eligible executives participate in a program that provides for supplemental retirement benefits The payment of benefits under the program, if any, is entirely dependent upon the facts and circumstances under which the executive terminates employment with the organization Benefits under the program are unfunded and non-vested Due to the substantial risk of forfeiture provision, there is no guarantee that these executives will ever receive any benefit under the program Any amount ultimately paid under the program to the executive is reported as compensation on Form 990, Schedule J, Part II, Column B in the year paid A related organization that paid the salaries of the individuals listed in Schedule J, Part II, paid out of the supplemental nonqualified retirement plan in the amounts as noted Neeysa C Biddle - $102,817 William A Davis - $3,806 John D O'Neil - $17,180 Nan M Priest - $61,633 A related organization that paid the salaries of the individuals listed in Schedule J, Part II, contributed to the supplemental nonqualified retirement plan in the amounts as noted William A Davis - $5,850 Christopher L Moore - $15,300
Supplemental Information	Part III	Part I, Line 3 The following are used by St Vincent's Health System to establish the compensation of the organization's CEO - Compensation Committee - Independent Compensation Consultant -Written Employment Contract -Compensation Survey or Study -Approval by the Board or Compensation Committee
Supplemental Information	Part III	Part II Description of Compensation Executive compensation, in keeping with Ascension Health's philosophy, is in line with the national average Compensation may include short or long term incentive pay, deferred compensation, PTO (vacation/holiday) converted to cash, etc

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
St Vincent's Birmingham

Employer identification number
63-0288864

Identifier	Return Reference	Explanation
Explanation of Attached Audited Financial Statements	Form 990, Part IV, Line 20b	The financial statements of St Vincent's Health System, which include the activity of St Vincent's Birmingham, fall under the full scope audit of Ascension Health Alliance The activity of St Vincent's Birmingham and other members of St Vincent's Health System are reported in the consolidated financial statements of Ascension Health Alliance No individual audit for St Vincent's Birmingham is completed Therefore, the attached audited financial statements are of Ascension Health Alliance and Affiliates (which include the activity of St Vincent's Birmingham)

Identifier	Return Reference	Explanation
Number of Forms 1099 Filed	Form 990, Part V, Line 1a	St Vincent's Health System, a related organization of St Vincent's Birmingham, uses a common paymaster to compensate all independent contractors used within the Health System The number attributable to each hospital is not easily distinguishable The total amount of Forms 1099 filed for the entire Health System appears on Part V, Line 1a of St Vincent's Health System's Form 990

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 2	Dan Sansone and Susan Matlock have a business relationship

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 6	St Vincent's Birmingham has a single corporate member, St Vincent's Health System

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 7a	St Vincent's Birmingham has a single corporate member, St Vincent's Health Sytem, who has the ability to elect members of the governing body of St Vincent's Birmingham

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 7b	All decisions that have a material impact to St Vincent's Birmingham, as a whole, are subject to approval by its sole corporate member, St Vincent's Health System

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 8b	There are not any separate committees that have the authority to act on behalf of the governing body for St Vincent's Birmingham

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 11	Management, including certain officers, works diligently to complete the Form 990 and attached schedules in a thorough manner Management presents the Form to the Board, or a designated committee, to review Prior to filing the return, all Board Members are provided the Form 990 and management team members are available to answer any Board Members' questions

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

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 15	In determining the compensation for the President of St Vincent's Birmingham, the process, performed by St Vincent's Health System, included a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision The Health System Compensation Committee reviewed and approved the compensation with the facilitation by the SCP of HR/CLO and the Director of Compensation In the review of the compensation, the President was compared to individuals at other hospitals in the area who hold the same title During the review and approval of the compensation, documentation of the decision was recorded in the minutes The individual was not present when his compensation was decided In determining the compensation of other officers of the organization, the process, performed by St Vincent's Health System, included a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision The Health System Compensation Committee reviewed and approved the compensation In the review of the compensation, the other officers of the organization were compared to individuals at other hospitals' in the area who hold the same title During the review and approval of the compensation, documentation of the decision was recorded in the board minutes

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

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, Line 14	St Vincent's Health System, the parent organization of St Vincent's Birmingham has drafted a document retention and destruction policy to be approved by the board of directors or designated committee The policy was drafted but not approved prior to the close of the current fiscal year, however, St Vincent's Health System plans to have the policy in place prior to June 30, 2013

Identifier	Return Reference	Explanation
	Form 990, Part VII, Section A	Average Hours Devoted to Related Organization(s) when Related Compensation is Reported Officers (as noted with a "Sch O" reference) for St Vincent's Birmingham provide services to St Vincent's Health System and its subsidiaries Hours worked are not tracked on an entity by entity basis Therefore, officers' hours reported on Form 990, Part VII, Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors represent aggregate hours worked per week for all entities The St Vincent's Health System Board of Directors has governance power for St Vincent's Birmingham Therefore, the Health System Board of Directors are listed on Form 990, Part VII, Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Identifier	Return Reference	Explanation
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 5	Net unrealized losses on investments -4,459,422 Transfer to Sponsor 277,976 Other 174,996 Other Pension-related Cost 230,606 Total to Form 990, Part XI, Line 5 -3,775,844

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
St Vincent's Birmingham

Employer identification number
63-0288864

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

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

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) St Vincent's Outpatient Surgery Services LLC 810 St Vincents Drive Birmingham, AL 35205 20-0708162	Outpatient Surgery	AL	St Vincent's Birmingham	Related	282,132	1,322,304		No			No	60 200 %
(2) St Vincent's Sleep Disorder Center LLC 810 St Vincents Drive Birmingham, AL 35205 63-1282288	Sleep Disorder Center	AL	N/A									

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) Vincentian Ventures of North Alabama Inc 810 St Vincents Drive Birmingham, AL 35205 63-0965456	Misc Healthcare Services	AL	N/A	C			
(2) Ascension Ventures Corporation 810 St Vincents Drive Birmingham, AL 35205 63-1217059	Misc Healthcare Services	AL	N/A	C			
(3) Eastside Ventures Inc 810 St Vincents Drive Birmingham, AL 35205 63-0846221	Misc Healthcare Services	AL	N/A	C			

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

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

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

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) St Vincent's Health System	O	40,967,489	Journal Entry Transaction
(2) Seton Property Corporation of North Alabama	J	1,525,915	Journal Entry Transaction
(3) St Vincent's Outpatient Surgery Services	J	5,206,385	Journal Entry Transaction
(4) St Vincent's Sleep Disorder Center	J	1,340,380	Journal Entry Transaction
(5) St Vincent's Foundation of Alabama	C	625,592	Journal Entry Transaction
(6)			

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

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

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

Schedule R (Form 990) 2011

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 63-0288864
Name: St Vincent's Birmingham

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

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity	g Section 512(b)(13) controlled organization	
Ascension Health PO Box 45998 St Louis, MO 63145 31-1662309	National Health System	MO	Section 501(c)(3)	Schedule A, Line 11a	Ascension Health Alliance		No
St Vincent's Health System 810 St Vincents Drive Birmingham, AL 35205 63-0931008	Health System Parent	AL	Section 501(c)(3)	Schedule A, Line 11c	Ascension Health		No
St Vincent's Blount 150 Gilbreath Drive Oneonta, AL 35121 63-0909073	Hospital	AL	Section 501(c)(3)	Schedule A, Line 3	St Vincent's Health System	Yes	
St Vincent's East 50 Medical Park East Drive Birmingham, AL 35235 63-0578923	Hospital	AL	Section 501(c)(3)	Schedule A, Line 3	St Vincent's Health System	Yes	
American Sports Medicine Institute 2660 10th Avenue South No 505 Birmingham, AL 35205 63-0952490	Sports Medicine	AL	Section 501(c)(3)	Schedule A, Line 7	St Vincent's Birmingham	Yes	
Universal Health Services 810 St Vincents Drive Birmingham, AL 35205 63-0932323	Physician Group	AL	Section 501(c)(3)	Schedule A, Line 11b	St Vincent's Health System	Yes	
Eastern Health Foundation 50 Medical Park East Drive Birmingham, AL 35235 63-0909071	Fundraising	AL	Section 501(c)(3)	Schedule A, Line 7	St Vincent's Health System	Yes	
St Vincent's Foundation of Alabama Inc 810 St Vincents Drive Birmingham, AL 35205 63-0868068	Fundraising	AL	Section 501(c)(3)	Schedule A, Line 7	St Vincent's Health System	Yes	
Seton Property Corporation of North Alabama 810 St Vincents Drive Birmingham, AL 35205 23-7326976	Real Estate	AL	Section 501(c)(2)	N/A	St Vincent's Health System	Yes	

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Ascension Health Alliance
Years Ended June 30, 2012 and 2011
With Reports of Independent Auditors

Ascension Health Alliance

Consolidated Financial Statements and Supplementary Information

Years Ended June 30, 2012 and 2011

Contents

Report of Independent Auditors

The Board of Directors
Ascension Health Alliance

We have audited the accompanying consolidated balance sheets of Ascension Health Alliance (as identified in Note 1) as of June 30, 2012 and 2011, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of Ascension Health Alliance's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

Ernst & Young LLP

September 12, 2012

Ascension Health Alliance

Consolidated Balance Sheets
(Dollars in Thousands)

	June 30, 2012	June 30, 2011
Assets		
Current assets:		
Cash and cash equivalents	$ 306,469	$ 1,167,846
Short-term investments	216,914	237,461
Accounts receivable, less allowances for uncollectible accounts ($1,145,935 and $1,354,706 at June 30, 2012 and 2011, respectively)	1,902,549	1,687,180
Inventories	223,647	196,514
Due from brokers *(see Notes 4 and 5)*	789,271	–
Estimated third-party payor settlements	159,871	89,747
Other *(see Notes 4 and 5)*	756,216	438,063
Total current assets	4,414,937	3,750,920
Long-term investments *(see Notes 4 and 5)*	10,468,427	8,117,951
Property and equipment, net	6,603,603	5,987,804
Other assets:		
Investment in unconsolidated entities	946,971	889,077
Capitalized software costs, net	645,112	486,842
Other	696,814	720,365
Total other assets	2,288,897	2,096,284
Total assets	$ 23,775,864	$ 19,952,959

	June 30,	
	2012	2011
Liabilities and net assets		
Current liabilities:		
Current portion of long-term debt	$ 45,363	$ 29,503
Long-term debt subject to short-term remarketing arrangements*	1,094,425	1,652,950
Accounts payable and accrued liabilities	2,009,229	1,814,600
Estimated third-party payor settlements	457,030	276,816
Due to brokers *(see Notes 4 and 5)*	880,613	-
Current portion of self-insurance liabilities	206,057	191,551
Other *(see Notes 4 and 5)*	435,874	103,093
Total current liabilities	5,128,591	4,078,767
Noncurrent liabilities:		
Long-term debt (senior and subordinated)	3,655,406	2,546,785
Self-insurance liabilities	518,995	448,624
Pension and other postretirement liabilities	492,366	396,058
Other *(see Notes 4 and 5)*	1,057,644	676,648
Total noncurrent liabilities	5,724,411	4,068,115
Total liabilities	10,853,002	8,146,682
Net assets:		
Unrestricted		
Controlling interest	11,836,414	11,332,631
Noncontrolling interests	647,236	42,739
Unrestricted net assets	12,483,650	11,375,370
Temporarily restricted	336,027	331,563
Permanently restricted	103,215	99,444
Total net assets	12,922,892	11,806,377
Total liabilities and net assets	$ 23,775,894	$ 19,953,059

* Consists of variable rate demand bonds with put options that may be exercised at the option of the bondholders [illegible] installments through 2017 as well as certain serial mode bonds with scheduled remarketing/mandatory tender dates [illegible] prior to June 30, 2013. [illegible] $1,000,000 [illegible] Debt note.

The accompanying notes are an integral part of the consolidated financial statements.

Ascension Health Alliance

Consolidated Statements of Operations and Changes in Net Assets

(Dollars in Thousands)

	Year Ended June 30, 2012	2011
Operating revenue		
Net patient service revenue	$ 15,620,035	$ 14,8[illegible]09
Other revenue	990,613	84[illegible]521
Total operating revenue	16,610,648	15,405,127
Operating expenses		
Salaries and wages	6,671,985	6,188,630
Employee benefits	1,450,458	1,443,867
Purchased services	771,953	771,856
Professional fees	1,042,327	889,375
Supplies	2,309,541	2,261,968
Insurance	102,917	92,168
Bad debts	1,005,844	991,974
Interest	135,563	134,014
Depreciation and amortization	671,178	656,859
Other	1,827,002	1,556,110
Total operating expenses before impairment, restructuring, and nonrecurring gains (losses), net	15,991,768	14,982,401
Income from operations before self-insurance trust fund investment return and impairment, restructuring and nonrecurring gains (losses), net	618,880	424,126
Self-insurance trust fund investment return	17,197	90,302
Impairment, restructuring, and nonrecurring gains (losses), net	297,548	(92,387)
Income from operations	933,625	422,141
Nonoperating gains (losses)		
Investment return	(137,383)	1,129,659
Loss on extinguishment of debt	(2,828)	(1,307)
(Loss) gain on interest rate swaps	(74,773)	30,879
Income from unconsolidated entities	8,802	17,915
Contributions from business combinations	326,333	
Other	(69,510)	(68,999)
Total nonoperating gains, net	50,641	1,102,947
Excess of revenues and gains over expenses and losses	984,266	1,514,788
Less noncontrolling interests	15,840	27,484
Excess of revenues and gains over expenses and losses attributable to controlling interest	968,426	1,487,304

Continued on next page

Ascension Health Alliance

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

(Dollars in Thousands)

	Year Ended June 30, 2012	2011
Unrestricted net assets, controlling interest:		
Excess of revenues and gains over expenses and losses	$ 968,426	$ 1,497,704
Transfers to sponsors and other affiliates, net	(19,947)	(14,497)
Contributed net assets	(460)	(374)
Net assets released from restrictions for property acquisitions	68,940	70,588
Pension and other postretirement liability adjustments	(451,555)	793,897
Change in unconsolidated entities' net assets	(15,890)	2,175
Other	9,207	(2,778)
Increase in unrestricted net assets, controlling interest, before (loss) gain from discontinued operations and cumulative effect of change in accounting principle	558,781	2,345,284
(Loss) gain from discontinued operations	(54,998)	19,321
Cumulative effect of change in accounting principle	-	(45,903)
Increase in unrestricted net assets, controlling interest	503,783	2,318,702
Unrestricted net assets, noncontrolling interests:		
Excess of revenues and gains over expenses and losses	15,840	27,484
Distributions of capital	(578,445)	(33,854)
Contributions of capital	1,167,102	7,973
Increase in unrestricted net assets, noncontrolling interests	604,497	1,603
Temporarily restricted net assets, controlling interest:		
Contributions and grants	100,880	100,679
Net change in unrealized gains/losses on investments	(5,333)	15,714
Investment return	4,695	8,795
Net assets released from restrictions	(104,028)	(103,654)
Other	8,250	406
Increase in temporarily restricted net assets, controlling interest	4,464	21,540
Permanently restricted net assets, controlling interest:		
Contributions	5,082	8,330
Net change in unrealized gains/losses on investments	(25)	1,602
Investment return	(217)	(85)
Other	(1,069)	(374)
Increase in permanently restricted net assets, controlling interest	3,771	9,373
Increase in net assets	1,116,515	2,351,418
Net assets, beginning of year	11,806,377	9,454,959
Net assets, end of year	$ 12,922,892	$ 11,806,377

The accompanying notes are an integral part of the consolidated financial statements.

Ascension Health Alliance

Consolidated Statements of Cash Flows
(Dollars in Thousands)

	Year Ended June 30, 2012	2011
Operating activities		
Increase in net assets	$ 1,116,515	$ [illegible]
Adjustments to reconcile increase in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	674,178	656,859
Amortization of bond premiums	(10,663)	(9,951)
Loss on extinguishment of debt	2,828	1,007
Provision for bad debts	1,005,844	991,974
Pension and other postretirement liability adjustments	451,586	(793,897)
Consolidated net assets	400	574
Contributions from business combinations	(305,162)	-
Interest, dividends, and net losses (gains) on investments	122,323	(1,045,906)
Change in market value of interest rate swaps	77,568	(25,257)
Deferred gain on interest rate swaps	(303)	(303)
Gain on sale of assets, net	(13,950)	(21,373)
Cumulative effect of change in accounting principle	-	15,993
Impairment and nonrecurring expenses	45,956	55,384
Contribution of noncontrolling interest in CHRMCO Alpha Fund, LLC	(440,015)	
Transfers to sponsor and other affiliates, net	19,947	14,495
Restricted contributions, investment return, and other	(117,621)	(117,881)
Other restricted activity	(2,537)	(1,393)
Nonoperating depreciation expense	308	311
(Increase) decrease in:		
Short-term investments	38,298	(9,496)
Accounts receivable	(1,173,282)	(1,102,326)
Inventories and other current assets	245,584	28,550
Due from brokers	(83,976)	-
Investments classified as trading	(985,261)	(292,254)
Other assets	(8,752)	(218,569)
Increase (decrease) in:		
Accounts payable and accrued liabilities	54,319	105,181
Estimated third-party pay or settlements, net	28,121	53,294
Due to brokers	(277,720)	
Other current liabilities	(281,300)	36,331
Self-insurance liabilities	(45,390)	(9,846)
Other noncurrent liabilities	(365,398)	235,877
Net cash (used in) provided by continuing operating activities	(238,486)	695,075
Net cash provided by (used in) and adjustments to reconcile change in net assets for discontinued operations	107,776	(15,718)
Net cash (used in) provided by operating activities	(130,710)	679,357

Continued on next page.

Ascension Health Alliance

Consolidated Statements of Cash Flows (continued)

(Dollars in Thousands)

	Year Ended June 30,	
	2012	2011
Investing activities		
Property, equipment, and capitalized software additions, net	$ (853,144)	$ (728,016)
Proceeds from sale of property and equipment	2,104	25,701
Net cash used in investing activities	(851,040)	(702,909)
Financing activities		
Issuance of long-term debt	1,832,269	691,240
Repayment of long-term debt	(1,779,632)	(804,516)
Decrease in assets under bond indenture agreements	17,513	267
Transfers to sponsors and other affiliates, net	(7,395)	(14,246)
Restricted contributions, investment return, and other	117,621	117,331
Net cash provided by (used in) financing activities	180,376	(29,724)
Net decrease in cash and cash equivalents	(801,377)	(73,276)
Cash and cash equivalents at beginning of year	1,107,846	1,181,122
Cash and cash equivalents at end of year	$ 306,469	$ 1,107,846

The accompanying notes are an integral part of the consolidated financial statements.

Ascension Health Alliance

Notes to Consolidated Financial Statements
(Dollars in Thousands)

June 30, 2012

1. Organization and Mission

Organizational Structure

Ascension Health Alliance is a Missouri nonprofit corporation formed on September 13, 2011. Ascension Health Alliance is the sole corporate member and parent organization of Ascension Health, a Catholic national health system consisting primarily of nonprofit corporations that own and operate local healthcare facilities, or Health Ministries, located in 21 of the United States and the District of Columbia.

In addition to serving as the sole corporate member of Ascension Health, Ascension Health Alliance serves as the member or shareholder of various other subsidiaries, including Ascension Health Global Mission; Ascension Health Insurance, Ltd.; Edessa Insurance Company, Ltd.; the Resource Group, LLC; Clinical Hordings Corporation; Catholic Healthcare Investment Management Company (CHIMCO); Ascension Health Ventures, LLC; Ascension Health Leadership Academy, LLC; and AH Holdings, LLC. Ascension Health Alliance and its member organizations are referred to collectively as the System.

Sponsorship

Ascension Health Alliance is sponsored by Ascension Health Ministries, a Public Juridic Person. The Participating Entities of Ascension Health Ministries are the Daughters of Charity of St. Vincent de Paul in the United States, St. Louise Province; the Congregation of St. Joseph; the Congregation of the Sisters of St. Joseph of Chambelet; and the Congregation of Alexian Brothers of the Immaculate Conception Province – American Province. As more fully described in the Organizational Changes note, Alexian Brothers Health System, which was previously sponsored by the Congregation of Alexian Brothers of the Immaculate Conception Province – American Province, became part of Ascension Health on January 1, 2012.

Mission

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

1. Organization and Mission (continued)

System uses four categories to identify the resources utilized for the care of persons living in poverty and community benefit programs.

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

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

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

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

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

The amount of traditional charity care provided, determined on the basis of net cost, excluding the provision for bad debt expense, was $468,970 and $408,894 for the years ended June 30, 2012 and 2011, respectively. The amount of unpaid cost of public programs, cost of other programs for persons living in poverty and other vulnerable persons, and community benefit cost is reported in the accompanying supplementary information.

2. Significant Accounting Policies

Principles of Consolidation

All corporations and other entities for which operating control is exercised by Ascension Health Alliance or one of its member corporations are consolidated, and all significant inter-entity transactions have been eliminated in consolidation. Investments in entities where the System does not have operating control are recorded under the equity or cost method of accounting. Income from unconsolidated entities is included in consolidated excess of revenues and gains over expenses and losses in the accompanying Consolidated Statements of Operations and Changes in Net Assets as follows:

	Year Ended June 30, 2012	2011
Other revenue	$ 82,473	$ 138,469
Nonoperating gains, net	8,802	11,915

Use of Estimates

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

Fair Value of Financial Instruments

Carrying values of financial instruments classified as current assets and current liabilities approximate fair value. The fair values of other financial instruments are disclosed in the Fair Value Measurements note.

Cash and Cash Equivalents

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

2. Significant Accounting Policies (continued)

Short-Term Investments

Short-term investments consist of investments with original maturities exceeding three months and up to one year, as well as assets limited as to use of approximately $148,000 and $146,000 at June 30, 2012 and 2011, respectively, which represent assets to be used for payment of the current portion of self-insurance liabilities.

Long-Term Investments and Investment Return

As further discussed in the Organizational Changes and Pooled Investment Fund notes, a significant portion of the System's investments historically held in the Ascension Legacy Portfolio (formerly the Health System Depository, or HSD) were transferred to the CHIMCO Alpha Fund, LLC (Alpha Fund), a limited liability company organized in the state of Delaware, in April 2012. Certain System investments continue to be held in the Ascension Legacy Portfolio. Additional System investments include those held and managed by the Health Ministries' consolidated foundations.

Investments, excluding investments in unconsolidated entities, are measured at fair value, are classified as trading securities, and include pooled short-term investment funds, U.S. government, state, municipal and agency obligations; asset-backed securities; corporate and foreign fixed income securities; and equity securities, including private equity securities. Investments also include alternative investments, including investments in hedge funds and private equity and other funds, which are valued based on the net asset value of the investments, as further discussed in the Fair Value Measurements note. Investments also include derivatives held by the Alpha Fund, also measured at fair value, as discussed in the Pooled Investment Fund note.

Long-term investments include assets limited as to use of approximately $816,000 and $848,000, at June 30, 2012 and 2011, respectively, comprised primarily of investments placed in trust and held by captive insurance companies for the payment of self-insured claims and investments which are limited as to use, as designated by donors.

Purchases and sales of investments are accounted for on a trade-date basis. Investment returns consist of dividends, interest, and gains and losses. The cost of substantially all securities sold is based on the average cost method. Investment returns on investments, excluding returns

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

of self-insurance trust funds, are reported as nonoperating gains (losses) in the Consolidated Statements of Operations and Changes in Net Assets, unless the return is restricted by donor or law. Investment returns of self-insurance trust funds are reported as a separate component of income from operations in the Consolidated Statements of Operations and Changes in Net Assets.

Inventories

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

Intangible Assets

Intangible assets primarily consist of goodwill and capitalized computer software costs, including internally developed software. Costs incurred in the development and installation of internal use software are expensed or capitalized depending on whether they are incurred in the preliminary project stage, application development stage, or post-implementation stage. Intangible assets are included in the Consolidated Balance Sheets as presented in the table that follows. Capitalized software costs in the table below include software in progress of $363,347 and $159,137 at June 30, 2012 and 2011, respectively:

	June 30,	
	2012	2011
Goodwill	$ 126,666	$ 118,871
Other, net	26,688	29,404
	153,354	148,275
Capitalized software costs	1,216,876	972,317
Less accumulated amortization	571,764	485,475
	645,112	486,842
Total intangible assets, net	$ 798,466	$ 635,117

(Dollars in Thousands)

2. Significant Accounting Policies (continued)

Intangible assets whose lives are indefinite, primarily goodwill, are not amortized and are evaluated for impairment at least annually, while intangible assets with definite lives primarily capitalized computer software costs, are amortized over their expected useful lives. Amortization expense for these intangible assets in 2012 and 2011 was $90,685 and $86,490, respectively.

During the year ended June 30, 2010, the System began a significant multi-year, System-wide enterprise resource planning project, including information technology and process standardization (Symphony), which is expected to continue through December 2014. The project is anticipated to result in a transition to a common software product for various finance, information technology, procurement, and human resources management processes, including standardization of those processes throughout the System. Capitalized costs of Symphony were approximately $279,000 and $162,000 at June 30, 2012 and 2011, respectively, and are included in capitalized software costs in the preceding table. Certain costs of this project were also expensed. See the Impairment, Restructuring, and Nonrecurring Gains (Losses) discussion below for additional information about costs associated with Symphony.

Property and Equipment

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

	June 30,	
	2012	2011
Land and improvements	$ 673,292	$ 619,465
Building and equipment	13,107,833	12,329,647
	13,781,125	12,949,112
Less accumulated depreciation	7,463,388	7,110,865
	6,317,737	5,838,247
Construction in progress	285,866	149,557
Total property and equipment, net	$ 6,603,603	$ 5,987,804

Depreciation is determined on a straight-line basis over the estimated useful lives of the related assets. Depreciation expense in 2012 and 2011 was $581,032 and $567,970, respectively.

2. Significant Accounting Policies (continued)

Several capital projects have remaining construction and related equipment purchase commitments of approximately $179,000.

Noncontrolling Interests

The consolidated financial statements include all assets, liabilities, revenues and expenses of entities that are controlled by the System and therefore consolidated. Noncontrolling interests in the Consolidated Balance Sheets represent the portion of net assets owned by entities outside the System, for those entities in which the System's ownership interest is less than 100%.

Temporarily and Permanently Restricted Net Assets

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

Temporarily and permanently restricted net assets consist solely of controlling interests of the System.

Performance Indicator

The performance indicator is the excess of revenues and gains over expenses and losses. Changes in unrestricted net assets that are excluded from the performance indicator primarily include pension and other postretirement liability adjustments, transfers to or from sponsors and other affiliates, net assets released from restrictions for property acquisitions, change in unconsolidated entities' net assets, cumulative effect of a change in accounting principle, discontinued operations, and contributions received of property and equipment.

2. Significant Accounting Policies (continued)

Operating and Nonoperating Activities

The System's primary mission is to meet the healthcare needs in its market areas through a broad range of general and specialized healthcare services, including inpatient acute care, outpatient services, long-term care, and other healthcare services. Activities directly associated with the furtherance of this purpose are considered to be operating activities. Other activities that result in gains or losses peripheral to the System's primary mission are considered to be nonoperating.

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

Net patient service revenue is reported at the estimated realizable amounts from patients, third-party payors, and others for services provided excluding the provision for bad debt expense and includes estimated retroactive adjustments under reimbursement agreements with third-party payors. Revenue under certain third-party payor agreements is subject to audit, retroactive adjustments, and significant regulatory actions. Provisions for third-party payor settlements and adjustments are estimated in the period the related services are provided and adjusted in future periods as additional information becomes available and as final settlements are determined.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a possibility that recorded estimates will change by a material amount in the near term. Adjustments to revenue related to prior periods increased net patient service revenue by $149,931 and $70,973 for the years ended June 30, 2012 and 2011, respectively.

During both 2012 and 2011, approximately 36% of net patient service revenue was earned under the Medicare program, and 11% under various states' Medicaid programs. The System grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor arrangements. Significant concentrations of net accounts receivable at June 30, 2012 and 2011, include Medicare (20%) and various states' Medicaid programs (10%).

2. Significant Accounting Policies (continued)

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

Impairment, Restructuring, and Nonrecurring Gains (Losses)

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

During the year ended June 30, 2012, the System recorded total impairment, restructuring, and nonrecurring gains, net of $297,548. This amount was comprised primarily of pension curtailment gains of $414,234, as discussed in the Retirement Plans note, partially offset by long-lived asset impairments and restructuring charges of $61,151, and $55,595 of nonrecurring expenses associated with Symphony.

For the year ended June 30, 2011, the System recorded total impairment, restructuring and nonrecurring losses, net of $92,387, comprised of long-lived asset impairments of approximately $21,834 and restructuring and nonrecurring expenses of approximately $70,553. The restructuring and nonrecurring expenses for the year ended June 30, 2011, included approximately $44,355 of nonrecurring expenses associated with Symphony. Symphony nonrecurring expenses include project management and process reengineering costs, as well as costs to establish a shared service center and develop a business intelligence data warehouse.

2. Significant Accounting Policies (continued)

Amortization

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

Income Taxes

The member healthcare entities of Ascension Health Alliance are primarily tax-exempt organizations under Internal Revenue Code Section 501(c)(3) or Section 501(c)(2), and their related income is exempt from federal income tax under Section 501(a).

Regulatory Compliance

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

Reclassifications

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

Subsequent Events

The System evaluates the impact of subsequent events, which are events that occur after the balance sheet date but before the consolidated financial statements are issued for potential recognition in the consolidated financial statements as of the balance sheet date. For the year ended June 30, 2012, the System evaluated subsequent events through September 12, 2012, representing the date on which the accompanying audited consolidated financial statements were issued. During this period, there were no material subsequent events that required recognition or disclosure in the accompanying consolidated financial statements.

A. Organizational Changes

Business Combinations

Effective January 1, 2012, Ascension Health, a subsidiary of Ascension Health Alliance, became sole corporate member of Alexian Brothers Health System (Alexian Brothers), a Catholic healthcare system that operates acute and specialty care hospitals, ambulatory care clinics, physician practices and senior living facilities in Illinois, Missouri, Tennessee, and Wisconsin. This transaction resulted in a net increase to unrestricted net assets of $316,333, reflected as contributions from business combinations in the Consolidated Statement of Operations and Changes in Net Assets during the year ended June 30, 2012. Furthermore, this addition resulted in a contribution of restricted net assets of $16,537 included in other changes in net assets in the Consolidated Statement of Operations and Changes in Net Assets for the year ended June 30, 2012.

Pooled Investment Fund

For the year ended June 30, 2011, and prior to April 2012, the System held a significant portion of its investments in the Ascension Legacy Portfolio, an investment pool of funds in which the System and a limited number of nonprofit healthcare providers participated. In April 2012, a significant portion of the assets in the Ascension Legacy Portfolio was transferred to the Alpha Fund, a separate legal entity created during the year ended June 30, 2012. Certain System assets continue to be held through the Ascension Legacy Portfolio, and subsequent to April 2012, the Ascension Legacy Portfolio no longer holds assets for unrelated entities.

Prior to April 2012, CHIMCO, a wholly owned subsidiary of Ascension Health Alliance, managed the investment portfolio of Ascension Health Alliance held in the Ascension Legacy Portfolio. CHIMCO provides expertise in the areas of asset allocation, selection and monitoring of outside investment managers, and risk management. The System did not consolidate the Ascension Legacy Portfolio prior to April 2012. Accordingly, the System's investments recorded in the consolidated financial statements consisted only of the System's pro-rata share of the Ascension Legacy Portfolio's investments held for participants prior to April 2012.

The Alpha Fund includes the investment interests of Ascension Health Alliance and other Alpha Fund members. CHIMCO manages and serves as the manager and primary investment advisor of the Alpha Fund, overseeing the investment strategies offered to the Alpha Fund's members. Ascension Health Alliance began consolidating the Alpha Fund in April 2012.

A. Organizational Changes (continued)

The portion of the Alpha Fund's net assets representing interests held by entities other than Ascension Health Alliance are reflected in noncontrolling interests in the Consolidated Balance Sheet at June 30, 2012, which amount to $589,493 at June 30, 2012.

The consolidation of the Alpha Fund by the System in April 2012 resulted in an increase of net assets of $440,015, representing the noncontrolling interests of the Alpha Fund as of the date investments were transferred into the Alpha Fund. Additional information about the Alpha Fund is included in the Pooled Investment Fund note.

Divestitures and Discontinued Operations

Effective October 1, 2011, Seton Health System, Inc. (Seton Health) in Troy, New York, separated from the System and became part of a newly formed nonprofit healthcare organization that operates in the state of New York. The operations of Seton Health are reflected in the System's consolidated financial statements as discontinued operations.

Ascension Health Alliance reported a decrease in net assets from discontinued operations of $64,998 for the year ended June 30, 2012, representing the contribution of net assets related to the separation of Seton Health and the deficit of revenues over expenses for previously discontinued lines of business in Michigan. These entities had recorded operating revenues totaling $39,659 during the period that they were operational during the year ended June 30, 2012.

Ascension Health Alliance reported an increase in net assets from discontinued operations of $19,421 for the year ended June 30, 2011, representing the excess of revenues over expenses for previously discontinued lines of business in Michigan, New York, and Tennessee. These entities had recorded operating revenues totaling $186,902 during the period that they were operational during the year ended June 30, 2011.

Other

In March 2012, Ascension Health Alliance and Daughters of Charity Health System (DCHS) entered into a non-binding memorandum of understanding to explore having DCHS join Ascension Health, a subsidiary of Ascension Health Alliance. Completion of the proposed transaction is subject to the execution of final agreements and obtaining all necessary approvals.

3. Organizational Changes (continued)

In June 2012, Ascension Health Alliance and Marian Health System, Inc. (Marian) entered into a non-binding memorandum of understanding to explore having Marian join Ascension Health Alliance. Completion of the proposed transaction is subject to the execution of final agreements and obtaining all necessary approvals.

4. Pooled Investment Fund

As discussed in the Organizational Changes note, in April 2012, substantially all of the System's investments previously held in the Ascension Legacy Portfolio were transferred to the Alpha Fund, in which Ascension Health Alliance and certain other entities are members. At June 30, 2012, a significant portion of the System's investments consist of Ascension Health Alliance's interest in the Alpha Fund.

The Alpha Fund invests in a diversified portfolio of investments including alternative investments, such as real asset funds, hedge funds, private equity funds, commodity funds and private credit funds. Collectively, these funds have liquidity terms ranging from weekly to annual with notice periods ranging from 3 to 93 days. Due to redemption restrictions, investments in certain of these funds whose fair value was approximately $683,000 at June 30, 2012 cannot currently be redeemed. However, the potential for the Alpha Fund to sell its interest in these funds in a secondary market prior to the end of the fund term does exist.

The Alpha Fund's investments in certain alternative investment funds also include contractual commitments to provide capital contributions during the investment period which is typically five years and can extend to the end of the fund term. During these contractual periods, investment managers may require the Alpha Fund to invest in accordance with the terms of the agreement. Commitments not funded during the investment period will expire and remain unfunded. As of June 30, 2012, contractual agreements of the Alpha Fund expire between July 1, 2012 and March 31, 2018. The remaining unfunded capital commitments of the Alpha Fund total approximately $729 million for 51 individual funds as of June 30, 2012. Due to the uncertainty surrounding whether the contractual commitments will require funding during the contractual period, future minimum payments to meet these commitments cannot be reasonably estimated. These committed amounts are expected to be primarily satisfied by the liquidation of existing investments in the Alpha Fund.

In the normal course of operations and within established Alpha Fund guidelines, the Alpha Fund may enter into various exchange-traded and over-the-counter derivative contracts for trading purposes, including futures, option and forward contracts as well as warrants and swaps.

4. Pooled Investment Fund (continued)

These instruments are used primarily to adjust the portfolio duration, restructure term structure exposure, change sector exposure, and arbitrage market inefficiencies. See the Fair Value Measurements note for a discussion of how fair value for the Alpha Fund's derivatives is determined.

At June 30, 2012, the notional value of Alpha Fund derivatives outstanding was approximately $2,071,000. The fair value of Alpha Fund derivatives in an asset position was $71,936 at June 30, 2012, while the fair value of Alpha Fund derivatives in a liability position was $30,266 at June 30, 2012. These derivatives are included in long-term investments in the Consolidated Balance Sheet at June 30, 2012.

The Alpha Fund also participates in a securities lending program, whereby a portion of the Alpha Fund's investments are loaned to selected established brokerage firms in return for cash and securities from the brokers as collateral for the investments loaned, usually on a short-term basis. The fair value of collateral held by the Alpha Fund associated with such lending agreements amounts to approximately $320,000 and is included in other current assets in the Consolidated Balance Sheet at June 30, 2012, while the liability associated with the obligation to repay such collateral is also approximately $320,000, and is included in other current liabilities in the Consolidated Balance Sheet at June 30, 2012. In addition, the Alpha Fund has liabilities for investments sold, not yet purchased, representing obligations of the Alpha Fund to purchase investments in the market at prevailing prices. The fair value of this Alpha Fund liability is approximately $160,000 and is included in other noncurrent liabilities in the Consolidated Balance Sheet at June 30, 2012.

Due from brokers and due to brokers on the Consolidated Balance Sheet at June 30, 2012, represent the Alpha Fund's positions and amounts due from or to various brokers, primarily amounts for security transactions not yet settled, as well as cash held by brokers for securities sold, not yet purchased.

(Dollars in Thousands)

5. Cash and Investments

The System's cash and investments are reported in the June 30, 2012, Consolidated Balance Sheet as presented in the table that follows. Total cash and investments, net, includes both the System's membership interest in the Alpha Fund as well as the noncontrolling interests held by other Alpha Fund members. System unrestricted cash and investments, net, represent the System's cash and investments excluding the noncontrolling interests held by other Alpha Fund members and assets limited as to use.

	June 30, 2012
Cash and cash equivalents	$ 306,469
Short-term investments	216,914
Long-term investments	10,468,457
Subtotal	10,991,840
Other Alpha Fund and Ascension Legacy Portfolio assets and liabilities	
In other current assets	360,999
In other long-term assets	1,924
In accounts payable and accrued liabilities	(12,779)
In other current liabilities	(322,873)
In other noncurrent liabilities	(157,073)
Due from (to) brokers, net	(91,342)
Total cash and investments, net	10,771,696
Less noncontrolling interests of Alpha Fund	589,493
System cash and investments, including assets limited as to use	10,182,203
Less assets limited as to use	1,064,385
System unrestricted cash and investments, net	$ 9,117,818

(Dollars in Thousands)

5. Cash and Investments (continued)

At June 30, 2012, the composition of cash and cash equivalents, short-term investments and long-term investments, which include certain assets limited as to use, is summarized as follows:

	June 30, 2012
Cash and cash equivalents and short-term investments	$ 498,902
Pooled short-term investment funds	416,087
U.S. government, state, municipal and agency obligations	3,271,474
Corporate and foreign fixed income securities	980,322
Asset backed securities	1,057,735
Equity securities	1,574,188
Private equity, alternative investments and other investments	2,193,132
Total cash and cash equivalents, short-term investments and long-term investments	$ 10,991,840

At June 30, 2011, the System's investments consisted of its pro rata share of the Ascension Legacy Portfolio's funds held for participants and certain other investments such as those investments held and managed by foundations. The System's June 30, 2011 investments are reported in the accompanying Consolidated Balance Sheet as presented in the table that follows. Assets limited as to use are discussed in the Short-Term Investments and Long-Term Investments and Investment Return sections of the Significant Accounting Policies note. Long-term investments include investments designated for a specific purpose by resolution of the System Board or local Health Ministry Boards which were approximately $601,000 at June 30, 2011.

	June 30, 2011
Cash and cash equivalents	$ 1,107,846
Short-term investments	237,461
Long-term investments	8,117,951
System cash and investments	9,463,258
Less assets limited as to use	994,297
System unrestricted cash and investments	$ 8,468,961

(Dollars in Thousands)

5. Cash and Investments (continued)

At June 30, 2011, the composition of cash and investments classified as cash and cash equivalents, short-term investments, assets limited as to use and other long-term investments is summarized as follows:

	June 30, 2011
Cash and cash equivalents	$ 456,436
Short-term investments	60,559
U.S. government, state, municipal and agency obligations	49,958
Corporate and foreign fixed income securities	59,762
Asset-backed securities	60,280
Equity securities	314,672
Private equity and other investments	164,895
Subtotal included in cash and cash equivalents, short-term investments, and long-term investments	1,151,562
Ascension Health Alliance's pro rata share of Ascension Legacy Portfolio funds held for participants	8,311,696
Total cash and cash equivalents, short-term investments and long-term investments	$ 9,463,258

The System's pro rata share of the Ascension Legacy Portfolio's funds held for participants was $8,311,696 at June 30, 2011, representing approximately 70.6% of the funds held for participants in the Ascension Legacy Portfolio.

(Dollars in Thousands)

5. Cash and Investments (continued)

The following is a condensed balance sheet of the Ascension Legacy Portfolio at June 30, 2011, including the interests of the System and all other participating entities:

	June 30, 2011
Assets	
Cash	$ 26,757
Loans, interest, and other receivables	88,180
Due from brokers	799,869
Securities lending collateral	378,877
Derivative asset	33,206
Investments, at fair value:	
Short-term investments	747,955
U.S. government obligations	3,056,388
Corporate and foreign fixed income securities	1,260,684
Asset-backed securities	1,764,404
Equity, private equity, and other investments	2,287,580
Equity method investments	2,026,142
Total assets	$ 12,470,648
Liabilities and funds held for participants	
Due to brokers	$ 1,032,350
Derivative liability	34,768
Investments sold, not yet purchased	166,663
Other payables	6,743
Payable under securities lending program	380,684
Total liabilities	1,621,208
Funds held for participants	10,849,437
Total liabilities and funds held for participants	$ 12,470,645

(Dollars in Thousands)

3. Cash and Investments (continued)

Net investments under CHIMCO management and held in the Ascension Legacy Portfolio at March 31, 2012, yet not included in the Alpha Fund or the Ascension Legacy Portfolio while still managed by CHIMCO at April 1, 2012, were approximately $1,820,000. As of June 30, 2012, the System's membership interest in the Alpha Fund as well as the noncontrolling interest (see Note 2) in the Alpha Fund, representing interests held by entities other than Ascension Health Alliance, total $8,840,341 and $589,403, respectively.

Investment return recognized by the System for the years ended June 30, 2012 and 2011, is summarized in the following table. Total investment return includes the System's return on the Ascension Legacy Portfolio as well as the investment return of the Alpha Fund. System investment return represents the System's total investment return, net of the investment return earned by the noncontrolling interests of other Alpha Fund members.

	Year Ended June 30,	
	2012	2011
Investment return in Ascension Legacy Portfolio	$ 57,921	$ 1,142,327
Interest and dividends	31,453	17,001
Net losses on investments reported at fair value	(233,826)	80,409
Restricted investment income	3,386	6,163
Total investment return	(121,066)	1,245,900
Less return earned by noncontrolling interests of Alpha Fund	(9,264)	-
System investment return	$ (111,802)	$ 1,245,900

6. Fair Value Measurements

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

6. Fair Value Measurements (continued)

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

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

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

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

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

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

Cash and cash equivalents and short-term investments

Cash and cash equivalents and certain short-term investments include certificates of deposit, whose fair value is based on cost plus accrued interest. Significant observable inputs include security cost, maturity, and relevant short-term interest rates. Other short-term investments designated as Level 2 investments primarily consist of commercial paper, whose fair value is based on the income approach. Significant observable inputs include security cost, maturity, and credit rating, interest rate and par value.

6. Fair Value Measurements (continued)

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

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

Corporate and foreign fixed income securities

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

Asset backed securities

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

Equity securities

The fair value of investments in U.S. and international equity securities is primarily determined using techniques consistent with the income approach. The values for underlying investments are fair value estimates determined by external fund managers based on quoted market prices, operating results, balance sheet stability, growth, dividend, dividend yield, and other business and market sector fundamentals.

6. Fair Value Measurements (continued)

Private equity, alternative investments and other investments

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

Alternative investments consist of hedge funds, private equity funds, commodity funds, and real estate partnerships. Alternative investments are valued using net asset values, which approximate fair value, as determined by an external fund manager based on quoted market prices, operating results, balance sheet stability, growth and other business and market sector fundamentals.

Other investments include derivative assets and derivative liabilities of the Alpha Fund, whose fair value is primarily determined using techniques consistent with the market approach. Significant observable inputs to valuation models include interest rates, Treasury yields, volatilities, credit spreads, maturity and recovery rates.

Securities lending collateral

The fair value of collateral received under the Alpha Fund's securities lending program is valued using the calculated net asset value for the commingled fund in which the collateral is invested. The underlying investments in the commingled fund are valued using techniques consistent with the market approach, which uses significant observable market inputs such as available trade, quotes, benchmark curves, sector groupings, and matrix pricing.

Benefit plan assets

The fair value of benefit plan assets is based on original investment into a guaranteed pooled fund, plus guaranteed, annuity contract-based interest rates. Significant unobservable inputs to the guaranteed rate include the fair value and average duration of the portfolio of investments underlying annuity contracts, the contract value, and the annualized weighted-average yield to maturity of the underlying investment portfolio.

(Dollars in Thousands)

6. Fair Value Measurements (continued)

Interest rate swap assets and liabilities

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

Investments sold, not yet purchased

The fair value of investments sold, not yet purchased is primarily determined using techniques consistent with the income approach. Significant observable inputs to the income approach include data points for benchmark, constant maturity curves, and spreads.

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

	Level 1	Level 2	Level 3	Total
June 30, 2012				
Cash and cash equivalents	$ 78,701	$ 2,819	$ -	$ 81,520
Short-term investments	13,567	79,321		92,888
Pooled short-term investment funds	416,897	–	-	416,087
U.S. government, state, municipal and agency obligations		3,264,037	7,437	3,271,474
Corporate and foreign fixed income securities		854,701	129,218	990,327
Asset-backed securities	-	1,042,478	15,797	1,057,735
Equity securities	1,545,979	10,491	15,418	1,574,186
Private equity, alternative investments and other investments	1,696	3,227	3,036,975	3,108,999
Assets not at fair value				105,427
Cash and investments				$ 10,991,820
Securities lent or collateralized in other current assets	$ -	$ 321,677	$	$ 321,677
Pension plan assets in other noncurrent assets	136,435		36,972	173,367
Interest rate swaps in other noncurrent assets	-	91,082		91,082
Investments sold, not yet purchased in other noncurrent liabilities		157,073	-	157,073
Interest rate swaps in other noncurrent liabilities		248,541		248,541

(Dollars in Thousands)

6. Fair Value Measurements (continued)

For the year ended June 30, 2012, the changes in the fair value of the assets and liabilities measured using significant unobservable inputs (Level 3) consisted of the following. Level 3 investments of the Alpha Fund are included in transfers in the table below.

	U.S. Government, State, Municipal and Agency Obligations	Corporate and Foreign Fixed Income Securities	Asset Backed Securities	Equity Securities	Private Equity, Alternative Investments and Other Investments	Benefit Plan Assets
June 30, 2012						
Beginning balance	$ 449	$ 5,016	$ 1,924	$ 15,515	$ 86,166	$ 31,795
Total realized and unrealized gains (losses):						
Included in income from operations	21	152	(7)	886	[illegible]	–
Included in nonoperating gains (losses)	5	594	(146)	(69)	(13,994)	–
Included in changes in net assets	–		–	–	1,250	26
Purchases	–	77,541	2,917		458,171	8,716
Settlements			–	–	–	(91)
Issuances	–	–	–		–	15
Sales	–	(57,768)	(2,700)	(3,588)	(90,109)	(5,485)
Transfers into Level 3	6,962	91,251	[illegible]	371	2,676,231	2,549
Transfers out of Level 3		(78)	(1,767)	–		(784)
Ending balance	$ 7,437	$ 130,415	$ 15,297	$ 13,115	$ [illegible]	$ 36,952

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

As discussed in the Organizational Changes and Pooled Investment Fund notes, the System recognized its pro rata share of the Ascension Legacy Portfolio's investments held for participants in the Consolidated Balance Sheet at June 30, 2011, which represented 76.6% of the net asset value of the Ascension Legacy Portfolio as of June 30, 2011. The Ascension Legacy Portfolio's investments at June 30, 2011, included equities, various fixed income securities, and alternative investments.

(Dollars in Thousands)

6. Fair Value Measurements (continued)

The following table summarizes fair value measurements, by level, at June 30, 2011, for Ascension Legacy Portfolio's financial assets and liabilities, measured at fair value on a recurring basis in Ascension Legacy Portfolio's financial statements:

	Level 1	Level 2	Level 3	Total
June 30, 2011				
Assets included in				
Securities lending collateral	$ --	$ 378,877	$ --	$ 378,877
Derivative asset	19,649	2,393	11,250	33,292
Short-term investments	689,742	58,213		747,955
U.S. government obligations	-	3,046,822	10,166	3,056,988
Corporate and foreign fixed income securities	--	1,133,643	116,042	1,249,685
Asset-backed securities	-	1,719,704	44,700	1,764,404
Equity, private equity, and other investments	2,040,360	-	17,220	2,057,580
Liabilities included in				
Derivative liability	4,162	1,116	30,490	34,768
Investments sold, not yet purchased	-	166,663		166,663

(Dollars in Thousands)

6. Fair Value Measurements (continued)

For the year ended June 30, 2011 the changes in the fair value of Ascension Legacy Portfolio's assets measured using significant unobservable inputs (Level 3) consisted of the following:

	U.S. Government Obligations	Corporate and Foreign Fixed Income Securities	Asset-Backed Securities	Equity, Private Equity, and Other Investments	Net Derivatives
June 30, 2011					
Beginning balance	$ 7,340	$ 167,375	$ 26,069	$ 423,575	$ (40,439)
Total realized and unrealized gains included in nonoperating gains (losses)	202	8,209	1,514	99,730	180,214
Purchases, issuances and settlements	1,199	(42,171)	19,814	(476,085)	(158,099)
Transfers into (out of) Level 3	1,425	(17,369)	(2,607)	-	-
Ending balance	$ 10,166	$ 116,042	$ 44,790	$ 47,220	$ (19,234)
The amount of total gains (losses) for the period included in nonoperating gains (losses) attributable to the change in unrealized gains or losses relating to assets still held at June 30, 2011	$ 107	$ (1,743)	$ 781	$ 7,877	$ (146,992)

(Dollars in Thousands)

6. Fair Value Measurements (continued)

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

	Level 1	Level 2	Level 3	Total
June 30, 2011				
Cash and cash equivalents	$ 86,946	$ 6,954	$	$ 93,900
Short-term investments	15,592	44,766	–	60,358
U.S. governmental, state, municipal and agency obligations	-	49,516	442	49,958
Corporate and foreign fixed income securities		45,738	5,024	50,762
Asset-backed securities	-	58,356	1,924	60,280
Equity securities	284,761	14,450	15,315	314,677
Private equity, alternative investments and other investments	594	3,422	86,166	90,183
Assets not at fair value				45,447
Cash and investments				$ 1,151,562
Benefit plan assets in other noncurrent assets	$ 137,391	$	$ 31,795	$ 169,186
Interest rate swaps, included in other noncurrent assets		64,426		64,426
Interest rate swaps, included in other noncurrent liabilities		141,287	–	141,287

(Dollars in Thousands)

6. Fair Value Measurements (continued)

During the year ended June 30, 2013, the changes in the fair value of the foregoing assets measured using significant unobservable inputs (Level 3) consisted of the following:

	U.S. Government, State, Municipal and Agency Obligations	Corporate and Foreign Fixed Income Securities	Asset-Backed Securities	Equity Securities	Private Equity, Alternative Investments and Other Investments	Benefit Plan Assets
June 30, 2012						
Beginning balance	$ 341	$ 4,845	$ 187	$ 5,164	$ 68,171	$ 78,569
Total realized and unrealized gains (losses)						
Included in income from operations		412	(151)	233	145	
Included in nonoperating gains (losses)	-		-	-	(1,557)	
Included in changes in net assets	-	-	-	-	913	-
Purchases, issuances and settlements	-	(334)	1,465	9,120	18,173	(2,211)
Transfers in and/or out of Level 3			288	-	(1,065)	814
Ending balance	$ 341	$ 4,924	$ 1,789	$ 14,517	$ 84,780	$ 77,172

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

7. Significant Investments in Unconsolidated Entities

The System has a 30% membership interest in Via Christi Health, Inc. (VCH). The System accounts for this membership interest under the equity method of accounting. The System's investment in VCH is $493,105 and $499,910 at June 30, 2012 and 2011, respectively, and is reported in the Consolidated Balance Sheets in investment in unconsolidated entities. The System's investment in VCH reflects the financial performance of VCH one month in arrears.

At June 30, 2012 and 2011, the difference between the amount at which the System's investment in VCH is carried in the accompanying Consolidated Balance Sheets and its interest in the underlying net assets of VCH is $30,521 and $30,868, respectively. This difference relates primarily to the excess of the fair value of VCH property and equipment and long-term debt over their carrying values at the date the System received the interest in VCH. The difference is being amortized over the remaining life of the property and equipment and term of the long-term debt.

(Dollars in Thousands)

7. Significant Investments in Unconsolidated Entities (continued)

Condensed financial information of VCH as of and for the years ended June 30, 2012 and 2011, is summarized below:

	June 30,	
	2012	2011
Current assets	$ 752,074	$ 748,221
Noncurrent assets	954,184	932,313
Total assets	$ 1,706,258	$ 1,680,534
Current liabilities	$ 131,366	$ 120,335
Noncurrent liabilities	581,391	555,415
Total liabilities	712,757	675,750
Net assets	993,501	1,004,784
Total liabilities and net assets	$ 1,706,258	$ 1,680,534
Total revenues	$ 1,096,449	$ 1,094,925
Total expenses	(1,063,364)	(1,072,680)
Total investment return	(16,482)	97,573
Excess of revenues over expenses	$ 16,603	$ 119,818

(Dollars in Thousands)

8. Long-Term Debt

Long-term debt at June 30, 2012 and 2011, is comprised of the following, and is presented in accordance with the specific master trust indenture to which the debt relates. As further discussed below, certain portions of long-term debt are secured under the Ascension Brothers Health System Master Trust Indenture

	June 30	
	2012	2011
Tax-exempt hospital revenue bonds - secured under Ascension Health Alliance Senior Credit Group Master Trust Indenture		
Variable rate demand bonds, subject to a put provision that provides for a cumulative 7-month notice and remarketing period, payable through November 2047; interest (0.27% at June 30, 2012) tied to a market index plus a spread	$ 308,605	$ 320,080
Variable rate demand bonds, subject to a 7-day put provision, payable through November 2039; interest (0.15% to 0.16% at June 30, 2012) set at prevailing market rates	225,665	246,230
Variable rate demand bonds, subject to a 7-day put provision, payable through November 2053; interest (0.15% to 0.16% at June 30, 2012) set at prevailing market rates, swapped to fixed rates of 5.45% and 5.544% through maturity	307,370	151,375
Indexed put bonds subject to weekly rate resets based on a taxable index, payable through November 2046; interest (1.505% at June 30, 2012) swapped to a variable rate tied to a tax-exempt market index plus a spread through November 2016	153,870	153,870
Fixed rate put bonds (converted from an indexed put bond mode based on a taxable index in May 2009) payable through November 2046; interest (4.10% at June 30, 2012) swapped to a variable rate tied to a market index plus a spread through November 2016	153,690	153,690
Fixed rate serial and term bonds payable in installments through November 2041; interest at 4.25% to 5.75%	1,348,105	981,645
Fixed rate serial and term bonds payable in installments through November 2039; interest at 5.04%, swapped to variable rates over the life of the bonds	587,360	599,490
Fixed rate serial mode bonds payable through 2047 with purchase dates ranging from April 2013 through May 2018; interest at 0.48% to 5.00% through the purchase dates	904,187	823,560
Fixed rate serial mode bonds payable through 2035 with purchase dates through May 2012; interest at 5.25%, swapped to fixed rates of 5.484% to 5.544% through maturity		156,975

(Dollars in Thousands)

8. Long-Term Debt (continued)

	June 30, 2012	2011
Tax-exempt hospital revenue bonds – unsecured under Ascension Health Alliance Subordinate Master Trust Indenture:		
Variable rate demand bonds subject to a 7-day put provision, payable through November 2027, interest (0.16% at June 30, 2012) set at prevailing market rates	$ 56,060	$ 57,815
Fixed rate serial mode bonds payable through 2027 with purchase dates through November 2012, interest at 5.00%, swapped to variable mode through the purchase dates	49,810	149,470
Fixed rate serial mode bonds payable through 2027 with purchase dates through May 2018, interest at 1.50% to 5.00%	396,705	303,270
Total hospital revenue bonds under Senior Master Trust Indenture and Subordinate Master Trust Indenture	4,451,285	4,160,291
Tax-exempt hospital revenue bonds – secured under Alexian Brothers Health System Master Trust Indenture:		
Fixed rate term bonds payable in installments through February 2038, interest at 3.50% to 5.50%	161,565	
Total hospital revenue bonds under the Alexian Brothers Health System Master Trust Indenture	161,565	
Total hospital revenue bonds under the Ascension Health Alliance Senior Master Trust Indenture, Ascension Health Alliance Subordinate Master Trust Indenture, and the Alexian Brothers Health System Master Trust Indenture	4,612,850	4,160,291
Other debt:		
Obligations under capital leases	33,221	34,865
Other	37,936	36,960
	4,684,007	4,172,065
Unamortized premium, net	111,187	67,233
Less current portion	(85,363)	(59,563)
Less long-term debt subject to short-term remarketing arrangements	(1,044,425)	(1,633,980)
Long-term debt, less current portion and long-term debt subject to short-term remarketing arrangements	$ 3,655,406	$ 2,546,755

(Dollars in Thousands)

8. Long-Term Debt (continued)

	June 30, 2012	2011
Ascension Health Alliance Senior Master Trust Indenture long-term debt obligations, including unamortized premium, net	$ 2,919,702	$ 1,953,354
Ascension Health Alliance Subordinate Master Trust Indenture long-term debt obligations, including unamortized premium, net	515,278	528,917
Alexian Brothers Health System Master Trust Indenture long-term debt obligations, including unamortized premium, net	157,257	
Other	53,169	63,514
Long-term debt, less current portion, and long-term debt subject to short-term remarketing arrangements	$ 3,655,406	$ 2,546,785

Scheduled principal repayments of long-term debt, considering obligations subject to short-term remarketing as due according to their long-term amortization schedule, as of June 30, 2012, are as follows:

	Ascension Health Alliance MTIs	Alexian Brothers Health System MTI	Other Debt	Total
Year ending June 30:				
2013	$ 22,810	$ 4,565	$ 17,989	$ 45,364
2014	57,785	3,290	5,978	67,053
2015	61,180	340	5,072	66,592
2016	51,650	7,485	2,787	61,922
2017	67,620	13,136	15,853	96,603
Thereafter	4,190,240	132,755	23,479	4,346,474
Total	$ 4,451,285	$ 161,565	$ 71,158	$ 4,684,008

The carrying amounts of variable rate bonds and other notes payable approximate fair value. The fair values of the unsecured fixed rate serial and term bonds are estimated based on discounted cash flow analyses that consider current incremental borrowing rates for similar types of borrowing arrangements. The fair value of both Ascension Health Alliance and Alexian Brothers fixed rate serial and term bonds, including the component of variable rate demand bonds subject to long-term fixed interest rates, approximates carrying value at June 30, 2012 and 2011. During the years ended June 30, 2012 and 2011, interest paid was approximately $148,300 and $146,000, respectively. Capitalized interest was approximately $2,000 and $7,100 for the years ended June 30, 2012 and 2011, respectively.

8. Long-Term Debt (continued)

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

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

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

8. Long-Term Debt (continued)

The unsecured variable rate demand bonds of both the Senior and Subordinate Credit Groups, while subject to long-term amortization periods, may be put to Ascension Health Alliance at the option of the bondholders in connection with certain remarketing dates. To the extent that bondholders may, under the terms of the debt, put their bonds within 12 months after June 30, 2012, the principal amount of such bonds has been classified as a current liability in the accompanying Consolidated Balance Sheets. Management believes the likelihood of a material amount of bonds being put to Ascension Health Alliance to be remote. However, to address this possibility, management has taken steps to provide various sources of liquidity in the event any bonds would be put, including the line of credit, commercial paper program, and maintaining unrestricted assets as a source of self-liquidity.

On January 1, 2012, Alexian Brothers became part of Ascension Health Alliance. Subsequently, Ascension Health Alliance redeemed or refinanced a portion of Alexian Brothers' debt; however, a portion of the bonds previously issued for the benefit of Alexian Brothers remains outstanding (the Alexian Brothers' Bonds). The Alexian Brothers' Bonds continue to be secured by the Alexian Brothers Health System Master Trust Indenture (As Amended and Restated), dated October 1, 1992, between the Members of the Alexian Brothers Health System Obligated Group established under this document and the Alexian Brothers Health System Master Trustee.

In May 2012, Ascension Health Alliance issued a total of $435,370 of tax-exempt bonds, Series 2012A through 2012E, through four different issuing authorities in four different states. The proceeds of the bonds, including original issue premium, were used to reimburse Ascension Health Alliance for previous capital expenditures.

Due to aggregate financing activity during the fiscal years ended June 30, 2012 and 2011, losses on extinguishment of debt of $2,828 and $1,097 were recorded, which are included in nonoperating gains (losses), in the accompanying Consolidated Statements of Operations and Changes in Net Assets.

Ascension Health Alliance is a party to multiple interest rate swap agreements that convert the variable or fixed rates of certain debt issues to fixed or variable rates, respectively. See the Derivative Instruments note for a discussion of these derivatives.

8. Long-Term Debt (continued)

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

As of June 30, 2012, the Subordinate Credit Group has a $50,000 revolving line of credit related to its letters of credit program toward which a bank commitment of $50,000 extends to December 27, 2013. The revolving line of credit may be accessed solely in the form of Letters of Credit issued by the bank for the benefit of the members of the Credit Groups. Of this $50,000 revolving line of credit, letters of credit totaling $76,067 have been issued as of June 30, 2012. No borrowings were outstanding under the letters of credit as of June 30, 2012 and 2011.

9. Derivative Instruments

The System uses interest rate swap agreements to manage interest rate risk associated with its outstanding debt. These swaps have historically been used to effectively convert interest rates on variable rate bonds to fixed rates and rates on fixed rate bonds to variable rates. At June 30, 2012 and 2011, the notional values of outstanding interest rate swaps were $2,180,232 and $2,310,187, respectively.

The System recognizes the fair value of its interest rate swaps in the Consolidated Balance Sheets as assets, recorded in other noncurrent assets, or liabilities recorded in other noncurrent liabilities, as appropriate. At June 30, 2012 and 2011, the fair value of interest rate swaps in an asset position was $94,082 and $64,426, respectively, while the fair value of interest rate swaps in a liability position was $248,511 and $341,287, respectively.

Prior to July 1, 2006, the System designated certain of its interest rate swaps as cash flow hedges for accounting purposes, and accordingly deferred gains or losses associated with those swaps in net assets. As of June 30, 2012, the deferred net gain associated with these interest rate swaps was $4,660. The portion of this gain that will be reclassified into net operating gains (losses) over the next 12 months is immaterial.

9. Derivative Instruments (continued)

Beginning July 1, 2006, previously designated cash flow hedging relationships were de-designated for accounting purposes. Accordingly, all changes in the fair value of interest rate swaps have been recognized in nonoperating gains (losses) in the accompanying Consolidated Statements of Operations and Changes in Net Assets. A net nonoperating loss of $77,568 was recognized for the year ended June 30, 2012, while a net nonoperating gain of $23,257 was recognized for the year ended June 30, 2011.

The System's interest rate swap agreements include collateral requirements for each counterparty under such agreements, based upon specific contractual criteria. The System's collateral requirements are based upon Ascension Health Alliance's Senior Credit Group long-term debt credit ratings (Senior Debt Credit Ratings) as obtained from each of two major credit rating agencies, as well as the net liability position of total interest rate swap agreements outstanding with each counterparty. At June 30, 2012 and 2011, based upon the System's net liability positions and Senior Debt Credit Ratings, no collateral on interest rate swap agreements was required to be posted. The aggregate net fair value of interest rate swap agreements with credit-risk-related contingent features on June 30, 2012 and 2011, was a liability of $154,429 and $76,861, respectively.

10. Retirement Plans

Defined-Benefit Plans

Certain System entities participate in defined-benefit pension plans (the System Plans), which are noncontributory, defined-benefit pension plans covering substantially all eligible employees of certain System entities. Benefits are based on each participant's years of service and compensation. Substantially all of the System Plans' assets are invested in a master trust (the Trust) consisting of cash and cash equivalents, equity, fixed income funds, and alternative investments. Contributions to the System Plans are based on actuarially determined amounts sufficient to meet the benefits to be paid to participants.

10. Retirement Plans (continued)

During the year ended June 30, 2012, the System approved and communicated to employees a redesign of associate retirement benefits, which affects certain System Plans, as well as provides an enhanced comprehensive defined contribution plan. These changes will become effective January 1, 2013. This redesign resulted in the recognition of one-time curtailment gains of $413,834, of which $414,294 was recognized in total impairment, restructuring and nonrecurring gains for the year ended June 30, 2012, with the remaining amount recognized in nonoperating losses for the year ended June 30, 2012. This redesign also resulted in a one-time decrease to the projected benefit obligation as of December 31, 2011. The projected benefit obligation is included in pension and other postretirement liabilities in the Consolidated Balance Sheets.

The assets of the System Plans are available to pay the benefits of eligible employees and retirees of all participating entities. In the event entities participating in the System Plans are unable to fulfill their financial obligations under the System Plans, the other participating entities are obligated to do so.

(Dollars in Thousands)

10. Retirement Plans (continued)

The following table sets forth the combined benefit obligations and assets of the System Plans at June 30, 2012 and 2011, components of net periodic benefit costs for the years then ended, and a reconciliation of the amounts recognized in the accompanying consolidated financial statements:

	Year Ended June 30, 2012	2011
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	$ 5,734,449	$ 5,618,553
Service cost	194,906	208,253
Interest cost	311,981	304,365
Amendments	(5,463)	(476)
Assumption change	873,252	(154,944)
Actuarial loss (gain)	1,051	(29,136)
Acquisitions	131,174	–
Curtailment	(561,854)	–
Benefits paid	(242,250)	(212,166)
Projected benefit obligation at end of year	6,437,246	5,734,449
Accumulated benefit obligation at end of year	6,341,693	5,140,261
Change in plan assets:		
Fair value of plan assets at beginning of year	5,397,593	4,624,393
Actual return on plan assets	711,555	848,439
Employer contributions	14,421	136,927
Acquisitions	111,358	–
Benefits paid	(242,250)	(212,166)
Fair value of plan assets at end of year	5,992,677	5,397,593
Net amount recognized at end of year and funded status	$ (444,569)	$ (336,856)

The System Plans' funded status as a percentage of the projected benefit obligation at June 30, 2012 and 2011 was 93.1% and 94.1%, respectively. The System Plans' funded status as a percentage of the accumulated benefit obligation at June 30, 2012 and 2011 was 94.5% and 105.0%, respectively.

(Dollars in Thousands)

10. Retirement Plans (continued)

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

	Year Ended June 30, 2012	2011
Unrecognized prior service credit	$ (16,230)	$ (69,548)
Unrecognized actuarial loss	433,352	34,874
	$ 417,122	$ (35,674)

Changes in plan assets and benefit obligations recognized in unrestricted net assets for System Plans during 2012 and 2011, include:

	Year Ended June 30, 2012	2011
Current year actuarial loss (gain)	$ 48,601	$ (671,223)
Amortization of actuarial loss (gain)	350,877	(130,321)
Current year prior service credit	(5,463)	(476)
Amortization of prior service credit	58,781	11,855
	$ 452,796	$ (790,165)

	Year Ended June 30, 2012	2011
Components of net periodic benefit cost		
Service cost	$ 194,906	$ 208,233
Interest cost	311,981	304,365
Expected return on plan assets	(447,703)	(361,295)
Amortization of prior service credit	(10,646)	(11,855)
Amortization of actuarial loss	16,931	130,321
Curtailment gain	(415,834)	–
Settlement gain	(111)	–
Net periodic benefit cost	$ (350,476)	$ 269,789

(Dollars in Thousands)

10. Retirement Plans (continued)

The prior service credit and actuarial loss included in unrestricted net assets and expected to be recognized in net periodic pension cost during the year ending June 30, 2013, are approximately $6,500 and $63,900, respectively.

The assumptions used to determine the benefit obligation and net periodic benefit cost for the System Plans are set forth below:

	June 30,	
	2012	2011
Weighted-average discount rate	4.42%	5.63%
Weighted-average rate of compensation increase	4.00%	4.00%
Weighted-average expected long-term rate of return on plan assets	8.43%	8.50%

The System Plans' assets are invested in a portfolio designed to protect principal and obtain competitive investment returns and long-term investment growth, consistent with actuarial assumptions, with a reasonable and prudent level of risk. Diversification is achieved by allocating to funds and managers that correlate to one of three economic strategies: growth, deflation and inflation. Growth strategies include U.S. equity, emerging market equity, global equity, international equity, directional hedge funds, private equity, high yield and private credit. Deflation strategies include core fixed income, absolute return hedge funds and cash. Inflation strategies include inflation-linked bonds, commodity-related investments, and real assets. The System Plans use multiple investment managers with complementary styles, philosophies, and approaches. In accordance with the System Plans' objectives, derivatives may also be used to gain market exposure in an efficient and timely manner.

In accordance with the System Plans' asset diversification targets, as presented in the table that follows, the Trust holds certain alternative investments, consisting of various hedge funds, real asset funds, private equity funds, commodity funds, private credit funds and certain other private funds. These investments do not have observable market values. As such, each of these investments is valued at net asset value as determined by each fund's investment manager, which approximates fair value. The fair value of the System Plans' alternative investments as of June 30, 2012, is reported in the fair value measurement table that follows. Collectively, these

(Dollars in Thousands)

10. Retirement Plans (continued)

funds have liquidity terms ranging from weekly to annual with notice periods ranging from 1 to 93 days. Due to redemption restrictions, investments of certain private funds, whose fair value was approximately $513,000 at June 30, 2012, cannot be redeemed. However, the potential for the System Plans to sell their interest in real asset funds and private equity funds in a secondary market prior to the end of the fund term does exist.

The investments in these alternative investment funds may also include contractual commitments to provide capital contributions during the investment period, which is typically five years, and may extend to the end of the fund term. During these contractual periods, investment managers may require the System Plans to invest in accordance with the terms of the agreement. Commitments not funded during the investment period will expire and remain unfunded. As of June 30, 2012, investment periods expire between July 2012 and March 2018. The remaining unfunded capital commitments of the Trust total approximately $528,000 for 50 individual contracts as of June 30, 2012.

The weighted-average asset allocation for the System Plans at the end of fiscal 2012 and 2011 and the target allocation for fiscal 2013, by asset category, are as follows:

	Target Allocation	Percentage of Plan Assets at Year-End	
Asset Category	2013	2012	2011
Growth	50%	49%	52%
Deflation	30	32	32
Inflation	20	19	16
Total	100%	100%	100%

(Dollars in Thousands)

10. Retirement Plans (continued)

The following tables summarize fair value measurements at June 30, 2012 and 2011, by asset class and by level, for the System Plans' assets and liabilities. As also discussed in the Fair Value Measurements note, the System follows the three-level fair value hierarchy to categorize plan assets and liabilities recognized at fair value, which prioritizes the inputs used to measure such fair values. The inputs and valuation techniques discussed in the Fair Value Measurements note also apply to the System Plans' assets and liabilities as presented in the following tables:

	Level 1	Level 2	Level 3	Total
June 30, 2012				
Short-term investments	$ 192,025	$ 5,392	$ -	$ 197,417
Derivative assets – interest rate	53,054	92,049	757	145,860
Derivative assets – other	10,937	653	13,472	25,062
U.S. government obligations	-	2,189,580	1,903	2,191,483
Corporate and foreign fixed income securities	70,238	387,734	28,308	486,280
Asset-backed securities	-	194,201	14,243	208,444
Equity securities	782,558	–	23,200	805,758
Alternative investments	–	–	1,993,923	1,993,923
Assets not at fair value				874,681
Total				6,928,908
Derivative liabilities – interest rate	1,990	51,380	33	53,203
Derivative liabilities – other	3,859	134	6,022	10,015
Investments sold, not yet purchased		29,342	–	29,342
Liabilities not at fair value				843,671
Total				936,231
Fair value of plan assets				$ 5,992,677

(Dollars in Thousands)

10. Retirement Plans (continued)

	Level 1	Level 2	Level 3	Total
June 30, 2011				
Short-term investments	$ 433,526	$ 12,682	$ -	$ 446,208
Derivative assets – interest rate	711	3	65,727	66,441
Derivative assets – other	74	2,039	1,159	3,272
U.S. government obligations	-	1,734,826	2,139	1,736,965
Corporate and foreign fixed income securities	-	406,793	19,462	426,255
Asset-backed securities		265,277	4,427	269,704
Equity securities	1,138,520	-	1,701	1,140,221
Alternative investments	-	-	1,591,485	1,591,485
Assets not at fair value				221,406
Total				5,930,852
Derivative liabilities – interest rate	17	285	238,862	239,182
Derivative liabilities – other	307	1,057	16,381	17,745
Investments sold, not yet purchased	-	56,451	-	56,451
Liabilities not at fair value				219,881
Total				533,259
Fair value of plan assets				$ 5,397,593

(Dollars in Thousands)

10. Retirement Plans (continued)

For the years ended June 30, 2012 and 2011, the changes in the fair value of the System Plans' assets measured using significant unobservable inputs (Level 3) consisted of the following.

	Net Derivatives	U.S. Government Obligations	Corporate and Foreign Fixed Income Securities	Asset-Backed Securities	Equity Securities	Alternative Investments
June 30, 2012						
Beginning balance	$ (208,367)	$ 2,132	$ 19,462	$ 1,827	$ 1,761	$ 1,591,483
Total actual return on plan assets	167,900	45	1,431	(211)	(196)	(14,183)
Purchases, issuances, and redemptions	48,641	(274)	9,663	10,517	21,690	416,623
Transfers (out of) into Level 3	–	–	(2,247)	(4,890)	5	–
Ending balance	$ 8,174	$ 1,903	$ 28,309	$ 7,243	$ 23,260	$ 1,993,923
Actual return on plan assets relating to plan assets still held at June 30, 2012	$ 9,095	$ 11	$ (820)	$ (477)	$ –	$ (49,807)

	Net Derivatives	U.S. Government Obligations	Corporate and Foreign Fixed Income Securities	Asset-Backed Securities	Equity Securities	Alternative Investments
June 30, 2011						
Beginning balance	$ (278,049)	$ 2,241	$ 52,193	$ 1,787	$ 122,547	$ 1,163,027
Total actual return on plan assets	77,843	94	1,976	(5)	32,096	171,459
Purchases, issuances, and settlements	(8,161)	(203)	(29,882)	76	(152,433)	256,997
Transfers out of Level 3	–		(4,825)	(31)	(449)	
Ending balance	$ (208,367)	$ 2,132	$ 19,462	$ 1,827	$ 1,761	$ 1,591,483
Actual return on plan assets relating to plan assets still held at June 30, 2011	$ (25,076)	$ 55	$ (19)	$ 193	$ –	$ 134,299

The Trust has entered into a series of interest rate swap agreements with a net notional amount of $448,150. The combined targeted duration of these swaps and the Trust's fixed income investments approximates the duration of the liabilities of the Trust. Currently, 60% of the dollar duration of the liability is subject to this economic hedge. The purpose of this strategy is to economically hedge the change in the net funded status for a significant portion of the liability that can occur due to changes in interest rates.

(Dollars in Thousands)

10. Retirement Plans (continued)

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

Information about the expected cash flows for the System Plans follows:

Expected employer contributions 2013	$ 32,500
Expected benefit payments:	
2013	371,100
2014	364,200
2015	371,800
2016	384,900
2017	396,909
2018–2022	2,065,000

The contribution amount above includes amounts paid to the Trust. The benefit payment amounts above reflect the total benefits expected to be paid from the Trust.

Other Postretirement Benefit Plans

In addition to the retirement plan described above, certain Health Ministries sponsor postretirement benefit plans that provide healthcare benefits to qualified retirees who meet certain eligibility requirements. The total benefit obligation of these plans at June 30, 2012 and 2011, is $47,428 and $44,446, respectively. The net obligation included in pension and other postretirement liabilities in the accompanying Consolidated Balance Sheets at June 30, 2012 and 2011 is $12,323 and $10,086, respectively. The change in the plans' assets and benefit obligations recognized in unrestricted net assets during the year ended June 30, 2012, was $6,551.

10. Retirement Plans (continued)

Defined-Contribution Plans

System entities participate in contributory and noncontributory defined-contribution plans covering all eligible associates. There are three primary types of contributions to these plans: employer automatic contributions, employee contributions, and employer matching contributions. Benefits for employer automatic contributions are determined as a percentage of a participant's salary and, for certain entities, increases over specified periods of employee service. These benefits are funded annually and participants become fully vested over a period of time. Benefits for employer matching contributions are determined as a percentage of an eligible participant's contributions each payroll period. These benefits are funded each payroll period and participants become fully vested in these employer contributions immediately. Expenses for the defined-contribution plans were $128,250 and $113,337 during 2012 and 2011, respectively.

11. Self-Insurance Programs

Certain System hospitals and other entities participate in pooled risk programs to insure professional and general liability risks and workers' compensation risks to the extent of certain self-insured limits. In addition, various umbrella insurance policies have been purchased to provide coverage in excess of the self-insured limits. Trust funds and two captive insurance companies, Ascension Health Insurance, Ltd. (AHIL) and Edessa Insurance Company, Ltd. (Edessa) are established for the self-insurance programs. Edessa was acquired as part of the Alexian Brothers business combination, as discussed in the Organizational Changes note. Actuarially determined amounts, discounted at 6% for the System excluding Alexian Brothers which are discounted at 3%, are contributed to the trusts and the captive insurance companies to provide for the estimated cost of claims. The loss reserves recorded for estimated self-insured professional, general liability, and workers' compensation claims include estimates of the ultimate costs for both reported claims and claims incurred but not reported, which are discounted at 6% in 2012 and 2011 for the System, except for Alexian Brothers, which are not discounted. These entities not participating in the self-insured programs are insured under separate policies.

11. Self-Insurance Programs (continued)

Professional and General Liability Programs

Professional and general liability coverage is provided on a claims-made basis through a wholly owned onshore trust and through AHIL and Edessa.

AHIL has a self-insured retention of $10,000 per occurrence with no aggregate. Excess coverage is provided through AHIL with limits up to $185,000. AHIL retains $5,000 per occurrence and $5,000 annual aggregate for professional liability. AHIL also retains a 20% quota share of the first $25,000 of umbrella excess. The remaining excess coverage is reinsured by commercial carriers.

Edessa has a self-insured retention of $1,000 per occurrence with no aggregate. Excess coverage is provided through Edessa with limits up to $110,000. Edessa retains $10,000 per occurrence and $20,000 annual aggregate for professional liability. The remaining excess coverage is reinsured by commercial carriers.

Self-insured entities in the states of Indiana and Wisconsin are provided professional liability coverage on an occurrence basis with limits in compliance with participation in the Patient Compensation Funds. The Patient Compensation Funds apply to claims in excess of the primary self-insured limit.

Included in operating expenses in the accompanying Consolidated Statements of Operations and Changes in Net Assets is professional and general liability expense of $71,687 and $69,673 for the years ended June 30, 2012 and 2011, respectively. Included in current and long-term self-insurance liabilities on the accompanying Consolidated Balance Sheets are professional and general liability loss reserves of approximately $596,381 and $520,489 at June 30, 2012 and 2011, respectively.

AHIL and Edessa also offer physician professional liability coverage through insurance or reinsurance arrangements to nonemployed physicians practicing at the System's various facilities, primarily in Michigan, Indiana and Illinois. Coverage is offered to physicians with limits ranging from $160 per claim to $1,060 per claim with various aggregate limits.

(Dollars in Thousands)

11. Self-Insurance Programs (continued)

Workers' Compensation

Workers' compensation coverage is provided on an occurrence basis through a grantor trust. The self-insured trust provides coverage up to $1,000 per occurrence with no aggregate. The trust provides a mechanism for funding the workers' compensation obligations of its members. Workers' compensation coverage for Alexian Brothers is self-insured up to $400 per occurrence with no aggregate. Excess insurance against catastrophic loss is obtained through commercial insurers. Premium payments made to the trust are expensed and represent claims reported and claims incurred but not reported.

Included in operating expenses in the accompanying Consolidated Statements of Operations and Changes in Net Assets as workers' compensation expense of $40,256 and $41,973 for the years ended June 30, 2012 and 2011, respectively. Included in current and long-term self-insurance liabilities on the accompanying Consolidated Balance Sheets are workers' compensation loss reserves of $110,657 and $98,867 at June 30, 2012 and 2011, respectively.

12. Lease Commitments

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

Year ending June 30:	
2013	$ 208,072
2014	191,994
2015	152,166
2016	117,939
2017	96,213
Thereafter	250,031
Total	$ 1,016,415

Certain System entities are lessees under operating lease agreements for the use of space in buildings owned by third parties, including medical office buildings (MOBs), and medical and information technology equipment. In addition, certain System entities have subleased space within buildings where the entity has a current operating lease commitment. Certain System entities are also lessors under operating lease agreements, primarily ground leases related to third-party-owned MOBs on land owned by the System entity.

(Dollars in Thousands)

12. Lease Commitments (continued)

The System's future minimum noncancelable payments associated with operating leases where a System entity is the lessee as well as future minimum noncancelable receipts associated with operating leases where a System entity is the sublessor or lessor, are presented in the table that follows. Future minimum payments and receipts relate to noncancelable leases with terms of one year or more.

	Future Payments Where the System is Lessee	Future Receipts Where the System is Sublessor/ Lessor	Net Future Payments (Receipts)
Year ending June 30,			
2013	$ 208,072	$ 32,929	$ 175,143
2014	191,994	27,783	164,211
2015	152,166	21,691	130,475
2016	117,939	17,004	100,935
2017	96,213	13,398	82,815
Thereafter	250,031	275,190	(25,159)
Total	$ 1,016,415	$ 387,995	$ 628,420

Rental expense under operating leases amounted to $341,918 and $290,692 in 2012 and 2011, respectively.

13. Contingencies and Commitments

The System is involved in litigation and regulatory investigations arising in the ordinary course of business. Regulatory investigations also occur from time to time. In the opinion of management, after consultation with legal counsel, these matters are expected to be resolved without a material adverse effect on the System's Consolidated Balance Sheet.

13. Contingencies and Commitments (continued)

In September 2010, Ascension Health received a letter from the U.S. Department of Justice (the DOJ) in connection with its nationwide review to determine whether, in certain cases, implantable cardioverter defibrillators were provided to certain Medicare beneficiaries in accordance with national coverage criteria. In connection with this nationwide review, identified System hospitals are reviewing applicable medical records and responding to the DOJ. The DOJ's investigation spans a time frame beginning in 2003 and extending through the present time. Through September 12, 2012, the DOJ has not asserted any claims against any System hospitals. The System continues to fully cooperate with the DOJ in its investigation.

The System enters into agreements with nonemployed physicians that include minimum revenue guarantees. The terms of the guarantees vary. The carrying amounts of the liability for the System's obligation under these guarantees were $26,675 and $15,395 at June 30, 2012 and 2011, respectively, and are included in other current and noncurrent liabilities in the accompanying Consolidated Balance Sheets. The maximum amount of future payments that the System could be required to make under these guarantees is approximately $26,300 and is included in the table that follows.

The System entered into agreements with sponsors for support through January 2017. The System's obligation under these agreements totals $65,808 at June 30, 2012, and is included in other current and noncurrent liabilities in the accompanying Consolidated Balance Sheets.

Guarantees and other commitments represent contingent commitments issued by Ascension Health Alliance Senior and Subordinate Credit Groups, generally to guarantee the performance of an affiliate to a third party in borrowing arrangements such as commercial paper issuances, bond financing, and other transactions. The terms of guarantees are equal to the terms of the related debt, which can be as long as 28 years.

(Dollars in Thousands)

13. Contingencies and Commitments (continued)

The following summary represents the maximum potential amount of future payments the Senior and Subordinate Credit Groups could be required to make under its guarantees and other commitments at June 30, 2012:

Hospital de la Concepcion 2000 Series A debt guarantee	$	31,075
St. Vincent de Paul Series 2000A debt guarantee		28,360
Rehab Hospital of Indiana, Inc. guarantee		8,213
Advantage Health Solution		5,272
Mercy Care Plan guarantee		5,000
Physician revenue guarantees		26,309
Information technology commitments		39,622
Other		27,054
Total guarantees and other commitments	$	170,833

Supplementary Information

Report of Independent Auditors on Supplementary Information

The Board of Directors
Ascension Health Alliance

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Schedule of Net Cost of Providing Care of Persons Living in Poverty and Community Benefit Programs, the Credit Group Consolidated Balance Sheets, the Credit Group Consolidated Statements of Operations and Changes in Net Assets, and the Schedule of Credit Group Cash and Investments are presented for purposes of additional analysis and are not a required part of the basic 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements 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 basic consolidated financial statements as a whole.

Ernst & Young LLP

September 12, 2012

Ascension Health Alliance

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

(Dollars in Thousands)

Years Ended June 30, 2012 and 2011

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

	June 30, 2012	2011
Traditional charity care provided	$ 468,970	$ 408,894
Unpaid cost of public programs for persons living in poverty	406,057	374,081
Other programs for persons living in poverty and other vulnerable persons	75,724	71,267
Community benefit programs	335,436	372,644
Care of persons living in poverty and community benefit programs	$ 1,286,187	$ 1,226,888

Ascension Health Alliance

Credit Group[1] Financial Statements
Consolidated Balance Sheets
(Dollars in thousands)

	June 30, 2012	2011
Assets		
Current assets:		
Cash and cash equivalents	$ 278,692	$ 1,107,846
Short-term investments	216,914	237,461
Accounts receivable, less allowances for uncollectible accounts ($1,102,806 and $1,079,706 at June 30, 2012 and 2011, respectively)	1,842,575	1,687,189
Inventories	207,048	190,514
Due from brokers	789,271	-
Estimated third-party payor settlements	158,513	89,747
Other	746,147	438,063
Total current assets	4,239,160	3,750,820
Long-term investments	10,356,808	8,117,951
Property and equipment, net	5,953,207	5,987,804
Other assets:		
Investment in unconsolidated entities	448,612	389,167
Capitalized software costs, net	635,871	486,842
Due from Alexian Brothers Health System	324,362	–
Other	675,802	720,565
Total other assets	2,084,647	1,596,574
Total assets	$ 22,633,822	$ 19,453,149

Continued on next page

[1] The Credit Group Financial Statements are composed of the System (see Note 1) excluding the System's investment in Via Christi Health, Inc. and assets, liabilities and net assets of Alexian Brothers Health System. The Credit Group Financial Statements also include the system's noncontrolling interest (see Note 2) of the CH MCO Alpha Fund, LLC (Alpha Fund) (see Notes 4 and 5), which represents $589,493 or approximately 63%, of the Alpha Fund's net assets. See Note 5 for further discussion of noncontrolling interests of the Alpha Fund.

	June 30, 2012	2011
Liabilities and net assets		
Current liabilities		
Current portion of long-term debt	$ 38,276	$ 29,563
Long-term debt subject to short-term remarketing arrangements	1,894,425	1,662,950
Accounts payable and accrued liabilities	1,876,862	[1] 1,814,600
Estimated third party payor settlements	371,831	276,810
Due to brokers	880,613	--
Current portion of self-insurance liabilities	206,057	191,551
Other	429,611	103,093
Total current liabilities	4,897,675	4,078,567
Noncurrent liabilities:		
Long-term debt (senior and subordinated)	3,488,091	3,546,785
Self-insurance liabilities	490,117	448,624
Pension and other postretirement liabilities	470,858	596,058
Other	1,236,189[2]	676,648
Total noncurrent liabilities	5,685,255	4,068,115
Total liabilities	10,582,930	8,146,682
Net assets		
Unrestricted		
Controlling interest	10,979,371	10,832,721
Noncontrolling interests	647,515[3]	42,739
Unrestricted net assets	11,626,886	10,875,460
Temporarily restricted	322,365	331,263
Permanently restricted	101,641	99,444
Total net assets	12,050,891	11,306,467
Total liabilities and net assets	$ 22,633,822	$ 19,453,149

[1] Includes $238,142 representing the amount due to ABHS from Ascension Health Alliance attributable to ABHS's interest in investments held by Ascension Health Alliance

[3] Includes $589,493 attributable to the Alpha Fund (see Notes 4 and 5)

Ascension Health Alliance

Credit Group[1] Financial Statements
Consolidated Statements of Operations and Changes in Net Assets
(Dollars in Thousands)

	Year Ended June 30, 2012	2011
Operating revenue		
Net patient service revenue	$ 15,113,938	$ 14,565,006
Other revenue	971,911	789,975
Total operating revenue	16,085,849	15,354,981
Operating expenses		
Salaries and wages	6,461,456	6,188,630
Employee benefits	1,403,062	1,443,867
Purchased services	754,188	771,830
Professional fees	1,014,882	889,375
Supplies	2,235,902	2,261,568
Insurance	99,987	92,168
Bad debts	983,648	991,974
Interest	128,010	129,614
Depreciation and amortization	651,473	656,859
Other	1,774,154	1,556,110
Total operating expenses before impairment, restructuring, and nonrecurring gains, net	15,496,762	14,982,401
Income from operations before self-insurance trust fund investment return and impairment, restructuring, and nonrecurring gains (losses), net	589,087	372,580
Self-insurance trust fund investment return	17,197	90,402
Impairment, restructuring, and nonrecurring gains (losses)	301,153	(92,387)
Income from operations	907,437	370,595
Nonoperating gains (losses):		
Investment return	(137,550)	1,129,859
Loss on extinguishment of debt	(2,828)	(1,007)
(Loss) gain on interest rate swaps	(74,773)	20,879
Income from unconsolidated entities	8,830	11,915
Contributions from business combinations	6,655	-
Other	(69,475)	(68,999)
Total nonoperating (losses) gains, net	(269,141)	1,102,647
Excess of revenues and gains over expenses and losses	638,296	1,473,242
Less noncontrolling interests	16,119	27,484
Excess of revenues and gains over expenses and losses attributable to controlling interest	622,177	1,445,758

Continued on next page

[1] Includes the loss of $136,778 attributable to the Agilia Fund. Of the Agilia Fund's loss, a loss of $9,278 is included in the noncontrolling interests.

	Year Ended June 30,	
	2012	2011
Unrestricted net assets, controlling interest:		
Excess of revenues and gains over expenses and losses	$ 622,177	$ 1,445,758
Transfer to sponsors and other affiliates, net	(44,947)	(14,495)
Contributed net assets	(400)	(274)
Net assets released from restrictions for property acquisitions	68,741	70,558
Pension and other postretirement liability adjustments	(447,982)	793,897
Change in unconsolidated entities' net assets	(4,991)	5,592
Other	9,050	(2,778)
Increase in unrestricted net assets, controlling interest, before (loss) gain from discontinued operations and cumulative effect of change in accounting principle	201,648	2,298,153
(Loss) gain from discontinued operations	(54,998)	19,421
Cumulative effect of change in accounting principle	--	(45,991)
Increase in unrestricted net assets, controlling interest	146,650	2,271,583
Unrestricted net assets, noncontrolling interests:		
Excess of revenues and gains over expenses and losses	16,119	27,484
Distributions of capital	(778,445)	(33,854)
Contributions of capital	1,167,102	7,973
Increase in unrestricted net assets, noncontrolling interests	604,776[1]	1,603
Temporarily restricted net assets, controlling interest:		
Contributions and grants	109,667	100,579
Net change in unrealized gains/losses on investments	(5,333)	13,714
Investment return	4,695	8,295
Net assets released from restrictions	(102,713)	(103,654)
Other	(6,514)	496
(Decrease) increase in temporarily restricted net assets, controlling interest	(9,198)	21,350
Permanently restricted net assets, controlling interest:		
Contributions	5,081	8,830
Net change in unrealized gains/losses on investments	(25)	1,692
Investment return	(217)	(62)
Other	(2,642)	(87)
Increase in permanently restricted net assets, controlling interest	2,197	10,373
Increase in net assets	744,425	2,304,289
Net assets, beginning of year	11,306,467	9,002,178
Net assets, end of year	$ 12,050,892	$ 11,306,467

[1] Includes net contributions of $598,771, comprised of distributions of $548,962 and contributions of $1,147,733, attributable to the Alpha Fund.

Ascension Health Alliance

Schedule of Credit Group Cash and Investments
(Dollars in Thousands)

June 30, 2012

The Credit Group's cash and investments at June 30, 2012, are presented in the table that follows. Total cash and investments, net, includes both the Credit Group's membership interest in the Alpha Fund as well as the noncontrolling interests held by other Alpha Fund members. Credit Group unrestricted cash and investments, net, represent the Credit Group's cash and investments excluding the noncontrolling interests held by other Alpha Fund members and assets limited as to use.

	June 30, 2012
Cash and cash equivalents	$ 378,692
Short-term investments	216,914
Long-term investments	10,256,808
Subtotal	10,852,414
Other Alpha Fund and Ascension Legacy Portfolio assets and liabilities,	
In other current assets	360,999
In other long-term assets	2,923
In accounts payable and accrued liabilities	(12,779)
In other current liabilities	(622,875)
In other noncurrent liabilities	(157,073)
Due from (to) brokers, net	(91,342)
Total cash and investments, net	10,332,270
Less noncontrolling interests of Alpha Fund	589,493
Less Ateyon Brothers Health System interest in investments held by Ascension Health Alliance	238,121
Credit Group cash and investments, including assets limited as to use	9,864,656
Less assets limited as to use	1,064,387
Credit Group unrestricted cash and investments, net	$ 8,740,269

At June 30, 2011, the Credit Group's investments were comprised of its pro rata share of the Ascension Legacy Portfolio's funds held for participants and certain other investments.

	June 30, 2011
Cash and cash equivalents	$ 1,107,846
Short-term investments	237,461
Long-term investments	8,117,951
Credit Group cash and investments	9,463,258
Less assets limited as to use	994,297
Credit Group unrestricted cash and investments	$ 8,468,961

Additional Data

Software ID:
Software Version:
EIN: 63-0288864
Name: St Vincent's Birmingham

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Dan Sansone Chairman - Health System	5 00	X		X				0	0	0
Ken Graeve start 1011 Bd Member - Vice Chair	5 00	X		X				0	0	0
Susan W Matlock end 1011 Vice Chair - Health System	5 00	X		X				0	0	0
Douglas B Nunnelley Secretary - Health System	5 00	X		X				0	0	0
James D Davis Treasurer - Health System	5 00	X		X				0	0	0
Robert Barnett Bd Member - Health System	5 00	X						0	0	0
William K Bibb end 711 Bd Member - Health System	5 00	X						0	0	0
Marc E Bloomston MD Bd Member - Health System	5 00	X						0	0	0
Tina N Corr Bd Member - Health System	5 00	X						0	0	0
Sr Mary E Cullenstart 1011 Bd Member - Health System	5 00	X						0	0	0
Norman B Davis Jr Bd Member - Health System	5 00	X						0	0	0
Morton Goldfarb MD Bd Member - Health System	5 00	X						0	0	0
M James Gorrie end 1011 Bd Member - Health System	5 00	X						0	0	0
Benny M LaRussa Jr Bd Member - Health System	5 00	X						0	0	0
William H McClanahan JrMD Bd Member - Health System	5 00	X						0	0	0
Willie H Parker Bd Member - Health System	5 00	X						0	0	0
Stan Starnes start 112 Bd Member - Health System	5 00	X						0	0	0
John D O'Neil President/CEO System	40 00	X		X				0	1,107,013	22,435
David A Cauble EVP & CFO	40 00	X		X				0	337,263	17,527
Vicki L Briggs start 911 Exec VP/COO	40 00			X				0	110,450	3,065
Nan M Priest EVP/CSO	40 00			X				0	352,803	21,440
Gregory L James SVP & Chief Medical Officer	40 00			X				0	370,601	16,418
Carol A Maietta SVP HR/CLO	40 00			X				0	221,660	17,124
William A Davis President/COO Birmingham	40 00			X				263,747	0	23,186
Christopher L Moore VP Patient Care	40 00				X			189,161	0	17,950

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Brian K Mader Physicist Planning & Dev - BH	40 00					X		190,664	0	19,663
Lydia E Esty Dir Pharmacy - Bham FT ACC	40 00					X		147,784	0	14,093
Sam A Faircloth Pharmacist Clinical FT PD	40 00					X		149,846	0	18,596
Richard L Stephens Asst Physician	40 00					X		147,061	0	18,279
Gregory M Prestage Pharmacist Clinical FT PD	40 00					X		143,497	0	18,528
Neeysa C Biddle end 611 Former Exec VP/COO	0 00						X	0	426,422	16,465