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DLN: 93493126013083

Return of Organization Exempt From Income Tax

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

OMB No 1545-0047

Open to Public

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

						шоресион			
		2011 calendar year, or tax year beginning 07-01-2011 C Name of organization	and ending 06-30-20	12	D Employer i	dentification number			
_	eck ıf a _l dress ch	MISSION HOSPITAL REGIONAL MEDICAL CENTER			95-16433				
_		Doing Business As			E Telephone				
Naı —	me chai	nge			(949)364	_4200			
Inıt	ial retui	Number and street (of P O box it mail is not delivered	d to street address) Room/s	suite		ts \$ 502,422,624			
Ter	mınated	d 27700 MEDICAL CENTER ROAD		ŀ	a Gioss receipi	ιο φ JUZ,42Z,0Z4			
– _{Am}	ended i		<u> </u>						
— Арр	olication	MISSION VIEJO, CA 92691 pending							
		F Name and address of principal officer		H(a) In thu		fa			
		KENNETH MCFARLAND		affilia	s a group retu :es?	TYes ▼No			
		27700 MEDICAL CTR ROAD MISSION VIEJO,CA 92691							
		MISSION VIEJO, CA 92091		1	affiliates inclu				
та	x-exem	ppt status	947(a)(1) or			st (see instructions) number 🕨 0928			
				H(c) Glou	o exemption i	iullibel F 0928			
у W	ebsite	∷► WWW MISSION4HEALTH COM		1					
∢ Forr	n of org	ganization 🔽 Corporation 🦵 Trust 🦵 Association 🦵 Other 🕨		L Year of for	mation 1941	M State of legal domicile CA			
Pa	rt I	Summary							
Governance	\	Briefly describe the organization's mission or most sign WE ARE COMMITTED TO EXTENDING THE TRADITI IMPROVING THE HEALTH AND QUALITY OF LIFE IN	ON OF THE SISTERS		OFORANG	E BY CONTINUALLY			
Ē	-								
é	2 (Check this box 🚩 if the organization discontinued its	operations or disposed	of more than 2	5% of its net	assets			
ာ ဇ	3 1	Number of voting members of the governing body (Part	VI, line 1a)		3	15			
Activities &	4 1	Number of independent voting members of the governing	g body (Part VI, line 11	o)	4	10			
2	5 7	Total number of individuals employed in calendar year 2	2011 (Part V, line 2a)		5	2,832			
្ន	6 7	Total number of volunteers (estimate if necessary) .		6	682				
•	7a 1	Total unrelated business revenue from Part VIII, colum		7a	999,721				
	ы	Net unrelated business taxable income from Form 990-	-T, line 34		7b	94,914			
				Prio	Year	Current Year			
	8	Contributions and grants (Part VIII, line 1h)			9,441,550	10,659,988			
Ę	9	Program service revenue (Part VIII, line 2g)	. 4	82,113,797	485,724,810				
Revenue	10	Investment income (Part VIII, column (A), lines 3, 4		8,134,977	4,642,157				
二	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c		460,468	591,704				
	12	Total revenue—add lines 8 through 11 (must equal Pa			00 1 50 703	F01 C10 CF0			
	12	12)		00,150,792	501,618,659				
	13 14	Grants and similar amounts paid (Part IX, column (A)			5,104,532	7,191,624			
		Benefits paid to or for members (Part IX, column (A),			- Y				
8	15	5-10)	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)						
Expenses	16a	Professional fundraising fees (Part IX, column (A), lin	rofessional fundraising fees (Part IX, column (A), line 11e)						
ž	Ь	Total fundraising expenses (Part IX, column (D), line 25) •4,454							
Ш	17	Other expenses (Part IX, column (A), lines 11a-11d		. 2	246,853,007 239,425,65				
	18	Total expenses Add lines 13–17 (must equal Part I)			63,318,083	462,459,056			
	19	Revenue less expenses Subtract line 18 from line 12		<u> </u>	36,832,709	39,159,603			
8 4		<u> </u>			of Current				
Net Assets of Fund Bafances					ear	End of Year			
5 TE 2 CE 2 CE	20	Total assets (Part X, line 16)			96,739,694	643,988,759			
F	21	Total liabilities (Part X, line 26)			78,419,805	288,483,300			
	22	Net assets or fund balances Subtract line 21 from lin	ne 20	3	18,319,889	355,505,459			
	rt II	Signature Block							
mow		ties of perjury, I declare that I have examined this return, in and belief, it is true, correct, and complete. Declaration of p							
		*****			13-05-02				
Sign		Signature of officer		Da	te				
Here	е	ELLEN HAUBL CFO							
		Type or print name and title							
		Preparer's NAPA ADAMS	Date	Check if self-		payer identification number			
Paid		signature KARA ADAMS		employed •	(see instruction	113)			
^o repa	arer's	Firm's name (or yours ERNST & YOUNG US LLP		•					
Jse (Only	If self-employed), address, and ZIP + 4 $\frac{1}{18111}$ VON KARMAN AVENUE SUITE 10	000		EIN Þ				
		,	,,,,		Phone no 🕨	(949) 794-2300			
		IRVINE. CA 92612			I	•			

May the IRS discuss this return with the preparer shown above? (see instructions)

┌Yes ┌No

Par	t III		of Program Serv		lishments lestion in this Part III		
1	Brief	ly describe the o	organization's missio	n			
SEE	SCHEE	OULE O					
2	the pr	nor Form 990 or	990-EZ?			which were not listed on	┌ Yes ┌ No
	If "Ye	s," describe the	se new services on S	Schedule O			
3		_	cease conducting, or	_	t changes in how it cor	nducts, any program	┌ Yes ┌ No
	If "Ye	s," describe the	se changes on Sche	dule O			
4	exper	nses Section 50	1(c)(3) and 501(c)(4) organizations	and section 4947(a)(ree largest program service 1) trusts are required to re h program service reported	port the amount of
4a	(Code	e) (Expenses \$	418,615,143	ıncludıng grants of \$	7,191,624) (Revenue \$	485,724,810)
	•	SCHEDULE O	, , ,	, ,		, , , , , , , , , , , , , , , , , , , ,	, , ,
4b	(Code	e) (Expenses \$		including grants of \$) (Revenue \$)
	(0.1		\ /= \ .			\	,
4 c	(Code	е) (Expenses \$		including grants of \$) (Revenue \$)
4d		er program servi enses \$	ces (Describe in Sc ind	hedule O) cluding grants of	⁻ \$) (Revenue \$)
4e	Tota	ıl program servic	e expenses ⊧ \$	418,615,14	3		

			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	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
а	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		Νo
e	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X.	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Part I	14b	Yes	
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	Yes	
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	Yes	
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	Yes	
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	

Par	t IV Checklist of Required Schedules (continued)			
21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to line 25	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
	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		N o
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)			
а	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	Yes	
С	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? If "Yes," complete Schedule L, Part IV	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule Ma	29	Yes	
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		N o
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		N o
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		N o
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		N o
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	
		F:	orm 990	(2011)

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
a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable			
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable 1b			
_	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable			
С	gaming (gambling) winnings to prize winners?	1c	Yes	
a	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			
L	return			
D	If at least one is reported on line 2a, did the organization line all required lederal 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)			
а	Did the organization have unrelated business gross income of \$1,000 or more during the			
	year [?]	3a	Yes	
	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b	Yes	
a	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		Νo
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			
a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a		Νo
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		Νo
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			
		5c		
а	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		Νo
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts			
	were not tax deductible?	6b		
	Organizations that may receive deductible contributions under section 170(c).			
а	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and	7a	Yes	
_	services provided to the payor?			
	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	Yes	
С	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			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit	-		NI -
_	contract?	7e		No
	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		Νo
	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		
		•		
2	Sponsoring organizations maintaining donor advised funds. Did the organization make any taxable distributions under section 4966?	9a		
	Did the organization make a distribution to a donor, donor advisor, or related person?	9a 9b		
о О	Section 501(c)(7) organizations. Enter	90		
	Initiation fees and capital contributions included on Part VIII, line 12 10a			
	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club			
,	facilities			
1	Section 501(c)(12) organizations. Enter			
	Gross income from members or shareholders			
	Gross income from other sources (Do not net amounts due or paid to other			
	sources against amounts due or received from them)			
2a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a		
	If "Yes," enter the amount of tax-exempt interest received or accrued during the			
_	year			
3	Section 501(c)(29) qualified nonprofit health insurance issuers.			
а	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			
С	Enter the aggregate amount of reserves on hand 13c			
4a	Did the organization receive any payments for indoor tanning services during the tax year?	14a		No
	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b		

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.

Se	ection A. Governing Body and Management			
			Yes	No
4_				
1a	Enter the number of voting members of the governing body at the end of the tax year			
b	Enter the number of voting members included in line 1a, above, who are independent			
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	5		No
6	Did the organization have members or stockholders?	6	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
а	The governing body?	8a	Yes	
b	Each committee with authority to act on behalf of the governing body?	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		No
Se	ection B. Policies (This Section B requests information about policies not required by the Internal			
Re	evenue Code.)			
			Yes	No
	Did the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review the Form 990			
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes	
b	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	Yes	
13	Did the organization have a written whistleblower policy?	13	Yes	
14	Did the organization have a written document retention and destruction policy?	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
а	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	16-	V	
ı.	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	
Se	ection C. Disclosure	TOD	1 65	
17				
	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)			

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 V 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 AARON NEUHARTH
 27700 MEDICAL CTR ROAD

MISSION VIEJO, CA 92691 (949) 364-7767

<u>Part VII</u> Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

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

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

◆ 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

(A) Name and Title	(B) Average hours per week (describe hours	Positi more unles an	on (de e thar	C) o no n one son er ar	t che e bo: is bo nd a stee)	eck x, oth		(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
	for related organizations in Schedule O)	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former		MISC)	organizations
(1) SISTER CECILIA MAGLADRY BOARD MEMBER	2 0	х						0	0	0
(2) OSCAR FLORES BOARD CHAIR	4 0	х						0	0	0
(3) WILLIAM MURIN BOARD MEMBER	2 0	х						0	929,193	20,134
(4) MICHELE STAUNTON MD BOARD MEMBER	2 0	Х						0	0	0
(5) R CLIFFORD CARPER BOARD MEMBER	2 0	х						0	0	0
(6) SISTER MARYANNE HUEPPER BOARD MEMBER	2 0	х						0	0	0
(7) ELLEN LEWIS MSN FAAN BOARD MEMBER	2 0	Х						0	0	0
(8) FARZAD MASSOUDI MD BOARD MEMBER	2 0	Х						33,130	0	0
(9) SISTER EILEEN MCNERNEY BOARD MEMBER	2 0	х						0	0	0
(10) BETH SCHIMMEL BOARD MEMBER	2 0	х						0	0	0
(11) ROBERT WINOKUR MD BOARD VICE CHAIR	2 0	х						0	0	0
(12) KENNETH MCFARLAND BOARD MEMBER, CEO & PRESIDENT	50 0	х		Х				621,561	0	46,507
(13) SISTER CHRISTINE RAY BOARD MEMBER	2 0	х						0	0	0
(14) RUDY MARQUEZ MD BOARD MEMBER	2 0	х						0	0	0
(15) JOE ROBBEN BOARD MEMBER	2 0	х						0	0	0
(16) WILLIAM ELDIEN BOARD MEMBER (OUTGOING)	2 0	х						0	0	0
(17) PAT KELLY BOARD MEMBER (OUTGOING)	2 0	Х						0	0	0

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

(A) Name and Title	(B) Average hours per week (describe	rage Position (do not check irs more than one box, ir unless person is both ek an officer and a						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-	(F) Estimated amount of other compensation from the organization and related	
	hours for related organizations in Schedule O)	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former		MISC)	organizations	
(18) MARGARITA COWLEY EVP, COO (RESIGNED 3/2/2012)	50 0			Х				482,323	0	44,939	
(19) EILEEN HAUBL VP & CHIEF FINANCIAL OFFICER	50 0			х				281,651	0	40,827	
(20) CYNTHIA MUELLER VP MISSION INTEGRATION/SEC	50 0			х				241,556	0	43,151	
(21) DENNIS HAGHIGHAT VP MEDICAL AFFAIRS	50 0				х			391,879	0	19,274	
(22) LINDA JOHNSON VP PATIENT CARE SERVICES	50 0				х			410,209	0	46,907	
(23) PAULA SERIOS VP MARKETING/COMMUNICATIONS	50 0					х		401,949	0	16,580	
(24) SHIRLEY BARNES SR VP HUMAN RESOURCES	50 0					х		390,917	0	30,038	
(25) WINIFRED JOHNSON CHIEF DEVELOPMENT OFFICER	50 0					х		311,345	0	44,687	
(26) MICHAEL BECK VP OPERATIONS - LAGUNA BEACH	50 0					х		262,498	0	55,413	
(27) DAVID HALTERMAN DIRECTOR OF PHARMACY	50 0					Х		208,862	0	29,699	
(28) PETER BASTONE FORMER CEO & PRESIDENT	0 0						х	0	1,545,067	38,386	
1b Sub-Total						 	<u> </u>				
c Total from continuation sheets to						ja-	+				
d Total (add lines 1b and 1c)						Þ	•	4,037,880	2,474,260	476,542	
Total number of individuals (includi \$100,000 of reportable compensat	=				d ab	ove) v	vho r	eceived more than		Vac No	

	_		Yes	No
3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee	ı		
	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			
	ındıvıdual	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	_		No
	, , ,			INO

Section B. Independent Contractors

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)	(B)	(C)
Name and business address	Description of services	Compensation
MARLA FENNELL INC 2542 CALLE JADE SAN CLEMENTE, CA 92673	TRANSCRIPTION SVC	2,017,385
TRIAGE CONSULTING GROUP 221 MAIN ST SUITE 1100 SAN FRANCISCO, CA 94105	COLLECTION SERVICE	1,375,361
EMERGENCY AND ACUTE CARE MED CORP 440 STEVENS AVE SUITE 150 SOLANA BEACH, CA 920752058	MEDICAL SERVICE	1,355,382
PACIFIC HOSPITALIST 510 SUPERIOR AVE SUITE 290 NEWPORT BEACH, CA 92663	MEDICAL SERVICE	1,330,948
CALIFORNIA PHYSICIAN CONSULTANTS 170 SOUTHPORT DRIVE MORRISVILLE, CA 27560	MEDICAL SERVICE	914,406
2 Total number of independent contractors (including but not limited to those listed above)	who received more than	

Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ►23

Form 99			f Dovonus					Page 9
Part	/** 1	Statement o	<u>T Kevenue</u>		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512,513,or 514
nts Dts	1a	Federated camp		10,000				
E E	Ь	Membership du	es 1b					
ું"	c	Fundraising eve	ents 1c	1,669,272				
<u>≅,</u> ≅	d	Related organiz	ations 1d	1,965,833				
£,∰	e	Government grants	s (contributions) 1e	163,995				
Contributions, gifts, grants and other similar amounts	f g	sımılar amounts no	butions included in	6,850,888				
a Se	h	Total. Add lines	s 1a-1f	▶	10,659,988			
<u> </u>				Business Code				
nue.	2a	NET PATIENT REVE	NUE	621110	455,341,531	455,341,531		
æ	ь	MOB RENTAL		531120	14,732,831	14,732,831		
93	c	CHILDREN HOSPITA	AL AT MISSION	622110	5,992,543	5,992,543		
er Fe	d	NUTRITIONAL SERV	/ICES	722310	2,162,479	2,162,479		
න ව	e	PATHOLOGY REVEN	IUE	621511	834,321		834,321	
Program Service Revenue	f	All other progra	m service revenue		6,661,105	6,495,705	165,400	
£	g	Total. Add lines	; 2a-2f		485,724,810			
	3		ome (including dividen		103,721,010			
			aramounts)	_	4,645,125			4,645,125
	4	Income from invest	tment of tax-exempt bond	proceeds 🕨	0			
	5	Royalties		• [0			
		[(ı) Real	(II) Personal				
	6a	Gross rents						
	b	Less rental expenses						
	c	Rental income or (loss)						
	d	, , ,	me or (loss)					
			(ı) Securities	(II) Other				
	7a	Gross amount from sales of assets other	144,406					
	ь	than inventory Less cost or other basis and	147,374					
	c	sales expenses Gain or (loss)	-2,968					
	d	ı Net gaın or (los	s)		-2,968			-2,968
Other Revenue	8a		uding ,272 reported on line 1c)					
æ		See Part IV, lin	e 18 a	F03.634				
Jer.	ь	Less direct exi	penses b	592,624 614,841				
₹	_ c		loss) from fundraising		-22,217			-22,217
	9a		rom gaming activities					
		See Part IV, lin						
	Ь	less direction	a penses b	184,106				
	c		loss) from gaming acti	41,750 vities►	142,356			142,356
		Gross sales of i	inventory, less					
	b c		a nods sold b loss) from sales of inv	471,565 0	471,565			471,565
	<u> </u>	Miscellaneous		Business Code				
	11a		·					
	ь							
	d	All other revenu						
	e		s 11a-11d		0			
				•	<u> </u>			
	12	Total revenue.	See Instructions .	▶	501,618,659	484,725,089	999,721	5,233,861
								orm 990 (2011)

3

5

7

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 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 (B) (C) (D) Do not include amounts reported on lines 6b, (A) Fundraising Program service Management and Total expenses 7b, 8b, 9b, and 10b of Part VIII. expenses general expenses expenses Grants and other assistance to governments and organizations in the United States See Part IV, line 21 7,143,971 7,143,971 Grants and other assistance to individuals in the United States See Part IV, line 22 47,653 47,653 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16 Benefits paid to or for members 0 Compensation of current officers, directors, trustees, and 2,699,982 1,844,838 855,144 key employees . . . Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . 84,000 84,000 Other salaries and wages 144,679,482 134,001,347 8,494,226 2,183,909 Pension plan contributions (include section 401(k) and section 9,019,359 827,325 403(b) employer contributions) 8,058,246 133,788 46,935,270 2,207,743 Other employee benefits 44,242,842 484,685 12,304,309 11,474,584 684,065 145,660 10 Fees for services (non-employees) 11 Management 17,412,412 13,755,805 3,656,607 1,237,584 397,338 800,167 40,079 Legal Accounting 493,262 484,436 8,826 Lobbying Professional fundraising See Part IV, line 17 . . 119,375 119,375 Investment management fees 48,806,667 38,839,806 9,575,387 g 391,474 Advertising and promotion . . . 1,569,543 1,527,566 41,977 12 14,167,536 943,688 13 Office expenses 13,104,017 119,831 3,859,748 3,859,748 14 Information technology 15 Royalties . . 31,509,416 16 28,797,642 2,295,843 415,931 213,700 117,227 68,395 17 28,078 Payments of travel or entertainment expenses for any federal, 18 state, or local public officials 0 19 Conferences, conventions, and meetings 89,863 69,687 7,037 13,139 8,860,707 928,032 9,788,739 20 21 Payments to affiliates 22 Depreciation, depletion, and amortization 21,391,498 20,353,566 1,037,515 417 23 2,872,036 2,872,036 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) MEDICAL SUPPLIES 64,320,698 64,320,698 HOSPITAL FEE PROGRAM 17,816,841 17,816,841 LICENSES/TAXES/DUES 1,122,830 239,812 874,452 8,566 ALL OTHER EXPENSES 2,753,282 1,184,768 1,250,109 318,405 d е All other expenses 25 Total functional expenses. Add lines 1 through 24f 462,459,056 418,615,143 39,389,773 4,454,140

Part X **Balance Sheet** (A) (B) Beginning of year End of year 6,423,372 17,526,564 Cash—non-interest-bearing 1 93.093.095 101.613.600 2 2 3 3,131,568 4,313,515 63.396.356 73.475.509 4 5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L 0 0 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 ol 0 6 0 0 7 5.043.978 8 5.617.584 9 2.484.057 1.314.875 Prepaid expenses and deferred charges 10a 479,630,386 Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D 10a 10b 158,337,564 b Less accumulated depreciation 321,262,752 10c 321,292,822 56,127,284 11 68,497,533 11 23,373,344 22,091,184 12 12 Investments—other securities See Part IV, line 11 13 13 0 Investments—program-related See Part IV, line 11 . . 13,717,072 14 Intangible assets 14 13,717,072 8,686,816 15 14,528,501 15 596,739,694 643,988,759 16 Total assets. Add lines 1 through 15 (must equal line 34) . . . 16 50,160,446 17 56,172,717 17 Accounts payable and accrued expenses . 18 18 0 ol 19 19 0 20 ol 20 0 ol 21 Escrow or custodial account liability Complete Part IV of Schedule D . . 21 0 Liabilities 22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified ol 0 persons Complete Part II of Schedule L \ldots . \ldots . \ldots 22 ol 0 23 Secured mortgages and notes payable to unrelated third parties . . . 23 ol 24 Unsecured notes and loans payable to unrelated third parties 24 0 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 228,259,359 232,310,583 25 D 26 278,419,805 26 288,483,300 **Total liabilities.** Add lines 17 through 25 Organizations that follow SFAS 117, check here ▶ 🔽 and complete lines 27 Balances through 29, and lines 33 and 34. 27 268,304,392 27 305,253,682 Unrestricted net assets 50,015,497 28 50,172,777 28 Temporarily restricted net assets Fund 29 ol 29 79,000 Permanently restricted net assets Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34. ö 30 30 Capital stock or trust principal, or current funds Assets 31 31 Paid-in or capital surplus, or land, building or equipment fund 32 32 Retained earnings, endowment, accumulated income, or other funds ž 33 318.319.889 33 355.505.459 Total net assets or fund balances 34 Total liabilities and net assets/fund balances 596.739.694 643.988.759

Pair	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		501.6	518,659
2	Total expenses (must equal Part IX, column (A), line 25)	2			159,056
3	Revenue less expenses Subtract line 2 from line 1	3		39,1	159,603
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) \cdot .	4		318,3	319,889
5	Other changes in net assets or fund balances (explain in Schedule O)	5		-1,9	74,033
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		355,5	505,459
Par	Time Financial Statements and Reporting Check if Schedule O contains a response to any question in this Part XII			৮	
		_		Yes	No
1	Accounting method used to prepare the Form 990				
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 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 its chedule 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 on a separate basis, consolidated basis, or both	ssued			
	☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separated basis				
За	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?	e	3a	Yes	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	equired	3b	Yes	

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As Filed Data -

DLN: 93493126013083

OMB No 1545-0047

Inspection

SCHEDULE A

(Form 990 or 990EZ)

Department of the Treasury Internal Revenue Service

Name of the organization

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.

Employer identification number MISSION HOSPITAL REGIONAL MEDICAL CENTER

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) 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). 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 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) A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v). 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) A community trust described in section 170(b)(1)(A)(vi) (Complete Part II) An organization that normally receives (1) more than 331/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 331/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2). (Complete Part III) 10 An organization organized and operated exclusively to test for public safety Seesection 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 **b** Type II c Type III - Functionally integrated Type III - Other ┌ Type I 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) 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 Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons? (i) a person who directly or indirectly controls, either alone or together with persons described in (ii) Yes No 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) (iii) (iv) (vi) (v) Type of Is the Did you notify the Is the (i) organization organization in (vii) organization in organization in Name of (ii) (described on col (ı) lısted ın Amount of col (i) of your col (i) organized EIN lines 1-9 above supported your governing support? support? in the US? or IRC section organization document? (see Yes Yes No Yes instructions))

Total

instructions

Sch	edule A (Form 990 or 99	90-EZ)2011						Page 2
	(Complet	e only if you	checked the	box on line 5,	7, or 8 of Part	(b)(1)(A)(iv) I or if the orgar	nızatıon faıle	d to qualify
			<u>organızatıon f</u>	fails to qualify ι	<u>under the tests</u>	listed below, pl	<u>lease comple</u>	ete Part III.)
	ection A. Public Su					Т	1	
Cal	endar year (or fiscal ye in)	ar beginning	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1	Gifts, grants, contribut	ions, and						
	membership fees recei							
	ınclude any "unusual							
_	grants ") Tax revenues levied fo	rtho						
2	organization's benefit a							
	paid to or expended on							
	behalf							
3	The value of services of							
	furnished by a governme the organization withou							
4	Total. Add lines 1 thro	_						
5	The portion of total cor	-						
-	by each person (other	than a						
	governmental unit or p	•						
	supported organization line 1 that exceeds 2%							
	amount shown on line 1							
	(f)	21,0014						
6	Public Support. Subtractine 4	ct line 5 from						
S	ection B. Total Sup	port						
Cal	endar year (or fiscal yea	r beginning	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
_	ın)	_	(4) 2007	(2) 2000	(4) 2005	(4) 2020	(0) 2022	(1) 1 3 4 4
7 8	A mounts from line 4 Gross income from inte	rost –						
0	dividends, payments re							
	securities loans, rents							
	and income from simila	ır						
_	sources							
9	Net income from unrela business activities, wh							
	not the business is reg							
	carried on							
10	Other income (Explain							
	IV) Do not include gai from the sale of capital							
11	Total support (Add line							
	through 10)							
12	Gross receipts from re	lated activities	s, etc (See inst	ructions)			12	
13	First Five Years If the		r the organizati	on's first, second	l, thırd, fourth, or	fıfth tax year as a	501(c)(3) or	
	check this box and sto	p here						▶ □
S	ection C. Computat	ion of Publ	ic Support F	Percentage				
14	Public Support Percen	tage for 2011	(line 6 column	(f) dıvıded by lıne	11 column (f))		14	
15	Public Support Percen	tage for 2010	Schedule A , Pa	rt II, line 14			15	
16a	33 1/3% support test-					line 14 is 33 1/3%	% or more, che	
h	and stop here. The org 33 1/3% support test					6a and line 15 is	33 1/20% or m	ore check this
D	box and stop here. The					oa, and inte 15 IS	1/3%0 UI M	ore, check this
17a	10%-facts-and-circum	-	•		-	ne 13, 16a, or 16	b and line 14	٠,
	ıs 10% or more, and ıf							
	in Part IV how the orga	anızatıon meet	s the "facts and	d circumstances"	test The organiz	zatıon qualıfıes as	a publicly su	
b	organization 10%-facts-and-circum	stances test—	2010. If the ora	anization did not	check a hov on li	ne 13, 16a 16b	or 17a and lin	▶ □
,	15 is 10% or more, an							-
	Explain in Part IV how	the organizati						
10	supported organization Private Foundation If t		n did not chools	a hov on line 12	16a 16h 17a a	or 17h chack this	hov and coc	► □

▶□

Schedule A (Form 990 or 990-EZ) 2011 Page 3 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 (a) 2007 **(b)** 2008 (c) 2009 (d) 2010 (e) 2011 (f) Total ın) Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ") 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 Gross receipts from activities that are not an unrelated trade or business under section 513 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf The value of services or facilities furnished by a governmental unit to the organization without charge Total. Add lines 1 through 5 7a Amounts included on lines 1, 2, and 3 received from disqualified persons 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 Public Support (Subtract line 7c from line 6) Section B. Total Support Calendar year (or fiscal year beginning (a) 2007 **(b)** 2008 (c) 2009 (d) 2010 (e) 2011 (f) Total ın) Amounts from line 6 Gross income from interest, 10a dividends, payments received on securities loans, rents, royalties and income from similar sources Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 Add lines 10a and 10b C Net income from unrelated 11 business activities not included in line 10b, whether or not the business is regularly carried on Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV) Total support (Add lines 9, 10c, 13 11 and 12) 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 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f)) 15 15 Public support percentage from 2010 Schedule A, Part III, line 15 16 16 Section D. Computation of Investment Income Percentage

Investment income percentage for 2011 (line 10c column (f) divided by line 13 column (f))

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

18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions

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

more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization

Investment income percentage from 2010 Schedule A, Part III, line 17

17

18

17

18

▶[

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

Schedule A (Form 990 or 990-EZ) 2011

DLN: 93493126013083

OMB No 1545-0047

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.

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

- ◆ 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

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MISSION	HOSPIT	AL REG	IONAL N	4EDICAL	CENTE

Employer identification number

95-1643360

Part I-A	Complete if the or	ganization is exem	pt under section 501(c	c) or is a	section 527 or	ganization.
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- 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
- Political expenditures
- Volunteer hours

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

- Enter the amount of any excise tax incurred by the organization under section 4955
- Enter the amount of any excise tax incurred by organization managers under section 4955
- 3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year?
- Was a correction made?
- b If "Yes," describe in Part IV

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

- Enter the amount directly expended by the filing organization for section 527 exempt function activities
- 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

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Did the filing organization file Form 1120-POL for this year?

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

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

f Grassroots lobbying expenditures

(The term "expenditures" means amounts paid or incurred.) Lia 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 If the amount on line 1e, column (a) or (b) is: The lobbying nontaxable amount is: Not 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 \$1,000,000 but not over \$1,000,000 \$1,000,000 g Grassroots nontaxable amount (enter 25% of line 1f) Subtract line 1g from line 1a If zero or less, enter -0- i Subtract line 1f from line 1c If zero or less, enter -0- j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? 4-Year Averaging Period Under Section 501(h) (Some organizations that made a section 501(h) election do not have to complete all columns below. See the instructions for lines 2a through 2f on page 4.)	ווטפ	edule C (F	01111 9 9 0 01 9 9 0 - EZ) 2 0 1 1					Page ∠
A Check If the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member expenses, and share of excess lobbying expenditures) 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.) Organization Total Incurred (The term "expenditures" means amounts paid or incurred.) Organization Total Incurred (The term "expenditures to influence a legislative body (direct lobbying)	Pa	rt II-A		n is exempt under	section 501(c)(3) and fi	iled Form 5768	(election
expenses, and share of excess lobbying expenditures) Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.) Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.) Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.) Limits on Lobbying Expenditures (The term "expenditures to influence public opinion (grass roots lobbying) Lobbying expenditures to influence a legislative body (direct lobbying) Total lobbying expenditures (add lines 1a and 1b) Other exempt purpose expenditures Total obtaining purpose expenditures (add lines 1c and 1d) Lobbying nontaxable amount Enter the amount from the following table in both columns If the amount on line 1e, column (a) or (b) is: If the amount on line 1e, column (a) or (b) is: If the amount on line 1e, column (a) or (b) is: Not over \$500,000 but not over \$1,000,000 Over \$1,000,000 but not over \$1,000,000 Over \$1,000,000 but not over \$1,500,000 S1,000,000 but not over \$1,500,000 Over \$1,000,000 but not over \$1,500,000 Over \$1,000,000 but not over \$1,500,000 S1,000,000 but not over \$1,500,000 Over \$1,000,000 but not over \$1,500,000 S1,000,000 but not over \$1,500,000 S1,000,000 but not over \$1,500,000 Over \$1,000,000 but not over \$1,500,000 S1,000,000 but not over \$1,500,000 Over \$1,000,000 but not over \$1,500,000 Over \$1,000,000 but not over \$1,500,000 S1,000,000 but not over \$1,500,000 Over \$1,000,000 but not over \$1,500,000 S1,000,000 but not over \$1,500,000 S1,000,000 but not over \$1,500,000 Over \$1,000,000 but not over \$1,500,000 S1,000,000 but not over \$1,500,000 S1,000,000 but not over \$1,500,000 Over \$1,000,000 but not over \$1,500,000 S1,000,000 but not over \$1,500,000 S1,000 but not over \$1,500,000 Over \$1,000,000 but not over \$1,500,000 S1,000 but not over \$1,500,000 S1,000 but not over \$1,500,000 Over \$1,0	١	Check		an affiliated group (and	lıst ın Part IV ea	ch affiliated gr	oup member's nam	e, address, EIN,
Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.) Total lobbying expenditures to influence public opinion (grass roots lobbying) Total lobbying expenditures (add lines 1 aand 1b) Other exempt purpose expenditures (add lines 1 aand 1b) Lobbying nontaxable amount Enter the amount from the following table in both columns If the amount on line Le, column (a) or (b) is: If the amount on line Le, column (a) or (b) is: Not over \$500,000 Over \$500,000 but not over \$1,000,000 Over \$1,000,000 but not over \$1,000,000 Over \$1,000,000 but not over \$1,000,000 Over \$1,000,000 but not over \$1,000,000 S10,000,000 Over \$1,000,000 but not over \$1,000,000 S10,000,000 Fig. Soon over \$1,000,000 Fig. Soon ov			expenses, and share of excess lob	bying expenditures)		_	•	
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Columns If the amount on line 1e, column (a) or (b) is: Not over \$500,000 Over \$500,000 but not over \$1,000,000 Over \$500,000 but not over \$1,500,000 Over \$1,500,000 but not over \$1,500,000 Over \$1,500,000 but not over \$1,7000,000 Over \$1,500,000 but not over \$1,7000,000 Over \$1,500,000 but not over \$1,500,000 Over \$1,000,000 Over \$1,000,000 Over	e	Total exe	mpt purpose expenditures (add lines 1	.c and 1d)				
Not over \$500,000 Over \$500,000 but not over \$1,000,000 Over \$1,000,000 but not over \$1,000,000 Over \$1,000,000 but not over \$1,500,000 Over \$1,500,000 but not over \$1,7000,000 Over \$1,500,000 but not over \$1,7000,000 Over \$1,500,000 but not over \$1,000,000 Over \$1,500,000 but not over \$1,000,000 S225,000 plus 5% of the excess over \$1,500,000 Over \$17,000,000 S1,000,000 Grassroots nontaxable amount (enter 25% of line 1f) Subtract line 1g from line 1a If zero or less, enter -0- Subtract line 1f from line 1c If zero or less, enter -0- 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? 4-Year Averaging Period Under Section 501(h) (Some organizations that made a section 501(h) election do not have to complete all 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) 20 Lobbying celling amount	f		nontaxable amount Enter the amount	from the following table	in both			
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(Some organizations that made a section 501(h) election do not have to complete al 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) 20 Lobbying non-taxable amount							F - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 -	┌ Yes ┌ No
Calendar year (or fiscal year beginning in) (a) 2008 (b) 2009 (c) 2010 (d) 2009 Lobbying non-taxable amount		(Sor	ne organizations that made a	section 501(h) el	ection do not	have to co		ne five
beginning in) (a) 2008 (b) 2009 (c) 2010 (d) 20 2a Lobbying non-taxable amount b Lobbying ceiling amount			Lobbying Exp	enditures During	4-Year Avera	ging Period	d	
b Lobbying ceiling amount				(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
	2a	Lobbyin	g non-taxable amount					
	b							
c Total lobbying expenditures	c	Total loi	obying expenditures					
d Grassroots non-taxable amount	d	Grassro	ots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))	e							

	,		
Part II-B	Complete if the organ	ration is exempt under section 501(c)(3) and has NOT filed Form 57	58
	(election under sectio	n 501(h)).	

		(6	a)	(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
а	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?		Νo	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		Νo	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		55,275
j	Total lines 1c through 1i			55,275
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		Ī	
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		

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

Taxable amount of lobbying and political expenditures (see instructions)

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
OTHER ACTIVITIES		THE AMOUNT ON LINE 1I IS THE PORTION OF DUES PAID TO HOSPITAL ASSOCIATIONS FOR LOBBYING ACTIVITIES DURING THE PAST YEAR, THE ST JOSEPH HEALTH SYSTEM HAS CONDUCTED AN ADVOCACY EFFORT WHICH INCLUDED SOME LOBBYING ACTIVITY THESE INCLUDED MEETING WITH LOCAL, STATE, AND FEDERAL LEGISLATORS, THEIR STAFF AND OTHER GOVERNMENTAL OFFICIALS, AND COMMUNICATIONS TO LEGISLATORS ADVOCATING POSITIONS ON LEGISLATION

DLN: 93493126013083

OMB No 1545-0047

Inspection

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.

Name of the organization Employer identification number MISSION HOSPITAL REGIONAL MEDICAL CENTER 95-1643360 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 Total number at end of year 2 Aggregate contributions to (during year) 3 Aggregate grants from (during year) Aggregate value at end of year Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes 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 ✓ Yes conferring impermissible private benefit Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7. Purpose(s) of conservation easements held by the organization (check all that apply) Preservation of land for public use (e.g., recreation or pleasure) Preservation of an historically importantly land area Preservation of a certified historic structure Protection of natural habitat Preservation of open space 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 Total number of conservation easements 2a Total acreage restricted by conservation easements 2b Number of conservation easements on a certified historic structure included in (a) 2c 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, a balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describe 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.

- 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
- 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

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

(ii) Assets included in Form 990, Part X

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

Revenues included in Form 990, Part VIII, line 1

Assets included in Form 990, Part X

Schedule D (Form 990) 2011 Cat No 52283D

Part	Organizations Maintaining Co	<u>llections of Art,</u>	<u>His</u>	<u>torica</u>	<u>l Trea</u>	sures, or O	<u>the</u>	<u>r Similar Ass</u>	ets (c	ontinued)
3	Using the organization's accession and othe items (check all that apply)	r records, check any	ofth	ne follow	ing that	are a significa	nt u	se of its collection	on	
а	Public exhibition		d	ΓL	oan or e	xchange progr	ams			
b	Scholarly research		e	Гο	ther					
С	Preservation for future generations									
4	Provide a description of the organization's co	ollections and explai	n hov	v thev fi	ırther th	ne organization	's ex	empt purpose in		
	Part XIV	moderano una expiai		,,		ie organization		.c.iipt parpood iii		
5	During the year, did the organization solicit of assets to be sold to raise funds rather than t								Yes	┌ No
Par	Escrow and Custodial Arrang Part IV, line 9, or reported an an					cion answered	Y" t	es" to Form 99	90,	
1a	Is the organization an agent, trustee, custod included on Form 990, Part X?	ıan or other ınterme	dıary	for con	trıbutıor	ns or other ass	etsı		Yes	┌ No
b	If "Yes," explain the arrangement in Part XIV	/ and complete the f	follow	ıng tabl	e	_				
						_		Amo	ount	
С	Beginning balance					_	1c			
d	Additions during the year						1d			
е	Distributions during the year						1e			
f	Ending balance						1f			
2a	Did the organization include an amount on Fo	orm 990, Part X, line	21?					Γ	Yes	┌ No
b	If "Yes," explain the arrangement in Part XIV	,								
Pai	rt V Endowment Funds. Complete									
_		(a)Current Year	(b)Prior Ye	ar (c) Two Years Back	(d)	Three Years Back ((e)Four \	'ears Back
1a	Beginning of year balance	1,257,495		4.24			+			
Ь	Contributions	514,556		•	7,312		+			
С	Investment earnings or losses	10,588		,	57,912		+			
d	Grants or scholarships	0			0		╄			
е	Other expenditures for facilities and programs	0			0					
f	Administrative expenses	16,084			7,729		+			
q	End of year balance	1,766,555		1,2	57,495		+			
2	Provide the estimated percentage of the yea	r end balance held a	· S	<u> </u>	<u> </u>					
- а	Board designated or quasi-endowment	95 500 %								
_	4.500.0/									
b	remanent endowment F									
C ~	Term endowment ► 0 %	C. I.			L - L	4 - 4		N		
За	Are there endowment funds not in the posses organization by	ssion of the organiza	ition t	tnat are	neid an	a administered	Tor	tne	Yes	No
	(i) unrelated organizations							3a(i)		No
	(ii) related organizations							3a(ii)	No
b	If "Yes" to 3a(II), are the related organizatio	ns listed as required	l on S	chedule	e R? .			3b	İ	İ
4	Describe in Part XIV the intended uses of th	e organızatıon's end	lowme	ent fund	s					
Par	t VI Land, Buildings, and Equipme	nt. See Form 99	0, Pa	rt X, lı	ne 10.	_				
	Description of property				st or othe ovestment			(c) Accumulated depreciation	(d) Bo	ok value
1a	and				1,300,00	0 35,735,	120			37,035,120
b I	Buildings					277,809,	633	63,138,510	2:	14,671,123
c I	_easehold improvements					17,341,		8,868,852		8,473,100
d I	Equipment					125,310,		86,304,953	3	39,005,324
	Other					22,133,		25,249		22,108,155
	I. Add lines 1a-1e <i>(Column (d) should equal Fo</i>	rm 990, Part X, colun	nn (B)), line 10	(c).) .			►		21,292,822
	,		. /					Schedule D		

Part VIII Investments—Other Securities. See	TOTTI 330, Part A, line 12.	
(a) Description of security or category	(b) Book value	(c) Method of valuation
(including name of security)		Cost or end-of-year market value
(1)Financial derivatives		
(2)Closely-held equity interests Other		
o thei		
Total. (Column (b) should equal Form 990, Part X, col (B) line 12)		
Part VIII Investments—Program Related. See		3
		(c) Method of valuation
(a) Description of investment type	(b) Book value	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, III		
(a) Descrip		(b) Book value
Total (Column (h) should equal Form 900, Part V, cal (B) I in a	(5)	
		F
Part X Other Liabilities. See Form 990, Part >	(, line 25.	
Part X Other Liabilities. See Form 990, Part X 1 (a) Description of Liability	(, line 25. (b) Amount	
Part X Other Liabilities. See Form 990, Part > 1 (a) Description of Liability Federal Income Taxes	(, line 25. (b) A mount 0	F
Part X Other Liabilities. See Form 990, Part > 1 (a) Description of Liability Federal Income Taxes INTERCO WITH HEALTH SYSTEM-BONDS	(, line 25. (b) Amount 0 187,066,284	
Part X Other Liabilities. See Form 990, Part > 1 (a) Description of Liability Federal Income Taxes INTERCO WITH HEALTH SYSTEM-BONDS INTERCOMPANY PAYABLE	(, line 25. (b) Amount 0 187,066,284 31,513,149	
Part X Other Liabilities. See Form 990, Part > 1 (a) Description of Liability Federal Income Taxes INTERCO WITH HEALTH SYSTEM-BONDS INTERCOMPANY PAYABLE	(, line 25. (b) Amount 0 187,066,284	
Part X Other Liabilities. See Form 990, Part > 1 (a) Description of Liability Federal Income Taxes INTERCO WITH HEALTH SYSTEM-BONDS INTERCOMPANY PAYABLE THIRD PARTY PAYABLES	(, line 25. (b) Amount 0 187,066,284 31,513,149	
Part X Other Liabilities. See Form 990, Part > 1 (a) Description of Liability Federal Income Taxes INTERCO WITH HEALTH SYSTEM-BONDS INTERCOMPANY PAYABLE THIRD PARTY PAYABLES	(, line 25. (b) Amount 0 187,066,284 31,513,149 10,093,112	
Part X Other Liabilities. See Form 990, Part > 1 (a) Description of Liability Federal Income Taxes INTERCO WITH HEALTH SYSTEM-BONDS INTERCOMPANY PAYABLE THIRD PARTY PAYABLES	(, line 25. (b) Amount 0 187,066,284 31,513,149 10,093,112	
Part X Other Liabilities. See Form 990, Part > 1 (a) Description of Liability Federal Income Taxes INTERCO WITH HEALTH SYSTEM-BONDS INTERCOMPANY PAYABLE THIRD PARTY PAYABLES	(, line 25. (b) Amount 0 187,066,284 31,513,149 10,093,112	F
Part X Other Liabilities. See Form 990, Part > 1 (a) Description of Liability Federal Income Taxes INTERCO WITH HEALTH SYSTEM-BONDS INTERCOMPANY PAYABLE THIRD PARTY PAYABLES	(, line 25. (b) Amount 0 187,066,284 31,513,149 10,093,112	
	(, line 25. (b) Amount 0 187,066,284 31,513,149 10,093,112	
Part X Other Liabilities. See Form 990, Part > 1 (a) Description of Liability Federal Income Taxes INTERCO WITH HEALTH SYSTEM-BONDS INTERCOMPANY PAYABLE THIRD PARTY PAYABLES	(, line 25. (b) Amount 0 187,066,284 31,513,149 10,093,112	
Part X Other Liabilities. See Form 990, Part > 1 (a) Description of Liability Federal Income Taxes INTERCO WITH HEALTH SYSTEM-BONDS INTERCOMPANY PAYABLE THIRD PARTY PAYABLES	(, line 25. (b) Amount 0 187,066,284 31,513,149 10,093,112	
Part X Other Liabilities. See Form 990, Part > 1 (a) Description of Liability Federal Income Taxes INTERCO WITH HEALTH SYSTEM-BONDS INTERCOMPANY PAYABLE THIRD PARTY PAYABLES	(, line 25. (b) Amount 0 187,066,284 31,513,149 10,093,112	

Par	t XI Reconciliation of Change in Net Assets from Form 990 to Financial Statemen	ts	
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	
	Reconciliation of Revenue per Audited Financial Statements With Revenue per	er Retu	rn
1	Total revenue, gains, and other support per audited financial statements	1	
2	A mounts included on line 1 but not on Form 990, Part VIII, line 12		
а	Net unrealized gains on investments		
b	Donated services and use of facilities		
c	Recoveries of prior year grants		
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		
а	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	
art	Reconciliation of Expenses per Audited Financial Statements With Expenses	per Re	turn
1	Total expenses and losses per audited financial	1	
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
- а	Donated services and use of facilities		
b	Prior year adjustments		
c	Other losses		
d	Other (Describe in Part XIV) 2d		
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	
4	A mounts 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)		
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	
Par	t XIV Supplemental Information	· ·	
_	16 8 177 1 25 10 8 177	. 15.7	

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 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
CONSOLIDATED AUDIT FOOTNOTE FOR FIN 48 (ASC 740)		ACCOUNTING STANDARDS CODIFICATION (ASC) 740, INCOME TAXES, CLARIFIES THE ACCOUNTING FOR INCOME TAXES BY PRESCRIBING A MINIMUM RECOGNITION THRESHOLD THAT A TAX POSITION IS REQUIRED TO MEET BEFORE BEING RECOGNIZED IN THE FINANCIAL STATEMENTS ASC 740 ALSO PROVIDES GUIDANCE ON DERECOGNITION, MEASUREMENT, CLASSIFICATION, INTEREST AND PENALTIES, DISCLOSURE, AND TRANSITION THE GUIDANCE IS APPLICABLE TO PASS-THROUGH ENTITIES AND TAX- EXEMPT ORGANIZATIONS NO SIGNIFICANT TAX LIABILITY FOR TAX BENEFITS, INTEREST OR PENALTIES WAS ACCRUED AT JUNE 30, 2012 OR 2011

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As Filed Data -

DLN: 93493126013083

. . . .

2011

OMB No 1545-0047

Open to Public

Inspection

SCHEDULE F (Form 990)

Department of the Treasury Internal Revenue Service ► Complete if the organization answered "Yes" to Form 990, Part IV, line 14b, 15, or 16.

Statement of Activities Outside the United States

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization
MISSION HOSPITAL REGIONAL MEDICAL CENTER

Employer identification number

					95-1643360					
Pa	rt I General Informatio "Yes" to Form 990, Pa			he United States. C	omplete if the organiz	ation answered				
1	For grantmakers. Does the	organization n	naıntaın record	s to substantiate the	amount of the grants	or				
				stance, and the selection criteria used to award						
	the grants or assistance?					┌ Yes ┌ No				
2	For grantmakers. Describe in Pa United States	irt V the organiz	atıon's procedur	res for monitoring the us	e of grant funds outside tl	ne				
3	Activites per Region (Use Part	V ıf addıtıonal s	pace is needed)						
	(a) Region	(b) Number of offices in the region	(c) Number of employees or agents in region or independent contractors	region (by type) (e g ,	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	expenditures for region/investments in region				
	Central America and the Caribbean	0	0	Program Services	CAPTIVE INSURANCE	1,917,229				
	Sub-total	0	0			1,917,229				
b	Total from continuation sheets to Part I									

c Totals (add lines 3a and 3b)

1,917,229

Pai	Part IV,	line 15, for any	sistance to Organ recipient who recesspace is needed.	nizations or Entiti erved more than \$5,	es Outside the Ur ,000. Check this box	nited States. Comp x if no one recipient	plete if the organiza received more thai	tion answered "Yes' n \$5,000	' to Form 990, ▶ 厂
1	(a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) A mount of cash grant	(f) Manner of cash disbursement	(g) A mount of of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)
2	Enter total nur tax-exempt by	mber of recipie y the IRS, or fo	ent organizations lis or which the grante	ted above that are e or counsel has pro	recognized as chari ovided a section 50	ties by the foreign of 1(c)(3) equivalency	country, recognized letter	as . •	
3	Enter total nur	mber of other o	organizations or en	tities					(Form 990) 2011

Part III Grants and Other Assistance to Individuals Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 16. Use Part V if additional space is needed.

(a) Type of grant or assistance	(b) Region	(c) Number of recipients	(d) A mount of cash grant	(e) Manner of cash disbursement	(f) A mount of non-cash assistance	(g) Description of non-cash assistance	(h) Method of valuation (book, FMV, appraisal, other)
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						1	dula E (Earry 000) 2011

Part IV Foreign Forms

1	Was the organization a U S transferor of property to a foreign corporation during the tax year? If "Yes," the organization may be required to file Form 926 (see instructions for Form 926)	[Yes	1	Γ	Νo
2	Did the organization have an interest in a foreign trust during the tax year? If "Yes," the organization may be required to file Form 3520 and/or Form 3520-A. (see instructions for Forms 3520 and 3520-A)	Γ	Yes	i	굣	Νo
3	Did the organization have an ownership interest in a foreign corporation during the tax year? If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with respect to Certain Foreign Corporations. (see instructions for Form 5471)	Г	Yes	i	্ব	Νo
4	Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see instructions for Form 8621)	Г	Yes	i	굣	Νo
5	Did the organization have an ownership interest in a foreign partnership during the tax year? If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with respect to Certain Foreign Partnerships. (see instructions for Form 8865)	Г	Yes	i	굣	Νo
6	Did the organization have any operations in or related to any boycotting countries during the tax year? If "Yes," the organization may be required to file Form 5713, International Boycott Report (see instructions for Form 5713).	Г	Yes	.	ᅜ	Νo

Schedule F (Form 990) 2011

Schedule F (Form 990) 2011 Page **5**

Part V Supplemental Information
Complete this part to provide the information (see instructions) required in Part I, line 2, and any additional information.

ldentifier	Return Reference	Explanation
ACCOUNTING METHOD	SCHEDULE F, PART I, LINE 3, COLUMN (F)	THE ACCRUAL METHOD OF ACCOUNTING WAS USED TO DETERMINE THE AMOUNT IN COLUMN (F)

Schedule F (Form 990) 2010

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As Filed Data -

DLN: 93493126013083

OMB No 1545-0047

Department of the Treasury

(Form 990 or 990-EZ)

SCHEDULE G

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than \$15,000 on Form 990-EZ, line 6a. Attach to Form 900 or Form 900-F7

Supplemental Information Regarding

Fundraising or Gaming Activities

Open to Public

IAL MEDICAL CENT				Employer iden	tification number				
ctivities. Complet									
	e if the o	organiza	tion answered "Yes" t	o Form 990, Part IV,	line 17.				
olicitations ns a written or oral agre n Form 990, Part VII est paid individuals or	eement wi) or entity entities	e f g th any ind in conne (fundraise	Solicitation of non- Solicitation of gov Special fundraising lividual (including officer ction with professional functions) pursuant to agreeme	-government grants ernment grants g events s, directors, trustees undraising services? nts under which the fun					
(ii) Activity	fundraiser h custody (control c contributio		(iv) Gross receipts from activity	(v) A mount paid to (or retained by) fundraiser listed in col (i)	(vi) A mount paid to (or retained by) organization				
TELEPHONE OUTREACH		No	94,496	119,375	-24,879				
e organization is regis	stered or	▶ Icensed t	94,496 to solicit funds or has be	119,375 en notified it is exempt	-24,879 from registration or				
; r e =	colicitations a a written or oral agree in Form 990, Part VII est paid individuals or ist \$5,000 by the orgo (ii) Activity TELEPHONE OUTREACH	colicitations a a written or oral agreement with real properties of the set paid individuals or entities of the set \$5,000 by the organization (ii) Activity (iii) Activity (iii) Yes TELEPHONE OUTREACH	e collicitations f g ns e a written or oral agreement with any income on Form 990, Part VII) or entity in connects the paid individuals or entities (fundraise ist \$5,000 by the organization Form 990) (ii) Activity (iii) Did fundraiser have custody or control of contributions? Yes No TELEPHONE OUTREACH No	e Solicitation of non Solicitation of govern Solicitation of govern Special fundraising on Special fundraisers on Special fundraisers on Special fundraisers on Special fundraisers on Special fundraisers on Special fundraisers on Special fundraiser on Special fundraiser on Special fundraiser on Special fundraiser on Special fundraiser on Special fundraiser on Special fundraiser on Special fundraisers on Special	g				

7 Direct expense summary Add lines 2 through 5 in column (d)			i age z
Ca) Event #1	Par		
3 Gross income (line 1 minus line 2)		(c) Other Events 4 (total number)	(d) Total Events (Add col (a) through col (c))
3 Gross income (line 1 minus line 2)	≗	27 617,956	2,261,896
3 Gross income (line 1 minus line 2)	evel)		
Section Sect		41 175,052	592,624
6 Rent/facility costs			
The furect expenses of the furect expenses of the furect expense summary Add lines 4 through 9 in column (d)	ر س		
The furect expenses of the furect expenses of the furect expense summary Add lines 4 through 9 in column (d)	esus) <i>7</i>	85,424
The furect expenses of the furect expenses of the furect expense summary Add lines 4 through 9 in column (d)	ă	45 88,134	227,710
The furect expenses of the furect expenses of the furect expense summary Add lines 4 through 9 in column (d)	19 19 19 19 19 19 19 19 19 19 19 19 19 1	00	30,000
11 Net income summary Combine lines 3 and 10 in column (d)	△	114,361	271,707
Part III Gaming. Complete if the organization answered "Yes" to Form 990, Part \$15,000 on Form 990-EZ, line 6a. (a) Bingo (b) Pull tabs/Instant bingo/progressive bingo 1 Gross revenue 2 Cash prizes 3 Non-cash prizes 4 Rent/facility costs 5 Other direct expenses 6 Volunteer labor		🛌	(614,841)
\$15,000 on Form 990-EZ, line 6a. (a) Bingo (b) Pull tabs/Instant bingo/progressive bingo 1 Gross revenue			-22,217
Dingo/progressive bingo Dingo/progressive bingo	Par	Part IV, line 19, or repo	rted more than
1 Gross revenue 2 Cash prizes 3 Non-cash prizes 4 Rent/facility costs 5 Other direct expenses 6 Volunteer labor	evenue		(d) Total gaming (Add col (a) through col (c))
3 Non-cash prizes	-	184,106	184,106
4 Rent/facility costs 5 Other direct expenses 6 Volunteer labor	မှ	3,750	3,750
4 Rent/facility costs 5 Other direct expenses 6 Volunteer labor	Suec	38,000	38,000
6 Volunteer labor	<u>ស៊ី</u> ២	0	0
7 Direct expense summary Add lines 2 through 5 in column (d)	<u>p</u>	0	0
8 Net gaming income summary Combine lines 1 and 7 in column (d)		▼ Yes 100 000 % No	
Penter the state(s) in which the organization operates gaming activities CA Is the organization licensed to operate gaming activities in each of these states? If "No," Explain AS A TAX-EXEMPT HOSPITAL, MISSION HOSPITAL REGIONAL MEDICAL CENTER IS ATTORNEY GENERAL REGISTRATION AND REPORTING REQUIREMENTS FOR THE REGIONAL MEDICAL CENTER IS ATTORNEY GENERAL REGISTRATION AND REPORTING REQUIREMENTS FOR THE REGIONAL MEDICAL CENTER IS ATTORNEY GENERAL REGISTRATION AND REPORTING REQUIREMENTS FOR THE REGIONAL MEDICAL CENTER IS ATTORNEY GENERAL REGISTRATION AND REPORTING REQUIREMENTS FOR THE REGIONAL MEDICAL CENTER IS ATTORNEY GENERAL REGISTRATION AND REPORTING REQUIREMENTS FOR THE REGIONAL MEDICAL CENTER IS ATTORNEY GENERAL REGISTRATION AND REPORTING REQUIREMENTS FOR THE REGIONAL MEDICAL CENTER IS ATTORNEY GENERAL REGISTRATION AND REPORTING REQUIREMENTS FOR THE REGIONAL MEDICAL CENTER IS ATTORNEY GENERAL REGISTRATION AND REPORTING REQUIREMENTS FOR THE REGIONAL MEDICAL CENTER IS ATTORNEY GENERAL REGISTRATION AND REPORTING REQUIREMENTS FOR THE REGIONAL MEDICAL CENTER IS ATTORNEY GENERAL REGISTRATION AND REPORTING REQUIREMENTS FOR THE REGIONAL MEDICAL CENTER IS ATTORNEY GENERAL REGISTRATION AND REPORTING REQUIREMENTS FOR THE REGIONAL MEDICAL CENTER IS ATTORNEY GENERAL REGISTRATION AND REPORTING REQUIREMENTS FOR THE REGIONAL MEDICAL CENTER IS ATTORNEY GENERAL REGIONAL MEDICAL CENTER IS ATTORNEY GENERAL REGIONAL MEDICAL CENTER IS ATTORNEY GENERAL REGIONAL MEDICAL CENTER IS ATTORNEY GENERAL REGIONAL MEDICAL CENTER IS ATTORNEY GENERAL REGIONAL MEDICAL CENTER IS ATTORNEY GENERAL REGIONAL MEDICAL CENTER IS ATTORNEY GENERAL REGIONAL MEDICAL CENTER IS ATTORNEY GENERAL REGIONAL MEDICAL CENTER IS ATTORNEY GENERAL REGIONAL MEDICAL CENTER IS ATTORNEY GENERAL REGIONAL MEDICAL CENTER IS ATTORNEY GENERAL REGIONAL MEDICAL CENTER IS ATTORNEY GENERAL REGIONAL RE			(41,750)
 a Is the organization licensed to operate gaming activities in each of these states? b If "No," Explain		.	142,356
ATTORNEY GENERAL REGISTRATION AND REPORTING REQUIREMENTS FOR THE R	a		· Fyes FNo
THE WARE ANY Of the organization's gaming licenses revoked suspended or terminated during t	4.6	IE RAFFLES	
b If "Yes," Explain	10a b	ng the tax year?	· · I Yes I No

OMB No 1545-0047

Open to Public **Inspection**

SCHEDULE H (Form 990)

Department of the Treasury Internal Revenue Service

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

Hospitals

Name of the organization MISSION HOSPITAL REGIONAL MEDICAL CENTER **Employer identification number**

Pa	rt I Charity Care and	Certain C	Other Comr	nunity Benefits a		1643360			
								Yes	No
1a	Did the organization have a c	harity care p	olicy? If "No,	" skip to question 6a			1a	Yes	
b	If "Yes," is it a written policy						1b	Yes	
2	If the organization had multip care policy to the various hos		ındıcate whic	h of the following best	describes application (of the charity			
	Applied uniformly to all hospitals Applied uniformly to most hospitals Generally tailored to individual hospitals								
3	Answer the following based or organization's patients during	•	-	y criteria that applies	to the largest number o	of the			
а	Did the organization use Fede If "Yes," indicate which of the					are?	2-	Vaa	
	Γ 100% Γ 150%		00% Г	Other			3a	Yes	
b	Did the organization use FPG			providing <i>discounted</i> (care? If				
	"Yes," indicate which of the fo	ollowing is th	e family incor	me limit for eligibility fo	or discounted care .		3b	Yes	
	□ 200% □ 250%	 3	00% Г	350% Г 40	00% 🔽 Other_	<u>500. %</u>			
C	If the organization did not use determining eligibility for free test or other threshold, regard	or discounte	ed care Inclu	de in the description w	hether the organization				
4	Did the organization's policy	provide free	or discounted	care to the "medically	/ indigent"?		4	Yes	
5a	Did the organization budget a the tax year?			ted care provided und	er its financial assistar	nce policy during	5a	Yes	
b	If "Yes," did the organization'	's charity cai	re expenses e	exceed the budgeted a	mount?		5b	Yes	
С	If "Yes" to line 5b, as a resulcare to a patient who was elig						5c		No
6a	Did the organization prepare a	a community	benefit repor	tduring the tax year?			6a	Yes	
6b	If "Yes," did the organization	f "Yes," did the organization make it available to the public?					6b	Yes	
	Complete the following table worksheets with the Schedule		rksheets prov	ided in the Schedule H	instructions Do not s	ubmıt these			
7	Charity Care and Certain O	ther Commu	ınıty 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 b expense	enefit	(f) Pero total ex	
а	Charity care at cost (from Worksheet 1)			7,919,091	0	7,91	9,091	1	700 %
	Medicaid (from Worksheet 3, column a)			53,254,085	26,133,006	27,12	1,079	5	820 %
	Costs of other means-tested government programs (from Worksheet 3, column b)			9,483,206	4,143,682	5,33	9,524	1	150 %
d	Total Charity Care and Means-Tested Government Programs			70,656,382	30,276,688	40,37	9,694	8	670 %
e	Other Benefits Community health improvement services and community benefit operations (from			2 015 055	29.490	2.09	6 566	0	640 %
f	(Worksheet 4) Health professions education		1	3,015,055	28,489		6,566		
g	(from Worksheet 5) Subsidized health services			30,000			0,000		320 %
h	(from Worksheet 6) Research (from Worksheet 7)			1,500,608		1,50	0,608	U	320 %
i	Cash and in-kind contributions for community benefit (from Worksheet 8)			1,835,765			5,765		390 %
-	Total Other Benefits			6,381,428 77,037,810		6,35 46.73	2,939		360 % 030 %
K	Total Add lines 7d and 7i			. // () ₹/ 81/1	. 30 305 177	ı 46/3	/ h < < l	10	1131) %

Pa	rt II Community Buildin activities.	ng Activitie	s Complete t	this table if the o	rganızat	ion co	nducte	d any comr	nunity	buıldı	ng		
	detivities.	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	1 ' '	Direct offsetting revenue (e) Net comm building expo				rcent of expense			
1	Physical improvements and housing			111,9	68		0		111,968		0 020 %		
2	Economic development												
3	Community support			144,0	86		0		144,086	,086 0 03			
4	Environmental improvements												
5	Leadership development and training for community members												
	Coalition building												
	Community health improvement advocacy			2,9	79		0		2,979		0 %		
8	Workforce development												
9 10	Other Total			121,3			0		121,347		0 030 %		
	t IIII Bad Debt, Medicar	e. & Collec	tion Practic	380,3	80		0		380,380		0 080 %		
	Dad Debty Ficultur	e, a conce	tion i i detie										
	ion A. Bad Debt Expense								_	Yes	No		
1	Did the organization report backstatement No 15?		e in accordance	e with Heathcare Fi	nancial M	anage	ment As	sociation	1	Yes			
2	Enter the amount of the organi		ebt expense .			2		25,966,2	39				
3	Enter the estimated amount of	-		•	le to	3			0				
4	patients eligible under the org		•	•				d dabt avnar					
4	Provide in Part VI the text of t In addition, describe the costi rationale for including a portio	ng methodolog	gy used in dete	rmining the amoun					ise				
Sect	ion B. Medicare												
5	Enter total revenue received f	rom Medicare	(ıncludıng DSH	and IME)		5		91,792,0	80				
6	Enter Medicare allowable cost	nter Medicare allowable costs of care relating to payments on line 5 6 117,397,804					04						
7	Subtract line 6 from line 5 Th	=				7		-25,605,7	724				
8	Describe in Part VI the extent Also describe in Part VI the c Check the box that describes Cost accounting system	osting method the method us	ology or source	e used to determin									
Sect	ion C. Collection Practices		_										
9a	Did the organization have a wr	ıtten debt coll	ection policy di	uring the tax year?					9a	Yes			
b	If "Yes," did the organization's contain provisions on the colle assistance? Describe in Part v	ection practice	s to be followe	d for patients who	are known	to qua	alify for f	inancial	ar				
Pa	rt IV Management Com	panies and	Joint Ventu	ires (see instruc	tions)		•						
	(a) Name of entity	(E	Description of pr activity of entity		(c) Organı profit % o ownersh	r stock	er	Officers, director trustees, or key nployees' profit stock ownership	, p	(e) Phys rofit % o ownersl	or stock		
1 M	ECC - SEE PART VI	PHYSICIAN OFF:	ICE&CONF ED CTR	:	ŗ	50 000 °	6	. () %	50	000 %		
2 M	AS - SEE PART VI	OUTPATIENT SU	RGERY CENTER		4	13 750 °	6	() %	56	250 %		
3													
4													
5													
6													
7		<u></u>											
8													
9													
10													
11													
12													
12		+					+						

Part	V Facility Information									
	on A. Hospital Facilities	Licen	Gene	Children's	Teacl	Ortic	Rese	ER-2.	ER-other	
(list in	order of size from largest to smallest)	Licensed hospital	General medical &	en's ho	Teaching hospital	al acces	Research facility	ER-24 hours	ther	
	nany hospital facilities did the organization operate during x year? 1	spital	ical & surgical	hospital	spital	Ortical access hospital	ality			
Name	and address									
										Other (Describe)
1	MISSION HOSPITAL REGIONAL MEDICAL CENTER 27700 MEDICAL CENTER ROAD MISSION VIEJO,CA 92691	×	х					х		
		-				-				
		-								
		+								
-		+								
		+								
-										

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)

MISSION HOSPITAL REGIONAL MEDICAL CENTER

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

			Yes	No
Col	mmunity 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	1		
	("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			
	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			
	Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and			
	minority groups			
	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			
	Information gaps that limit the hospital facility's ability to assess the community's health needs			
	j Cother (describe in Part VI)			
	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			
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 Cother (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		
Fin	ancial 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 %			
	If "No," explain in Part VI the criteria the hospital facility used			

Pä	art 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 500 %			
	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			
	<u>-</u>			
	c			
	<u>. </u>			
	e Uninsured discount			
	f Medicaid/Medicare			
	g State regulation			
	h Other (describe in Part VI)			
	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)			
	The policy was posted at all times on the hospital facility's web site			
	The policy was attached to all billing invoices			
	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)			
	ling and Collections	1		
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		100	
	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 C 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	16		No
	making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16		No_
	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			
1/	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 T Other (describe in Part VI)			

If "Yes," explain in Part VI

provided to that patient?

.

20

21

Νo

Νo

Part V Facility Information (continued) Policy Relating to Emergency Medical Care Yes 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 **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 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 FAPeligible individuals for emergency or other medically necessary care 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?

21 Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services

If "Yes," explain in Part VI Schedule H (Form 990) 2011

chedule H (Form 990	2011
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Page **7**

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)

Hov	ow many non-hospital facilities did the organization operate during the tax year? 2		
Man	me and address	Type of Facility (Describe)	
<u>1</u>	MISSION MEDICAL TOWER 26732 CROWN VALLEY PARKWAY MISSION VIEJO, CA 92691	WELLNESS CENTER, OUTPATIENT IMAGING CENTER, CARDIAC REHAB, PHYSICAL THERAPY	
2	MISSION AMBULATORY SURGICENTER 27800 MEDICAL CENTER ROAD STE 362 MISSION VIEJO, CA 92691	OUTPATIENT SURGERY CENTER	
3			
4			
5			
6			
7			
8			
9			
10			

Part VI Supplemental Information

Complete this part to provide the following information

- Required descriptions. Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part III, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 11, 3, 4, 5c, 61, 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
- 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
- Promotion of community health. Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.)
- Affiliated health care system. If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 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
SCHEDULE H, PART I, LINE 7	Returnicerence	A COST-TO-CHARGE RATIO FROM THE COST ACCOUNTING SYSTEM WAS USED TO DETERMINE THE COST OF ALL REPORTED CHARITY CARE AND OTHER COMMUNITY BENEFITS AT COST IT INCLUDED ALL PATIENT TYPES (I E INPATIENT OUTPATIENT, EMERGENCY ROOM), AND WOULD ONLY INCLUDE CHARGES OR RELATED COSTS THAT PERTAIN TO EACH RESPECTIVE AREA (I E CHARITY, MEDICAID, MANAGED CARE, PRIVATE INSURANCE, SELF PAY, UNINSURED, ETC) FOR UNREIMBURSED COSTS, THAT WOULD BE THE
		DIFFERENCE BETWEEN THE DETERMINED COSTS UTILIZING THE COST-TO-CHARGE RATIO LESS ANY PAYMENTS RECEIVED FOR THAT PARTIAL PAYOR GROUP THE COST-TO-CHARGE RATIO USED WAS NOT DERIVED FROM WORKSHEET 2, RATIO OF PATIENT CARE COST-TO-CHARGES

Identifier	ReturnReference	Explanation
SCHEDULE H, PART I, LINE 7G		NO COSTS ATTRIBUTABLE TO PHYSICIAN CLINICS WERE INCLUDED

Identifier	ReturnReference	Explanation
Identifier COMMUNITY BUILDING ACTIVITIES	SCHEDULE H, PART II	Explanation OUR MISSION CALLS US TO IMPROVE HEALTH AND QUALITY OF LIFE IN THE COMMUNITIES WE SERVE A KEY EMPHASIS IS PUT ON DEVELOPING PROGRAMS THAT ADDRESS ROOT CAUSES OF HEALTH PROBLEMS KEY ISSUES FOR FISCAL YEAR 2012 CONTINUE TO BE ACCESS TO AFFORDABLE HOMES AND SERVING THE HOMELESS MISSION HOSPITAL HAS PARTNERED WITH KEY COMMUNITY STAKEHOLDERS TO HELP ADDRESS THESE LONG-TERM ISSUES ACCESS TO AFFORDABLE HOMES THE AFFORDABLE HOMES OUTCOME GOAL IS TO INCREASE AFFORDABLE HOMES IN SOUTH ORANGE COUNTY, WITH A SPECIAL FOCUS ON THE CITIES OF SAN CLEMENTE, SAN JUAN CAPISTRANO, LAKE FOREST, AND MISSION VIEJO IN 2008, MISSION HOSPITAL INITIATED A PARTNERSHIP WITH OVER A DOZEN AGENCIES TO CREATE THE SOUTH ORANGE COUNTY ALLIANCE FOR HOUSING OUR COMMUNITIES (SOCAHOC) TOGETHER, THE ALLIANCE WORKS TO INCREASING THE NUMBER OF PUBLIC OR PRIVATE POLICIES THAT SUPPORT AFFORDABLE HOMES, INCREASING BROAD-BASED COMMUNITY ADVOCACY ORGANIZATIONS THAT IDENTIFY AND ACT ON AFFORDABLE HOMES AS A PRIORITY, AND COLLABORATING TO CREATE NEW AFFORDABLE HOMES HOMELESS OUTREACH AFTER PURCHASING THE LAGUNA BEACH CAMPUS, THE LOCAL HEALTH NEEDS ASSESSMENT IDENTIFIED HOMELESS OUTREACH AS A PRIMARY NEED FOR THE COMMUNITY BEGINNING IN 2009, WE BEGAN COLLABORATING WITH LOCAL RESIDENTS AND AGENCIES WHO SERVE THE HOMELESS TO MEET THEIR NEEDS MISSION HOSPITAL PROVIDES A NUTRITIONALLY BALANCED LUNCH FOR UP TO 50 HOMELESS PEOPLE STAYING AT THE CITY'S ALTERNATIVE SLEEPING LOCATION 5 DAYS EACH WEEK (REPRESENTING \$42,000 ANNUALLY) IN ADDITION, WE PROVIDE \$5,000 TO A LOCAL SOUP KITCHEN IN CAPISTRANO BEACH SAFE RIDES TO TEENS TO AVOID TRAGEDY DUE TO DRUNK DRIVING, MISSION HOSPITAL SPONSORS AND COORDINATES THE SAFE RIDES PROGRAM, A FREE, ANONYMOUS SERVICE THAT PROVIDES TEENS A SAFE RIDE HOME SHOULD THEY NEED A RIDE ON FRIDAY OR SATURDAY EVENINGS THIS
		PROGRAM HAS AN ANNUAL COST OF APPROXIMATELY \$35,000

Identifier	ReturnReference	Explanation
SCHEDULE H, PART III, LINE 4		THE ORGANIZATION RECOGNIZED THAT A PORTION OF
		THE UNINSURED OR UNDERINSURED PATIENT POPULATION MAY NOT ENGAGE IN THE TRADITIONAL
		FINANCIAL ASSISTANCE APPLICATION PROCESS
		THEREFORE, THE ORGANIZATION ALSO USED AN AUTOMATED PREDICTIVE SCORING TOOL TO IDENTIFY
		AND QUALIFY PATIENTS FOR FINANCIAL ASSISTANCE
		FOR ACCOUNTS THAT WERE INITIALLY CLASSIFIED AS
		BAD DEBT COLLECTION ACTIONS WERE NOT PURSUED ON THESE ACCOUNTS ONCE THEY ARE RECLASSIFIED
		BECAUSE RECLASSIFIED ACCOUNTS WERE GRANTED 100
		PERCENT FINANCIAL ASSISTANCE (FREE CARE) AFTER THE RECLASSIFICATION THERE WAS NO REMAINING
		AMOUNT OF BAD DEBT EXPENSE ATTRIBUTABLE TO
		PATIENTS ELIGIBLE UNDER OUR FINANCIAL ASSISTANCE POLICY FINANCIAL STATEMENT FOOTNOTE DESCRIBING
		BAD DEBT THE ORGANIZATION RECEIVES PAYMENT FOR
		SERVICES RENDERED TO PATIENTS FROM FEDERAL AND
		STATE GOVERNMENTS UNDER THE MEDICARE AND MEDICAID PROGRAMS, PRIVATELY SPONSORED
		MANAGED CARE PROGRAMS FOR WHICH PAYMENT IS
		MADE BASED ON TERMS DEFINED UNDER FORMAL CONTRACTS, AND OTHER PAYORS THE ORGANIZATION
		BELIEVES THERE ARE NO SIGNIFICANT RISKS
		ASSOCIATED WITH RECEIVABLES FROM GOVERNMENT PROGRAMS RECEIVABLES FROM CONTRACTED AND
		OTHERS ARE FROM VARIOUS PAYORS WHO ARE SUBJECT
		TO DIFFERING ECONOMIC CONDITIONS, AND DO NOT
		REPRESENT ANY CONCENTRATED RISKS TO THE ORGANIZATION THE ORGANIZATION ANALYZES ITS
		HISTORICAL EXPERIENCE AND IDENTIFIES TRENDS FOR
		EACH OF ITS MAJOR PAYOR SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR
		DOUBTFUL ACCOUNTS DISCOUNTS ON PATIENT
		ACCOUNTS IN BAD DEBT ANY ACCOUNT RETURNED TO THE HOSPITAL FROM A COLLECTION AGENCY THAT HAS
		DETERMINED THE PATIENT DOES NOT HAVE THE
		RESOURCES TO PAY HIS OR HER BILL, MAY BE DEEMED
		ELIGIBLE FOR CHARITY CARE WITHOUT ABSOLUTE REQUIREMENT FOR SUBMISSION OF A FINANCIAL
		ASSISTANCE APPLICATION ALL OUTSIDE COLLECTION
		AGENCIES CONTRACTED WITH SJHS TO PERFORM ACCOUNT FOLLOW-UP AND/OR BAD DEBT COLLECTION
		WILL UTILIZE THE FOLLOWING CRITERIA TO IDENTIFY A
		STATUS CHANGE FROM BAD DEBT TO CHARITY CARE - PATIENT ACCOUNTS MUST HAVE NO APPLICABLE
		INSURANCE (INCLUDING GOVERNMENTAL COVERAGE
		PROGRAMS OR OTHER THIRD PARTY PAYERS), AND - THE PATIENT MUST HAVE A CREDIT SCORE AND BEHAVIOR
		RATING WITHIN THE LOWEST 25TH PERCENTILE OF
		CREDIT SCORES FOR ANY CREDIT EVALUATION METHOD
		USED, AND - THE PATIENT HAS NOT MADE A PAYMENT WITHIN 150 DAYS OF ASSIGNMENT TO THE COLLECTION
		AGENCY, AND - THE COLLECTION AGENCY HAS
		DETERMINED THAT THE PATIENT IS UNABLE TO PAY, AND/OR - THE PATIENT DOES NOT HAVE A VALID SOCIAL
		SECURITY NUMBER AND/OR AN ACCURATELY STATED
		RESIDENCE ADDRESS IN ORDER TO DETERMINE A CREDIT SCORE ALL ACCOUNTS RETURNED FROM A COLLECTION
		AGENCY FOR RE-ASSIGNMENT FROM BAD DEBT TO
		CHARITY CARE WILL BE EVALUATED BY HOSPITAL PERSONNEL TO DETERMINE ELIGIBILITY FOR CHARITY
		CARE OR DISCOUNTED CARE PRIOR TO ANY RE-
		CLASSIFICATION WITHIN THE HOSPITAL ACCOUNTING
		SYSTEM AND RECORDS DOCUMENTATION OF THE PATIENT'S INABILITY TO PAY FOR SERVICES WILL BE
		MAINTAINED BY THE HOSPITAL
		Schedule H (Form 990) 2011

Identifier	ReturnReference	Explanation
SCHEDULE H, PART III, LINE 8		THE ORGANIZATION DOES NOT REPORT MEDICARE REVENUES AND EXPENSES (EXCEPT FOR AMOUNTS REPORTED IN PART I, LINE 7) AS COMMUNITY BENEFIT MEDICARE COSTS ARE DETERMINED USING THE MEDICARE COST REPORT

Identifier	ReturnReference	Explanation
SCHEDULE H, PART III, LINE 9B		SJHS PATIENT ACCOUNTS WERE NOT FORWARDED TO COLLECTION STATUS WHEN THE PATIENT MADE A GOOD FAITH EFFORT TO RESOLVE OUTSTANDING ACCOUNT BALANCES SUCH EFFORTS INCLUDE APPLYING FOR FINANCIAL ASSISTANCE, NEGOTIATING A PAYMENT PLAN, OR APPLYING FOR MEDICAID COVERAGE PRIOR TO ADVANCING ANY ACCOUNT FOR EXTERNAL COLLECTION, THE ORGANIZATION PERFORMED AN EVALUATION TO IDENTIFY IF THE ACCOUNT QUALIFIED FOR FINANCIAL ASSISTANCE ACCOUNTS FOR PATIENTS WHO QUALIFIED FOR FREE CARE (100 PERCENT FINANCIAL ASSISTANCE) WERE WRITTEN OFF AND COLLECTION EFFORTS WERE NOT PURSUED

Schedule H (Form 990) 2011

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Identifier	ReturnReference	Explanation
NAME OF ENTITY	(A)	1 MISSION EDUCATION CONFERENCE CENTER, LLC 2 MISSION AMBULATORY SURGICENTER, LTD, DBA MISSION SURGERY CENTER

Identifier	ReturnReference	Explanation
MISSION HOSPITAL REGIONAL MEDICAL CENTER (1)		THE ORGANIZATION RECOGNIZES THAT A PORTION OF THE UNINSURED OR UNDERINSURED PATIENT POPULATION MAY NOT ENGAGE IN THE TRADITIONAL FINANCIAL ASSISTANCE APPLICATION PROCESS THEREFORE, THE ORGANIZATION ALSO USES AN AUTOMATED PREDICTIVE SCORING TOOL TO IDENTIFY AND QUALIFY PATIENTS FOR FINANCIAL ASSISTANCE FOR ACCOUNTS THAT ARE INITIALLY CLASSIFIED AS BAD DEBT

Identifier	ReturnReference	Explanation
MISSION HOSPITAL REGIONAL MEDICAL CENTER (1)		THE ORGANIZATION ADHERES TO STATE REGULATIONS IN PUBLICIZING ITS FINANCIAL ASSISTANCE POLICY THESE REGULATIONS INCLUDE THE POSTING OF THE FULL POLICY ON THE OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT (OSHPD) WEBSITE IN ADDITION, POLICY NOTICES ARE POSTED IN CONSPICUOUS AREAS SUCH AS EMERGENCY DEPARTMENTS, BILLING OFFICES, ADMISSIONS OFFICES AND OTHER OUTPATIENT SETTINGS INDIVIDUAL NOTICES OF FINANCIAL ASSISTANCE ARE INCLUDED WITH BILLINGS FOR PATIENTS WHO HAVE NOT PROVIDED PROOF OF THIRD-PARTY COVERAGE ALONG WITH CONTACT INFORMATION IN THE EVENT OF ADDITIONAL INQUIRIES NOTICES OF FINANCIAL ASSISTANCE ARE ALSO PROVIDED UPON INQUIRY WRITTEN NOTICES ARE PROVIDED IN ALL LANGUAGES SPOKEN BY 5% OR MORE OF THE HOSPITAL'S PATIENT POPULATION

Identifier	ReturnReference	Explanation
IMEDICAL CENTED (1)	LINE 19D	FOR PATIENTS WITH A FAMILY INCOME BETWEEN 201% AND 350% OF FEDERAL POVERTY GUIDELINES (FPG), THE HOSPITAL FACILITY USES MEDICARE RATES WHEN CALCULATING THE MAXIMUM AMOUNTS THAT CAN BE CHARGED FOR PATIENTS WITH A FAMILY INCOME BETWEEN 351% AND 500% OF FPG, THE AVERAGE OF NEGOTIATED COMMERCIAL INSURANCE RATES IS USED TO DETERMINE THE MAXIMUM AMOUNT THAT CAN BE CHARGED

Identifier	ReturnReference	Explanation
NEEDS ASSESSMENT	SCHEDULE H, PART VI, LINE 2	FROM JANUARY - MAY 2011, MISSION HOSPITAL
	, , ,	CONDUCTED ITS COMMUNITY HEALTH NEEDS
		ASSESSMENT IN THE CITIES OF SAN CLEMENTE, SAN JUAN CAPISTRANO AND LAKE FOREST (LAGUNA BEACH
		NEEDS ASSESSMENT WAS CONDUCTED IN 2010 JUST
		AFTER PURCHASING SOUTH COAST MEDICAL CENTER IN
		JULY 2009) IN ORDER TO OBTAIN FEEDBACK FROM RESIDENTS IN THE COMMUNITY, MISSION HOSPITAL
		COLLECTS DATA IN THREE WAYS TELEPHONE SURVEY
		CONDUCTED BY PROFESSIONAL RESEARCH
		CONSULTANTS (PRC), A TELEPHONE SURVEY OF 146
		QUESTIONS FOCUSED ON ISSUES SUCH AS GENERAL HEALTH, CHRONIC DISEASE, INJURY AND VIOLENCE,
		HEALTH RISKS, PREVENTIVE CARE, ACCESS TO
		HEALTHCARE SERVICES AND BROAD COMMUNITY ISSUES
		THE SURVEY IS MODELED AFTER THE CENTERS FOR DISEASE CONTROL'S (CDC) BEHAVIORAL RISK FACTOR
		SURVEILLANCE SYSTEM, WHICH ENABLES US TO
		BENCHMARK OUR RESULTS TO STATEWIDE AND
		NATIONAL RESULTS 919 SURVEYS WERE CONDUCTED IN
		EACH OF THE THREE TARGETED CITIES AND WERE DEMOGRAPHICALLY REPRESENTATIVE OF EACH OF THE
		COMMUNITIES VALIDITY OF RESULTS IS AT A 95%
		CONFIDENCE LEVEL (AND 95% WHEN LOOKING AT CITY-
		SPECIFIC DATA) KEY STAKEHOLDER PANELS TWO
		PANELS OF KEY STAKEHOLDERS WERE HELD IN SAN CLEMENTE AND SAN JUAN CAPISTRANO TO OBTAIN
		INPUT FROM LOCAL SERVICE PROVIDERS FROM A CROSS-
		SECTION OF DISCIPLINES WHO PROVIDE SERVICES TO
		LOCAL RESIDENTS 40 PEOPLE PARTICIPATED IN THESE TWO PANELS AND REPRESENTATION INCLUDED THE
		MEDICAL FIELD, EDUCATION, FAITHBASED GROUPS,
		LOCAL RESIDENT LEADERS, NON-PROFIT AGENCIES AND
		COUNTY-FUNDED PROGRAMS RESIDENT FORUMS ONCE
		THE PRC SURVEYS WERE COMPLETE, SIX COMMUNITY FORUMS WERE CONDUCTED WITH RESIDENTS IN THE
		CITIES OF SAN JUAN CAPISTRANO, SAN CLEMENTE, AND
		LAKE FOREST THERE WERE A TOTAL OF 63 PARTICIPANTS
		ACROSS ALL FORUMS, WITH EACH FORUM RANGING IN SIZE FROM 2 TO 21 AND AVERAGING 10 PARTICIPANTS
		THE MAJORITY OF PARTICIPANTS WERE WOMEN (N = 54)
		PARTICIPANTS WERE ALL ADULTS, MAINLY RESIDENTS
		AND A FEW STAKEHOLDERS (E.G., SERVICE PROVIDERS, CITY EMPLOYEES, AND HOSPITAL EMPLOYEES) THE
		ENGLISH LANGUAGE FORUMS INCLUDED MOSTLY
		STAKEHOLDERS AND TO A LESSER EXTENT INCLUDED
		RESIDENTS, WHILE THE SPANISH LANGUAGE FORUMS
		INCLUDED MOSTLY RESIDENTS EACH FORUM LASTED ABOUT ONE AND A HALF HOURS PARTICIPANTS
		IDENTIFIED 25 PRIORITY ISSUES THE RESULTS
		AGGREGATED ACROSS THE FORUMS INDICATE THAT THE
		FOUR PRIORITY HEALTH AND QUALITY OF LIFE ISSUES PERCEIVED BY THE PARTICIPANTS ARE AS FOLLOWS 1
		OBESITY 2 LACK OF HEALTH INSURANCE 3 STRESS AND
		ANXIETY 4 ACCESS TO AFFORDABLE HOMES THERE WAS
		A NOTABLE DIFFERENCE BETWEEN THE ENGLISH LANGUAGE AND SPANISH LANGUAGE FORUMS, HOWEVER,
		IN THAT THE SPANISH LANGUAGE FORUM PARTICIPANTS
		BELIEVED UNAUTHORIZED IMMIGRATION STATUS IS A
		DETERMINANT TO HEALTH DISPARITY AND QUALITY OF LIFE FOR THE FULL REPORT, PLEASE VISIT OUR WEBSITE
		AT WWW MISSION4HEALTH COM THE NEEDS ASSESSMENT
		WAS MADE AVAILABLE ON THE WEBSITE AND BY
		REQUEST IN ADDITION, MISSION HOSPITAL STAFF
		PRESENTED TO CITY OFFICIALS AND SELECTED CITY COMMISSIONS IN ALL TARGETED CITIES AS WELL AS
		LOCAL COMMUNITY COALITIONS, MISSION HOSPITAL'S
		BOARD OF TRUSTEES AND COMMUNITY BENEFIT
		COMMITTEE, AND THE SAN CLEMENTE COMMUNITY RESOURCE CENTER AND SAN CLEMENTE
		COLLABORATIVE THE NEEDS ASSESSMENT AND
		RESIDENT FORUMS BROUGHT FORWARD OVER 25
		ADDITIONAL HEALTH AND QUALITY OF LIFE ISSUES,
		INCLUDING CARDIOVASCULAR RISK, DENTAL SERVICES, ALCOHOL AND SUBSTANCE ABUSE, AND JOB TRAINING
		FOR YOUTH HOWEVER, BASED UPON HOSPITAL
		RESOURCES AND THE DESIRE TO FOCUS DEEPLY ON A
		FEW PRIORITIES VERSUS SPREADING RESOURCES TOO THINLY. MISSION HOSPITAL SELECTED FOUR PRIORITIES
		FOR ITS COMING FISCAL YEAR 2012-2014 COMMUNITY
		BENEFIT PLAN, TO INCLUDE CHILDHOOD OBESITY,
		MENTAL HEALTH, YOUTH ALCOHOL & SUBSTANCE USE,
	<u> </u>	AND AFFORDABLE HOMES
		Schedule H (Form 990) 2011

Identifier	ReturnReference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	SCHEDULE H, PART VI, LINE 3	THE ORGANIZATION POSTED NOTICES INFORMING THE PUBLIC OF THE FINANCIAL ASSISTANCE PROGRAM NOTICES WERE POSTED IN HIGH VOLUME INPATIENT AND OUTPATIENT SERVICE AREAS NOTICES WERE ALSO POSTED AT LOCATIONS WHERE A PATIENT COULD PAY THEIR BILL NOTICES INCLUDED CONTACT INFORMATION ON HOW A PATIENT COULD OBTAIN MORE INFORMATION ON FINANCIAL ASSISTANCE AS WELL AS WHERE TO APPLY FOR ASSISTANCE THESE NOTICES WERE POSTED IN ENGLISH AND SPANISH AND ANY OTHER LANGUAGES THAT WERE REPRESENTATIVE OF 5% OR GREATER OF PATIENTS IN THE HOSPITAL'S SERVICE AREA ALL PATIENTS WHO DEMONSTRATED LACK OF FINANCIAL COVERAGE BY THIRD PARTY INSURERS WERE OFFERED AN OPPORTUNITY TO COMPLETE THE FINANCIAL ASSISTANCE APPLICATION AND WERE OFFERED INFORMATION, ASSISTANCE, AND REFERRAL AS APPROPRIATE TO GOVERNMENT SPONSORED PROGRAMS FOR WHICH THEY MAY HAVE BEEN ELIGIBLE

Identifier	ReturnReference	Explanation
Identifier PROMOTION OF COMMUNITY HEALTH	SCHEDULE H, PART VI, LINE 5	Explanation THE GOVERNING BODY IS COMPRISED OF A MAJORITY OF PERSONS WHO RESIDE IN THE HOSPITAL'S PRIMARY SERVICE AREA AND WHO ARE NOT EMPLOYEES, CONTRACTORS, OR FAMILY MEMBERS THE SUB-COMMUNITY BENEFIT COMMITTEE, OVERSAW THE COMMUNITY BENEFIT COMMITTEE, OVERSAW THE COMMUNITY BENEFIT COMMITTEE, OVERSAW THE COMMUNITY BENEFIT PLAN EVERY THREE YEARS, AS WELL AS AN ANNUAL COMMUNITY BENEFIT PLAN EVERY THREE YEARS, AS WELL AS AN ANNUAL COMMUNITY BENEFIT PLAN EVERY THREE YEARS, AS WELL AS AN ANNUAL COMMUNITY BENEFIT PROGRAM DESIGN, 4) TARGET GOMMUNITY BENEFIT PROGRAM DOSIGN, 2) COMMUNITY BENEFIT PROGRAM CONTINUATION OR DISCONTINUATION, 5) PROGRAM CONTINUATION OR DISCONTINUATION, 5) PROGRAM CONTINUATION OR DISCONTINUATION, 5) FUND DEVELOPMENT SUPPORT, AND 7) COMMUNITY-WIDE ENGAGEMENT MEDICAL STAFF PRIVILEGES ARE EXTENDED TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY GIVING BACK TO THE COMMUNITY IS INTEGRATED INTO EVERY ASPECT OF OUR ORGANIZATION AS A MEMBER OF THE FAITH-BASED HEALTH MINISTRY OF ST JOSEPH HEALTH SYSTEM, WE PROVIDE FREE AND DISCOUNTED CARE VIA OUR FINANCIAL ASSISTANCE PROGRAM AND HAVE A FUNDING STREAM TO ADDRESS THE NEEDS OF THE ECONOMICALLY POOR AND VULNERABLE IN THE COMMUNITIES WE SERVE THIS PAST FISCAL YEAR OUR HOSPITAL PROMOTED HEALTH AND ACCESS TO CARE BY SUPPORTING CAMINO HEALTH CENTER, SOUTH ORANGE COUNTY'S ONLY COMMUNITY CLINIC, PROVIDING SUPPORT TO THE HOMELESS THROUGH A DAILY LUNCH PROGRAM, COLLABORATING WITH A LOCAL AGENCY TO COORDINATE MEALS FOR ISOLATED SENIORS IN LAGUNA BEACH AS WELL AS PROVIDING FREE TRANSPORTATION OUR MISSION IS TO EXTEND THE HEALTH SYSTEM, HAS A PATIENT FINANCIAL ASSISTANCE PROGRAM THAT PROVIDES FREE OR DOTOR CARE FOR THE PROOR FUNDS ON AN ANNUAL BASIS, TEN PERCENT OF OUT CARE FOR THE PROOR FUNDS OF PROOR MUNITITY PROGRAM SO PERCENTAGE OF THE PROOR FUNDS OF PROOR CARE FOR THE PLACE OR DISCOUNTED SERVICES TO ELIGIBLE PATIENTS ON AN ANNUAL BASIS, TEN PERCENT OF OUT FINAL CARE FOR THE POOR FUNDS ARE USED FOR OUTREACH PROGRAMS, DEFINED AS THOSE SERVICES TO FUND ON OUT CARE F
		ACCESS TO CARE TO THE LOW-INCOME POSSIBLE REDUCING THE PREVALENCE OF CHILDHOOD OBESITY, INCREASING AFFORDABLE HOMES, IMPROVING OUTCOMES FOR PERSONS WITH DEPRESSION AS WELL AS
		PROVIDING FREE NURSE HOURS AT LOCAL CHURCHES AND OPERATING TWO INDEPENDENT FAMILY RESOURCE CENTERS
<u>r</u>		Schedule H (Form 990) 2011

Identifier	ReturnReference	Explanation
AFFILIATED HEALTH CARE SYSTEM	SCHEDULE H, PART VI, LINE 6	MISSION HOSPITAL IS A HEALING MINISTRY OF ST JOSEPH HEALTH SYSTEM, AN INTEGRATED HEALTHCARE DELIVERY SYSTEM SPONSORED BY THE ST JOSEPH HEALTH MINISTRY ST JOSEPH HEALTH SYSTEM IS ORGANIZED INTO THREE REGIONS NORTHERN CALIFORNIA, SOUTHERN CALIFORNIA, AND WEST TEXAS/EASTERN NEW MEXICO THE SYSTEM INCLUDES 14 ACUTE CARE HOSPITALS, HOME HEALTH AGENCIES, HOSPICE CARE, OUTPATIENT SERVICES, COMMUNITY CLINICS, AND PHYSICIAN ORGANIZATIONS EACH ASSOCIATED MINISTRY WORKS TO LIVE OUT ITS MISSION TO EXTEND THE HEALING MINISTRY OF JESUS IN THE TRADITION OF THE SISTERS OF ST JOSEPH OF ORANGE BY CONTINUALLY IMPROVING THE HEALTH AND QUALITY OF LIFE OF THE COMMUNITIES IT SERVES IN 1986, ST JOSEPH HEALTH SYSTEM CREATED A PLAN AND BEGAN AN EFFORT TO FURTHER ITS COMMITMENT TO NEIGHBORS IN NEED WITH A VISION OF REACHING BEYOND THE WALLS OF ITS HEALTHCARE FACILITIES AND TRANSCENDING TRADITIONAL EFFORTS OF PROVIDING FINANCIAL ASSISTANCE FOR THOSE IN NEED OF ACUTE SERVICES, ST JOSEPH HEALTH SYSTEM CREATED THE ST JOSEPH HEALTH SYSTEM FOUNDATION TO IMPROVE THE HEALTH OF LOW-INCOME INDIVIDUALS RESIDING IN LOCAL COMMUNITIES OUR FOUNDATION AL DOCUMENT, A VISION OF VALUES, FORMALIZES A POLICY THROUGH WHICH THE HOSPITAL MINISTRIES RETURN TEN PERCENT OF THEIR NET INCOME TO THE ST JOSEPH HEALTH SYSTEM FOUNDATION TO SUPPORT OUTREACH EFFORTS FOR THE MATERIALLY POOR THE FOUNDATION THEN FUNDS PROGRAMS IN COMMUNITIES SERVED BY ST JOSEPH HEALTH HOSPITALS THAT EXEMPLIFY THE FOUR CORE VALUES OF ST JOSEPH HEALTH SYSTEM SERVICE, EXCELLENCE, DIGNITY, AND JUSTICE

Identifier	ReturnReference	Explanation			
STATE FILING OF COMMUNITY BENEFIT REPORT	SCHEDULE H, PART VI, LINE /	CALIFORNIA MINISTRIES REPORT TO CALIFORNIA OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT IN ACCORDANCE WITH CALIFORNIA SENATE BILL 697			

efile GRAPHIC print - DO NOT PROCESS | As Filed Data -

Company Information on Cuputs and Assistance

(b) EIN

Schedule I (Form 990)

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

DLN: 93493126013083

Open to Public Inspection

(h) Purpose of grant

or assistance

Department of the Treasury Internal Revenue Service

(a) Name and address of

organization

Name of the organization
MISSION HOSPITAL REGIONAL MEDICAL CENTER

Employer identification number

95-1643360

(g) Description of

non-cash assistance

	aitt	deficial tillorifiation on diants and Assistance		
1	Does	s the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and		_
	tha c	coloction criteria used to award the grants or assistance?	V Voc □	· N

(e) A mount of non-

cash

(f) Method of

valuation

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

(c) IRC Code section

ıf applıcable

(d) A mount of cash

grant

organization or government		іт арріісаріе	grant	casn assistance	valuation (book, FMV, appraisal, other)	non-cash assistance	or assistance
(1) ST JOSEPH HEALTH SYSTEM FOUNDATION 3345 MICHELSON DR IRVINE, CA 92612	33-0143024	501(C)(3)	4,678,395				CARE FOR THE POOR
(2) CAMINO HEALTH CENTER30300 CAMINO CAPISTRANO SJC,CA 92675	33-0574214	501(C)(3)	1,600,000				PROGRAM SUPPORT
(3) CAMINO HEALTH CENTER30300 CAMINO CAPISTRANO SJC,CA 92675	33-0574214	501(C)(3)	623,490				COMMUNITY OUTREACH
(4) DANA POINT CHAMBER OF COMMERCE24681 LA PLAZA DANA POINT,CA 92629	51-0181182	501(C)(6)	10,000				PROGRAM SUPPORT
(5) LIGA INTERNATIONAL & OPERATION RAINBOW 19671 LUCAYA CT APPLE VALLEY,CA 92308	95-6111639	501(C)(3)		10,000	COST	MEDICAL SUPPLIES	MEDICAL SUPPLIES
(6) TALLER SAN JOSE801 NORTH BROADWAY SANTA ANA,CA 92701	59-3816355	501(C)(3)	10,000				PROGRAM SUPPORT
(7) GIVING CHILDREN HOPE8332 COMMONWEATH AVE BUENA PARK,CA 90621	95-3464287	501(C)(3)		14,538	COST	ULTRASOUND DIAG/BEDS	ULTRASOUND DIAG/BEDS
(8) ST TIMOTHY'S CATHOLIC CHURCH29102 CROWN VALLEY LAGUNA NIGUEL, CA 92677	95-3656905	501(C)(3)		76,755	COST	FOOD DONATIONS	FOOD DONATIONS
(9) NATIONAL HEALTH FOUNDATION515 S FIGUEROA ST LOS ANGELES,CA 90071	23-7314808	501(C)(3)	63,000				PROGRAM SUPPORT

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

t III	Grants and Other Assistance to Individuals in the United States.	Complete if the organization answered "Yes" to Form 990, I	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)A mount of cash grant	(d)A mount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance
(1) PAYMENT FOR MEDICAL SERVICES	18	7,779			
(2) RECUPERATION-HELPING HANDS- ON BEHALF OF PATIENTS	237	28,889			
(3) INDIVIDUAL FUNERALS	7	10,985			

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
DESCRIPTION OF	SCHEDULE I, PART I, LINE 2	MISSION HOSPITAL HAS AN AFFILIATION AGREEMENT WITH CAMINO HEALTH CENTER THAT CALLS FOR THE
ORGANIZATION'S		STEERING COMMITTEE, WHICH INCLUDES AN OFFICER FROM THE HOSPITAL, TO PROVIDE OVERSIGHT OF FUNDS
PROCEDURES FOR		GRANTED TO CAMINO BY THE HOSPITAL FOR PROGRAM SUPPORT THE CARE FOR THE POOR FUNDS GIVEN TO
MONITORING THE USE		THE ST JOSEPH HEALTH SYSTEM FOUNDATION IS GOVERNED BY THE HEALTH SYSTEM FOUNDATION THE
OF GRANTS		DISBURSEMENT OF THE FUNDS FOLLOWS SPECIFICS SET FORTH BY THE HEALTH SYSTEM POLICY "CARE FOR THE
		POOR PROGRAM ACCOUNTING "THERE IS NO MONITORING DONE ON THE OTHER GRANTS

Software ID: Software Version:

EIN: 95-1643360

Name: MISSION HOSPITAL REGIONAL MEDICAL CENTER

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) A mount of cash grant	(e) A mount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
ST JOSEPH HEALTH SYSTEM FOUNDATION3345 MICHELSON DR IRVINE,CA 92612	33- 0143024	501(C)(3)	4,678,395				CARE FOR THE POOR
CAMINO HEALTH CENTER30300 CAMINO CAPISTRANO SJC,CA 92675	33- 0574214	501(C)(3)	1,600,000				PROGRAM SUPPORT

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) A mount of cash grant	(e) A mount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
CAMINO HEALTH CENTER30300 CAMINO CAPISTRANO SJC,CA 92675	33- 0574214	501(C)(3)	623,490				COMMUNITY OUTREACH
DANA POINT CHAMBER OF COMMERCE24681 LA PLAZA DANA POINT, CA	51- 0181182	501(C)(6)	10,000				PRO GRAM SUPPO RT

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) A mount of cash grant	(e) A mount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
LIGA INTERNATIONAL & OPERATION RAINBOW19671 LUCAYA CT APPLE VALLEY, CA 92308	95- 6111639	501(C)(3)		10,000	COST	MEDICAL SUPPLIES	MEDICAL SUPPLIES
TALLER SAN JOSE 801 NORTH BROADWAY SANTA ANA, CA	59- 3816355	501(C)(3)	10,000				PROGRAM SUPPORT

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) A mount of cash grant		(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
GIVING CHILDREN HOPE8332 COMMONWEATH AVE BUENA PARK,CA 90621	95- 3464287	501(C)(3)		14,538	COST	ULTRASOUND DIAG/BEDS	ULTRASOUND DIAG/BEDS
ST TIMOTHY'S CATHOLIC CHURCH 29102 CROWN VALLEY LAGUNA NIGUEL, CA 92677	95- 3656905	501(C)(3)		76,755	COST	FOOD DONATIONS	FOOD DONATIONS

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) A mount of cash grant	(e) A mount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
NATIONAL HEALTH FOUNDATION515 S FIGUEROA ST LOS ANGELES, CA 90071	23- 7314808	1 501(0)(3)	63,000				PROGRAM SUPPORT

DLN: 93493126013083

OMB No 1545-0047

Employer identification number

Schedule J (Form 990)

Department of the Treasury Internal Revenue Service

Name of the organization

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.

Open to Public Inspection

MIS	SSION HOSPITAL REGIONAL MEDICAL CENTER		95-1643360			
Pa	art I Questions Regarding Compensation	-				
			_		Yes	Νo
1a	Check the approprate box(es) if the organization provided ar 990, Part VII, Section A, line 1a Complete Part III to prov					
	First-class or charter travel	Housing allowance or residence for	personal use			
	Travel for companions	Payments for business use of perso	nal residence			
	Tax idemnification and gross-up payments	Health or social club dues or initiati				
	✓ Discretionary spending account	Personal services (e g , maid, chauf	feur, chef)			
b	If any of the boxes in line 1a are checked, did the organization reimbursement orprovision of all the expenses described abo			1b	Yes	
2	Did the organization require substantiation prior to reimburs officers, directors, trustees, and the CEO/Executive Directo			2		Νo
3	Indicate which, if any, of the following the organization uses organization's CEO/Executive Director Check all that apply Compensation committee					
	Independent compensation consultant	Compensation survey or study				
	Form 990 of other organizations	Approval by the board or compensa	tion committee			
4	During the year, did any person listed in Form 990, Part VII or a related organization	, Section A , line 1a with respect to the	ne filing organization			
а	Receive a severance payment or change-of-control paymen	t?		4a	Yes	
b	Participate in, or receive payment from, a supplemental none	qualified retirement plan?		4b	Yes	
C	Participate in, or receive payment from, an equity-based cor	mpensation arrangement?		4 c		Νo
	If "Yes" to any of lines 4a-c, list the persons and provide the	e applicable amounts for each item ii	n Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must comp	olete lines 5-9.				
5	For persons listed in form 990, Part VII, Section A, line 1a, compensation contingent on the revenues of	did the organization pay or accrue a	ıy			
а	The organization?			5a		Νo
b	Any related organization?			5b		Νo
	If "Yes," to line 5a or 5b, describe in Part III					
6	For persons listed in form 990, Part VII, Section A, line 1a, compensation contingent on the net earnings of	did the organization pay or accrue a	ny			
а	The organization?			6a		Νo
b	Any related organization?			6b		Νo
	If "Yes," to line 6a or 6b, describe in Part III					
7	For persons listed in Form 990, Part VII, Section A, line 1a, payments not described in lines 5 and 6? If "Yes," describe		n-fixed	7	Yes	
8	Were any amounts reported in Form 990, Part VII, paid or a subject to the initial contract exception described in Regs in Part III					
_				8		Νo
9	If "Yes" to line 8, did the organization also follow the rebutta	able presumption procedure describe	d in Regulations 🔝 📗			

section 53 4958-6(c)?

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

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

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

(A) Name		(B) Breakdown of	W-2 and/or 1099-MI:	SC compensation	(C) Retirement and	(D) Nontaxable	(E) Total of columns		
		(i) Base compensation	(ii) Bonus & (iii) Other reportable compensation compensation		other deferred compensation	benefits	(B)(ı)-(D)	reported in prior Form 990 or Form 990-EZ	
(1) WILLIAM MURIN	(I) (II)	0 547,394	0 245,426	0 136,373	0 7,350	0 12,784	0 949,327	0	
(2) KENNETH MCFARLAND	(ı) (ıı)	379,856 0	101,335 0	140,370 0	16,825 0	29,682 0	668,068	24,452	
(3) PETER BASTONE	(ı) (ıı)	0 224,269	0 197,965	0 1,122,833	0 18,519	0 19,867	0 1,583,453	0 746,135	
(4) MARGARITA COWLEY	(I) (II)	288,578 0	101,610 0	92,135 0	22,009	22,930 0	527,262 0	0	
(5) EILEEN HAUBL	(I)	169,873 0	57,194 0	54,584 0	20,470 0	20,357 0	322,478 0	0	
(6) CYNTHIA MUELLER	(I)	153,958 0	51,980 0	35,618 0	22,803 0	20,348 0	284,707 0	0	
(7) DENNIS HAGHIGHAT	(I)	253,448 0	83,409 0	55,022 0	9,592 0	9,682 0	411,153	0	
(8) LINDA JOHNSON	(I) (II)	215,841 0	72,782 0	121,586 0	17,096 0	29,811	457,116 0	61,155	
(9) PAULA SERIOS	(I) (II)	132,622	61,928 0	207,399 0	6,482 0	10,098	418,529	86,666	
(10) SHIRLEY BARNES	(I) (II)	233,656 0	88,686 0	68,575 0	19,412 0	10,626	420,955	0	
(11) WINIFRED JOHNSON	(I) (II)	186,073 0	63,991 0	61,281 0	19,356 0	25,331 0	356,032 0	0	
(12) MICHAEL BECK	(I) (II)	157,352 0	56,074 0	49,072 0	18,176 0	37,237 0	317,911 0	0	
(13) DAVID HALTERMAN	(I) (II)	186,726 0	20,323 0	1,813 0	0	29,699 0	238,561	0	

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
SUPPLEMENTAL COMPENSATION INFORMATION		EXECUTIVES RECEIVE A PERCENTAGE OF BASE COMPENSATION FOR DISCRETIONARY SPENDING THESE AMOUNTS ARE INCLUDED IN OTHER REPORTABLE COMPENSATION
SCHEDULE J, PART I, LINE 3		THE ORGANIZATION'S CEO WAS SELECTED IN NOVEMBER OF 2011 AND IS BEING COMPENSATED BY THE ORGANIZATION'S TAX EXEMPT PARENT, ST JOSEPH HEALTH SYSTEM, IN 2012 THE AMOUNTS CURRENTLY BEING REPORTED ON SCHEDULE J, PART II INCLUDE HIS 2011 COMPENSATION AS CFO AND INTERIM CEO SEE SCHEDULE O, FORM 990, PART VI, LINE 15A FOR THE PROCESS THAT IS COMPLETED BY THE ST JOSEPH HEALTH SYSTEM IN DETERMINING COMPENSATION
SCHEDULE J, PART I, LINE 4A		THE FOLLOWING INDIVIDUALS RECEIVED SEVERANCE PAYMENTS FOR EITHER PART OR ALL OF THE YEAR PETER BASTONE - \$217,668 PAULA SERIOS - \$57,619
SCHEDULE J, PART I, LINE 4B		EXECUTIVES COULD PARTICIPATE IN A NON-QUALIFIED DEFERRED COMPENSATION PLAN UNDER INTERNAL REVENUE CODE 457(F) THE PLAN WAS FROZEN EFFECTIVE DECEMBER 31, 2007 AFTER WHICH TIME NO FURTHER CONTRIBUTIONS WERE PERMITTED TO THE PLAN THIS PLAN WILL CEASE TO EXIST ONCE ALL BENEFITS HAVE BEEN DISTRIBUTED IN ACCORDANCE WITH PROVISIONS OF THE PLAN THE FOLLOWING INDIVIDUALS RECEIVED PAYMENT FROM THE SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN (SERP) PETER BASTONE - \$746,135 KENNETH MCFARLAND - \$24,452 LINDA JOHNSON - \$61,155 PAULA SERIOS - \$86,666
SCHEDULE J, PART I, LINE 7		A PORTION OF EXECUTIVES SALARIES ARE PLACED "AT-RISK" AND ARE NOT AWARDED UNLESS SPECIFIC STRATEGIC OBJECTIVE TARGETS ARE MET OR EXCEEDED THE AT-RISK EXECUTIVE PLAN IS DESIGNED TO MOTIVATE AND REWARD EXECUTIVES FOR TEAM PERFORMANCE THAT SUPPORTS THE STRATEGIC GOALS AND SUCCESSFUL PERFORMANCE OF ST JOSEPH HEALTH SYSTEM AT-RISK PAY IS AWARDED TO ASSISTANT VICE PRESIDENTS, VICE PRESIDENTS, SENIOR VICE PRESIDENTS, EXECUTIVE VICE PRESIDENTS, AND THE CHIEF EXECUTIVE OFFICER BASED ON ACHIEVING OR SURPASSING SPECIFIC GOALS THAT ARE PREDETERMINED BY THE BOARD OF TRUSTEES PRIOR TO THE BEGINNING OF THE FISCAL YEAR THE GOALS INCLUDE OUR STRATEGIC OBJECTIVES OF PERFECT CARE, SACRED ENCOUNTERS, AND HEALTHIEST COMMUNITIES AS WELL AS FISCAL STEWARDSHIP EACH OF THESE FACTORS IS TAKEN INTO CONSIDERATION WHEN DETERMINING THE PERCENTAGE OF AT-RISK PAY

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As Filed Data -

DLN: 93493126013083

OMB No 1545-0047

Schedule L

(Form 990 or 990-EZ)

Department of the Treasury Internal Revenue Service

Transactions with Interested Persons

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

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

2011

Open to Public Inspection

Name MISSIO	of the organization N HOSPITAL REGIONAL MEDICAL CE	NTER						E	mployer i	dent if ica	tion numb	er
									5-16433			
Part 1												
	Complete if the organizat	ion ans	wered "	Yes" on For	m 990, F T	Part IV, line 25a d	or 25b,	or Form	990-EZ,	Part V, I	ine 40b	
1	(a) Name of disq	ualıfıed	person		(b) Description of transaction					10 0	(c) Corrected?	
											Yes	No
	nter the amount of tax impos		_					_	ear unde	r ► ¢		
	nter the amount of tax, if any											
J	inter the amount of tax, if any	, 011 1111	2, 400	ve, reilliburs	ed by th	e organization .				→		
Part	Loans to and/or l	rom	Intere	sted Pers	ons.							
	Complete if the organiz	zation a	nswere	d "Yes" on F	orm 990	, Part IV, line 26	, or For	m 990-l	Z, Part ∨	/, line 38	a	
		(b) L	oan to				, ,	-	(f)			
(a) Na	me of interested person and		m the	(c)0 rig	jinal	(d)Palance due	(e) defau				(g)Writ	
	purpose	organi	zation?	principal a	amount	(d)Balance due	delat	committee?			agreement?	
		То	From	1			Yes	No	Yes	No	Yes	No
Total					▶ \$	•				•		
Part I	Grants or Assistar	ice Be	nefitt	ing Intere	ested I	Persons.						
	Complete if the orga						', line	27.				
	(a) Name of interested pers	on	(1	b) Relationsh	np betwe	en interested per	son	(c) \ n	ount of a	rant or to	/pe of assı	ctanco
	(a) Name of interested pers	011		an	d the or	ganızatıon		(C)AII	lount or g	Tant or ty	/ pe or assi	Stance
			_									

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the	(c) A mount of transaction	(d) Description of transaction	(e) Sharing organization revenues?	
	organization			Yes	No
(1) JOHN SHAVER MD	SPOUSE OF M STAUNTON, MD	1	TRAUMA MEDICAL DIRECTORSHIP		No
(2) MISSION VIEJO EMERGENCY MEDICAL ASS	SEE PART V	109,200	PROF FEES PAID TO MVEMA		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
	, , , , , , , , , , , , , , , , , , , ,	ROBERT WINOKUR, M D SERVES ON THE BOARD OF
ORGANIZATION	` '	MISSION HOSPITAL REGIONAL MEDICAL CENTER AND ALSO HAS A GREATER THAN 5% OWNERSHIP IN MISSION
		VIEJO EMERGENCY MEDICAL ASSOCIATION (MVEMA),
		MAKING MVEMA AN INTERESTED PERSON FOR SCHEDULE L REPORTING PURPOSES

Schedule L (Form 990 or 990-EZ) 2011

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OMB No 1545-0047

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Department of the Treasury Internal Revenue Service

SCHEDULE M

(Form 990)

▶Complete if the organization answered "Yes" on Form 990, Part IV, lines 29 or 30. ► Attach to Form 990.

NonCash Contributions

Name of the organization MISSION HOSPITAL REGIONAL MEDICAL CENTER

Employer identification number

95-1643360

Pa	Till Types of Property				
		(a) Check If applicable	(b) Number of Contributions or items contributed	(c) Contribution amounts reported on Form 990, Part VIII, line	(d) Method of determining contribution amounts
	Art—Works of art			1 g	
_	Art—Historical treasures .				
	Books and publications				
	Clothing and household				
,	goods	Х		0	
6	Cars and other vehicles	Х	1	26,710	COST/SELLING PRICE
7	Boats and planes				
8	Intellectual property				
9	Securities—Publicly traded .	Х	10	144,406	COST/SELLING PRICE
10	Securities—Closely held stock $. $				
11	Securities—Partnership, LLC, or trust interests	Х	1	73,300	COST/SELLING PRICE
12	Securities—Miscellaneous				
13	Qualified conservation contribution—Historic structures				
14	Q ualified conservation				
	contribution—Other				
	Real estate—Residential .				
	Real estate—Commercial				
	Real estate—Other				
	Collectibles				
	Food inventory Drugs and medical supplies .				
	Taxidermy				
	Historical artifacts				
	Scientific specimens				
	Archeological artifacts				
	GIFTS IN				
25	Other►(KIND)	Х	682	0	o
	LIFE				
26	Other►(<u>POLICY</u>)	Х	1	112,515	OTHER
	O ther ▶()				
	O ther ▶ ()				
29	Number of Forms 8283 received for which the organization compl				29 0
	ior which the organization compr	eteu i oiiii t	3203, Fait IV, Dollee Acki	iowiedgement	Yes No
30a	During the year, did the organiza				1-28 that it
	must hold for at least three year				
	for exempt purposes for the enti				30a No
b	If "Yes," describe the arrangeme	ent in Part 1	II		
31	Does the organization have a gif	t acceptano	ce policy that requires the i	review of any non-standard	contributions? 31 Yes
32a	Does the organization hire or us contributions?	e third parti	es or related organizations	to solicit, process, or sell i	non-cash 32a No
	If "Yes," describe in Part II If the organization did not report describe in Part II	revenues i	n column (c) for a type of p	roperty for which column (a) is checked,

Part II

Supplemental Information. Complete this part to provide the information required by Part I, lines 30b, 32b, and 33. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
CLOTHING AND HOUSEHOLD GOODS	SCHEDULE M, PART I, LINE 5	CLOTHING AND HOUSEHOLD GOODS WERE DONATED TO THE HOSPITAL THRIFT N' GIFT PROGRAM \$471,565 WAS RECOGNIZED FROM THE SALE OF SUCH ITEMS IN FY12, THE AMOUNT BEING DETERMINED BY THE SELLING PRICE REVENUE FROM THE SALE OF THE DONATED ITEMS IS REPORTED ON FORM 990, PART VIII, LINE 10A
OTHER - GIFTS IN KIND	SCHEDULE M, PART I, LINE 25	GIFTS IN KIND WITH AN ESTIMATED VALUE OF \$494,300 WERE RECEIVED DURING THE YEAR AND WERE NOT INCLUDED ON THE BOOKS VALUE WAS ESTIMATED FROM DONOR'S APPROXIMATION OF VALUE REVENUE FROM THE SALE OF THESE ITEMS IS INCLUDED IN FUNDRAISING REVENUE ON FORM 990, PART VIII, LINE 8A

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SCHEDULE O

As Filed Data -

DLN: 93493126013083

OMB No 1545-0047

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Inspection

Supplemental Information to Form 990 or 990-EZ

Department of the Treasury
Internal Revenue Service

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.

Name of the organization MISSION HOSPITAL REGIONAL MEDICAL CENTER

(Form 990 or 990-EZ)

Employer identification number

95-1643360

ldentifier	Return Reference	Explanation
ORGANIZATION'S MISSION	l '	AS A MEMBER OF THE ST JOSEPH HEALTH SYSTEM (SJHS), MISSION HOSPITAL IS COMMITTED TO EXTEND THE HEALING MINISTRY OF JESUS IN THE TRADITION OF THE SISTERS OF ST JOSEPH OF ORANGE BY CONTINUALLY IMPROVING THE HEALTH AND QUALITY OF LIFE OF PEOPLE IN THE COMMUNITIES WE SERVE

ldentifier	Return Reference	Explanation
PROGRAM SERVICE ACCOMPLISHMENTS	FORM 990, PART III, LINE 4A	MISSION HOSPITAL HAS BEEN MEETING THE HEALTH AND QUALITY OF LIFE NEEDS OF THE LOCAL COMMUNITY FOR OVER 40 YEARS MISSION HOSPITAL IN MISSION VEID 8 AN ACUTE CARE, FULL SERVICES A CLITY THAT THOUSES THE REGIONS DESIGNATED TRAUMA CENTER, ONE OF ONLY THREE INTHE COUNTY A COMPLETE ARRAY OF TOP-QUALITY HEALTH-CARE SERVICES ARE OFFERED INTHE COUNTY A COMPLETE ARRAY OF TOP-QUALITY HEALTH-CARE SERVICES ARE OFFERED INTHE COUNTY A COMPLETE ARRAY OF TOP-QUALITY HEALTH-CARE SERVICES ARE OFFERED TO THE MISSION HOSPITAL ALSO OFFERS ORTH-OPEDICS, REH-BILLTATION AND CHEST FAN CENTER. STROKE CENTER, MATERNITY C ENTER MISSION HOSPITAL ALSO OFFERS ORTH-OPEDICS, REH-BILLTATION CANCER, SERVICES NCLLUE 24-HOUR EMERGENCY. MEDICAL SURGIC AL CARE AS WILL AS BEHAVIORAL HEALTH AND CHEMICAL AND PAIN MEDICATION DEPENDENCY TREATMENT. WITH OVER 2,700 EMELOYEES COMMITTED TO REALIZING THE MISSION, MISSION HOSPITAL IS ONE-OF THE LARGEST EMELOYEES COMMITTED TO REALIZING THE MISSION, MISSION HOSPITAL IS ONE-OF THE LARGEST EMELOYEES COMMITTED TO REALIZING THE MISSION, MISSION HOSPITAL IS ONE-OF THE LARGEST EMELOYEES COMMITTED TO REALIZING THE MISSION, MISSION HOSPITAL IS ONE-OF THE LARGEST EMELOYEES COMMITTED TO REALIZING THE MISSION AS A MEMBER OF THE 51 JOSEPH HE ALTH TRADITION OF THE SISTER'S OF ST JOSEPH HOF ORANGE TRADE THE MALINE MISSION PROPERTY OF LESS IS IN THE TRADITION OF THE SISTER'S OF ST JOSEPH HOF ORANGE TRADE THEIR ROOTS BACK TO 17TH OBTITURY PRANCE AND THE LUNGUE WESTOR OF A USE OF THE MISSION PROPERTY OF LINGUIS WIS OF THE OPEN THE MISSION PROPERTY OF LINGUIS WOMEN HOF, RATHER THAN REMAINING SAFELY CLOSTERED IN A CONVENT, VENTURE DOUT INTO THE COMMINITY TO SEEK OLIT THE DEAR NEEDS FOR SAFELY CLOSTERED IN A CONVENT, VENTURE DOUT INTO THE COMMINITY TO SEEK OLIT THE DEAR REGISTED FOR THE MISSION SHOULD AND EVENTURE SHOULD FROM THE DEAR REGISTED IN THE PROPERTY OF THE DEAR REGISTED FOR THE LITER OF THE MISSION OF THE WITCH THE WORK OF THE WITCH AND THE WITCH THE WITCH THE WITCH AND THE WITCH THE WITCH THE WITCH THE WITCH THE WITCH THE

ldentifier	Return Reference	Explanation
PROGRAM SERVICE ACCOMPLISHMENTS	FORM 990, PART III, LINE 4A	INVIRONMENTAL EFFORTS AS A RESULT, WE DEVELOPED A RELATIONSHIP WITH LOCAL POLICE DEPARTMENTS TO IMPROVE COMMUNITY RELATIONSHIPS AND ASSISTED SAN JUAN CARSTRANO AND SANCE LEMBRITE WITH THER FIRST NEIGHBORPHOOD SAFETY EVENTS IN SPECIFIC AREAS WE ALSO ASSISTED WITH THE DEV ELOPMENT OF A COMMUNITY GARDEN IN SAN CLEMENTE AND PROVIDED \$6,000 FOR THE CREATION OF STA IRWAY ACCESS FOR THE COMMUNITY TO THE GARDEN PROVIDED \$6,000 FOR THE CREATION OF STA IRWAY ACCESS FOR THE COMMUNITY TO THE GARDEN PROGRAM SERVICE ACCOMPLISHMENTS NAME UNREMBURSED DIDICAD MEDICAD, ALSO KNOWN AS MEDICAL IN CALIFORNIA, IS THE US HEALTH PROGRAM FOR PEOPLE WITH LOW INCOME IT IS JOINTLY FUNDED BY THE STATE AND FEDERAL GOVERNMENTS, AND IS MANAGED BY THE STATES ACCOMPLISHMENTS 12, 131 PERSONS SERVED NAME UNREMBURSED OTHER MEANS GOVERNMENT PROGRAM MEDICAL SERVICES INITIATIVE (MSI) IS A FEDERAL, STATE AND COUNTY PUNDED HEALTH-CARE PROGRAM HAT HAT PROVIDES A FULL RANGE OF MEDICAL SERVICES FOR COUNTY RESIDE INTO STATE AND COUNTY PUNDED HEALTH-CARE PROGRAM HAT HAT PROVIDES A FULL RANGE OF MEDICAL SERVICES FOR COUNTY RESIDE INTO STATE AND COUNTY PUNDED HEALTH-CARE PROGRAM FOR THE PROGRAM PROVOD FO ORANGE COUNTY RESIDENCY AND US CITIZENSHIP OR LE GAL RESIDENCY IS REQUIRED ACCOMPLISHMENTS 3,738 PERSONS SERVED NAME FINANCIAL ASSISTANCE FROGRAM GOAL WE BELIEVE THAT NO ONE SHOULD DELAY SEEKING NEEDED MEDICAL CARE BECAUSE THEY LACK HEALTH INSURANCE OUR PATIENT FINANCIAL ASSISTANCE PROGRAM PROVIDES FREE OR DISCOULTED SERVICES TO ELIGIBLE PATIENTS FACTORS USED IN DETERMINING ELIGIBLE TO PRESIDE FOR THE PROGRAM FOR THAT ALL RESIDENTS IN THE COMMUNITY CLINIC WHO SERVES SOUTH COUNTY RESIDENTS WHO ARE UNINSHED OR UNFORCES FOR THE FOR THE COMMUNITY KEY STEM DEDICATES

ldentifier	Return Reference	Explanation
DESCRIPTION OF CLASSES OF MEMBERS OR STOCKHOLDERS	FORM 990, PART VI, QUESTION 6	ST JOSEPH HEALTH SYSTEM IS THE SOLE CORPORATE MEMBER OF MISSION HOSPITAL

ldentifier	Return Reference	Explanation
DESCRIPTION OF CLASSES OF PERSONS AND THE NATURE OF THEIR RIGHTS	FORM 990, PART VI, QUESTION 7A	MISSION HOSPITAL HAS A TIERED GOVERNANCE IN WHICH THE CORPORATE MEMBERS RESERVE THE RIGHT TO APPOINT TRUSTEES TO THE MISSION HOSPITAL BOARD ALL TRUSTEE APPOINTMENTS THAT COME FROM THE MISSION HOSPITAL BOARD AS NOMINATIONS MUST BE APPROVED BY THE ST JOSEPH HEALTH SYSTEM, AS THE CORPORATE MEMBER, AND THE ST JOSEPH HEALTH MINISTRY, AS THE ORGANIZATIONAL SPONSOR

ldentifier	Return Reference	Explanation
DESCR CLASSES OF PERSONS, DECISIONS REQUIRING APPR & TYPE OF VOTING RIGHTS	FORM 990, PART VI, QUESTION 7B	THE RESERVED RIGHTS IN OUR TIERED GOVERNANCE STRUCTURE CONTEMPLATE APPROVAL BY THE ST JOSEPH HEALTH SYSTEM MEMBER OF FINANCING, BUDGETS, UNBUDGETED EXPENDITURES OF DEFINED AMOUNTS, STRATEGIC PLAN, APPOINTMENT OF AUDITORS, CREATION OR INVESTMENT IN A LEGALLY RECOGNIZED ENTITY, JOINT VENTURES, PURPOSES, SALE OR DISPOSITION OF REAL PROPERTY, MERGER OR SALE OF SUBSTANTIALLY ALL ASSETS, APPOINTMENT AND REMOVAL OF TRUSTEES, ADOPTION OR AMENDMENT OF ARTICLES OR BYLAWS

ldentifier	Return Reference	Explanation
DESCRIBE THE PROCESS USED BY MANAGEMENT &/OR GOVERNING BODY TO REVIEW 990	FORM 990, PART VI, QUESTION 11B	THE FORM 990 WAS PREPARED BY THE FINANCE DEPARTMENT BASED ON INFORMATION RECEIVED FROM VARIOUS DEPARTMENTS OF THE ORGANIZATION AS APPLICABLE. THE FORM 990 WAS THEN REVIEWED BY AN OFFICER OF THE ORGANIZATION A COPY OF THE FORM 990 FILING WAS DISTRIBUTED TO ALL VOTING MEMBERS OF THE BOARD FOR THE APRIL 2013 MEETING DURING THE FINANCE COMMITTEE MEETING, MANAGEMENT PRESENTED AND DISCUSSED CERTAIN DISCLOSURES AND INFORMATION INCLUDED IN THE FORM 990 THE FINANCE COMMITTEE CHAIR THEN PROVIDED A SUMMARY AT THE FULL BOARD MEETING

ldentifier	Return Reference	Explanation
DESCRIPTION OF PROCESS TO MONITOR TRANSACTIONS FOR CONFLICTS OF INTEREST	FORM 990, PART VI, QUESTION 12C	OFFICERS, TRUSTEES, AND KEY EMPLOYEES ARE REQUIRED TO DISCLOSE ANNUALLY ON THE CONFLICT OF INTEREST DISCLOSURE FORM THE EXISTENCE AND NATURE OF ANY ACTUAL, APPARENT, OR POTENTIAL CONFLICTS OF INTEREST HE/SHE MAY HAVE ADDITIONALLY, DISCLOSURES SHALL BE MADE PROMPTLY ANY TIME AN ACTUAL, APPARENT, OR POTENTIAL CONFLICT OF INTEREST ARISES AND BEFORE THE CONSUMMATION OF ANY CONTRACT, TRANSACTION, OR ARRANGEMENT THAT IS THE SUBJECT OF THE POTENTIAL CONFLICT OF INTEREST WHEN A CONFLICT OF INTEREST IS IDENTIFIED, SUCH CONFLICT IS DISCLOSED TO THE MISSION HOSPITAL COMPLIANCE COMMITTEE IF THE CONFLICT INVOLVES A MEMBER OF THAT COMMITTEE, THE REMAINING COMMITTEE MEMBERS REVIEW THE MATTER AND DETERMINE WHETHER A CONFLICT OF INTEREST EXISTS THE OFFICER, TRUSTEE, OR KEY EMPLOYEE MAY NOT BE PRESENT DURING ANY MEETING IN WHICH THE COMMITTEE CONDUCTS ITS EVALUATION, EXCEPT TO ANSWER QUESTIONS AS MAY BE NECESSARY ONCE ALL NECESSARY INFORMATION HAS BEEN OBTAINED, THE COMMITTEE CONDUCTS ITS EVALUATION AND FORWARDS ITS FINDINGS AND RECOMMENDATIONS TO THE SJHS CHIEF COMPLIANCE OFFICER IF THE COMMITTEE DETERMINES AN UNRESOLVED CONFLICT OF INTEREST EXISTS, THE COMMITTEE WILL EVALUATE AND RECOMMEND CONFLICT MITIGATION STRATEGIES THE SJHS CHIEF COMPLIANCE OFFICER, IN CONSULTATION WITH SJHS GENERAL COUNSEL, WILL REVIEW THE COMMITTEE FINDINGS, RECOMMENDATIONS, AND MITIGATION STRATEGIES, AND PRESENT RECOMMENDATIONS TO THE BOARD FOR DISCUSSION AND VOTE

ldentifier	Return Reference	Explanation
OFFICES & POSITIONS FOR WHICH PROCESS WAS USED & YEAR PROCESS WAS BEGUN	FORM 990, PART VI, QUESTION 15A AND 15B	THE ORGANIZATIONS CEO WAS SELECTED IN NOVEMBER OF 2011 AND WAS PAID THROUGH THE END OF 2011 BY THE ORGANIZATION FOR HIS SERVICES AS CFO AND INTERIM CEO. THE CEO IS BEING COMPENSATED BY THE ORGANIZATION'S TAX EXEMPT PARENT, ST. JOSEPH HEALTH SYSTEM, IN 2012. THE EXECUTIVE COMPENSATION PROCESS AT ST. JOSEPH HEALTH SYSTEM IS ADMINISTERED BY A COMMITTEE OF INDEPENDENT TRUSTESS. THEY FOLLOW A BOARD-APPROVED CHARTER AND OVERALL EXECUTIVE COMPENSATION PHILOSOPHY. THE CHARTER EMPOWERS THE SJHS BOARD WORKLIFE COMMITTEE TO ADMINISTER THE EXECUTIVE COMPENSATION PROGRAM AND PROCESS ON BEHALF OF THE FULL BOARD OF TRUSTESS OF SJHS OVERALL, THE PHILOSOPHY IS INTENDED TO REWARD A BROAD SPECTRUM OF HIGH ORGANIZATIONAL AND INDIVIDUAL PERFORMANCE EXPECTATIONS, AS WELL AS THE RETENTION OF KEY MANAGEMENT TALENT. THE SJHS EXECUTIVE COMPENSATION PHILOSOPHY DEFINES THE MARKET FOR ADMINISTERING COMPENSATION AS A COMPARABLE SET OF NOT-FOR-PROFIT HEALTH CARE DELIVERY SYSTEMS. SJHS PROVIDES COMPENSATION TO ITS SENIOR EXECUTIVES IN THE FORM OF BASE SALARY, AN ANNUAL INCENTIVE PROGRAM, AND BENEFITS TO FULFILL THEIR RESPONSIBILITY, THE COMMITTEE REGULARLY REVIEWS INFORMATION FROM MULTIPLE SOURCES OF MARKET DATA. THEY USE THIS INFORMATION TO SUPPORT THEIR DECISIONS REGARDING ONGOING EFFECTIVENESS AND ADMINISTRATION OF THE PROGRAM. THE WORKLIFE COMMITTEE IS COMPENSED OF SEVERAL INDEPENDENT MEMBERS OF THE BOARD. THEY MEET AT LEAST 3 TIMES A YEAR AND MAKE ALL CRITICAL DECISIONS IN EXECUTIVE SESSION THESE DECISIONS ARE DOCUMENTED IN DETAILED MINUTES AND APPROVED IN SUBSEQUENT MEETINGS. THE COMMITTEE IS EMPOWERED TO ENGAGE OUTSIDE COUNSEL AND CONSULTING SUPPORT AS NEEDED. THE WORKLIFE COMMITTEE PERFORMED. ITS LAST COMPENSATION REVIEW FOR ASSISTANT VICE PRESIDENTS, VICE PRESIDENTS, SENIOR VICE PRESIDENTS, EXECUTIVE VICE PRESIDENTS, AND THE CHIEF EXECUTIVE OFFICER IN JUNE 2012.

ldentifier	Return Reference	Explanation
AVAIL OF GOV DOCS, CONFLICT OF INTEREST POLICY, & FIN STMTS TO GEN PUBLIC	FORM 990, PART VI, QUESTION 19	THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST THE SJHS COMMUNITY BENEFIT REPORTS, FINANCIAL REPORTS, AND PHILANTHROPY REPORTS ARE ALSO AVAILABLE ON THE SJHS INTERNET SITE AUDITED FINANCIAL STATEMENTS ARE ATTACHED TO FORM 990

ldentifier	Return Reference	Explanation
HOURS DEVOTED TO RELATED ORGANIZATION	FORM 990, PART VII	CERTAIN EXECUTIVES AND BOARD MEMBERS OF THIS ORGANIZATION ALSO DEVOTED TIME TO OTHER ENTITIES RELATED TO THE FILING ORGANIZATION THE HOURS DEVOTED TO THE RELATED ORGANIZATIONS ARE NOT GENERALLY TRACKED BY ENTITY

Identifier	Return Reference	Explanation
OTHER CHANGES IN NET ASSETS OR FUND BALANCE	1	INVESTMENT UNREALIZED GAIN/LOSS \$(1,742,935) ST JOSEPH HEALTH SYSTEM EQUITY ADJUSTMENT 1,570,173 CAPITAL CONTRIBUTION TO HERITAGE FOUNDATION (3,708,084) INCOME FROM SUBSIDIARIES 1,894,704 REVENUE ON AFS BUT REPORTED ON PRIOR YEAR FORM 990 121,357 FOUNDATION OTHER ADJUSTMENTS (109,248) TOTAL \$(1,974,033) ===================================

ldentifier	Return Reference	Explanation
OVERSIGHT OF SELECTION PROCESS	FORM 990, PART XII, LINE 2C	THE ST JOSEPH HEALTH SYSTEM BOARD APPROVED THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND SELECTION OF THE INDEPENDENT ACCOUNTANT

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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

DLN: 93493126013083

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Department of the Treasury Internal Revenue Service

(Form 990)

Name of the organization MISSION HOSPITAL REGIONAL MEDICAL CENTER					dentification number		
Part I Identification of Disregarded Entities (Comp	olete if the organization	on answered "Yes'	' on Form 990, P	95-16433 (art IV, line 33	60		
(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d)	(e) End-of-year assets	(f) Direct controlling entity		
Part II Identification of Related Tax-Exempt Organ or more related tax-exempt organizations during		ıf the organization	n answered "Yes	' on Form 990, F	Part IV, line 34 becau	se it had	l one
(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 statu (if section 501(c)(3	(f) S Direct controlling)) entity	Section 5	(g) 512(b)(13 trolled nization
See Additional Data Table						Yes	No
For Privacy Act and Paperwork Reduction Act Notice, see the Instruct	ions for Form 990.	Cat No 50) 135Y		Schedule R (Form 990) 2011

Part III	Identification of Related Organizations Taxable as a Partnership (Complete if the organization answered "Yes" on Form 990, Part IV, line 3	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)	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 Disprop allocat	rtionate	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j Genei mana parti	ral or aging	(k) Percentage ownership
							Yes	No		Yes	No	
See Additional Data Table												
								·				
								·		·		

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)	(†) Share of total Income	(g) Share of end-of-year assets	(h) Percentage ownership
See Additional Data Table							

Sch	edule R (Form 990) 2011		Р	age
Pā	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	N
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?			
а	Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity	1a		N
b	Gift, grant, or capital contribution to related organization(s)	1b	Yes	; <u> </u>
C	Gift, grant, or capital contribution from related organization(s)	1c	Yes	; <u> </u>
d	Loans or loan guarantees to or for related organization(s)	1d		N
е	Loans or loan guarantees by related organization(s)	1e		N
f	Sale of assets to related organization(s)	1f		N
g	Purchase of assets from related organization(s)	1g		N
h	Exchange of assets with related organization(s)	1h		N
i	Lease of facilities, equipment, or other assets to related organization(s)	1i	Yes	,
j	Lease of facilities, equipment, or other assets from related organization(s)	1j		N
k	Performance of services or membership or fundraising solicitations for related organization(s)	1k		TN
ı	Performance of services or membership or fundraising solicitations by related organization(s)	11	Yes	;
n	n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1m	1	N
n	Sharing of paid employees with related organization(s)	1n		N
o	Reimbursement paid to related organization(s) for expenses	10	Yes	;
р	Reimbursement paid by related organization(s) for expenses	1p	Yes	;
				\top

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

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

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

		•	
(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) AMERICAN UNITY GROUP LTD	Q	1,917,229	ACCRUAL
(2) ST JOSEPH HEALTH SYSTEM FOUNDATION	В	4,678,395	ACCRUAL
(3) ST JOSEPH HEALTH SYSTEM FOUNDATION	С	1,773,848	ACCRUAL
(4) ST JUDE HOSPITAL YORBA LINDA	В	3,708,085	ACCRUAL
(5) ST JUDE HOSPITAL YORBA LINDA	I	384,972	ACCRUAL
(6)			

1q Yes

No

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?		ominant Are all e(related, partners) elated, section led from 501(c)(3) under organizations? ins 512- 14)		(f) Share of total income	hare of end-of-year		(h) Disproprtionate allocations?		Gene man part	j) eral or aging ener?	(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)

Return eference	Explanation
RT III (9	ST JOSEPH HEALTH SYSTEM HOME HEALTH AGENCY EIN 33-0282945 ADDRESS 1845 W ORANGEWOOD AVENUE, STE 200 ORANGE, CA 92868-2012 ST JOSEPH HEALTH SYSTEM HOME CARE SERVICES EIN 33-0307672 ADDRESS 1845 W ORANGEWOOD AVENUE, STE 100 ORANGE, CA 92868-2012 METHODIST DIAGNOSTIC IMAGING EIN 75-2343261 ADDRESS 4005 24TH STREET LUBBOCK, TX 79410 SHA, LLC EIN 75-2569094 ADDRESS 12940 NORTH HIGHWAY 183 AUSTIN, TX 78750 LUBBOCK SURGERY CENTER, LTD EIN 75-2177401 ADDRESS 4000 24TH STREET LUBBOCK, TX 79410 COVENANT LONG-TERM CARE, LP EIN 20-5033419 ADDRESS 4000 24TH STREET LUBBOCK, TX 79410 HERITAGE INVESTMENT GROUP I, LLC EIN 27-1000061 ADDRESS 3345 MICHELSON DR, STE 100 IRVINE, CA 92612 MISSION AMBULATORY SURGICENTER, LTD EIN 33-0355575 ADDRESS 27800 MEDICAL CENTER ROAD, STE 362 MISSION VIEJO, CA 92691 COMPREHENSIVE IMAGING PARTNERS OF ORANGE COUNTY, LLC EIN 26-4591502 ADDRESS ONE CITY BOULEVARD WEST, SUITE 1100 ORANGE, CA 92868 ST JOSEPH PHYSICIAN VENTURES I, LLC EIN 45-4521884 ADDRESS 1100 WEST STEWART DRIVE ORANGE, CA 92868

Schedule R (Form 990) 2011

Software ID: Software Version:

EIN: 95-1643360

Name: MISSION HOSPITAL REGIONAL MEDICAL CENTER

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations												
(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c) (3))	(f) Direct Controlling Entity	Section (b)(13)					
AUXILIARY OF MISSION HOSP LAGUNA BEACH 31872 COAST HWY LAGUNA BEACH, CA 92651 95-6050019	SUPPORT	CA	501(C) (3)	11, III-0	NA		No					
COVENANT HEALTH PARTNERS 3615 19TH STREET LUBBOCK, TX 79410 61-1573313	HEALTHCARE	тх	501(C) (3)	11,1	CHS	Yes						
COVENANT HEALTH SYSTEM 3615 19TH STREET LUBBOCK, TX 79410 75-2765566	HEALTHCARE	тх	501(C) (3)	3	SJHS	Yes						
COVENANT HEALTH SYSTEM FOUNDATION 4000 24TH STREET LUBBOCK, TX 79410 75-2897026	HEALTHCARE	тх	501(C) (3)	7	снѕ	Yes						
COVENANT MEDICAL GROUP 3420 22ND PLACE LUBBOCK, TX 79410 75-2743883	HEALTHCARE	тх	501(C) (3)	3	снѕ	Yes						
HOME CARE PARTNERS 1165 MONTGOMERY DR SANTA ROSA, CA 95405 68-0318656	INACTIVE	СА	501(C) (3)	3	SRMH	Yes						
HOSPICE OF LUBBOCK 1102 SLIDE ROAD LUBBOCK, TX 79414 75-2133781	HEALTHCARE	тх	501(C) (3)	9	CHS	Yes						
LUBBOCK METHODIST HOSPITAL FOUNDATION 3615 19TH STREET LUBBOCK, TX 79410 75-2220963	HEALTHCARE	тх	501(C) (3)	7	CHS	Yes						
METHODIST CHILDREN'S HOSPITAL 3610 21ST STREET LUBBOCK, TX 79410 75-2428911	HEALTHCARE	тх	501(C) (3)	3	CHS	Yes						
METHODIST HOSPITAL LEVELLAND 1900 COLLEGE AVENUE LEVELLAND, TX 79336 75-2246348	HEALTHCARE	тх	501(C) (3)	3	CHS	Yes						
METHODIST HOSPITAL PLAINVIEW 2601 DIMMITT ROAD PLAINVIEW, TX 79072 75-2426010	HEALTHCARE	тх	501(C) (3)	3	снѕ	Yes						
MISSION HOSPITAL REG MED CTR FDN 27700 MEDICAL CENTER ROAD MISSION VIEJO, CA 92691 33-0406118	HEALTHCARE	CA	501(C) (3)	7	MHRMC	Yes						
QUEEN OF THE VALLEY MEDICAL CENTER 1000 TRANCAS STREET NAPA, CA 94558 94-1243669	HEALTHCARE	CA	501(C) (3)	3	SJHS	Yes						
REDWOOD MEMORIAL FOUNDATION 3300 RENNER DRIVE FORTUNA, CA 95540 94-2779313	FOUNDATION	CA	501(C) (3)	7	RMH	Yes						
REDWOOD MEMORIAL HOSPITAL 3300 RENNER DRIVE FORTUNA, CA 95540 94-1384665	HEALTHCARE	CA	501(C) (3)	3	SJHS	Yes						
SANTA ROSA MEMORIAL HOSPITAL 1165 MONTGOMERY DRIVE SANTA ROSA, CA 95405 94-1231005	HEALTHCARE	CA	501(C) (3)	3	SJHS	Yes						
SISTERS OF ST JOSEPH OF ORANGE 480 S BATAVIA ORANGE, CA 92868 95-1643383	RELIGIOUS ORG	CA	501(C) (3)	1	NA		No					
SRM ALLIANCE HOSPITAL SERVICES 400 NORTH MCDOWELL BLVD PETALUMA, CA 94954 68-0395200	HEALTHCARE	CA	501(C) (3)	3	SRMH	Yes						
ST JOSEPH HEALTH FDN OF N CALIFORNIA PO BOX 552 SANTA ROSA, CA 95405	INACTIVE	CA	501(C) (3)	11, I	SRMH	Yes						
68-0338070 ST JOSEPH HEALTH MINISTRY 3345 MICHELSON DR STE 100 IRVINE, CA 92612 27-1666576	RELIGIOUS ORG	CA	501(C) (3)	1	SSJ0		No					

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

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	Sectio (b)(i contr organi	n 512 13) olled				
ST JOSEPH HEALTH SYSTEM 3345 MICHELSON DR STE 100 IRVINE, CA 92612 95-3589356	HEALTHCARE	CA	501(C) (3)	11, I	SJHM		No				
ST JOSEPH HEALTH SYSTEM FOUNDATION 3345 MICHELSON DR STE 100 IRVINE, CA 92612 33-0143024	HEALTHCARE	CA	501(C) (3)	7	SJHS	Yes					
ST JOSEPH HOME CARE NETWORK 170 PROFESSIONAL CENTER DR B ROHNERT PARK, CA 94928 68-0331084	HEALTHCARE	CA	501(C) (3)	9	SJHS	Yes					
ST JOSEPH HOSPITAL OF EUREKA 2700 DOLBEER STREET EUREKA, CA 95501 94-1156596	HEALTHCARE	CA	501(C) (3)	3	SJHS	Yes					
ST JOSEPH HOSPITAL OF ORANGE 1100 WEST STEWART DRIVE ORANGE, CA 92868 95-1643359	HEALTHCARE	CA	501(C) (3)	3	SJHS	Yes					
ST JUDE HOSPITAL YORBA LINDA 279 E IMPERIAL HWY 750 FULLERTON, CA 92835 33-0185031	HEALTHCARE	CA	501(C) (3)	3	SJHS	Yes					
ST JUDE HOSPITAL INC 101 EAST VALENCIA MESA DRIVE FULLERTON, CA 92835 95-1643325	HEALTHCARE	CA	501(C) (3)	3	SJHS	Yes					
ST JUDE MEMORIAL FOUNDATION 1440 N HARBOR BLVD 200 FULLERTON, CA 92835 95-3607229	HEALTHCARE	CA	501(C) (3)	11, I	SJMC	Yes					
ST MARY MEDICAL CENTER 18300 HIGHWAY 18 APPLE VALLEY, CA 92307 95-1914489	HEALTHCARE	CA	501(C) (3)	3	SJHS	Yes					
ST MARY OF THE PLAINS HOSPITAL FDN 4000 24TH STREET LUBBOCK, TX 79410 75-1653181	HEALTHCARE	тх	501(C) (3)	7	снѕ	Yes					
TALLER SAN JOSE 801 NORTH BROADWAY SANTA ANA, CA 92701 59-3816355	WORKFORCE DEV	CA	501(C) (3)	2	SSJ0	Yes					

Form 990, Sched	dule R, Part	III - Id	entificat	ion of Rela	ted Organiza	ations Taxab	le as a	a Partn	ership			
(a) Name, address, and EIN of related organization	activity	(c) Legal Domicile (State or Foreign Country)	Direct Controlling Entity	excluded from tax under	(f) Share of total Income (\$)		(h) Disprop allocati	ortionate		Gen	r agıng	(k) Percentage ownership
				sections 512-514)			Yes	No		Yes	No	
ORANGEWOOD	HOME HEALTH	CA	NA	N/A	0	0		No	0		No	0 %
AVENUE STE 200 ORANGE, CA 928682012 33-0282945 ST JOSEPH HLTH SYS HOME CARE												
ORANGEWOOD AVE STE 100 ORANGE, CA 928682012 33-0307672	HOME HEALTH	CA	NA	N/A	0	0		No	0		Νo	0 %
	HEALTHCARE SVCS	тх	NA	N/A	0	0		No	0		No	0 %
LUBBOCK, TX 79410 75-2343261 SHA LLC												
	HEALTHCARE SVCS	тх	NA	N/A	0	0		No	0		No	0 %
	HEALTHCARE SVCS	тх	NA	N/A	0	0		Νο	0		Νo	0 %
	HEALTHCARE SVCS	ТХ	NΑ	N/A	0	0		No	0		No	0 %
HERITAGE INVESTMENT GROUP 3345 MICHELSON DR STE 100 IRVINE, CA 92612	INVESTMENT	CA	NA	N/A	0	0		No	0		No	0 %
	HEALTHCARE SVCS	CA	MVMV	RELATED	1,535,662	3,702,886		No	0		Νo	43 429 %
COMPREHENSIVE IMAGING PARTNERS OF OCLLC 1 CITY BOULEVARD WEST 1110 ORANGE, CA	HEALTHCARE SVCS	CA	NA	N/A	0	0		No	0		Νo	0 %
92868 26-4591502 ST JOSEPH PHYSICIAN VENTURES I LLC 1100 WEST STEWART DRIVE ORANGE, CA 92868 45-4521884	REAL ESTATE	CA	NΑ	N/A	0	0		Νo	0		No	0 %

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

Form 990, Schedule R, I	Part IV - Ident	ilication o	Related Of	gamzanon	is laxable as	a corporation	i oi iiust
(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
ST JOSEPH PROF SVCS ENTERPRISES INC 3345 MICHELSON DR STE 100 IRVINE, CA 92612 33-0155323	HEALTHCARE SVCS	CA	NA	C CORP	0	0	0 %
AMERICAN UNITY GROUP LTD 58 PAR-LA-VILLE ROAD HAMILTON HM HX BD	CAPTIVE INSURANCE	BD	NA	C CORP	0	0	0 %
ALLIANCE PHYSICIAN SERVICES	INACTIVE	СА	NA	C CORP	0	0	0 %
MISSION VIEJO MEDICAL VENTURES 27800 MEDICAL CENTER RD 354 MISSION VIEJO, CA 92691 33-0212905	HEALTHCARE SVCS	СА	MHRMC	C CORP	37,399	299,680	100 000 %
MISSION MEDICAL CENTER ASSOCIATION 27800 MEDICAL CENTER RD 354 MISSION VIEJO, CA 92691 33-0201044	HEALTHCARE SVCS	CA	MHRMC	C CORP	0	0	100 000 %
ST JOSEPH YORBA PARK	INACTIVE	СА	NA	C CORP	o	0	0 %
75-2118585	HEALTHCARE SVCS	тх	NA	C CORP	0	0	0 %
LUBBOCK METHODIST HOSP PRACTICE MGMT 2107 OXFORD STREET SUITE 300 LUBBOCK, TX 79410 75-2578995	INACTIVE	тх	NA	C CORP	0	0	0 %
CHARITABLE REMAINDER UNITRUSTS (2)	HOSPITAL SUPPORT	СА	NA	TRUST	0	0	0 %



With Report of Independent Auditors

Ernst & Young LLP



Audited Consolidated Financial Statements and Supplementary Information

Years Ended June 30, 2012 and 2011

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Report of Independent Auditors

Board of Trustees St Joseph Health System and Affiliates

We have audited the accompanying consolidated balance sheets of St Joseph Health System and Affiliates (the Health System) as of June 30, 2012 and 2011, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended These financial statements are the responsibility of the Health System'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 the Health System's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Health System's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of St Joseph Health System and Affiliates at June 30, 2012 and 2011, and the consolidated results of their operations and changes in their net assets, and their cash flows for the years then ended in conformity with U S generally accepted accounting principles

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating financial statements are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to 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 consolidated financial statements taken as a whole

Ernst + Young LLP

September 28, 2012

Consolidated Balance Sheets (In Thousands)

	June 30			
		2012		2011
Assets				
Current assets				
Cash and equivalents	\$	199,940	\$	250,712
Short-term marketable securities		784,811		715,530
Patient accounts receivable, less allowance for doubtful accounts				
(\$179.588 in 2012, \$157.456 in 2011)		485,499		455.273
Inventories and other		174,030		138,699
Total current assets		1,644,280		1.560.214
Long-term marketable securities		936,487		840,399
Assets limited as to use				
Board designated		188,267		174,329
Held in trust		196,066		65,118
Total assets limited as to use		384,333		239,447
Property and equipment, net		2,388,782		2.241.317
Investments and other		55,042		67,169
Collateral held for swap counterparty		40,402		10,339
Notes receivable		4,711		5,393
Deferred financing costs, net		20,781		20,357
Goodwill and other intangibles, net		42,280		42,818
		163,216		146,076
Total assets		5,517,098	\$	5,027,453
Liabilities and net assets				
Current liabilities				
Accounts payable	\$	121,428	\$	127,508
Accrued compensation and related liabilities		234,086		257,955
Accrued liabilities		292,230		229,027
Pavable to third-party pavors		64,045		76,119
Current maturities of long-term debt		39,238		52,017
Total current liabilities		751,027		742,626
Interest rate swaps		72,629		44,964
Other liabilities		178,597		179,259
Long-term debt, less current maturities		1,633,784		1,334,843
Total liabilities		2,636,037		2.301.692
Net assets				
Controlling interest		2,845,141		2,696,006
Noncontrolling interests in subsidiaries		35,920		29,755
		2,881,061		2,725,761
Total liabilities and net assets		5,517,098	\$	5,027,453

See accompanying notes

Consolidated Statements of Operations and Changes in Net Assets (In Thousands)

	Year Ended 2012		ed J	d June 30 2011	
Revenues					
Patient service, net of contractual allowances and discounts	\$	3,729,930	\$	3.659.620	
Provision for doubtful accounts		221,400		196,250	
Net patient service, net of provision for doubtful accounts		3,508,530		3,463,370	
Premium		740,468		654,376	
Other		126,967		105,309	
Total revenues		4,375,965		4,223,055	
Expenses					
Compensation and benefits		1,965,285		1,901,420	
Supplies and other		891,888		917,107	
Professional fees and purchased services		1,086,164		966,327	
Depreciation and amortization		189,424		186,761	
Interest		100,914		59,988	
Total expenses		4,233,675		4.031.603	
Operating income		142,290		191.452	
Nonoperating (losses) gains, net		(20,560)		171,794	
Excess of revenues over expenses		121,730		363,246	
Less Excess of revenues over expenses attributable to noncontrolling interests		4,324		6,444	
Excess of revenues over expenses attributable to controlling interests	\$	117,406	\$	356,802	
Unrestricted net assets					
Excess of revenues over expenses attributable to controlling interests	\$	117,406	\$	356,802	
Cumulative effect of loss on goodwill impairment upon adoption					
of new accounting principle		_		(17.901)	
Net assets released from restrictions and other, net, attributable to					
controlling interests		6,485		(566)	
Increase in unrestricted net assets attributable to controlling interests		123,891		338,335	
Noncontrolling interests					
Excess of revenues over expenses attributable to noncontrolling interests		4,324		6,444	
Net assets released from restrictions and other, net, attributable to		4,324		0,444	
noncontrolling interests		1,841		(5.122)	
		6,165		(5,432)	
Increase in noncontrolling interests		0,105		1,012	
Temporarily and permanently restricted net assets					
Restricted net assets released from restrictions, restricted contributions					
and other, net, attributable to controlling interests		25,244		9,307	
Increase in net assets		155,300		348,654	
Net assets at beginning of year		2,725,761		2,377,107	
Net assets at end of year	<u> </u>	2,881,061	\$	2,725,761	
•		,,	_	· · · -	

See accompanying notes

Consolidated Statements of Cash Flows (In Thousands)

	Year Ended June 30	
	2012	2011
Cash flows from operating activities and nonoperating (losses) gains		
Increase in net assets	\$ 155,300 \$	348,654
Cumulative effect of loss on goodwill impairment upon adoption		
of new accounting principle	_	17,901
Adjustments to reconcile increase in net assets to net		
cash (used in) provided by operating activities and nonoperating (losses) gains		
Provision for doubtful accounts	221,400	196,250
Depreciation and amortization	189,424	186,761
Amortization of deferred financing costs	894	863
Increase in investments designated as trading	(310,255)	(296,255)
Restricted contributions and other, net	(25,244)	(9,307)
Change in fair value of interest rate swap agreements	36,717	(12.217)
Swap agreement cancellations	(9,052)	(8.013)
Changes in operating assets and liabilities		
Patient accounts receivable	(251,626)	(189.267)
Inventories and other current assets	(35,331)	(32.340)
Accounts payable	(6,080)	(15,296)
Accrued compensation and related liabilities	(23,869)	(37,461)
Accrued liabilities	63,203	63,974
Payable to third-party payors	(12,074)	15,596
Other liabilities	 (662)	80,739
Net cash (used in) provided by operating activities and nonoperating (losses) gains	 (7,255)	310,582
Investing activities		
Purchase of property and equipment	(336,351)	(290,809)
Decrease (increase) in investments and other	12,127	(3,969)
(Increase) decrease in collateral held for swap counterparty	(30,063)	18,671
Decrease in notes receivable	682	2,779
Net cash used in investing activities	(353,605)	(273.328)
Financing activities		
Restricted contributions and other	25,244	9,307
Proceeds from line of credit	67,152	25,500
Repayment of line of credit	_	(71.500)
Proceeds from long-term debt	303,144	14,000
Repayment of long-term debt	(84,134)	(34,553)
(Increase) decrease in deferred financing costs	(1,318)	295
Net cash provided by (used in) financing activities	310,088	(56,951)
Decrease in cash and equivalents	(50,772)	(19.697)
Cash and equivalents at beginning of year	250,712	270,409
Cash and equivalents at end of year	\$ 199,940 \$	250,712
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 63,303 \$	71,342

See accompanying notes

Notes to Consolidated Financial Statements

June 30, 2012

1. Summary of Significant Accounting Policies

Organization

St Joseph Health System and Affiliates (the Health System) is a non-profit organization previously sponsored by the Sisters of St Joseph of Orange, a religious order of the Roman Catholic Church, with its Motherhouse in Orange, California The sponsorship of the Heath System was expanded to include the laity in a new non-profit organization, St Joseph Health Ministry (SJHM) SJHM is a public juridic person, a pontifical structure that allows laypeople to assume sponsorship responsibilities of "temporal goods" of the Catholic church such as the Health System SJHM formally assumed sponsorship responsibilities previously exercised by the General Council of the Sisters of St Joseph of Orange There was no direct impact on the operations of the Health System and its affiliates as a result of the expanded sponsorship

The Health System is the corporate member of 13 acute care hospital affiliates (3,545 licensed beds), which also offer associated ancillary, skilled nursing, psychiatric, substance abuse, rehabilitation, outpatient surgery, home health, and hospice services. The Health System also provides outpatient services and physician practice management through its affiliated non-profit subsidiaries and controlling interests in various partnerships. The hospital affiliates are

- St Joseph Hospital of Orange, Orange, California
- St Jude Hospital, Inc (dba St Jude Medical Center), Fullerton, California
- Mission Hospital Regional Medical Center (dba Mission Hospital), Mission Viejo, California
- St Mary Medical Center, Apple Valley, California
- Queen of the Valley Medical Center, Napa, California
- Santa Rosa Memorial Hospital, Santa Rosa, California
- SRM Alliance Hospital Services (dba Petaluma Valley Hospital), Petaluma, California
- St Joseph Hospital of Eureka, Eureka, California
- · Redwood Memorial Hospital, Fortuna, California
- Covenant Health System (dba Covenant Medical Center Lakeside and Covenant Medical Center), Lubbock, Texas
- Methodist Children's Hospital (dba Covenant Children's Hospital), Lubbock, Texas
- Methodist Hospital Levelland (dba Covenant Levelland), Levelland, Texas
- Methodist Hospital Plainview (dba Covenant Hospital Plainview), Plainview, Texas

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

In 1998, the Health System entered into an affiliation agreement with Lubbock Methodist Hospital System and Affiliates (LMHS) The agreement provided for the formation of Covenant Health System (Covenant) (1,107 licensed beds) with contributions by the Health System and LMHS of substantially all of the assets, liabilities and operations of St Mary of the Plains Hospital and Rehabilitation Center and Foundation, Lubbock, Texas, and LMHS to Covenant

Covenant is a non-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code Firstcare, a licensed Texas Health Maintenance Organization, is 67% owned by Covenant Covenant's financial results have been consolidated with those of the Health System, as the two entities are operated under common management and control and certain Covenant hospitals are members of the Health System Obligated Group (as defined below)

Together with its hospital affiliates, the Health System owns a captive insurance company, American Unity Group, Ltd (the Captive) The Health System's hospital affiliates are also the corporate members of St Jude Hospital Yorba Linda dba St Joseph Heritage Healthcare (Heritage), a non-profit corporation providing physician practice management services The Health System is also the sole corporate member of St Joseph Professional Services Enterprises, Inc (PSE), a company formed to participate in health care-related ventures, Revenue Cycle Services, LLC, a company formed to provide collection services from health plan payors on behalf of the hospital affiliates, and St Joseph Health System Foundation, a company formed to administer funds for charitable purposes The Health System is the sole corporate member of Innovation Institute, a company formed to engage in health care-related activities with other health systems, technology companies and private investors Through PSE, the Health System owns a controlling interest in Heritage Investment Group I, LLC, a real estate company formed to construct, own and manage a medical office building

The Health System office and its hospital affiliates, along with the northern division of the Health System's home health operations, are members of the Obligated Group, as defined under trust indentures, for purposes of entering into long-term debt arrangements (see Note 5)

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of the affiliated members of St Joseph Health System and entities controlled by its affiliates, and Covenant Significant intercompany accounts and transactions have been eliminated in the consolidated financial statements

Use of Estimates

The preparation of the Health System's consolidated financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements Estimates also affect the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates

Cash and Equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The carrying amount approximates fair value because of the short maturity of the investments

Marketable Securities

Marketable securities with readily determinable fair values and all investments in debt securities are reported at fair value based on quoted market prices or similar instruments in markets that are not active. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the excess of revenues over expenses, unless the income or loss is restricted by donor or law

The Health System has designated its investment portfolio as "trading" Unrealized gains and losses on marketable securities that have been designated as trading securities are included within excess of revenues over expenses. In addition, cash flows from the purchases and sales of its investment portfolio designated as trading are reported as a component of operating activities in the accompanying consolidated statements of cash flows

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Direct investments in equity securities with readily determinable fair values and all direct investments in debt securities have been measured at fair value in the accompanying consolidated balance sheets based upon quoted market prices Investments that are not anticipated to be utilized in the current period are classified as noncurrent

Investments in partnerships and limited liability companies with underlying interest in equity and debt securities are recorded using the equity method of accounting with the related changes in value in earnings reported as nonoperating gains, net in the accompanying consolidated financial statements

Patient Accounts Receivable

The Health System receives payment for services rendered to patients from the federal and state governments under the Medicare and Medicaid programs, privately sponsored managed care programs for which payment is made based on terms defined under formal contracts, and other payors The following table summarizes the percentages of gross accounts receivable from all payors

	Jun	June 30		
	2012	2011		
Government	40%	40%		
Contracted	40	41		
Others	20	19		
	100%	100%		

The Health System believes there are no significant credit risks associated with receivables from government programs. Receivables from contracted and others are from various payors who are subject to differing economic conditions, and do not represent any concentrated risks to the Health System. Accounts receivables are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Health System analyzes its historical experience and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for doubtful accounts. The Health System regularly reviews data about these major payor sources of revenue in evaluating the

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

sufficiency of the allowance for doubtful accounts For receivables associated with services provided to patients who have third-party coverage, the Health System analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for doubtful accounts, if necessary For receivables associated with self-pay patients, which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill, the Health System records a significant provision for doubtful accounts in the period of service on the basis of its past experience. The difference between the standard rates, or the discounted rates if negotiated, and the amounts actually collected after all reasonable collection efforts have been exhausted is recorded against the allowance for doubtful accounts

Inventories

Inventories, consisting principally of supplies, are stated at the lower of cost (first-in, first-out basis) or market value

Assets Limited As To Use

Assets limited as to use primarily include assets held by trustees under indenture agreements and designated assets set aside by the Health System's Board of Trustees (the Board) for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes

Property and Equipment

Property and equipment acquisitions are recorded at cost Expenditures which materially increase values, change capacities or extend useful lives are capitalized Depreciation is recorded over the estimated useful life of each class of depreciable asset, ranging from 3 to 40 years, and is computed using the straight-line method Leases which have been capitalized are amortized over the life of the lease which approximates the useful life of the assets Lease amortization is included within depreciation Net interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Deferred Financing Costs

Costs incurred in obtaining long-term financing are deferred and amortized over the terms of the related obligations using the effective-interest method

Goodwill and Other Intangibles

Goodwill and other intangible assets consist primarily of costs in excess of the fair value of tangible assets of acquired entities. The Health System assesses goodwill for impairment annually (see Note 6). Definite-lived intangible assets are amortized using the straight-line method over the estimated useful lives of the assets. To the extent that operating results indicate the probability that the carrying values of such assets have been impaired, provisions for losses are recorded based upon the discounted cash flows of the acquired entities over the remaining amortization period.

Self-Insurance

The Health System is self-insured, through the Captive, for professional and general liability risks, subject to certain limitations Risks in excess of \$5,000,000 per occurrence are reinsured with major independent insurance companies Based on actuarially determined estimates, provisions have been made in the accompanying consolidated financial statements (included in both accrued liabilities and other liabilities) for all known claims and incurred but not reported claims as of June 30, 2012 and 2011 The accruals for professional and general liability claims totaled \$29,702,000 and \$32,808,000 at June 30, 2012 and 2011, respectively, and are not discounted Estimation differences between actual payments and amounts recorded in previous years are recognized as expense in the year such amounts become determinable

Workers' Compensation Insurance

The Health System is insured for workers' compensation claims with major independent insurance companies, subject to certain deductibles of \$1,000,000 per occurrence as of June 30, 2012 and 2011 Based on actuarially determined estimates, provisions have been made in the accompanying consolidated financial statements (included in accrued compensation and other liabilities) for all known claims and incurred but not reported claims as of June 30, 2012 and 2011 The accruals for workers' compensation claims totaled \$77,256,000 and \$76,145,000 at

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

June 30, 2012 and 2011, respectively, and are not discounted In connection with the workers' compensation plan, the Health System has filed bank letters of credit with the insurance companies Estimation differences between actual payments and amounts recorded in previous years are recognized as expense in the year such amounts become determinable

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those assets whose use by the Health System has been limited by donors to a specific time period or purpose Permanently restricted net assets have been restricted by donors to be maintained by the Health System in perpetuity (see Note 12)

Donor-Restricted Gifts

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

Net Patient Service Revenues

The Health System has agreements with third-party payors that provide for payments at amounts different from its established rates Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments

Patient service revenues are reported at net realizable amounts from patients, third-party payors, and others for services rendered, including estimated settlements under reimbursement agreements with third-party payors Settlements are accrued on an estimated basis in the period the related services are rendered, and adjusted in future periods as final settlements are

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

determined Differences between final settlements and amounts accrued in previous years are reflected in net patient service revenue of approximately \$27,401,000 in 2012 and \$13,506,000 in 2011

The Health System recognizes significant amounts of patient service revenue at the time the services are rendered even though a patient's ability to pay is not assessed. The Health System records its provision for doubtful accounts based upon historical experience, as well as collections trends for major payor types.

Patient service revenues, net of contractual allowances and discounts, recognized for the year ended June 30 are as follows

	2012		2011		
		(In Thousands)			
Government	\$ 1,468,	779 \$	1,396,129		
Contracted	1,901,	663	1,678,019		
Self-pay and others	359,	488	585,472		
	\$ 3,729,	930 \$	3,659,620		

The Health System is reimbursed for services provided to patients under certain programs administered by governmental agencies Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Health System believes that they are in compliance with all applicable laws and regulations, and they are not aware of any pending or threatened investigations involving allegations of potential wrongdoing. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs (see Note 13)

Premium Revenues

Firstcare contracts with various employers to provide medical services to subscribing participants Firstcare receives monthly premium payments from employers and contracts with various medical providers to provide medical care Firstcare's premium revenue was \$351,324,000 in 2012 and \$288,179,000 in 2011

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

In addition to the Firstcare contracts, the Health System has contracts with various health plans to provide medical services to subscribing participants. Under these agreements, the Health System's hospital affiliates and Heritage receive monthly capitation payments based on the number of each health plan's participants enrolled with participating affiliated or local physician groups that have designated the hospital affiliates as their provider. Under these arrangements, the hospital affiliates are responsible for hospital contracted services provided to plan participants including services received at other health care facilities. The Health System's premium revenue for the contracts was \$389,144,000 in 2012 and \$366,197,000 in 2011. The hospital affiliates have accrued for estimated claims for professional services and services from other providers (included in accrued liabilities). Claims accruals related to these services are generally based on claims lag analyses and are continually monitored and reviewed.

Charity Care

The Health System provides care to patients who meet certain criteria under its charity care policies without charge or at amounts less than its established rates Because the Health System does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue

Effective July 1, 2010, the Health System updated its process for determining charity care whereby the Health System analyzes patient accounts receivable for eligibility as presumptive charity care through obtaining additional financial information for uninsured or underinsured patients who have not supplied the requisite information. The additional information obtained is used by the Health System to determine whether the patients qualified for charity care in accordance with the Health System's policy. The Health System continues to utilize the updated process for determining charity care and amounts reported for the year ended June 30, 2012, include presumptive charity care amounts at cost.

Operating Income

The Health System's primary purpose is to provide diversified health care services to the community served by its affiliates. Only those activities directly associated with the furtherance of this purpose are considered operating activities and classified as unrestricted operating revenues and expenses. Operating revenues include those generated from direct patient care, related support services, and other revenues related to the operation of the Health System Other

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

activities that result in gains or losses unrelated to the Health System's primary purpose are considered to be nonoperating Nonoperating gains and losses include gifts and bequests not restricted by donors, investment income, realized and unrealized gains and losses on trading securities, gains and losses from the sale of property and equipment, and gains and losses on extinguishment of debt

The Health System considers the performance indicator to be the excess of revenues over expenses

Income Taxes

The principal operations of the Health System are exempt from taxation pursuant to Internal Revenue Code Section 501(c)(3) and the related state provisions

Accounting Standards Codification (ASC) 740, *Income Taxes*, clarifies the accounting for income taxes by prescribing a minimum recognition threshold that a tax position is required to meet before being recognized in the financial statements ASC 740 also provides guidance on derecognition, measurement, classification, interest and penalties, disclosure, and transition The guidance is applicable to pass-through entities and tax-exempt organizations. No significant tax liability for tax benefits, interest or penalties was accrued at June 30, 2012 or 2011

The Health System currently files Form 990 (informational return of organizations exempt from income taxes) and Form 990-T (business income tax return for an exempt organization) in the U S federal jurisdiction and the states of California and Texas for each tax-exempt organization as appropriate The Health System is not subject to income tax examinations prior to 2008 in major tax jurisdictions

California Hospital Quality Assurance Program

California legislation established a program that imposes a Quality Assurance Fee (QA Fee) on certain general acute care hospitals in order to make supplemental and grant payments and increased capitation payments (Supplemental Payments) to hospitals up to the aggregate upper payment limit for various periods There have been three such programs since inception The first two programs were the 21-month program (21-Month Program) covering the period April 1, 2009 to December 31, 2010, and the six-month program (Six-Month Program) covering the

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

period January 1, 2011 to June 30, 2011 (the "Original Programs"), and the third, a 30-month program covering the period from July 1, 2011 to December 31, 2013 (the 30-Month Program, collectively, the "Programs") The 30-Month Program was signed into law by the Governor of California in September 2011 The Programs are designed to make supplemental inpatient and outpatient Medi-Cal payments to private hospitals, including additional payments for certain facilities that provide high-acuity care and trauma services to the Medi-Cal population This hospital QA Fee program provides a mechanism for increasing payments to hospitals that serve Medi-Cal patients, with no impact on the state's General Fund (GF) Some of these payments will be made directly by the state, while others will be made by Medi-Cal managed care plans, which will receive increased capitation rates from the state in amounts equal to the Supplemental Payments Outside of the legislation, the California Hospital Association (CHA) has created a private program, operated by the California Health Foundation and Trust (CHFT), which was established to alleviate disparities potentially resulting from the implementation of the Programs

The Original Programs required full federal approval (i e by the Centers for Medicare and Medicaid Services (CMS)) in order for them to be fully enacted If final federal approval was not ultimately obtained, provisions in the underlying legislation allowed for the QA Fee, previously assessed, and Supplemental Payments, previously received, to be returned and recouped, respectively As such, revenue and expense recognition was not allowed until full CMS approval was obtained Full CMS approvals for the 21-Month Program and Six-Month Program were obtained in December 2010 and December 2011, respectively For the year ended June 30, 2011, the Health System recognized payments to the California Department of Health Care Services (DHCS) for the QA Fee in the amount of \$101,951,000 and pledge payments to the CHFT of approximately \$2,496,000 within supplies and other expenses. The Health System recognized Supplemental Payment revenue for the year ended June 30, 2011, in the amount of \$136,811,000 within net patient service revenues

During the year ended June 30, 2012, under the Six-Month Program, the Health System recognized payments to DHCS for the QA Fee in the amount of \$34,375,000 and pledge payments to CHFT of \$876,000 within supplies and other expenses During the year ended June 30, 2012, the Health System also recognized Supplemental Payment revenue in the amount of \$52,917,000 pertaining to the Six-Month Program within net patient service revenues

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

In June 2012, the legislation governing the Program was amended to allow for the fee-for-service portion of the 30-Month Program to be administered separately from the managed care portion Accordingly, upon CMS approval of the fee-for-service portion of the Program in June 2012, for the year ended June 30, 2012, the Health System recognized \$54,268,000 in accrued liabilities for the 30-Month Program QA Fee payments, which was expensed within supplies and other expenses Additionally, Supplemental Payment revenue in the amount of \$72,398,000 was recognized within net patient service revenue and as the payments were not yet received, a receivable was recorded in inventories and other current assets

Electronic Health Records Incentive Payments

The American Recovery and Reinvestment Act of 2009 included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act (HITECH) The provisions were designed to increase the use of electronic health record (EHR) technology and establish the requirements for a Medicaid and Medicare incentive payment program beginning in 2011 for eligible providers that adopt and demonstrate meaningful use of certified EHR technology Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period Initial Medicaid incentive payments are available to providers that adopt, implement or upgrade certified EHR technology Providers must continue to demonstrate meaningful use of such technology in subsequent years to qualify for additional Medicaid and Medicare incentive payments and to avoid potential penalties

The Health System accounts for Medicaid and Medicare EHR incentive payments as a gain contingency For the year ended June 30, 2012, Medicare incentives of \$8,157,000 were recognized in other revenues upon demonstration of compliance with the meaningful use criteria over the entire applicable compliance period and the end of the 12-month cost report period that will be used to determine the final incentive payment The Health System also recognized initial Medicaid incentives of \$13,122,000 for the year ended June 30, 2012, in other revenues, upon demonstration of compliance with the criteria Income from incentive payments is subject to retrospective adjustment as the incentive payments are calculated using Medicare cost report data that is subject to audit Additionally, the Health System's compliance with meaningful use criteria is subject to audit by the federal government

Notes to Consolidated Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Adoption of New Accounting Pronouncements

Effective July 1, 2011, the Health System adopted a new accounting standard which requires health care entities to present insurance claims and related recoveries at gross values within the financial statements Adoption of the new standard did not have a significant impact on the consolidated financial statements

As of July 1, 2011, the Health System adopted the new standard requiring health care entities to present charity care disclosures at cost and provide additional disclosures relating to the measurement of charity cost. In addition, the standard requires separate disclosure of any offsetting funds received. Adoption of the new standard did not have a significant impact on the consolidated financial statements (see Note 11)

In September 2011, an accounting standard allowing organizations to perform a qualitative assessment to test goodwill for impairment was issued Following the qualitative assessment, if organizations determine that it is more-likely-than-not that the fair value of its reporting units is less than the carrying value, a quantitative assessment must be completed. The Health System adopted the standard and upon completion of the annual impairment assessment as of April 1, 2012, the Health System determined that no significant indicators of impairment exist for its goodwill (see Note 6)

Recent Accounting Pronouncements

In May 2011, an amended accounting standard was released and effective for financial statements for annual periods beginning after December 15, 2011, relating to the intent of existing fair value measurement and disclosure requirements under ASC 820, Fair Value Measurements and Disclosures The Health System is currently evaluating the impact of this standard to the consolidated financial statements

Notes to Consolidated Financial Statements (continued)

2. Fair Value Measurements

Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the Health System utilizes a three-tier fair value hierarchy, as determined at the end of the reporting period, which prioritizes the inputs used in measuring fair value as follows

- Level 1 Pricing is based on observable inputs such as quoted prices in active markets Financial assets in Level 1 include money market, treasury, corporate debt, and listed equities held by the Health System
- Level 2 Pricing inputs are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities Financial assets and liabilities in this category generally include money market funds, U S Treasury securities, corporate bonds and loans, municipal bonds, and interest rate swap obligations
- Level 3 Pricing inputs are generally unobservable and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require management's judgment or estimation of assumptions that market participants would use in pricing the assets or liabilities. The fair values are therefore determined using factors that involve considerable judgment and interpretations, including, but not limited to, private and public comparables, and discounted cash flow models. This category primarily includes certain corporate debt securities.

Assets and liabilities measured at fair value are based on one or more of three valuation techniques as follows

- (a) Market approach Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities
- (b) Cost approach Amount that would be required to replace the service capacity of an asset (replacement cost)

Notes to Consolidated Financial Statements (continued)

2. Fair Value Measurements (continued)

(c) Income approach Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing, and excess earnings models)

The Health System has invested in five funds which are included in long-term marketable securities and assets limited as to use in the accompanying consolidated balance sheets Specifically, the Health System has invested in two hedge funds, a real estate fund, a real return fund, and a venture capital fund. The funds use various strategies including long/short equities, arbitrage, and event driven strategies to seek positive returns, regardless of market direction. The terms and conditions upon which the Health System may redeem investments in the two hedge funds range from quarterly with 30 to 45 days' notice to annually with 30 days notice. These investments are made through limited partnerships where liquidity may be limited on new contributions for up to two years. Withdrawals from the Health System's real estate investment may be subject to a withdrawal queue depending on the available cash in the fund. The real return fund has monthly liquidity. Investments in the venture capital fund can be accessed on the partnership termination date. Total unfunded commitments were \$56,454,000 as of June 30, 2012 and there were no significant unfunded commitments as of June 30, 2011. The value for these funds recorded under the equity method of accounting and included within the tables below was \$240,042,000 at June 30, 2012 and \$179,832,000 at June 30, 2011.

Notes to Consolidated Financial Statements (continued)

2. Fair Value Measurements (continued)

The following tables provide the composition of certain assets and liabilities as of June 30, 2012 and 2011

	Ju	ne 30, 2012	i M	oted Prices in Active larkets for Identical Assets (Level 1)	o	ignificant Other Observable Inputs (Level 2)	Uı	Significant nobservable Inputs (Level 3)		air Value Method vestments]	Equity Method vestments	Valuation Technique (a,b,c)
	- Ju	nt 50, 2012		(Level I)		(In The			- 11	vestments	111	restinents	(11,0,0)
Current assets						(17, 17)	,,,,,,,	,,,,					
Cash and equivalents	\$	199,940	\$	199,940	\$	_	\$	_	\$	199,940	\$	_	a
Short-term marketable securities		·								·			
Money market funds	\$	12,813	\$	6,499	\$	6,314	\$	_	\$	12,813	\$	_	a
U.S. Treasury securities		318,948		7,912		311,036		_		318,948		_	a
Corporate debt securities		212,446		20,184		192,262		_		212,446		_	a,c
Corporate equity securities		240,604		240,604		· –		_		240,604		_	a
• •	\$	784,811	\$	275,199	\$	509,612	\$	_	\$	784,811	\$	_	
Long-term marketable securities													
Money market funds	\$	53,984	\$	14,541	\$	39,443	\$	_	\$	53,984	\$	_	a
U.S. Treasury securities		142,388		342		142,046		_		142,388		_	a
Corporate debt securities		79,863		_		77,888		1,975		79,863		_	a
Corporate equity securities		421,568		417,402		4,166		· –		421,568		_	a
Other		238,684		_		_		_		_		238,684	
	\$	936,487	\$	432,285	\$	263,543	\$	1,975	\$	697,803	\$	238,684	
Assets limited as to use Board designated													
Money market funds	\$	93,749	\$	93,749	\$	_	\$	_	\$	93,749	\$	_	a
U.S. Treasury securities		8,932		_		8,932		_		8,932		_	a
Corporate debt securities		51,242		-		51,242		_		51,242		_	a
Corporate equity securities		32,986		32,986		_		_		32,986		_	a
Other		1,358		_		_		_		_		1,358	
	\$	188,267	\$	126,735	\$	60,174		_	\$	186,909	\$	1,358	
Held in trust													
Money market funds	\$	194,505	\$	183,583	\$	10,922	\$	-	\$	194,505	\$	_	a
U.S. Treasury securities		_		_		_		_		_		_	a
Corporate debt securities		254		254		_		_		254		_	a
Corporate equity securities		1,307		1,307		_		_		1,307			a
	\$	196,066	\$	185,144	\$	10,922	\$	_	\$	196,066	\$		
Cash collateral held by swap counterparty													
U.S. Treasury securities	\$	40,402	\$		\$	40,402	\$		\$	40,402	\$		a
	\$	40,402	\$	_	\$	40,402	\$		\$	40,402	\$		
Liabilities Interest rate swap	\$	72,629	\$		\$	72,629	\$	_	\$	72,629	\$		c

Notes to Consolidated Financial Statements (continued)

2. Fair Value Measurements (continued)

			i M	oted Prices in Active larkets for Identical Assets	S	ignificant Other bservable Inputs		gnificant observable Inputs		air Value Method		Equity Method	Valuation Technique
	Ju	ne 30, 2 011		(Level 1)		(Level 2)	(Level 3)		vestments		vestments	(a,b,c)
						(In Tho	usana	ls)					
Current assets	45	250 512	45	250 512	d.		40		4D	250 512	45		
Cash and equivalents	\$	250,712	\$	250,712	\$		\$		\$	250,712	\$	_	d
Short-term marketable securities													
Money market funds	\$	33,562	\$	16,819	\$	16,743	\$	_	\$	33,562	\$	_	a
U.S. Treasury securities		260,355		32,794		227,561		_		260,355		_	d
Corporate debt securities		203.994		18.294		185,449		251		203.994		_	a.c
Corporate equity securities	_	217.619		217.619						217.619			d
	\$	715,530	\$	285,526	\$	429,753	\$	251	\$	715,530	\$		
Long-term marketable securities Money market funds	s	30,454	\$	11.226	\$	10.120	s		\$	20, 15 1	\$		
U.S. Treasury securities	Э	146,386	Э	11.326 87.341	Э	19.128 59.045	Э	_	Э	30,454 146,386	Э	_	d
		119,700		253		39.043 117.600		- 1.847		119,700		_	a
Corporate debt securities		365,425		365,425		117,000		1.04/		365,425		_	a
Corporate equity securities Other		178,434		303,423		_		_		303,423		178,434	d
Offici	\$	840,399	\$	464,345	\$	195,773	\$	1.847	S	661,965	\$	178,434	
Assets limited as to use	_		-							0011700	-		
Board designated													
Money market funds	S	85.512	\$	85,512	\$	_	\$	_	\$	85,512	\$	_	d
U.S. Treasury securities	_	8.157	_	_	_	8.157	-	_	-	8.157	_	_	a
Corporate debt securities		49,732		16,090		33,642		_		49,732		_	a
Corporate equity securities		29,530		29,530		_		_		29,530		_	d
Other		1.398		-		_		_		_		1.398	
	\$	174,329	\$	131,132	\$	41.799	\$	-	\$	172,931	\$	1.398	
Held in trust													
Money market funds	\$	65,118	\$	65,118	\$	_	\$	-	\$	65,118	\$	_	d
Cash collateral held by swap counterparty	\$	10,339	\$	_	\$	10.339	\$	-	\$	10.339	\$		d
Liabilities Interest rate swaps	\$	44,964	\$		\$	44,964	\$		\$	44,964	\$		e
more a tare map.	_	114701	Ψ		4	111201	Ψ.		9	114701	Ψ.		-

Notes to Consolidated Financial Statements (continued)

2. Fair Value Measurements (continued)

Activity for the year ended June 30, 2012, for investments with significant unobservable inputs (Level 3) consists of the following

	Year Ended June 30, 2012 (In Thousands)
Balance at July 1, 2011	\$ 2,098
Transfers out	(251)
Purchases	137
Net unrealized losses	(9)
Balance at June 30, 2012	\$ 1,975

The Health System received restricted and unrestricted pledges and contributions totaling approximately \$31,643,000 and \$42,770,000 for the years ended June 30, 2012 and 2011, respectively Contributions and pledges were measured based on actual cash and pledges received Long-term irrevocable planned gifts were measured based on discounted cash flow projections

In addition to amounts included in the previous table, the Health System's investments in partnerships, limited liability companies, and similarly structured entities amounting to approximately \$10,520,000 and \$24,488,000 as of June 30, 2012 and 2011, respectively, are included in investments and other in the accompanying consolidated balance sheets and accounted for using the equity method of accounting, which is not a fair value measurement

In accordance with ASC 350, as of July 1, 2010, goodwill with a carrying amount of \$59,373,000 was written down to its implied fair value of \$41,472,000 resulting in an impairment charge of \$17,901,000 recorded in unrestricted net assets as a cumulative effect of the adoption of the new accounting principle (see Note 6) The assets were measured using an income and market approach with significant unobservable inputs (Level 3)

Notes to Consolidated Financial Statements (continued)

2. Fair Value Measurements (continued)

Investment Gains and Losses

Net realized gains of \$17,341,000 and \$66,213,000 exclusive of related fees on sales of marketable securities are included in nonoperating (losses) gains, net for the years ended June 30, 2012 and 2011, respectively

Also included in nonoperating (losses) gains, net are net unrealized losses of \$36,002,000 and net unrealized gains of \$110,893,000 for the years ended June 30, 2012 and 2011, respectively

3. Property and Equipment

Property and equipment consists of the following at June 30

	2012	2011			
	(In Thousands)				
Land	\$ 147,659	\$ 147,254			
Buildings and improvements	2,209,537	2,186,085			
Equipment	1,556,843	1,492,433			
Construction in progress	584,199	400,494			
	4,498,238	4,226,266			
Less accumulated depreciation	(2,109,456)	(1,984,949)			
	\$ 2,388,782	\$ 2,241,317			

The Health System is required to recognize a liability for the fair value of conditional asset retirement obligations if the fair value of the liability can be reasonably estimated. The fair value of a liability for conditional asset retirement obligations must be recognized when incurred, generally upon acquisition, construction or development and/or through the normal operation of the asset. The Health System estimated the fair value of known conditional asset retirement obligations relating to the costs of asbestos abatement that will result from the Health System's current plans to renovate and/or demolish certain of its facilities. This computation is based on a number of assumptions which may change in the future based on the availability of new information, technology changes, changes in costs of remediation, and other factors. The conditional asset obligation at June 30, 2012 and 2011 was \$11,917,000 and \$14,534,000, respectively, and is included in other liabilities in the accompanying consolidated balance sheets

Notes to Consolidated Financial Statements (continued)

3. Property and Equipment (continued)

Lease Financing Obligations

In June 2006, St Joseph Hospital of Orange (SJO) executed a 55-year lease arrangement with a developer, whereby the developer agreed to construct a 130,000 square foot medical office building and a parking structure on SJO's land Under the ground lease, SJO received nominal base rent until construction was completed in August 2008, at which time SJO took occupancy SJO guaranteed to lease 64,000 square feet of the medical office building for ten years and is required to pay lease payments for the parking structure for five years. At the end of the lease term, SJO will have title to both the parking structure and the medical office building. The aggregate cost of the project was approximately \$43,527,000 and is included in buildings and improvements. All construction costs were substantially financed by the developer

In May 2005, SJO executed a 22-year lease arrangement, including two five-year lease term extensions, with a joint venture partnership in which SJO has a 35% ownership interest. The joint venture partnership owned and constructed a 56,000 square foot medical office building and parking structure on its land. SJO committed to leasing the whole building, but subleased approximately 43,000 square feet to Heritage for physician offices. The aggregate cost of the project was approximately \$28,158,000 and is included in building and improvements. Substantially all construction costs were financed by the joint venture partnership.

SJO is considered the owner of both the medical office buildings and parking structures for financial reporting purposes due to certain financial arrangements that effectively fund a portion of the construction costs. Heritage is also considered a separate owner of the medical office building since it is affiliated with SJO which has a 35% ownership interest in the joint venture partnership. Accordingly, the assets and long-term debt of the medical office buildings and parking structures are recorded in the accompanying consolidated financial statements at June 30, 2012 and 2011 (see Note 5). The medical office buildings and parking structures are included in buildings and improvements as of June 30, 2012 and 2011. SJO and Heritage did not meet the criteria necessary to derecognize the asset and related long-term debt when construction was complete in 2009 and the lease terms began

Notes to Consolidated Financial Statements (continued)

3. Property and Equipment (continued)

The cost of the medical office buildings and parking structures are amortized over the economic life Rent payments paid by SJO and Heritage are recorded as debt service payments on the debt obligation with the portion not relating to interest reducing the principal balance Minimum estimated payments under lease financing obligations, excluding the effect of Consumer Price Index adjustments, are estimated to be as follows (in thousands)

Year	
2013	\$ 517
2014	315
2015	331
2016	449
2017	577
Thereafter	64,792
Total	\$ 66,981

4. Letters of Credit

The Health System has a bank credit facility that provides for the issuance of up to an aggregate of \$50,000,000 under letters of credit Such letters of credit are collateralized under trust indentures (see Note 5) At June 30, 2012, the Health System had provided an aggregate of \$42,399,000 of these letters of credit for its workers' compensation and other insurance plans At June 30, 2012 and 2011, none of these letters have been drawn upon

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt

At June 30, 2012, the Health System is jointly and severally liable for certificates of participation and tax-exempt revenue bonds issued on its behalf by the California Statewide Communities Development Authority (CSCDA), California Health Facilities Financing Authority (CHFFA), and the Lubbock Health Facilities Development Corporation (LHFDC)

Long-term debt consists of the following at June 30

	2012 201		2011	
		(In Thousands)		nds)
CSCDA Series 1999, 2000, and 2007A-F fixed rate tax-exempt bonds, net of unamortized premium of \$2,324, due in varying amounts through 2047, coupon rates of 4 50% to 5 75%	\$	619,290	\$	636,810
LHFDC Series 2008A multi-annual three-year put bonds due in 2030, coupon rate of 3 05%		46,750		48,050
LHFDC Series 2008B variable rate tax-exempt bonds with credit facility liquidity, due in varying amounts through 2023, interest rates varying from 0 04% to 0 29%, converted in July 2011 to fixed rate tax-exempt bonds, due in varying amounts through 2023, coupon rates of 4 00% to 5 00%		105,385		116,005
CHFFA Series 2009A fixed rate tax-exempt bonds, net of unamortized discount of \$2,727, due in varying amounts through 2039, coupon rates of 5 50% and 5 75%		182,368		182,267
CHFFA Series 2009BCD fixed rate multi-annual three-, five- and seven-year put bonds, net of unamortized premium of \$7,595, due in varying amounts through 2034, coupon rates of 4 00% to 5 25%		243,260		243,700
CHFFA Series 2011ABCD variable rate tax-exempt bonds with credit facility liquidity, due in varying amounts through 2041, interest rates varying from 0 02% to 0 29%		302,110		_
Bank line of credit, balloon payment due July 2016, interest rates of 0 97% to 1 01%		50,000		_

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt (continued)

	2012		2011		
		(In Thousands)			
Bank line of credit, balloon payment due March 2014, interest rates of 0 75% to 0 81%	\$	47,000	\$	34,000	
Bank note, quarterly payments with balloon due in 2013, terminated in July 2011		-		34,700	
Lease financing obligation (see Note 3)		66,981		66,173	
Unsecured note payable due in varying amounts through 2018, terminated in November 2011		_		14,000	
Other		9,878		11,155	
		1,673,022		1,386,860	
Less current portion of long-term debt		(39,238)		(52,017)	
	\$	1,633,784	\$	1,334,843	

The effective interest rate on tax-exempt debt was 5 02% and 6 16% at June 30, 2012 and 2011, respectively

The aggregate amount of principal maturities and sinking fund requirements related to long-term debt at June 30, 2012, is as follows (in thousands)

Year	
2013	\$ 39,238
2014	74,513
2015	34,337
2016	35,303
2017	86,621
Thereafter	1,403,010_
	\$ 1,673,022

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt (continued)

In July 2011, the Health System issued \$302,110,000 of CHFFA variable rate tax-exempt demand bonds with interest rates reset daily or weekly and liquidity supported by irrevocable credit facilities that extend through July 13, 2016, unless renewed or extended Proceeds of this issuance are being used to finance prospective projects and reimburse prior capital spending at various hospitals. In addition, the Health System converted \$105,385,000 of LHFDC variable rate demand bonds with liquidity supported by an irrevocable credit facility into a fixed rate revenue bond at interest rates varying from 4 00% to 5 00%

In conjunction with the issuance of the CHFFA variable rate tax-exempt demand bonds in July 2011, the Health System secured \$306,878,000 of credit facilities to provide liquidity for the outstanding bonds

In July 2011, the Health System entered into a new syndicated credit arrangement for \$350,000,000 in revolving credit lines expiring on July 18, 2016 The Health System had \$50,000,000 in outstanding borrowings under this credit facility at June 30, 2012

The fair value of the fixed rate tax-exempt bonds approximated \$1,598,151,000 and \$1,256,725,000 at June 30, 2012 and 2011, respectively Fair value is estimated using a discounted cash flow analysis, based on current market interest rates for similar types of borrowing arrangements. The carrying amount of the Health System's variable rate tax-exempt bonds approximates its fair value as the interest rates change with the market

At June 30, 2012, the Health System was party to six interest rate swap agreements with a current notional amount totaling \$291,257,000 and with varying expirations. The swap agreements require the Health System to pay a fixed rate in exchange for a variable rate. The market risk exposure of these agreements occurs when the fixed rate paid is greater than the variable rate received. At June 30, 2012 and 2011, the total fair value of the interest rate swaps of \$72,629,000 and \$44,964,000, respectively, represent the estimated amount the Health System would have paid upon termination of these agreements as of these dates. Fair values are based on independent valuations obtained and are determined by calculating the value of the discounted cash flows of the differences between the fixed interest rate of the interest rate swaps and the counterparty's forward LIBOR curve, which is the input used in the valuation, taking also into account any nonperformance risk. Changes in the fair value of the interest rate swaps are included within interest expense. The Health System restricted \$40,402,000 and \$10,339,000 in collateral held for the swap counterparty at June 30, 2012 and 2011, respectively, as required by its swap agreements

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt (continued)

The Health System has a credit facility with a bank to cumulatively borrow up to \$80,000,000 Borrowings under this credit facility bear interest at rates based on specified margins from published indices The Health System had \$47,000,000 and \$34,000,000 in outstanding borrowings as of June 30, 2012 and 2011, respectively The credit facility expires in March 2014

Effective November 17, 2011, the Health System repaid and terminated a note payable with a bank to cumulatively borrow up to \$17,800,000 The Health System had \$14,000,000 in outstanding borrowings at June 30, 2011

As of July 13, 2011, the Health System terminated a bank line of credit to cumulatively borrow up to \$75,000,000. The Health System did not have any outstanding borrowings under this credit facility at June 30, 2011.

The Health System repaid and terminated a note payable with a bank to borrow \$60,000,000 effective July 1, 2011 The Health System had \$34,700,000 in outstanding borrowings under this credit facility at June 30, 2011

Debt Covenants

The Health System's financing agreements contain restrictive covenants and limitations on certain working capital and liquidity ratios, amount of combined debt of the corporations comprising the Obligated Group, and amount of transfer of assets to Non-Obligated Group members Additionally, the trust indentures require that funds are established with, and controlled by, a trustee during the period the bonds remain outstanding

If the Health System does not have a maximum annual debt service coverage ratio at the end of any fiscal year, including June 30, 2012, ranging from at least 2 0 to 1 0, pursuant to its trust indentures for the tax-exempt bonds issued through CSCDA, CHFFA, and LHFDC, the Health System is required to fund the applicable debt service reserve fund seven days after the required reporting date

Notes to Consolidated Financial Statements (continued)

5. Long-Term Debt (continued)

Interest Cost

Interest cost incurred is summarized as follows

	Year Ended June 30					
		2012		2011		
		(In Thousands)				
Interest paid	\$	63,303	\$	71,342		
Change in fair value of interest rate swap agreements		36,717		(12,217)		
Amortization of deferred financing costs		894		863		
Total interest expense	\$	100,914	\$	59,988		

6. Goodwill

Effective July 1, 2010, the Health System adopted the standard related to the accounting treatment for goodwill and indefinite-lived intangible assets by not-for-profit organizations and accordingly, ceased the amortization of its goodwill The accounting standard requires that the Health System test the carrying value of goodwill for impairment at the reporting unit level on an annual basis, or more frequently if significant indicators of impairment exist. The Health System primarily utilized the income and market approaches to valuation that include the discounted cash flow method, the guideline company method, as well as other generally accepted valuation methodologies to determine the fair value of its reporting units

Upon completion of the transitional goodwill impairment test as of July 1, 2010, the Health System determined that the estimated fair value of two of its reporting units was less than their respective carrying values As a result, the Health System recognized an impairment of \$17,901,000 recorded as a reduction in net assets The Health System has elected an annual measurement date of April 1

As of July 1, 2011, the Health System adopted the accounting standard allowing organizations to perform an initial qualitative assessment to test goodwill for impairment at a reporting unit level Upon completion of the qualitative assessment as of April 1, 2012, the Health System determined that it is not more-likely-than-not that the fair value of its reporting units is less than

Notes to Consolidated Financial Statements (continued)

6. Goodwill (continued)

the carrying value As a result, the Health System determined that no significant indicators of impairment exist for its goodwill that would require additional analysis before its next annual evaluation

7. Children's Hospital of Orange County

SJO provides Children's Hospital of Orange County (CHOC) with specified facilities and ancillary services and other operating services under an agreement that requires CHOC to reimburse SJO for the costs of providing such services. Net patient service revenues include \$74,936,000 and \$71,741,000 for the years ended June 30, 2012 and 2011, respectively, relating to these services. The agreement will terminate on March 31, 2013

In January 1993, Mission Hospital Regional Medical Center (MHRMC) and CHOC entered into an asset purchase agreement, a long-term lease, and an operating agreement forming Children's Hospital at Mission (CHM), a wholly owned subsidiary of CHOC Pursuant to the asset purchase agreement, CHM purchased substantially all of the pediatric services and operations of MHRMC and certain tangible and intangible assets related to those activities and operations for \$10,200,000

CHM has agreed to rent space from MHRMC through January 2013 with two ten-year renewal options available under the long-term lease MHRMC provides CHM and its patients certain hospital services and facilities at an agreed-upon cost plus a percentage mark-up under the operating agreement Net patient service revenues include \$13,687,000 and \$13,830,000 for the years ended June 30, 2012 and 2011, respectively, for these services Other revenue includes \$5,993,000 and \$8,026,000 for the years ended June 30, 2012 and 2011, respectively, for other services provided to CHM

Notes to Consolidated Financial Statements (continued)

8. Acquisitions and Affiliations

Lubbock Methodist Hospital System Affiliation

The Health System entered into an affiliation agreement with LMHS to form Covenant Covenant has two corporate members the Health System and LMHS Eight members of the Covenant Board of Trustees are appointed by each corporate member. In addition, the Health System appoints the CEO of Covenant who is also an ex-officio member of Covenant's Board of Trustees with voting rights. The Health System has management responsibility for Covenant and the operations of Covenant have been integrated into the Health System's operations.

Under the terms of the affiliation agreement, net asset transfers from Covenant to the Health System are limited to \$5,000,000 in the aggregate over the life of the affiliation Exceptions to this limitation include (i) payments made to the Health System for management, administration, and other services provided by it, (ii) debt service, repayments of loans and similar financing costs, (iii) payment under the joint and several obligation of the Health System Master Indenture, (iv) return of capital contributed or other advances from the Health System, (v) payments consented to by the corporate members, (vi) payment for services such as insurance, self-insurance, benefit and retirement plans and similar programs administered by the Health System, provided such payments are substantially comparable to charges made to other Health System affiliates, and (vii) payment for property or services provided by third parties through the Health System

Also, under the terms of the affiliation agreement, the Health System and Covenant are required to leave certain deposits in local Lubbock banks. The maximum local banking amount per the agreement is \$50,000,000. Covenant is required to participate in the Health System's cash and investment management program for funds in excess of the maximum local banking amount.

In connection with the affiliation agreement, the Health System and LMHS entered into a "Members Agreement" The principle underlying the Members Agreement is that the affiliation is intended to constitute a long-term relationship Additionally, as part of the affiliation agreement, Covenant became a member of the Health System Obligated Group The accompanying consolidated financial statements present the combined balances of the Health System and Covenant and do not reflect any potential residual or noncontrolling interest related to the reciprocal offer described below based upon the integration of the operations and the related assets of Covenant into the Health System and the Health System Obligated Group

Notes to Consolidated Financial Statements (continued)

8. Acquisitions and Affiliations (continued)

The Members Agreement restricts the ability of the Health System to exit its relationship with Covenant and also precludes the Health System and Covenant from entering into a wide variety of transactions which could result in Covenant assets or affiliates being conveyed to a third party, except conveyances in the ordinary course of business. These precluded transactions are referred to as Covered Transactions. Should Covenant or the Health System undertake a Covered Transaction, they are obligated to provide notice and information to LMHS and to make a "reciprocal offer" to LMHS, including an offer to purchase LMHS's membership rights in Covenant and a simultaneous obligation to offer to sell the Health System's membership rights in Covenant to LMHS at the same purchase price, adjusted upward by a formula that reflects the dissolution percentages (57% Health System, 43% LMHS). Covenant's net assets totaled \$494,424,000 and \$469,168,000 at June 30, 2012 and 2011, respectively

9. Employee Benefit Plans

Retirement Plan

The Health System sponsors a defined contribution retirement plan that covers substantially all employees. The plan provides for employer matching contributions in an amount equal to a percentage of employee pre-tax contributions, up to a maximum amount. In addition, the Health System makes contributions to all eligible employees based on years of service. The Health System contributed \$79,072,000 in 2012 and \$75,740,000 in 2011 to the plan.

Postretirement Health

The Health System offers a retiree health reimbursement plan to provide employees who have satisfied the conditions of eligibility, with certain retiree medical expense reimbursement benefits Eligibility for plan benefits is based on age and years of service. The Health System enacted an amendment to the retiree health reimbursement plan in September 2010, with an effective date of July 1, 2011, which allows participants access to an established lump sum rather than a predetermined monthly amount

Notes to Consolidated Financial Statements (continued)

9. Employee Benefit Plans (continued)

The following table sets forth the change in benefit obligations and components of net periodic benefit cost for the postretirement health plan As of June 30, 2012 and 2011, there were no plan assets

		2012		2011
		(In Tho	nds)	
Change in benefit obligations				
Accumulated postretirement benefit obligation at beginning of year	\$	35,688	\$	18,070
Service cost		2,164		1,850
Interest cost		1,779		1,434
Actuarial (gain) loss		674		(672)
Benefits paid		(825)		(404)
Change in plan provision		30		15,410
Accumulated postretirement benefit obligation at end of year				
recognized in the consolidated balance sheet	<u>\$</u>	39,510	\$	35,688
Amounts recognized in the consolidated balance sheet				
Funded status at end of year	\$	(39,510)	\$	(35,688)
Unrecognized prior service cost			·	
Unrecognized net (gain) or loss		_		_
Amounts recognized in the consolidated balance sheet	\$	(39,510)	\$	(35,688)
Amounts recognized in changes to unrestricted net assets				
Prior service cost	\$	(18,709)	\$	(21,846)
Net actuarial gain		12,620		14,079
Total	\$	(6,089)	\$	(7,767)
Components of net periodic benefit costs				
Service cost	\$	2,164	\$	1,850
Interest cost		1,779		1,434
Amortization of net loss		(785)		(853)
Amortization of prior service cost		3,166		2,828
Net periodic benefit cost	\$	6,324	\$	5,259

Notes to Consolidated Financial Statements (continued)

9. Employee Benefit Plans (continued)

The assumptions used to determine the net benefit obligation and net periodic benefit cost for the retirement plan are set forth below

	2012	2011
Weighted-average discount rate for benefit obligation Weighted-average discount rate for net periodic benefit	3.65%	4 85%
cost	4.85%	5 00%

The assumed annual health care cost trend rate for the retiree health plan is 8 50% for 2012, gradually decreasing to 5 00% in 2019 and remaining at that level thereafter

Information about the expected cash flows for the retiree health reimbursement plan follows (in thousands)

Expected employer contributions 2013	\$ 2,075
Expected benefit payments	
2013	\$ 2,075
2014	3,393
2015	4,066
2016	4,300
2017	4,237
2018–2022	21,768

10. Functional Expenses

The Health System provides general health care services to residents within the geographic locations served by its affiliates Expenses related to providing these services follow

	Ye	Year Ended June 30							
	20	012	2011						
		(In Thousands)							
Health care services	\$ 3,4	194,233 \$	3,201,953						
General and administrative	7	39,442	829,650						
	\$ 4,2	33,675 \$	4,031,603						

Notes to Consolidated Financial Statements (continued)

11. Charity Care and Community Benefits

The Health System's policy is to accept all patients regardless of their ability to pay In assessing a patient's ability to pay, the Health System's policy uses generally recognized income levels, but also considers cases where incurred charges are significant when compared to income Health care services rendered to patients who are unable to pay according to these criteria are classified as traditional charity care

The Health System's policy is also to sponsor numerous health care-related programs for the general community and the medically underserved population in the area it serves. Some of these programs include mobile medical vans, health and dental clinics, prenatal programs, AIDS residences, health referral services, and bilingual health education and are referred to as community services.

In addition to traditional charity care and other direct community services, the Health System incurred a shortfall from services rendered to patients covered by certain public programs. This shortfall is defined as the cost of providing services to state Medicaid and local indigent program beneficiaries in excess of government payments.

The cost of the aforementioned programs was determined in accordance with the Catholic Health Association's "A Guide for Planning and Reporting Community Benefit," and is summarized for 2012 and 2011, as follows

	Total Co	mmunity	Unsponsored			
	Benefit	Expense,	Community Benefit			
	at (Cost	Expense	, at Cost		
		% of Total	Offsetting		% of Total	
2012	Amount	Expenses	Revenue	Amount	Expenses	
		(.	In Thousand	(s)	_	
Benefits for the poor						
Traditional charity care	\$ 92,936	2.2%	\$ 9,410	\$ 83,526	2.0%	
Community services for the poor	47,009	1.1%	4,230	42,779	1.0%	
Unpaid cost of state and local programs	589,726	13.9%	429,149	160,577	3.8%	
Total quantifiable benefits for the poor	729,671	17.2%	442,789	286,882	6.8%	
Benefits for the broader community						
Community services for the broader community	34,820	0.8%	543	34,2 77	0.8%	
Total quantifiable benefits for the broader community	34,820	0.8%	543	34,277	0.8%	
Total community benefits	\$ 764,491	18.0%	\$ 443,332	\$ 321,159	7.6%	

Notes to Consolidated Financial Statements (continued)

11. Charity Care and Community Benefits (continued)

		mmunity Expense,		-	nsored ity Benefit	
	at (Cost	Expense, at Cost			
		% of Total		% of Total		
2011	Amount	Expenses	Revenue	Amount	Expenses	
		(-	In Thousand	(s)	_	
Benefits for the poor						
Traditional charity care	\$ 94,164	2 3%	\$ 10,668	\$ 83,496	2 1%	
Community services for the poor	47,661	1 2%	4,134	43,527	1 1%	
Unpaid cost of state and local programs	414,480	10 3%	252,669	161,811	4 0%	
Total quantifiable benefits for the poor	556,305	13 8%	267,471	288,834	7 2%	
Benefits for the broader community						
Community services for the broader community	31,437	0.8%	1,349	30,088	0.7%	
Total quantifiable benefits for the broader community	31,437	0.8%	1,349	30,088	0.7%	
Total community benefits	\$ 587,742	146%	\$ 268,820	\$ 318,922	7 9%	

Effective July 1, 2010, the Health System updated its policy for determining charity care whereby the Health System analyzes patient accounts receivable for eligibility as presumptive charity care Traditional charity care for the years ended June 30, 2012 and 2011, in the above table, includes presumptive charity care amounts at cost

In addition, the Health System incurred \$302,817,000 and \$316,210,000 in costs in excess of reimbursement from the Medicare program in 2012 and 2011, respectively

Effective July 1, 2011, the Health System adopted the new accounting standard requiring health care entities to present charity care disclosures at cost and provide additional disclosures relating to the measurement of charity cost. In addition, the standard requires that funds received from sources such as government programs or private grants, which offset or subsidize charity services, be separately disclosed. The Health System's policy is to report charity care and community benefits disclosures on a cost basis and to report any offsetting funds separately. Charity care amounts are determined using both a ratio of cost to gross charges as well as cost accounting systems.

The Health System affiliated hospitals dedicate approximately 10% of revenues in excess of expenses attributable to controlling interests each year to the St Joseph Health System Foundation (Foundation) The Foundation administers various programs for the poor and underserved in local and other communities Such programs are reflected in community services for the poor

Notes to Consolidated Financial Statements (continued)

12. Temporarily and Permanently Restricted Net Assets

A summary of net assets at June 30 follows

		2012		2011			
	(In Thousands)						
Unrestricted	\$	2,745,595	\$	2,615,539			
Temporarily restricted		125,865		102,739			
Permanently restricted		9,601		7,483			
Total net assets	\$	2,881,061	\$	2,725,761			

Temporarily and permanently restricted net assets are donor-restricted assets appropriated for plant expansion, capital acquisition, health services, and other specific purposes

Endowments

The Health System's endowment consists of approximately 98 separate endowment funds included in assets limited as to use established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees of the hospital foundations to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions

The Board of Trustees has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor restrictions to the contrary As a result of this interpretation, the Health System classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily net

Notes to Consolidated Financial Statements (continued)

12. Temporarily and Permanently Restricted Net Assets (continued)

assets until those amounts are appropriated for expenditure by the Health System in a manner consistent with the standard of prudence prescribed by UPMIFA In accordance with UPMIFA, the Health System considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds

- a The duration and preservation of the fund
- b The purposes of the hospital and the donor-restricted endowment fund
- c General economic conditions
- d The possible effect of inflation and deflation
- e The expected total return from income and the appreciation of investments
- f Other resources of the hospital
- g The investment policies of the hospital

The endowment net asset composition as of June 30, 2012 and 2011, by fund type, was as follows (in thousands)

			Ten	porarily	Per	manently	
2012	Uni	restricted	Re	stricted	Re	stricted	Total
Board-designated endowment funds Donor-restricted endowment	\$	19,074	\$	4,897	\$	_	\$ 23,971
funds		_		717		9,601	10,318
Total funds	\$	19,074	\$	5,614	\$	9,601	\$ 34,289
2011	Uni	restricted		iporarily stricted		manently estricted	Total
Board-designated endowment funds Donor-restricted endowment	\$	19,595	\$	3,672	\$	-	\$ 23,267
funds		_		531		7,483	8,014
Total funds	\$	19,595	\$	4,203	\$	7,483	\$ 31,281

Notes to Consolidated Financial Statements (continued)

12. Temporarily and Permanently Restricted Net Assets (continued)

Changes in endowment net assets during the years ended June 30, 2012 and 2011, were as follows (in thousands)

2012	Uni	restricted	porarily stricted	manently stricted	Total
Endowment net assets,					
July 1, 2011	\$	19,595	\$ 4,203	\$ 7,483	\$ 31,281
Realized investment gains		882	157	467	1,506
Unrealized losses		(1,179)	(327)	_	(1,506)
Contributions, net		571	1,850	1,661	4,082
Appropriation of endowment					
assets for expenditure		(795)	(269)	(10)	(1,074)
Endowment net assets,					
June 30, 2012	\$	19,074	\$ 5,614	\$ 9,601	\$ 34,289
2011	Uni	restricted	iporarily stricted	manently stricted	Total

		Ten	porarily	Per	manently		
Uni	restricted	Re	stricted	Restricted			Total
\$	14,821	\$	3,517	\$	7,246	\$	25,584
	1,557		33		(556)		1,034
	2,790		679		_		3,469
	1,207		102		805		2,114
-							
	(780)		(128)		(12)		(920)
\$	19,595	\$	4,203	\$	7,483	\$	31,281
	\$ t	1,557 2,790 1,207	Unrestricted Re	Unrestricted Restricted \$ 14,821 \$ 3,517 1,557 33 2,790 679 1,207 102 (780) (128)	Unrestricted Restricted Restricted \$ 14,821 \$ 3,517 \$ 1,557 33 <td>\$ 14,821 \$ 3,517 \$ 7,246 1,557 33 (556) 2,790 679 — 1,207 102 805 (780) (128) (12)</td> <td>Unrestricted Restricted Restricted \$ 14,821 \$ 3,517 \$ 7,246 \$ \$ 1,557 33 (556) - - - - 1,207 102 805 - <td< td=""></td<></td>	\$ 14,821 \$ 3,517 \$ 7,246 1,557 33 (556) 2,790 679 — 1,207 102 805 (780) (128) (12)	Unrestricted Restricted Restricted \$ 14,821 \$ 3,517 \$ 7,246 \$ \$ 1,557 33 (556) - - - - 1,207 102 805 - <td< td=""></td<>

Notes to Consolidated Financial Statements (continued)

12. Temporarily and Permanently Restricted Net Assets (continued)

The Health System has investment and spending policies for endowment assets that attempt to provide a stream of funding to programs supported by its endowment while balancing the risk of investment loss with the long-term preservation of purchasing power Endowment assets include those assets of donor-restricted funds that the Health System must hold in perpetuity or for a donor-specified period as well as board-designated funds. The Health System seeks to maintain the purchasing power of the endowment assets portfolio and to achieve rates of returns which over time exceed inflation by a specified margin. To achieve its long-term investment objectives within prudent risk constraints, the Health System develops strategic asset allocation ranges and targets for the endowment portfolio and considers factors including, but not limited to, time horizon, liquidity, and risk tolerance. The current asset allocation targets emphasize diversification across asset classes to manage risk and enhance returns. Actual allocations may differ from target allocations in the short term or during periods of significant market fluctuations In addition, the Health System confirms the asset allocation ranges on an annual basis and updates the investment policy and/or target allocations, as needed, if there is a significant change in capital market expectations and/or investment objectives, including spending requirements

The Health System expects that the returns achieved for the endowment portfolio will be accompanied by capital market risk, but the Health System seeks to achieve returns, adjusted for this risk, which will compare favorably to the returns of the applicable markets and representative peers

The Health System's policy allows the individual hospital Board of Trustees to determine a spending rate from endowment investments. In establishing this policy, the Health System considers the fair market value and long-term expected return on its endowment and the factors described above.

Notes to Consolidated Financial Statements (continued)

13. Commitments and Contingencies

Operating Leases

The Health System leases land, buildings and equipment under various noncancelable operating leases excluding lease financing obligations (see Note 3) for terms up to 34 years. Lease expense was approximately \$59,298,000 in 2012 and \$65,733,000 in 2011. Sublease revenues relating to building space under various noncancelable leases were \$18,347,000 in 2012 and \$24,957,000 in 2011. The leases provide that the minimum monthly lease payments may be adjusted for inflation. Minimum lease commitments at June 30, 2012, are as follows (in thousands).

2013	\$ 50,551
2014	46,515
2015	40,795
2016	35,007
2017	17,456
Thereafter	110,474
	 300,798
Less sublease revenue	(59,341)
	\$ 241,457

Litigation

As a result of a validation survey completed by the California Department of Public Health (CDPH) in June 2012 on behalf of the Centers for Medicare and Medicaid Services (CMS), CMS concluded that Mission Hospital was not in compliance with certain of the conditions of participation as a provider in the Medicare program Mission Hospital submitted a plan of correction to CMS addressing the alleged deficiencies, and CDPH conducted a subsequent survey of the facility in August 2012 to verify compliance with all conditions of participation As a result of that August 2012 survey, CMS identified certain continuing deficiencies relating to dietary services In response to these survey findings, Mission Hospital submitted an additional plan of correction for review by CMS and CDPH Another survey of the facility is anticipated in October 2012

Notes to Consolidated Financial Statements (continued)

13. Commitments and Contingencies (continued)

While failure to comply with Medicare conditions of participation may result in termination under the Medicare program, management of the Health System anticipates that the deficiencies identified by CMS and not already corrected will be corrected by Mission Hospital within the time periods required by CMS and that Medicare and Medicaid reimbursement will not be materially adversely affected Management of the Health System does not expect that the cost of correcting the deficiencies and maintaining compliance will have a material adverse effect on the Health System's financial condition

In February 2012, the Health System became aware of and notified 31,800 patients that personal health information records residing on its internal computer networks had been accessible through external search engines All affected patients and regulatory agencies have been notified and corrective actions have been in progress As of June 30, 2012, six class action suits have been filed against the Health System Due to the recent timing of the discovery and the ongoing investigation, the likelihood of an unfavorable outcome and potential financial impact is currently unknown

The Health System has been named in complaints alleging various wage and hour violations in California Similar actions have been filed against other California employers including other hospitals and health systems. The Health System is vigorously defending the action. The case is in its preliminary stages and as a result, the likelihood of an unfavorable outcome and the potential financial impact are unknown.

The Civil Division of the Department of Justice (DOJ) has contacted the Health System in connection with its nationwide review of whether, in certain cases, hospital charges to the federal government relating to implantable cardio-defibrillators (ICDs) met the Centers for Medicare and Medicaid Services criteria. In connection with this nationwide review, the DOJ has indicated that it will be reviewing certain ICD billing and medical records at certain of the Health System's hospitals for the period from October 2003 to the present. The review could potentially give rise to claims against the Health System under the federal false claims act or other statutes, regulations or laws. At this time, management cannot predict what effect, if any, this review or any resulting claims could have on the Health System.

Notes to Consolidated Financial Statements (continued)

13. Commitments and Contingencies (continued)

In April 2012, the Health System and other providers settled class action litigation against CMS relating to the rural floor budget neutrality reimbursements from the federal fiscal years 1998 to 2011 As a result of the settlement, the Health System recognized \$24,542,000 in net patient service revenues for the year ending June 30, 2012

Certain claims, suits, and complaints arising in the ordinary course of business have also been filed or are pending against the Health System In the opinion of management, such claims, if disposed of unfavorably, would not have a material adverse effect on the Health System's consolidated financial position, results of operations or cash flows

Seismic Compliance (Unaudited)

The Health System has completed facility master plans for each of its California hospitals, including an assessment of earthquake retrofit requirements. The Health System has received an extension for compliance with seismic standards for all of its California hospitals through January 1, 2013, with an additional extension to January 1, 2015, for some hospitals for factors beyond the hospital's control. The Health System projects total costs of \$1,092,192,000 to meet these seismic standards, and in some cases these projects will meet enhanced standards for 2030. Of the total projected costs, \$745,358,000 has been spent through June 30, 2012, with additional commitments of \$291,974,000. The Health System plans to fund these projects through operations, debt issuance and philanthropy. Through June 30, 2012, the Health System has received \$318,312,000 in philanthropic support for all construction projects.

14. Subsequent Events

The Health System has evaluated subsequent events occurring between the end of the most recent fiscal year ended June 30, 2012 and September 28, 2012, the date the financial statements were issued

In August 2012, the Health System announced its intention to form an affiliation with Hoag Memorial Hospital Presbyterian (Hoag), an Orange County health care system The affiliation will not require a transfer of assets and will facilitate a coordinated delivery of health care in the Southern California region Management intends to file the definitive agreements with the California Attorney General in October 2012

Notes to Consolidated Financial Statements (continued)

14. Subsequent Events (continued)

In July 2012, Heritage entered into a definitive agreement to acquire tangible and intangible assets as well as a management company from Mission Internal Medicine Group (MIMG), a Southern California physician medical group, for approximately \$110,000,000 MIMG is a longstanding member of the south Orange County market, providing physician services and unique ancillary services, including cardiac diagnostic services, an infusion center, medical travel clinic and sleep center Upon the effective date of the transaction, MIMG will become the exclusive medical group partner in south Orange County providing professional services to patients whose contractual relationship is owned and managed by Heritage Heritage's corporate members include three of the Health System's Southern California hospitals The MIMG affiliation expands the current Heritage medical group model to three unique medical groups and to south Orange County Management currently anticipates the effective date of the transaction to be in November 2012

Supplementary Information

Consolidating Balance Sheet

(In Thousands)

June 30, 2012

	C onsolidated	Eliminations	Total Regional Entities	American Unity Group	Professional Services Enterprises	Heritage Investment Group I	Revenue Cycle Services	Innovation Institute	St Joseph Health System Foundation	Obligated Group	Non- Obligated Group
Assets											
Current assets											
Cash and equivalents	\$ 100 040	\$ (22.368) \$	184 ~~2 \$	5000	· - :	\$ 2080 \$	1 70 \$	21 500 \$	5 311	\$ 00.350 \$	100 590
Short-term marketable securities	784 811	_	725 322	_	_	_	_	_	50 480	o8o 2ºo	98 51 5
Patient accounts receivable less											
allowance for doubtful accounts	485 400	=	485 400	=	=	=	=	=	-	437 211	48 288
Inventories and other	174 030	-	172 007	1117	_	ol	-	154	1	158 720	15 310
Total current assets	1 044 280	(22.368)	1 508 290	~ 08o	_	3 0 5 0	1 707	21 o 54	o4 801	1 381 577	262 703
Long-term marketable securities	930 487	=	874 484	62 003	=	=	=	=	-	824 984	111 503
Assets limited as to use											
Board designated	188 207	=	101 038	=	=	=	=	=	27 220	14~ 100	41 101
Held in trust	100 000	_	100 000	_	_	_	_	_	_	180 00-	0 000
Total assets limited as to use	384 333	=	357 104	=	=	=	=	=	27 220	33 7 0 7 3	47 200
Property and equipment net	2 388 782	(24 982)	2 388 708	=	12 257	12 o14	00	0.5	-	2 310 003	08 819
Investments and other	55 042	(37.872)	74 735	322	10 513	7 344	_	_	_	02 324	(37 282)
Collateral held for swap counterparty	40 402	_	40 402	_	_	_	_	_	_	40 402	_
Notes receivable	4 711	_	4 711	_	_	_	_	_	_	4~11	_
Deterred financing costs net	20 781	_	20 781	_	_	_	_	_	_	20 781	_
Goodwill and other intangibles net	42 280	(5.524)	4~804	_	_	_	_	_	_	15.527	26 753
•	163 216	(43.3%)	188 433	322	10 513	7 344	_	-	_	173 745	(10.529)
Total assets	\$ 5,517,098	\$ (90,740) \$	5,377,070 \$	00,411	22,770	\$ 23,008 \$	1,82" \$	21,719 \$	92,030	\$ 5,037,342 \$	470,750
Liabilities and net assets (deficit)											
Current habilities											
Accounts payable	\$ 121 428	\$ (193) \$	110 050 \$	801 5	s – :	s - \$	- \$	870 \$	-	\$ 107305 \$	14 033
Accrued compensation and											
related habilities	234 08o	=	227 258	=	=	=	o 334	404	-	211.370	22 710
Accrued habilities	292 230	(1.502)	273 540	1810	_	1 014	101	1	_	104 000	98 104
Payable to third-party payors	04 045	=	04 045	=	=	=	=	=	-	02 005	2 040
Current maturities of long-term debt	30 238	_	30 238	_	_	_	_	_	_	30 008	140
Total current habilities	751 027	(1 005)	724 040	18 908	-	1 014	o 435	1 305	_	013 040	137 087
Interest rate swaps	72 020	_	72 020	-	_	-	-	_	-	-2 020	-
Other liabilities	178 507	_	107 050	11 535	0	_	_	_	_	144 ~10	33 887
Notes payable and interest due (from)											
to affiliates	_	(22 503)	14 707	113	(2.228)	14 725	(344)	333	(4803)	(110 000)	110 000
Long-term debt less current maturities	1 o33 784	(37.873)	1 o51 535	_	20 122	_	_	_	_	1 630 227	3.557
Total liabilities	2 030 037	(62.071)	2 630 027	30 o lo	1- 000	10 030	0 001	1 098	(4.863)	2 344 537	291 500
Net assets (deficit)											
Controlling interest	2 845 141	(31.846)	2 714 303	38 705	4.870	0.300	(4.264)	20 021	90 893	2 092 805	152 33o
Noncontrolling interests in subsidiaries	35 920	3 171	32 740	_	_	_	-	_			35 920
<i>e</i>	2 881 001	(28 o 75)	2 747 052	38 705	4.870	o 3oo	(4 264)	20 021	00 803	2 092 805	188 25o
Total liabilities and net assets	\$ 5,517,098		5,377,079 \$	o ⁰ ,411 S					92,030		470,750

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Consolidating Balance Sheet of Regional Entities (In Thousands)

June 30, 2012

		Total			Southern	Northern	Texas	System
		Regional	Elimina	itions	California	California	Region	Office
Assets								
Current assets								
Cash and equivalents	\$	184,772	\$	(31.344) \$	58.785			
Short-term marketable securities		725,322		_	350,725	189,617	104,601	80,379
Patient accounts receivable, less allowance								
for doubtful accounts		485,499		_	249.976	128,041	107.482	_
Inventories and other		172,697		_	86,898	57,918		7,727
Total current assets		1,568,290		(31.344)	746,384	404,850		113,938
Long-term marketable securities		874,484		2.365	454,459	108,900	177.296	131,464
Assets limited as to use								
Board designated		161,038		-	142,081	6,586	12,371	-
Held in trust		196,066		-	65,023	54,716	13.584	62,743
Total assets limited as to use		357,104		-	207,104	61,302	25,955	62,743
Property and equipment, net		2,388,768		-	1,441,863	578,097	258,027	110,781
Investments and other		74,735		-	24.639	2,872	20,115	27,109
Collateral held for swap counterparty		40,402		_	_	_	_	40,402
Notes receivable		4,711		_	4,485	77	149	=
Deferred financing costs, net		20,781		_	12,938	5,581	1.368	894
Goodwill and other intangibles, net		47,804		_	46,996	808		_
C		188,433		-	89,058	9,338	21,632	68,405
Total assets	\$	5,377,079	\$	(28,979) \$	2,938,868	\$ 1,162,487	\$ 817,372	\$ 487,331
Liabilities and net assets (deficit)								
Current liabilities								
Accounts payable	\$	119,950	\$	(2) \$	69.022	S 24.858	\$ 18,127	\$ 7,945
Accided compensation and				, -, -				
related liabilities		227,258		_	90,644	55,459	34,530	46,625
Accided liabilities		273,549		_	76,635	29,076		97,143
Payable to third-party payors		64,045		_	34,094	20,395		_
Current maturities of long-term debt		39,238		(29,865)	13.849	3,604		38,580
Total current liabilities		724,040		(29,867)	284,244	133,392		190,293
Interest rate swaps		72,629		-		_	-	72.629
Other liabilities		167,056		_	14.661	1,787	29,788	120,820
Notes payable and interest due (from) to affiliates		14,767		1,364,566	56,719	44,282		
Long-term debt, less current maturities		1,651,535		1,366,043)	961,454	337,412		1,557,582
Total liabilities		2,630,027		(31,344)	1,317,078	516.873		504,472
Net assets (deficit)		2.05.0.027		(2.122.77)	117.070	310.073	3.22.740	304.472
Controlling interest		2,714,303		2,365	1,609,340	645,614	474,125	(17,141)
Noncontrolling interests in subsidiaries		32,749		2,303	1.009.340	0+3,01+	20,299	(1/,1+1)
Noncontrolling interests in substitution		2,747,052		2,365	1,621,790	645,614	494,424	(17,141)
Total liabilities and net assets	•	5,377,079	•	(28,979) \$	2,938,868			\$ 487,331
Total natinities and net assets	3	3,311,019	Φ	(20,7/7) 3	2,930,808	\$ 1,102, 48 /	5 017,372	p +07,331

Consolidating Balance Sheet of Southern California Region (In Thousands)

June 30, 2012

	Southern California	El	St Joseph	St. Jude Medical	Mission	St Mary Medical	Heritage Foundation Southern	St. Joseph	St Joseph Physician	Mission Ambulatory	Mission Viejo Medical	Mission Education Conference	St Joseph Home Health
Accepte	Region	Eliminations	Orange	Center	Hospital	Center	California	Imaging	Ventures	Services	Ventures	Center	South
Assets Current assets													
Cash and equivalents	\$ 58 785	S –	·	\$ 13.916	\$ 16 634	\$ 7.624	\$ 11 106	\$ 5	\$ 6.805	\$ 2 264	\$ 251	\$ 180	· c
Short-term marketable securities	350 725	ъ –	5 – 73 552	131 793	101 614	29 501	14 265	Φ	p (30)2	3 2204	Φ =21	p 160	ъ —
Patient accounts receivable less	5507725	_	757552	151 775	107 014	22 3071	14 205	_	_	_	_	_	_
allowance for doubtful accounts	249 976	_	53 648	48 750	73 475	52 304	12 546	_	1	2 183		_	7 069
Inventories and other	86 898	_	26 900	9 190	16 422	27 760	5 663	243	_	508	_	29	183
Total current assets	746 384		154 100	203 649	208 145	117 189	43 580	248	6 806	4 955	251	209	7 252
Long-term marketable securities	454 459	_	184 315	222 229	200 143	47 915			- 0 800	4 233	231	2019	/
Assets limited as to use	サンサ サング	_	104 515		_	47 913	_	_	_	_	_	_	_
Board designated	142 081	=	53 194	16 991	69 390	650	1 856						
Held in trust	65 023	_	2 873	62 150	0% 2%0	050	1 620	_	_	_	_	_	_
Total assets limited as to use	207 104		56 067	79 141	69 390	650	1 856						
Property and equipment net	1 441 863	(49 341)	492 064	458 821	319 993	120 318		1 295	20 456	880	_	5 960	4 195
Investments and other	24 639	(30 693)	15 122	6 409	29 885	1 659		758	20 450	000	51	2, 200	4 173
Notes receivable	4 485	(30 093)	4 485	0 405	23, 0.05	1 039	1 ++0	7.50	_	_	21	_	_
Deferred financing costs net	12 938	_	5 038	4 598	2 860	442	_	_	_	_	_	_	_
Goodwill and other intangibles net	46 996	29 969	2.036	1 002	13 717		_	_	2.308	_	_	_	_
Cloudwill and other intaligibles her	89 058	(724)	24 645	12 009	46 462	2 101	1 448	758	2 308		51	_	
Total assets	\$ 2,938,868	\$ (50,065)		\$ 975,849	\$ 643,990	\$ 288,173			\$ 29,570	\$ 5,835		\$ 6,169	11,447
Liabilities and net assets (deficit) Current liabilities													
Accounts payable	\$ 69 022	\$ (4)		\$ 9 288	\$ 13 899	\$ 9.865	\$ 8 415	\$ 644	\$ -	\$ 492	\$ -	\$ -	_
Accrued compensation and related liabilities	90 644	_	31 268	20 838	20 634	10 659	6 048	-	_	232	_	-	965
Accrued liabilities	76 635	_	18 976	13 483	21 640	6 265	15 231	_	68	447	_	110	415
Payable to third-party payors	34 094	-	635	12 187	10 093	9 738		-	-	-	-	_	_
Current maturities of long-term debt	13 849	(244)	6 168	3 801	2 969	911	244	-	_	_	_	_	_
Total current liabilities	284 244	(248)	83 470	59 597	69 235	37 438	31 379	644	68	1 171	-	110	1 380
Other liabilities	14 661	_	3 141	4 531	3 638	3	1 752	1 385	136	_	_	_	75
Notes payable and interest due (from)													
to affiliates	56 719	1	2 277	(5 608)	31 514	12 809	(1 682)	900	6 510	165	7	(216)	10 042
Long-term debt less current maturities	961 454	(27.262)	364 787	358 151	184 097	35 367	45 450	864	_	-	_	-	
Total liabilities	1 317 078	(27.509)	453 675	416 671	288 484	85 617	76 899	3 793	6 714	1 336	7	(106)	11 497
Net assets (deficit)													
Controlling interest	1 609 340	(35 006)	457 516	559 178	355 506	202 556	37 207	(1.492)	22 856	4 499	295	6 275	(50)
Noncontrolling interests in subsidiaries	12 450	12 450	-	_	_	-	-	=	_	=	_	=	
	1 621 790	(22 556)	457 516	559 178	355 506	202 556	37 207	(1 492)	22 856	4 499	295	6 275	(50)
Total liabilities and net assets	\$ 2,938,868	\$ (50,065)	\$ 911,191	\$ 975,849	\$ 643,990	\$ 288,173	\$ 114,106	\$ 2,301	\$ 29,570	\$ 5,835	\$ 302	\$ 6,169	\$ 11,447

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Consolidating Balance Sheet of Northern California Region (In Thousands)

June 30, 2012

	Northern California Region	Eliminations	Queen of the Valley	Santa Rosa Memorial	Petaluma Valley	St Joseph Eureka	Redwood Memorial	Heritage Foundation Northern California	St Joseph Home Health North	Redwood Memorial Foundation	Queen of the Valley Foundation
Assets											
Current assets											
Cash and equivalents	\$ 29 274	\$ - \$	14 937	\$ 909	\$ 2 642	\$		\$ 597	\$ -		\$ 6719
Short-term marketable securities	189 617	_	86 306	87 411	-	142	13 177	_	_	2 091	490
Patient accounts receivable less											
allowance for doubtful accounts	128 041	_	32 615	53 270	9 127	21 978	6 636	3 592	823	-	-
Inventories and other	57 918	_	5 797	22 297	3 598	20 306	4 034	809	69	_	1 008
Total current assets	404 850	-	139 655	163 887	15 367	42 426	27 156	4 998	892	2 252	8 217
Long-term marketable securities	108 900	=	62 187	26 446	75	471	17 446	-	_	-	2 275
Assets limited as to use											
Board designated	6 586	_	_	3 617	1 930	925	_	_	-	-	114
Held in trust	54 716	_	50 503	-	_	_	_	_	-	_	4 213
Total assets limited as to use	61 302	-	50 503	3 617	1 930	925	-	-	-	-	4 327
Property and equipment net	578 097	_	175 234	168 202	16 175	205 123	9 985	2 764	229	227	158
Investments and other	2 872	_	702	145	_	2 025	_	_	_	_	_
Notes receivable	77	_	_	_	77	_	_	_	_	_	_
Deferred financing costs net	5 581	_	1 467	2 101	1 360	628	25	_	-	-	-
Goodwill and other intangibles net	808	_	_	_	_	808	_	_	_	_	_
	9 338	-	2 169	2 246	1 437	3 461	25	-	-	-	_
Total assets	\$ 1,162,487	\$ - \$	429,748	\$ 364,398	\$ 34,984	\$ 252,406	\$ 54,612	\$ 7,762	\$ 1,121	\$ 2,479	\$ 14,977
Liabilities and net assets (deficit)											
Current liabilities											
Accounts payable	\$ 24.858	\$ (2) \$	6 850	\$ 9807	\$ 1 772	\$ 4609	\$ 850	\$ 963	\$ -	\$ -	\$ 9
Accrued compensation and											
related liabilities	55 459	_	17 998	19 447	4 382	10 135	2 562	248	687	_	_
Accrued liabilities	29 076	_	7 452	12 230	2 166	6 443	274	435	43	_	33
Payable to third-party payors	20 395	_	1 329	8 731	(17)	9 435	318	599	_	_	_
Current maturities of long-term debi	3 604	_	1 261	2 181	95	_	67	_	-	-	-
Total current liabilities	133 392	(2)	34 890	52 396	8 398	30 622	4 071	2 245	730	_	42
Other liabilities	1 787	_	_	-	_	366	_	111	-	-	1 310
Notes payable and interest due (from)											
to affiliates	44 282	1	(5.800)	(29.850)	14 572	39 436	(853)	24 253	3 141	3	(621)
Long-term debt less current maturities	337 412	1	153 839	120 394	446	60 789	1 909	_	_	_	34
Total liabilities	516 873	-	182 929	142 940	23 416	131 213	5 127	26 609	3 871	3	765
Net assets (deficit)											
Controlling interest	645 614	_	246 819	221 458	11 568	121 193	49 485	(18.847)	(2.750)	2 476	14 212
Noncontrolling interests in subsidiaries	_	_	_	_	_	_	_	_	_	_	_
-	645 614	-	246 819	221 458	11 568	121 193	49 485	(18 847)	(2.750)	2 476	14 212
Total liabilities and net assets	\$ 1162487	S - S	429 748	\$ 364,398	\$ 34.984	\$ 252,406	\$ 54612	\$ 7.762		\$ 2.479	\$ 14 977

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Consolidating Balance Sheet of Texas Region (In Thousands)

June 30, 2012

	Texas Region	Eliminations	Covenant Lubbock		Covenant Plainview	C ovenant LT4C	Covenant Medical Group	Methodist Medical Group	Covenant Surgicenter	C ovenant Diagnostic Imaging	Hospice of Lubbock	C ovenant Health Partners	First Care	Methodist Service Provider Organization	Covenant Foundation
Assets															
Current assets															
Cash and equivalents		\$ - 5				\$ 1134	\$ 1 881	\$ -		\$ 666		\$ 1.304 \$		\$ 9863	\$ 4.271
Short-term marketable securities	104 601	-	78 225	4 181	15	-	84	-	1 087	-	994	-	20 015	-	-
Patient accounts receivable less															
allowance for doubtful accounts	107 482	-	16	1 953	4 916	3 1		-	2 020	483	715	-	8 725	-	-
Inventories and other	20 1 54	-	13.975	328	318	1	1 447	-	620	189	255	322	1 635	58	830
Total current assets	334 462	-	202 760	10 129	13 630	4 488	11 189	-	4 280	1 338	3 752	1 626	66 248	9 921	5 101
Long-term marketable securities	1 296	_	130 071	-	-	-	_	-	-	-	-	-	3~ 956	_	9 269
Assets limited as to use															
Board designated	12.371	_	370	39	-	-	-	_	_	-	_	_	-	_	11 962
Held in trust	13 584	-	11 698	-	-	-	-	-	-	-	-	-	_	-	1 886
Total assets limited as to use	25 955	_	12 068	39	-	-	_	-	_	_	_	-	_	-	13 848
Property and equipment, net	258 027	-	233 879	1 ~44	7 415	1 241	833	-	2 304	234	524	-	18	2 1 2 5	10
Investments and other	20 115	(39.582)	8.857	_	411	-	17 143	434	180	-	118	-	-	32 554	-
Notes receivable	149	_	_	149	-	_	_	-	-	_	_	_	_	_	-
Deferred financing costs net	1 368	_	1 368	_	_	-	_	-	_	_	-	_	_	_	-
Goodwill and other intangibles net	_	_	-	_	-	_	_	-	_	_	_	_	-	-	_
	21 632	(39.582)	10 225	149	411	-	17 143	434	180	_	118	_	_	32 554	_
Total assets	\$ 817372	\$ (39.582) \$	589 003	\$ 12.061	21 456	\$ 5,729	\$ 29165	\$ 434	\$ 6764	\$ 1,572	\$ 4394	\$ 1.626 \$	111 922	\$ 44 600	\$ 28,228
Liabilities and net assets (deficit) Current liabilities		_												_	
Accounts payable		\$ - 5					\$ 303		-		\$ 149			\$ -	
Accrued compensation and related liabilities	34 530	_	24 619	629	894	531	4 701	-	161	160	120	835	1 863	_	1-
Accrued liabilities	70 695	_	7 951	-	-	109	1 056	-	-	39	-	-	60 463	-9-	280
Payable to third-party payors	9 556	_	8 941	591	24	_	_	-	_	_	-	_	_	_	_
Current maturities of long-term debt	13 070	-	12 930	_	_	-	_	-	_	_	_	_	140	-	_
Total current liabilities	145 978	_	68 748	1 747	2.175	732	6 060	-	328	258	269	838	62 630	-9-	1 396
Other liabilities	29 788	-	12 211	-	-	-	17 143	434	-	-	-	-	-	-	-
Notes payable and interest due (from) to affiliates	(13 948)	-	(116 437)	220	9 893	4*4	56 798	-	203	-	108	(2 946)	-	31 413	266
Long-term debt less current maturities	161 130	-	158 910	_	-	-	-	-		_	_	-	2 220	-	_
Total liabilities	322 948	-	123 432	1 967	12 068	1 206	80 001	434	531	258	3	(2 108)	64 850	38 270	1 662
Net assets (deficit)															
Controlling interest	474 125	(59 881)	465 571	10 094	9 388	4 523	(50.836)	_	6 233	1 314	4 017	3 734	41 012	6 330	26 566
Noncontrolling interests in subsidiaries	20 299	20 299	-	_	_	-	-	-	-	_	-		_		
	494 424	(39 582)	465 571	10 094	9 388	4 523	(50.836)	_		1 314	4 017	3 ~34	41 012	6 330	26 566
Total liabilities and net assets	\$ 817372	\$ (39.582) \$	589 003	\$ 12,061	\$ 21.456	\$ 5729	\$ 29165	\$ 434	\$ 6764	\$ 1.572	\$ 4394	\$ 1626 \$	111 922	\$ 44,600	\$ 28,228

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Consolidating Statements of Operations (In Thousands)

For the Year Ended June 30, 2012

Revenues
Patient service net of contractual
allowances and discounts
Provision for doubtful accounts
Net patient service net of provision for
doubtful accounts
Premium
Other
Total revenues
Expenses
Compensation and benefits
Supplies and other
Professional fees and purchased services
Depreciation and amortization
Interest
Total expenses
Operating income (loss)
Nonoperating (losses) gains net
Excess (deficiency) of revenues over expenses
Less Excess of revenues over expenses
attributable to noncontrolling interests
Excess (deficiency) of revenues over expenses

attributable to controlling interests

Total Regional Consolidated Eliminations Entities		American Unity Group	Professional Services Enterprises	Heritage Investment Group I	Revenue Cycle Services	Innovation Institute	St Joseph Health System Foundation	Obligated Group	Non- Obligated Group	
\$ 3 729 930	\$ -	\$ 3 729 930	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3 486 124	\$ 243 806
221 400	-	221 400	-	-	-	-	-	-	207 004	14 396
3 508 530	=	3 508 530	=	=	=	=	=	=	3 279 120	229 410
740 468	_	740 468	_	_	_	_	_	_	141 604	598 864
126 967	(29 944)	122 706	9 496	4 646	3 360	4 1 2 4	12.579	=	90 686	36 281
4 3 7 5 9 6 5	(29 944)	4 3 1 7 0 4	9 496	4 646	3 360	4124	12 579	-	3 511 410	864 555
1 965 285	(5.359)	1 955 969	_	_	_	9 316	5 359		1 699 196	266 089
891 888	(9 786)	893 726	3 985	1 762	1 097	309	795	_	795 335	96 553
1 086 164	(8.407)	1 087 553	184	23	32	375	6 404	_	555 102	531 062
189 424	(1 185)	189 589	-	648	336	36	-	_	179 838	9 586
100 914	(6150)	103 781	_	2 431	852	_	_	_	100 653	261
4 233 675	(30.887)	4 230 618	4 169	4 864	2.317	10 036	12 558	_	3 330 124	903 551
142 290	943	141 086	5.32	(218)	1 043	(5 912)	21	-	181 286	(38 996)
(20 560)	(19 523)	(27.743)	=	21 019	-	1	=	5 679	5 903	(26 463)
121 730	(18 580)	113 343	5 327	20 801	1 050	(5 911)	21	5 679	187 189	(65 459)
4 324	523	3 801							_	4 324
\$ 117,406	\$ (19,103)	\$ 109,542	\$ 5,327	\$ 20,801	\$ 1,050	\$ (5,911)	\$ 21	\$ 5,679	\$ 187,189	\$ (69,783)

Consolidating Statements of Operations of Regional Entities (In Thousands)

For the Year Ended June 30, 2012

	Total Regional Entities	Eliminations	Southern California Region	Northern California Region	Texas Region	System Office
Revenues	-					
Patient service, net of contractual						
allowances and discounts	\$ 3,729,930	\$ -	\$ 1,970,680	\$ 995.927	\$ 763,323	\$ -
Provision for doubtful accounts	221,400	_	101.996	49,970	69,434	
Net patient service, net of provision for						
doubtful accounts	3,508,530	_	1,868,684	945.957	693,889	_
Premium	740,468	_	382,894	8,050	349,524	_
Other	122,706	(239,084)	46,221	19,166	52,806	243,597
Total revenues	4,371,704	(239,084)	2.297.799	973,173	1,096,219	243,597
Expenses						
Compensation and benefits	1.955.969	(30,774)	977.375	485.512	401,734	122,122
Supplies and other	893,726	(16,371)	486,533	194,688	201,371	27,505
Professional fees and purchased services	1,087,553	(191.939)	573,824	199,151	401.678	104,839
Depreciation and amortization	189,589	_	93,159	47,648	42,705	6,077
Interest	103,781	_	42,268	11,563	9,151	40,799
Total expenses	4,230,618	(239,084)	2,173,159	938,562	1,056,639	301,342
Operating income (loss)	141,086	_	124,640	34.611	39,580	(57,745)
Nonoperating (losses) gains, net	(27.743)	_	(33,301)	3,636	(8,669)	10,591
Excess (deficiency) of revenues over expenses	113,343	_	91,339	38,247	30,911	(47,154)
Less Excess of revenues over expenses						
attributable to noncontrolling interests	3.801	_	2,511	_	1,290	
Excess (deficiency) of revenues over expenses						
attributable to controlling interests	\$ 109.542	\$ -	\$ 88.828	\$ 38.247	\$ 29.621	\$ (47,154)

Consolidating Statements of Operations of Southern California Region (In Thousands)

For the Year Ended June 30, 2012

	Southern			St. Jude		St Mary	Heritage		64 7	Mission	Mission	Mission	St. Joseph Home
	Soutnern California		St Joseph	St. Jude Medical	Mission	Medical	Foundation Southern	St Joseph	St. Joseph Physician	Ambulatory	Viejo Medical	Education Conference	Home Health
	Region	Eliminations	Orange	Center	Hospital	Center	California	Imaging	Ventures	Services	Ventures	Center	South
Revenues													
Patient service net of contractual													
allowances and discounts	\$ 1 970 680	S - S	§ 581 593 \$	8 428 912	\$ 481 308 \$	312 794	\$ 118 616	\$ -	\$ -	\$ 12 054	\$ -	\$ -	\$ 35,403
Provision for doubtful accounts	101 996	_	11 354	26 768	25 966	33 957	2 868	_	_	436	_	_	647
Net patient service net of provision													
for doubtful accounts	1 868 684	-	570 239	402 144	455 342	278 837	115 748	-	-	11 618	-	-	34 756
Premium	382 894	-	56 729	56 298	1 590	19 302	248 975	_	-	_	-	_	_
Other	46 221	(4.560)	11 412	6 212	14 708	4 033	8 394	4 079	301	_	_	1 642	_
Total revenues	2 297 799	(4 560)	638 380	464 654	471 640	302 172	373 117	4 079	301	11 618	-	1 642	34 756
Expenses													
Compensation and benefits	977 375	_	301 220	217 420	212 657	133 435	83 023	1 112	_	3 152	_	_	25 356
Supplies and other	486 533	(6 472)	160 972	93 168	112 210	59 196	55 272	1 902	73	3 485	1	367	6 359
Professional fees and purchased services	573 824	(2.952)	107 916	86 159	77 287	56 890	242 726	508	137	1 289	45	55	3 764
Depreciation and amortization	93 159	(922)	30 757	25 896	21 391	9 094	5 836	324	65	319	_	183	216
Interest	42 268	(993)	14 798	13 026	9 586	1 958	3 808	68	_	_	_	_	17
Total expenses	2 173 159	(11 339)	615 663	435 669	433 131	260 573	390 665	3 914	275	8 245	46	605	35 712
Operating income (loss)	124 640	6 779	22 717	28 985	38 509	41 599	(17.548)	165	26	3 373	(46)	1 037	(956)
Nonoperating (losses) gains net	(33 301)	(27 709)	(8 316)	3 675	(711)	(406)	104	_	=	10	35	1	16
Excess (deficiency) of revenues over expenses	91 339	(20 930)	14 401	32 660	37 798	41 193	(17 444)	165	26	3 383	(11)	1 038	(940)
Less Excess of revenues over expenses													
attributable to noncontrolling interests	2 511	2 511	_	-	-	_		_	_		_	_	
Excess (deficiency) of revenues over expenses													
attributable to controlling interests	\$ 88 828	\$ (23,441) \$	8 14 401 3	\$ 32,660	\$ 37 798 \$	41 193	\$ (17.444)	\$ 165	\$ 26	\$ 3383	\$ (11)	\$ 1 038	\$ (940)

Condensed Consolidating Statements of Operations of Northern California Region (In Thousands)

For the Year Ended June 30, 2012

	Northern California Region	Eliminations	Queen of the Valley	Santa Rosa Memorial	Petaluma Valley	St. Joseph Eureka	Redwood Memorial	Heritage Foundation Northern California	St Joseph Home Health North	Redwood Memorial Foundation	Queen of the Valley Foundation
Revenues											
Patient service net of contractual											
allowances and discounts	\$ 995.92	7 \$ (655)	\$ 240 626	\$ 378 036	\$ 87 763	\$ 206 119 \$	\$ 50.821	\$ 23 050	\$ 10 167	\$ -	\$ -
Provision for doubtful accounts	49 97) _	10 590	18 936	6 345	9 340	3 742	539	478	_	
Net patient service net of provision for doubtful accounts	945 95	7 (655)	230 036	359 100	81 418	196 779	47 079	22 511	9 689	-	-
Premium	8 050) =	7 686	=	=	_	-	364	_	-	=
()ther	19 16	5 (1.739)	5 889	6 982	1 538	1 626	742	4 128	_	_	_
Total revenues	973 17.	3 (2.394)	243 611	366 082	82 956	198 405	47 821	27 003	9 689		-
Expenses											
Compensation and benefits	485 513	_	137 304	173 683	47 789	86 232	22 079	9 355	9 o 7 o	_	_
Supplies and other	194 68	3 -	51 827	70 528	14 687	45 494	5 576	5 133	1 443	_	_
Professional fees and purchased services	199 15	1 (1.718)	41 420	59 683	17 750	43 247	10 165	27 188	1 416	_	_
Depreciation and amortization	47 64		16 359	18 094	3 651	7 405	1 533	545	61	_	-
Interest	11 56.	-	4 024	6 288	43	1 041	92	=	75	-	=
Total expenses	938 56	2 (1.718)	250 934	328 276	83 920	183 419	39 445	42 221	12 065	_	_
Operating income (loss)	34 61	1 (676)	(7 323)	37 806	(964)	14 986	8 376	(15.218)	(2 376)	-	_
Nonoperating gains (losses) net	3 636	676	375	2 933	41	(800)	39	2	16	70	284
Excess (deficiency) of revenues over expenses											
attributable to controlling interests	\$ 38.24	7 \$ _	\$ (6.948)	\$ 40 739	\$ (923)	\$ 14186 \$	8 415	\$ (15.216)	\$ (2.360)	\$ 70	\$ 284

Consolidating Statements of Operations of Texas Region (In Thousands)

For the Year Ended June 30, 2012

	Texas Region	Eliminations	Covenant Lubbock	C ovenant Levelland	C ovenant Plainview	Covenant LTAC	Covenant Medical Group	Covenant Surgicenter	Covenant Diagnostic Imaging	Hospice of Lubbock	C ovenant Health Partners	First Care	Methodist Service Provider Organization	Covenant Foundation
Revenues														
Patient service net of contractual														
allowances and discounts	\$ 763,323	\$ (68 123)		\$ 21.850 \$				-	\$ 6787	\$ 6213	5 - 5	-	\$ -	\$ -
Provision for doubtful accounts	69 434	_	52 508	2 1 7 9	4 842	426	8 566	294	519	100	_	_	_	_
Net patient service the net of provision for doubtful accounts	693 889	(68 123)	600 625	19671	28 81 5	16 454	T1 T93	12 273	6 268	6 113	-	_	-	-
Premium	349 524	(1.800)	_	_	_	_	-	_	-	_	_	351 324	-	_
Other	52 806	(16 234)	28 184	968	3 879	_	22 929	_	56	255	1 721	11 048	_	_
Total revenues	1 096 219	(86 157)	628 809	20 639	32 694	16 454	94 722	12 273	6 324	6 368	1 721	362 372	-	_
Expenses														
Compensation and benefits	401 734	(1.800)	240 543	11 395	15 021	9 003	92 967	3 751	2 143	2 842	689	25 180	-	-
Supplies and other	201.371	(4 692)	157 924	3 624	7 553	5 193	15.475	3 6 4	957	1 265	71	9 597	730	-
Professional fees and purchased services	401.678	(85 088)	129 087	4.879	⁻ 691	3 791	11 089	1 623	648	1 894	1 268	324 796	-	=
Depreciation and amortization	42,705	-	38 027	539	953	306	40~	507	102	52	-	1 ~40	-2	-
Interest	9 151	=	8 923	_	=	102	=	-	-	=	-	126	-	
Total expenses	1 056 639	(91.580)	574 504	20.437	31 218	18 395	119 938	9 555	3 850	6 053	2 028	361 439	802	-
Operating income (loss)	39 580	5 423	54 305	202	1 476	(1 941)	(25 216)	2 718	2 474	315	(307)	933	(802)	_
Nonoperating (losses) gains net	(8 669)	(6 601)	(1 030)	184	42	8	9	433	1	2	6	(2.151)	162	266
Excess (deficiency) of revenues over expenses	30 911	(1.178)	53 275	386	1 518	(1 933)	(25/207)	3 151	2.475	317	(301)	(1.218)	(640)	266
Less Excess of revenues over expenses														
attributable to noncontrolling interests	1 290	1 290	_	_	_	_	_	_	_	_			_	
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$ 29 621	\$ (2.468)	\$ 53.275	\$ 386 5	\$ 1518 \$	(1 933) \$	(25 207)	\$ 3151	\$ 2.475	\$ 31-	\$ (301) \$	(1 218)	\$ (640)	\$ <u>266</u>

Consolidating Balance Sheet (In Thousands)

June 30, 2011

Assets
Current assets
Cash and equivalents
Short-term marketable securities
Patient accounts receivable less
allow ance for doubtful accounts
Inventories and other
Total current assets
Long-term marketable securities
Assets limited as to use
Board designated
Held in trust
Total assets limited as to use
Property and equipment net
Investments and other
Collateral held for swap counterparty
Notes receivable
Deterred financing costs net
Goodwill and other intangibles net
Total assets
Liabilities and net assets (deficit)
Current habilities
Accounts payable
Accrued compensation and related liabilities
Accrued habilities
Payable to third-party payors
Current maturities of long-term debt
Total current liabilities
Interest rate swaps
Other liabilities
Notes payable and interest due (from)
to affiliates
Long-term debt less current maturities
Total liabilities
Net assets (deficit)

Controlling interest

Total liabilities and net assets

Noncontrolling interests in subsidiaries

T15 530		nsolidated	Eliminations	Total Regional Entities	American Unity Group	Professional Services Enterprises	Heritage Investment Group I	Revenue C ycle Services	St Joseph Health System Foundation	Obligated Group	Non-Obligated Group
138 e90	\$		\$ (4.453)		\$ 4 043 -	\$ 20	\$ 2 035 -	\$ 2 384 -			\$ 74.852 93.558
1500 214			-		-	_	-	-	-		4 ⁻ 442
174 329	_		- 1 152						50.10.1		17 033 232 885
05 118					· ·	2 081	2001		-		111 100
239.447			-		-	_	-	-	2~ 48o		38 201 1 836
2 241 31	_		_		-	_	_	_	27 480		40.037
of 100 (16 834) 00 00 430 0 030 0 802 - 40 70 201 (10 330) 10 330 - 10 330 - - - - - 10 330 20 357 - 20 357 - - - - - 20 357 42 818 (5 525) 48 343 - - - - - - 10 000 2 140 070 (22 350) 151 128 430 0 930 0 892 - - 40 128 410 1 \$ 5027 433 (300) \$ 4874 443 \$ 67230 \$ 24 922 \$ 21 933 \$ 2 502 \$ 86 720 \$ 458 410 \$ 40 \$ 127 508 \$ (195) \$ 120 603 \$ 707 \$ 445 \$ 1 \$ - \$ 287 \$ 1110 75 \$ 1 \$ 275 508 (195) \$ 120 603 \$ 707 \$ 445 \$ 1 \$ - \$ 287 \$ 1110 75 \$ 1 \$ 275 508 (196) -		2 241 317	(23.494)		_	12 905	12 040	02	_		07.355
5 393 - 5 393 -					430				40		(0.002)
20 357		10 339	_	10 339	_	=	_	_	=	10 339	_
42 818		5 303	_	5 303	=	=	_	=	=	5 303	_
140 0 76		20 357	_	20 357	-	_	-	-	-	20 357	-
\$ 127 508 \$ (195) \$ 120 603 \$ 707 \$ 45 \$ 1 \$ - \$ 287 \$ 111 075 \$ 1 257 055 - 257 504 301 - 237 070 2 2 200 027 (1441) 208 421 19787 95 2165 148 152 8 70 110 - 50 084 - 1333 50 084 - 1333 50 084 - 150 080 13173 144 064 170 250 - 160 080 13173 147 810 3 1 127 250 160 080 13173 147 810 3 1 127 250 (43 248) 2 204 094 33 760 33 004 15 852 854 (44 03) 2 202 150 27 255 1 2 200 10 2 200 10 200 10 10 10 10 10 10 10 10 10 10 10 10 1		42 818	(5.525)	48 343	-	_	-	-	-	10 000	26 752
\$ 127 508 \$ (195) \$ 120 603 \$ 707 \$ 45 \$ 1 \$ - \$ 287 \$ 111 075 \$ 1 257 085 \$ - 257 504 \$ 301 \$ - 237 070 \$ 2 229 027 \$ (1441) 208 421 \$ 19 787 \$ 95 \$ 2165 \$ 148 152 \$ 8 70 110 \$ - 70 110 \$ 73 020 \$ 140 10 \$		140 070	(22,359)	151 128	130	0 030	o 8º2	-	40	128 410	1-000
257 055 - 257 504 - - - 301 - 237 070 2 229 027 (1 441) 208 421 10 787 05 2 165 - - 148 152 8 70 110 - 70 110 - - - - - - 73 020 - - - - - 73 020 -	\$	5,027,453	\$ (50,306)	\$ 4,874,443	\$ 07,239	\$ 24,922	\$ 21,933	\$ 2,502	\$ 80,720	\$ 4,558,410	\$ 400,043
229 027 (1 441) 208 421 10 787 05 2 165 - - - 148 152 8 70 110 - 70 110 - - - - - - 73 020 52 017 - 50 684 - 1 333 - - - 50 544 742 020 (1 630) 71 481 20 494 1 473 2 160 361 287 621 661 12 44 964 - 44 964 - - - - - 44 964 170 250 - 160 080 13 173 - - - - 147 819 3 - - (4 256) (5 225) 102 (20) 13 080 493 (4 780) (105 834) 10 1 334 843 (37 350) 1 330 688 - 32 511 - - - 1 317 540 1 2 090 000 (43 248) 2 204 904 33 700 33 904 1	\$	127 508	\$ (105)	\$ 120 003	\$ ~0~	\$ 45	\$ 1	\$ -	\$ 28 ⁻	\$ 111 0-5	\$ 15.533
To 110 - To 110 - - - - - 73 920 52 017 - 50 084 - 1 333 - - - 50 544 742 020 (1 030) 719 481 20 494 1 473 2 100 301 287 021 001 12 44 904 - 44 904 - - - - - 44 904 179 259 - 100 080 13 173 - - - - 147 819 3 - - (4 250) (5 225) 102 (20) 13 080 493 (4 780) (105 834) 10 1 334 843 (37 350) 1 339 088 - 32 511 - - - 1 317 540 1 2 301 092 (43 248) 2 204 994 33 700 33 904 15 852 854 (4 493) 2 020 150 27 2 090 000 (10 085) 2 582 721 33 470 (9 042) 0 081		257 055	-	25" 504	-	-	-	301	-	23 0 0 0	20 885
52 017 - 50 684 - 1 333 - - - 50 544 742 026 (1 030) 710 481 20 404 1 473 2 100 301 287 021 001 12 44 904 - 44 904 - - - - - 44 904 170 250 - 100 080 13 173 - - - - 147 819 3 - (4 250) (5 225) 102 (20) 13 080 493 (4 780) (105 834) 10 1 334 843 (37 350) 1 330 688 - 32 511 - - - 1 317 540 1 2 301 092 (43 248) 2 204 904 33 760 33 904 15 852 854 (4 403) 2 020 150 27 2 090 000 (10 085) 2 582 721 33 470 (9 042) 0 081 1 648 91 213 2 532 200 10 2 0 755 3 027 2 0 728 - -		229 027	(1.441)	208 421	10 -8-	95	2 105	-	-	148 152	80 875
742 020 (1 030) 719 481 20 404 1 473 2 100 301 287 021 001 12 44 904 - 44 904 - - - - - 44 904 170 250 - 100 080 13 173 - - - - 147 819 3 - (4 250) (5 225) 102 (20) 13 080 493 (4 780) (105 834) 10 1 334 843 (37 350) 1 339 088 - 32 511 - - - 1 317 540 1 2 301 092 (43 248) 2 204 094 33 709 33 904 15 852 854 (4 403) 2 020 150 27 2 090 000 (10 085) 2 582 721 33 470 (9 042) 0 081 1 648 91 213 2 532 200 10 2 0 755 3 027 2 0 728 - - - - - - - - - - - - -			-		-		-	-	-		2 100
44 964 - 44 964 - - - - - 44 964 170 250 - 100 086 13 173 - - - - - 147 819 3 - (4 256) (5 225) 102 (20) 13 086 493 (4 780) (105 834) 10 1 334 843 (37 356) 1 339 688 - 32 511 - - - - 1 317 540 1 2 301 092 (43 248) 2 204 994 33 709 33 904 15 852 854 (4 493) 2 020 150 27 2 090 000 (10 085) 2 582 721 33 470 (9 042) 0 081 1 048 91 213 2 532 200 10 29 755 3 027 20 728 - - - - - - - - 2 2 725 701 (7 058) 2 09 449 33 470 (9 042) 0 081 1 048 91 213 2 532 200 19									_		1 473
170 250 - 100 080 13 173 - - - - - 147 819 3 - (4 250) (5 225) 102 (20) 13 680 493 (4 780) (105 834) 10 1 334 843 (3 350) 1 330 688 - 32 511 - - - - 131 540 1 2 301 692 (43 248) 2 204 994 33 769 33 964 15 852 854 (4 493) 2 020 150 27 2 690 000 (10 085) 2 582 721 33 470 (9 042) 6081 1 648 91 213 2 532 260 16 2 9 755 3 027 26 728 - - - - - - - - 2 2 725 761 (7 058) 2 690 449 33 470 (9 042) 6081 1 648 91 213 2 532 260 19					20 494	1.473	2 100		287		120 005
- (4 250) (5 225) 102 (20) 13 080 493 (4 780) (105 834) 10 1 334 843 (37 350) 1 330 088 - 32 511 131 7 40 1 2 301 092 (43 248) 2 204 994 33 709 33 904 15 852 854 (4 493) 2 020 150 27 2 090 000 (10 085) 2 582 721 33 470 (9 042) 0 081 1 048 91 213 2 532 200 10 2 9 755 3 027 20 728 2 2 725 701 (7 058) 2 09 449 33 470 (9 042) 0 081 1 048 91 213 2 532 200 19					-		-	-	-		-
1 334 843 (37 350) 1 339 688 - 32 511 - - - 1 317 540 1 2 301 692 (43 248) 2 204 694 33 769 33 604 15 852 854 (4 493) 2 020 150 27 2 696 006 (10 085) 2 582 721 33 470 (9 042) 6081 1 648 91 213 2 532 260 16 2 69 755 3 027 26 728 - <td< td=""><td></td><td>1-0 250</td><td>=</td><td>100 080</td><td>13 173</td><td>=</td><td>=</td><td>=</td><td>=</td><td>14_810</td><td>31 440</td></td<>		1-0 250	=	100 080	13 173	=	=	=	=	14_810	31 440
2 301 0°2 (43 248) 2 204 0°4 33 70° 33 °04 15 852 854 (4 4°3) 2 020 150 27 2 0°0 000 (10 085) 2 582 721 33 470 (°0 042) 0 081 1 048 0°1 213 2 532 200 10 2 0°155 3 027 20 728 2 2 725 701 (7 058) 2 0°0 44° 33 470 (°0 042) 0 081 1 048 0°1 213 2 532 200 10°		-	(4 250)	(5.225)	102	(20)	13 080	403	(4 780)	(105 834)	105 834
2 0 0 0 000 (10 085) 2 582 721 33 470 (0 042) 0 081 1 0 48 01 213 2 532 200 10 20 755 3 027 20 728 2 2 725 701 (7 058) 2 0 0 440 33 470 (0 042) 0 081 1 0 48 01 213 2 532 200 10					_		_	_	_		17 303
29 755 3 027 20 728 - - - - - - - 2 52 725 761 - </td <td></td> <td>2 301 002</td> <td>(43 248)</td> <td>2 204 004</td> <td>33 -00</td> <td>33 004</td> <td>15 852</td> <td>854</td> <td>(4 493)</td> <td>2 020 150</td> <td>275 542</td>		2 301 002	(43 248)	2 204 004	33 -00	33 004	15 852	854	(4 493)	2 020 150	275 542
2 725 701 (7 058) 2 000 440 33 470 (9 042) 0 081 1 048 91 213 2 532 200 19											103 ⁻ 40 20 ⁻ 55
	_										193 501
	5	5 027 453	\$ (50,300)						\$ 80 720		\$ 400 043

1206-1364918

Consolidating Balance Sheet of Regional Entities (In Thousands)

June 30, 2011

	To	tal Regional	S	outhern California				
		Entities	Eliminations	Region	Region	Texas Region	System Office	
Assets	'							
Current assets								
Cash and equivalents	\$	240 767 - 5	§ (9.960) §	79 834	\$ 30,405	\$ 103 853	\$ 36 635	
Short-term marketable securities		660 196	_	322 189	181 104	72 835	84 068	
Patient accounts receivable less allowance for doubtful accounts		455 273	_	220 275	126 798	108 200	_	
Inventories and other		137 494	=	49 292	24 008	24 427	39 767	
Total current assets	· · · · · · · · · · · · · · · · · · ·	1 493 730	(9.960)	671 590	362 315	309 315	160 470	
Long-term marketable securities		778 756	=	447 895	81 221	153 934	95 706	
Assets limited as to use								
Board designated		146 843	2 365	127 367	5 985	11 126	=	
Held in trust		65 118	-	2 938	-	13 629	48 551	
Total assets limited as to use	· · · · · · · · · · · · · · · · · · ·	211 961	2 365	130 305	5 985	24 755	48 551	
Property and equipment net		2 238 868	-	1 358 387	510 082	272 649	97 750	
Investments and other		66 696	-	25 384	2 296	19 135	19 881	
Collateral held for swap counterparty		10 339	-	_	-	-	10 339	
Notes receivable		5 393	-	4 530	801	62	-	
Deferred financing costs net		20 357	-	12 589	5 350	1 973	445	
Goodwill and other intangibles net		48 343	_	46 996	1 347	_		
		151 128	_	89 499	9 794	21 170	30 665	
Total assets	\$	4,874,443	§ (7,595) §	3 2,697,676	\$ 969,397	\$ 781,823	\$ 433,142	
Liabilities and net assets	· · · · · · · · · · · · · · · · · · ·							
Current liabilities								
Accounts payable	\$	126 663 - 5	§ (5) §	3 77 733	\$ 23 217	\$ 17 067	\$ 8 651	
Accrued compensation and related liabilities		257 594	=	113 718	56 677	33 574	53 625	
Accrued liabilities		208 421	_	61 617	16 157	52 492	78 155	
Payable to third-party payors		76 119	_	39 019	35 468	1 632	_	
Current maturities of long-term debt		50 684	(28 817)	13 800	3 162	12 416	50 123	
Total current liabilities		719 481	(28 822)	305 887	134 681	117 181	190 554	
Interest rate swaps		44 964	=	=	=	=	44 964	
Other liabilities		166 086	=	13 429	362	33 501	118 794	
Notes payable and interest due (from) to affiliates		(5.225)	1 183 580	23 503	3 830	(13.287)	(1.202.851)	
Long-term debt less current maturities		1 339 688	(1 164 718)	843 378	240 358	175 260	1 245 410	
Total liabilities		2 264 994	(9.960)	1 186 197	379 231	312 655	396 871	
Net assets								
Controlling interest		2 582 721	2 365	1 506 642	590 166	447 277	36 271	
Noncontrolling interests in subsidiaries		26 728	_	4 837	_	21 891	_	
		2 609 449	2 365	1 511 479	590 166	4 69 168	36 271	
Total liabilities and net assets	\$	4,874,443	§ (7,595) §	S 2,697,676	\$ 969,397	\$ 781,823	\$ 433,142	

Consolidating Balance Sheet of Southern California Region (In Thousands)

June 30, 2011

	Southern California Region	Eliminations	St Joseph Orange	St Jude Medical Center	Mission Hospital	St. Mary Medical Center	Heritage Foundation Southern California	St. Joseph Imaging	Mission Ambulatory Services	Mission Viejo Medical Ventures	Mission Education Conference Center	St Joseph Home Health South
Assets												
Current assets												
Cash and equivalents	\$ 79 834	\$ - 5	8 18 055 \$	12 073 \$	§ 5.853 \$	26 146	\$ 14 442	\$ 33	\$ 2.546	\$ 258	\$ 428	\$ -
Short-term marketable securities	322 189	_	100 379	81 558	93 093	33 384	13 775	_	_	_	_	_
Patient accounts receivable less												
allowance for doubtful accounts	220 275	_	52 417	44 129	63 396	38 894	13 324	-	2 036	_	-	6 079
Inventories and other	49 292	_	15 584	5 230	11 203	8 042	8 401	141	485	_	30	176
Total current assets	671 590	_	186 435	142 990	173 545	106 466	49 942	174	5 067	258	458	6 255
Long-term marketable securities	447 895	_	173 738	225 484	_	48 673	_	_	-	_	-	_
Assets limited as to use												
Board designated	127 367	_	53 050	16 988	56 698	631	_	_	_	_	_	_
Held in trust	2 938	_	2 938	_	_	_	_	_	_	_	_	_
Total assets limited as to use	130 305	_	55 988	16 988	56 698	631	-	-	=	_	=	_
Property and equipment net	1 358 387	(28 132)	475 592	411 725	319 963	102 652	66 519	1 615	836	_	6 144	1 473
Investments and other	25 384	(18 071)	1.825	6 940	29 833	3 412	635	758	_	52	_	_
Notes receivable	4 530	_	4 530	_	_	_	_	_	_	_	_	_
Deferred financing costs net	12 589	_	5.250	3 886	2 984	469	_	_	_	_	_	_
Goodwill and other intangibles net	4 6 996	32 277	_	1 002	13 717	_	_	_	_	_	_	_
<u> </u>	89 499	14 206	11 605	11 828	46 534	3 881	635	758	_	52	-	_
Total assets	\$ 2,697,676	\$ (13,926)	903,358 \$	809,015 \$	\$ 596,740 \$	262,303	\$ 117,096	\$ 2,547	\$ 5,903	\$ 310	\$ 6,602	\$ 7,728
Liabilities and net assets (deficit)												
Current liabilities												
Accounts payable	\$ 77 733	\$ - 5	31 033 \$	11 842 \$	S 12 219 \$	10 529	\$ 9712	\$ 603	\$ 1.551	\$ -	\$ -	\$ 244
Accrued compensation and related liabilities	113 718	_	34 728	26 157	26 080	16 246	8 526	_	303	_	_	1 678
Accrued habilities	61 617	_	23 808	1 813	11 861	6 038	17 293	_	168	_	108	528
Pavable to third-party pavors	39 019	_	5 102	9 125	3 976	18 801	2 015	_	-	_	-	_
Current maturities of long-term deb	13 800	(192)	5 676	4 963	2 746	415	192	_	_	_	_	_
Total current liabilities	305 887	(192)	100 347	53 900	56 882	52 029	37 738	603	2 022	_	108	2 450
Other liabilities	13 429	_	3 663	4 272	3 519	3	411	1 517	_	_	_	44
Notes payable and interest due (from)												
to affiliates	23 503	_	(19.439)	(17.461)	30 884	15 187	9 049	900	134	4	(99)	4 344
Long-term debt less current maturities	843 378	(27.700)	369 922	231 064	187 135	36 319	45 454	1 184	_	_	_	_
Total liabilities	1 186 197	(27 892)	454 493	271 775	278 420	103 538	92 652	4 204	2 156	4	9	6 838
Net assets (deficit)												
Controlling interest	1 506 642	9 129	448 865	537 240	318 320	158 765	24 444	(1.657)	3 747	306	6 593	890
Noncontrolling interests in subsidiarie	4 837	4 837	_	_	_	_		-	_	_	_	_
	1 511 479	13 966	448 865	537 240	318 320	158 765	24 444	(1 657)	3 747	306	6 593	890
Total liabilities and net assets		\$ (13,926)		809,015 \$		262,303		\$ 2,547	\$ 5,903			

Consolidating Balance Sheet of Northern Region (In Thousands)

June 30, 2011

	C	Jorthern alıfornıa Region	Eliminat		ueen of the Valley	Santa Rosa Memorial	Petali Vall		St Joseph Eureka	Redwood Memorial	Heritage Foundation Northern California	St Joseph Home Health North	Redwood Memorial Foundation
Assets					•			•					
Current assets													
Cash and equivalents	\$	30 405	\$	- \$	2 606	\$ 21 429	\$	1 661 \$			\$ 2 726	\$ -	\$ 52
Short-term marketable securities		181 104		-	83 157	80 266		-	2 358	13 304	-	-	2 019
Patient accounts receivable less													
allowance for doubtful accounts		126 798		-	37 522	46 976		10 534	22 378	5 248	2 9 1 4	1 226	_
Inventories and other		24 008		-	8 855	5 041		1 041	7 101	1 278	610	82	_
Total current assets		362 315		-	132 140	153 712		13 236	31 837	21 761	6 250	1 308	2 071
Long-term marketable securities		81 221		-	52 794	10 227		-	479	17 721	-	_	_
Assets limited as to use													
Board designated		5 985		-	-	2 605		2 248	1 132	_	_	_	_
Held in trust		_		-	-			-			_		
Total assets limited as to use		5 985		-	-	2 605		2 248	1 132	-	-	-	-
Property and equipment net		510 082		-	146 454	171 947		15 243	164 303	9 868	1 825	215	227
Investments and other		2 296		_	571	149		-	1 576	_	_	_	_
Notes receivable		801		_	- 829	496 2 184		305	- 651	-	_	_	_
Deferred financing costs net Goodwill and other intangibles net		5 350 1 347		_				1 660	1 347	26	_	_	_
Croodwill and other intangibles net		9 794		-	1 400	2 829		1 965	3 574				
Total assets		969 397	\$	- S	332 788		\$	32 692 \$					\$ 2 298
	- 47	202,521	47	47	DD D TON	G 2/11,2/2011	٠, .	55,075 4	, 201,020	w 12,010	4/ (////2	4' 1'	4' 5,534
Liabilities and net assets (deficit)													
Current liabilities	S	23 217	4P	(1) \$	6 415	\$ 9 781	er.	1584 \$	4 017	\$ 688	\$ 652	\$ 81	r.
Accounts payable Accrued compensation and related liabilities	3	56 677	2	-	17 296	21 497	2	5 3 5 4	9 490	2 147	270	623	p –
Accrued habilities		16 157		_	981	11 162		1 984	1 535	438	(5)		_
Payable to third-party payors		35 468		_	5 689	12 930		1 585	11 795	3 275	183	11	_
Current maturities of long-term debt		3 162		_	751	1 473		901	11 775	37	103	- 11	_
Total current liabilities	_	134 681		(1)	31 132	56 843		11 408	26 837	6 585	1 100	777	
Other liabilities		362		_	51 152	30 043		-	353	-	4		_
Notes payable and interest due (from) to affiliates		3 830		1	(4905)	(20 040	1	8 008	5 475	(807)	14 901	1 195	2
Long-term debt less current maturities		240 358		_	54 437	122 641	,	546	60 756	1 978	-	- 1155	_
Total liabilities	_	379 231		_	80 669	159 444		19 962	93 421	7 756	16 005	1 972	2
Net assets (deficit)		5,7, 25,1						.,,,,,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	, , , , ,		. , , 2	_
Controlling interest		590 166		_	252 119	181 876		12 730	107 904	41 620	(7 930)	(449)	2 296
Noncontrolling interests in subsidiaries		_		_	_	_		_	_	_	_	_	
<u> </u>		590 166		_	252 119	181 876		12 730	107 904	41 620	(7 930)	(449)	2 296
Total liabilities and net assets	\$	969,397	\$	- \$	332,788	\$ 341,320		32,692 \$	201,325		\$ 8,075		\$ 2,298

Consolidating Balance Sheet of Texas Region

(In Thousands)

June 30, 2011

Short-term marketable securities	200	104 472 372 11 793	7 104 \$ - 1 660 354 9 118 - 38 - 38	10 754 \$ 15 4 095 430 15 294	3 113 177 8 126	2 409 - 82 - 10 781 - 2 531 - 15 803	S - \$ - - - -	2 229 \$	627 \$ - 488 175 1 290	611 162 3 948	3 269 : - - 388 3 657	8 15 730 22 348 6 446 1 227 45 751	\$ 8 433 - - 58 8 491	\$ 3.715 - - - 559
Cash and equivalents \$ 103 to 3	200	50 390 79 356 17 658 188 976 104 472 372 11 793 12 165	1 660 354 9 118 - 38	15 4 095 430	3 113 177	10 781 2 531	-	- 1 650 708	- 488 175	- 611 162	- - 388	22 348 6 446 1 227	- - 58	559
Short-term marketable securities 72.8 Pattent accounts received be less allowance for doubtful accounts 108.3 Inventories and other 24.4 Total current assets 309.2 Long-term marketable securities 153.9 Assets limited as to use Board designated 11 Held in trust 13.0 Total assets limited as to use 24.4 Property and equipment net 27.2 Investments and other 19.5 Property and office of the property and other 19.5 Prop	200	50 390 79 356 17 658 188 976 104 472 372 11 793 12 165	1 660 354 9 118 - 38	15 4 095 430	3 113 177	10 781 2 531	-	- 1 650 708	- 488 175	- 611 162	- - 388	22 348 6 446 1 227	- - 58	559
Patient accounts receivable less allowance for doubtful accounts 108 24 24 24 24 24 24 24 2	200	79 356 17 658 188 976 104 472 372 11 793 12 165	354 9 118 - 38 -	4 095 430	177	10 781 2 531	- - - -	708	175	162		6 446 1 227		
Allowance for doubtful accounts 108	127 – 1815 – 1934 – 126 – 1529 – 1549 – 135 (43 308)	17 658 188 976 104 472 372 11 793 12 165	354 9 118 - 38 -	430	177	2 531	- - - -	708	175	162		1 227		
Inventories and other 24 Total current assets 309 Long-term marketable securities 153 Assets limited as to use Board designated Held in trust 13 Total assets limited as to use 24 Property and equipment net 272 Investments and other 19	127 – 1815 – 1934 – 126 – 1529 – 1549 – 135 (43 308)	17 658 188 976 104 472 372 11 793 12 165	354 9 118 - 38 -	430	177	2 531	- - - -	708	175	162		1 227		
Total current assets 309	815 – 934 – 126 – 529 – 545 – 549 – 135 (43 308)	188 976 104 472 372 11 793 12 165	9 118 - 38 -				<u>-</u> - -							
Long-term marketable securities		104 472 372 11 793 12 165	38	15 294 - -	8 126 -	15 803 -	-	4 587	1 290	3 948	3 657	45 751	8 491	
Assets limited as to use	126 – 529 – 755 – 549 – 135 (43 308)	372 11 793 12 165	38	- - -	=	-	-							4 274
Board designated	529 <u>-</u> 755 <u>-</u> 549 <u>-</u> (43 308)	11 793 12 165	_	-	_			_	_	-	-	40 406	-	9 056
Held in trust	529 <u>–</u> 755 – 549 – (43 308)	11 793 12 165	_	_	_									
Total assets limited as to use 24 Property and equipment net 272 (Investments and other 19	755 – 549 – 135 (43 308)	12 165		_		_	_	_	_	_	_	_	_	10 716
Total assets limited as to use 24 Property and equipment net 272 (Investments and other 19	549 – (35 (43 308)		38		_	_	_	_	_	_	_	_	_	1 836
Property and equipment net 272 of Investments and other 19	549 – (35 (43 308)			_	_	_	_	_	_	_	_	_	_	12 552
Investments and other 19	(43 308)		1 938	4 714	1 323	1 240	_	2 600	298	13	_	6714	2 200	11
		11 241	_	833	_	15.858	432	43	_	118	_	_	33 918	_
	62 -		62	_	_	_	-	_	_	_	_	_	_	_
Deterred financing costs net 15		1 973	_	_	_	_	_	_	_	_	_	_	_	_
Goodwill and other intangibles net• accumul		-	_	_	_	_	_	_	_	_	_	_	_	_
21	170 (43.308)	13 214	62	833		15 858	432	43		118			33 918	
	323 \$ (43,308)				9,449 \$	32,901			1,588		3,657	92,871		\$ 25,893
Liabilities and net assets (deficit)														
Current habilities														
Accounts payable \$ 17 (067 \$ -	\$ 13.753 \$	310 \$	1 076 \$	145 \$	153 5	- \$	326 \$	45 9	165 5	- :	\$ 205	\$ -	\$ 889
Accrued compensation and														
related liabilities 33 °	574 –	22 992	52	783	53.5	7 252	-	228	178	163	-	1 362	_	29
Accrued liabilities 52 -	192 –	9 599	716	-	128	1 105	-	-	36	-	969	39 598	179	162
Payable to third-party payors 1 0	- 532	1 792	(106)	(54)	_	_	_	_	_	_	_	_	_	_
Current maturities of long-term debt 12 -	- 116	12 276	_	_	_	_	-	-	_	_	-	140	_	_
Total current liabilities 117	181 –	60 412	972	1 805	808	8 5 1 0	-	554	259	328	969	41 305	179	1 080
Other liabilities 33 ³	501 -	17 211	_	_	_	15 858	432	_	_	-	-	=	_	-
Notes payable and interest due (from)														
to affiliates (13.1	287) –	(96 358)	529	11 169	344	34 164	-	180	_	78	(1.348)	=	37 459	496
Long-term debt less current maturities 175.2	260 -	172 051	_	_	_	_	_	_	_	_	_	3 209	_	_
Total liabilities 312 (153 316	1 501	12 974	1 152	58 532	432	734	259	406	(379)	44 514	37 638	1 576
Net assets (deficit)		-				-				_		•		_
Controlling interest 447.1	277 (65 199)	417 109	9 655	7 867	8 297	(25 631)	_	6 496	1 329	3 673	4 036	48 357	6 9 7 1	24 317
Noncontrolling interests in subsidiaries 21.8			_	_	_	-	_		-	_	-	_		
469		417 109	9 655	7 867	8 297	(25 631)	_	6 496	1 329	3 673	4 036	48 357	6 9 7 1	24 317
	323 \$ (43.308)								1 588 5			10.2.7		\$ 25.893

Consolidating Statements of Operations (In Thousands)

For the Year Ended June 30, 2011

	Con	solidated	Eliminations	То	tal Regional Entities	American Unity Group	Professional Services Enterprises	Heritage Investment Group I	Revenue Cycle Services	St. Joseph Health System Foundation	Obligated Group	Non-Obligated Group
Revenues	•											
Patient service net of contractual												
allowances and discounts	\$	3 659 620	\$ -	\$	3 659 620	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3 416 365	\$ 243 255
Provision for doubtful accounts		196 250	_		196 250	_	_	_	_	_	175 296	20 954
Net patient service net of provision for		3 463 370	-		3 463 370	-	-	-	-	-	3 241 069	222 301
doubtful accounts												
Premium		654 376	=		654 376	=	=	-	=	=	133 743	520 633
Other		105 309	(16 119)	99 833	15 953	1 775	354	3 513	_	69 652	35 657
Total revenues		4 223 055	(16 119)	4 217 579	15 953	1 775	354	3 513	-	3 444 464	778 591
Expenses												
Compensation and benefits		1 901 420	-		1 898 544	-		-	2 876	-	1 654 457	246 963
Supplies and other		917 107	(15.189)	923 883	5 835	516	1 724	338	-	838 851	78 256
Professional fees and purchased services		966 327	(1 662)	967 556	108	3	54	268	_	503-560	462 767
Depreciation and amortization		186 761	(176)	186 640	-	238	28	31	_	176 701	10 060
Interest		59 988	(803)	60 394	-	264	133		-	59 638	350
Total expenses		4 031 603	(17 830)	4 037 017	5 943	1 021	1 939	3 513	-	3 233 207	798 396
Operating income (loss)		191 452	1 711		180 562	10.010	754	(1.585)	-	-	211 257	(19 805)
Nonoperating gains (losses) net		171 794	(21 655)	178 558	_	(810)	7	6	15 688	179 874	(8 080)
Excess (deficiency) of revenues over expenses		363 246	(19 944)	359 120	10 010	(56)	(1.578)	6	15 688	391 131	(27 885)
Less Excess (deficiency) of revenues over expenses												
attributable to noncontrolling interests		6 444	(787)	7 231	_	_	_	_	_	_	6 444
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$	356 802	\$ (19 157) \$	351 889	\$ 10.010	\$ (56)	\$ (1.578)) \$ 6	\$ 15 688	\$ 391 131	\$ (34,329)

Consolidating Statements of Operations of Regional Entities (In Thousands)

For the Year Ended June 30, 2011

	Total Regional			thern California	Northern California			
		Entities	Eliminations	Region	Region	Texas Region	System Office	
Revenues								
Patient service net of contractual								
allowances and discounts	\$	3 659 620 \$	- \$	1 951 607	\$ 942 752	\$ 765 261 .8	-	
Provision for doubtful accounts		196 250	-	80 958	28 822	86 470	_	
Net patient service net of provision for		3 463 370	-	1 870 649	913 930	678 791	_	
doubtful accounts								
Premium		654 376	-	359 101	8 646	286 629	-	
Other		99 833	(210 729)	41 527	8 723	46 841	213 471	
Total revenues		4 217 579	(210 729)	2 271 277	931 299	1 012 261	213 471	
Expenses								
Compensation and benefits		1 898 544	(39 474)	963 932	469 664	384 087	120 335	
Supplies and other		923 883	(16 197)	510 362	209 257	196 706	23 755	
Professional fees and purchased services		967 556	(155 058)	547 665	174 261	337 072	63 616	
Depreciation and amortization		186 640	-	90 062	44 531	46 720	5 327	
Interest		60 394	-	48 957	11 480	11 710	(11 753)	
Total expenses		4 037 017	(210 729)	2 160 978	909 193	976 295	201-280	
Operating income		180 562	-	110 299	22 106	35 966	12 191	
Nonoperating gains net		178 558	2 365	106 634	31 451	20 063	18 045	
Excess of revenues over expenses		359 120	2 365	216 933	53 557	56 029	30 236	
Less Excess of revenues over expenses								
attributable to noncontrolling interests		7 231		2 595		4 636		
Excess of revenues over expenses								
attributable to controlling interests	\$	351 889 \$	2 365 \$	214 338	\$ 53 557	\$ 51 393 \$	30 236	

Consolidating Statements of Operations of Southern California Region (In Thousands)

For the Year Ended June 30, 2011

	Southern California Region	Eliminations	St Joseph Orange	St Jude Medical Center	Mission Hospital	St Mary Medical Center	Heritage Foundation Southern California	St. Joseph Imaging	Mission Ambulatory Services	Mission Viejo Medical Ventures	Camino Health Center	Mission Education Conference Center	St Joseph Home Health South
Revenues													
Patient service net of contractual													
allowances and discounts	\$ 1.951.607	\$ - 5	\$ 594 080 \$	441 652	\$ 474 468	\$ 277 243	\$ 113 211	\$ -	\$ 12 713	\$ -	\$ 372	\$ -	\$ 37 868
Provision for doubtful accounts	80 958	-	13 123	31 414	20/209	9 793	1 643	_	345	_	43	_	4 388
Net patient service net of provision for doubtful accounts	1 870 649	-	580 957	410 238	454 259	267 450	111 568	-	12 368	_	329	_	33 480
Premium	359 101	_	50 837	56 662	_	17 775	233 791	_	-	-	36	_	_
Other	41 527	(4 075)	10 226	5 221	12 910	1 581	9 197	3 690	7	_	939	1 603	228
Total revenues	2 271 277	(4 075)	642 020	472 121	467 169	286 806	354 556	3 690	12 375	-	1 304	1 603	33 708
Expenses													
Compensation and benefits	963 932	-	294 133	219 771	208 458	133 128	77 493	1 272	3 215	-	1 555	_	24 907
Supplies and other	510 362	(2.347)	180 280	101 195	116 300	57 627	43 295	2 178	3 640	3	410	338	7 443
Professional fees and purchased services	547 665	(2.551)	96 854	77 900	78 223	48 238	243 556	291	1 348	30	236	53	3 487
Depreciation and amortization	90 062	-	29 581	25 085	21 092	8 118	5 147	320	326	-	47	183	163
Interest	48 957	(998)	18 912	14 957	11 976	2 492	1 513	87	-	-	-	-	18
Total expenses	2 160 978	(5.896)	619 760	438 908	436 049	249 603	371 004	4 148	8 529	33	2 248	574	36 018
Operating income (loss)	110 299	1 821	22 260	33 213	31 120	37 203	(16 448)	(458)	3 846	(33) (944)	1 029	(2.310)
Nonoperating gains (losses) net	106 634	(1.522)	33 336	51 412	12 042	9 315	1 076	=	10	40	902	1	22
Excess (deficiency) of revenues over expenses	216 933	299	55 596	84 625	43 162	46 518	(15.372)	(458)	3 856	7	(42)	1 030	(2.288)
Less Excess of revenues over expenses attributable to noncontrolling interests	2 595	2 595	-	_	-	_	-	-	-	_	-	-	
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$ 214,338	\$ (2,296) \$	\$ 55,596 \$	84,625	\$ 43,162	\$ 46 <u>518</u>	\$ (15,372)	\$ (458)	\$ 3,856	\$ 7	\$ (42)	\$ 1,030	\$ (2.288)

Consolidating Statements of Operations of Northern California Region (In Thousands)

For the Year Ended June 30, 2011

	Northeri Californi Region		Queen of the s Valley	Santa Rosa Memorial	Petaluma Valley	St Joseph Eureka	Redwood Memorial	Heritage Foundation Northern California	St Joseph Home Health North	Redwood Memorial Foundation
Revenues										
Patient service net of contractual										
allowances and discounts	\$ 942	752 \$ (4	6) \$ 239 02:	5 \$ 351.876	\$ 84 544	\$ 198 156	\$ 43 311	\$ 14686	\$ 11 600	\$ -
Provision for doubtful accounts	28 8	322	- (53)	5) 11 867	6 140	7 254	2 487	1 335	274	_
Net patient service net of provision for doubtful accounts	913 9)30 (4	(6) 239 560	340 009	78 404	190 902	40 824	13 351	11 326	-
Premium	8 (546	- 8 469	-	-	-	-	- 177	-	_
Other	8	723 (9-	6) 2.749	3 578	966	705	176	1 495	-	-
Total revenues	931 3	299 (1.39	250 778	343 587	79 370	191 607	41 000	15 023	11 326	-
Expenses										
Compensation and benefits	469 (664	= 136 49	7 166 925	47 296	83 389	19 911	5 873	9 773	=
Supplies and other	209.2	257	- 54 81-	4 75 602	15 753	53 401	5 989	2 566	1 132	_
Professional fees and purchased services	174	261 (1.39	92) 39 049	9 58 026	15 539	37 231	7 703	16 961	1 1 44	-
Depreciation and amortization	44 :	331	- 13 518	8 18 396	3 516	7 130	1 529	362	80	
Interest	11 -	180	= 3.300	5 7 794	. 59	173	134	=	14	
Total expenses	909	93 (1.39	247 18-	4 326 743	82 163	181 324	35 266	25 762	12 143	
Operating income (loss)	22 :	06	- 3 59-	16 844	(2.793	10 283	5 734	(10 739)	(817)	_
Nonoperating gains net	31 -	151	- 16 81:	5 9616	21	560	4 205	3	_	231
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$ 53.5	557 \$	= \$ 20.40 <u>9</u>	9 \$ 26.460	\$ (2.772) \$ 10.843	\$ 9939) \$ (10.736)) \$ (817)	\$ 231
3						,				

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Consolidating Statements of Operations of Texas Region (In Thousands)

For the Year Ended June 30, 2011

	Texas Region	Eliminations	Covenant Lubbock	Covenant Levelland	C ovenant Plainview	C ovenant LT AC	C ovenant Medical Group	Methodist Medical Group	C ovenant Surgicenter	Covenant Diagnostic Imaging	Hospice of Lubbock	Covenant Health Partners	First Care	Methodist Service Provider Organization	Covenant Foundation
Revenues								-	-					-	
Patient service net of contractual															
allowances and discounts	\$ 765 261	\$ (64 239)	\$ 647 691	\$ 20.454	\$ 32 710	\$ 21 478	\$ 80 416	\$ 1	\$ 13 518	\$ 6 897	\$ 6335	\$ -	\$ -	\$ -	\$ -
Provision for doubtful accounts	86 470	-	67 218	2 025	4 027	96	12 284	-	244	496	80	-	-	-	
Net patient service net of provision for doubtful accounts	678 791	(64 239)	580 473	18 429	28 683	21 382	68 132	1	13 274	6 401	6 255	-	-	-	-
Premum	286 629	(1.550)	-	-	-	_	-	-	-	-	-	-	288 179	-	-
Other	46 841	(22 123)	25 199	553	3 046	1	24 400	-	-	44	148	3 036	12 537	_	_
Total revenues	1 012 261	(87 912)	605 672	18 982	31 729	21 383	92 532	1	13 274	6 445	6 403	3 036	300 716	-	-
Expenses															
Compensation and benefits	384 087	(1.550)	229 110	11 128	14 078	9 308	90 998	-	3 797	2 174	2 592	440	22 012	-	-
Supplies and other	196 706	(4 230)	158 358	3 361	7 482	5 893	12 451	-	3 710	990	1 3 1 6	32	8 207	(864)	-
Professional fees and purchased services	337 072	(87 264)	125 649	4 108	6 687	4 402	9 133	-	1 672	596	1 907	1 211	268 971	-	-
Depreciation and amortization	46 720	-	42 135	548	645	297	604	-	470	136	2	-	1 807	76	-
Interest	11 710	-	11 570	3	-	_	_	-	-	_	_	-	137	_	_
Total expenses	976 295	(93 044)	566 822	19 148	28 892	19 900	113 186	-	9 649	3 896	5 817	1 683	301 134	(788)	_
Operating income (loss)	35 966	5 132	38 850	(166)	2 837	1 483	(20 654)	1	3 625	2 549	586	1 353	(418)	788	=
Nonoperating gains (losses) net	20 063	(12 938)	22 757	103	184	12	32	-	755	1	11	10	4 438	4 803	(105)
Excess (deficiency) of revenues over expenses	56 029	(7 806)	61 607	(63)	3 021	1 495	(20 622)	1	4 380	2 550	597	1 363	4 020	5 591	(105)
Less Excess of revenues over expenses															
attributable to noncontrolling interests	4 636	4 636	_	_	_	_	_	_	_	_	_	_	_	_	
Excess (deficiency) of revenues over expenses attributable to controlling interests	\$ 51 393	\$ (12,442)	\$ 61 607	\$ (63)	\$ 3.021	\$ 1495	\$ (20,622)	\$ 1	\$ 4380	\$ 2.550	\$ 597	\$ 1363	\$ 4020	\$ 5591	\$ (105)

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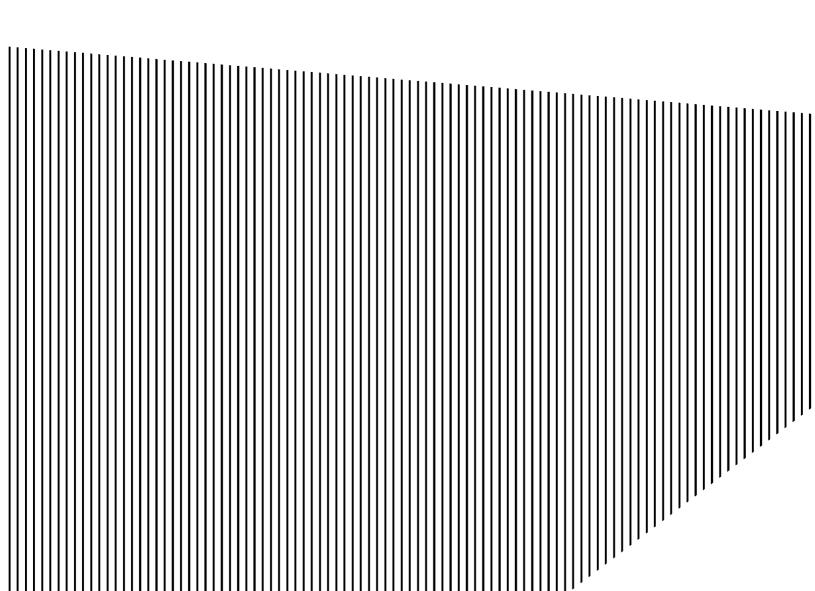
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FEDERAL FOOTNOTES

THE FOLLOWING IS ADDITIONAL INFORMATION AS REQUIRED BY REGULATIONS SECTION 1.6038B-1(C)

- (1) TRANSFEROR
 - (I): MISSION HOSPITAL REGIONAL MEDICAL CENTER EIN: 95-1643360 27700 MEDICAL CENTER ROAD MISSION VIEJO, CA 92691
- (2) TRANSFEREE
 - (I): AMERICAN UNITY GROUP, LTD.
 EIN: FOREIGNUS
 58 PAR-LA-VILLE ROAD, PO BOX HM 1995
 HAMILTON, HM HX BERMUDA
 COUNTRY OF CORPORATION: BERMUDA

A GENERAL DESCRIPTION OF THE TRANSFER: DEEMED CASH TRANSFER OF \$1,917,229 ADDITIONAL PAID IN CAPITAL

- (3) CONSIDERATION RECEIVED: BEFORE AND AFTER THE EXCHANGE, MISSION HOSPITAL REGIONAL MEDICAL CENTER OWNED 0 OF AMERICAN UNITY GROUP
- (4) PROPERTY TRANSFERRED
 - (I) ACTIVE BUSINESS PROPERTY: CASH; FMV AND AB OF
- \$1,917,229
 - (II) STOCK OR SECURITIES: N/A
 - (III) DEPRECIATED PROPERTY: N/A
 - (IV) PROPERTY TO BE LICENSED: N/A
 - (V) PROPERTY TO BE SOLD: N/A
 - (VI) TRANSFERS OF FSCS: N/A
 - (VII) TAINTED PROPERTY: N/A
 - (VIII) FOREIGN LOSS BRANCH: N/A
 - (IX) OTHER INTANGIBLES: N/A
- (5) TRANSFER OF FOREIGN BRANCH WITH PREVIOUSLY DEDUCTED LOSSES:
 - (I) BRANCH OPERATIONS: N/A
 - (II) BRANCH PROPERTY: N/A
 - (III) PREVIOUSLY DEDUCTED LOSSES: N/A
 - (IV) CHARACTER OF GAIN: N/A
- (6): APPLICATION OF SECTION 367(A)(5): N/A

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