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 $\mathsf{Form} 990$ 

Department of the Treasury Internal Revenue Service

**Return of Organization Exempt From Income Tax** 

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

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

Open to Public Inspection

A 10	2		lendar year, or tax year beginning 09-01-2011 and ending 08-31-2012	
<b>B</b> Che	eck if ap	pplicable	C Name of organization Scott & White Hospital Round Rock	oyer identification number
☐ Add	lress ch	ange		749695 none number
∏ Naı	ne char	nge		
☐ Init	ıal retur	rn	Number and street (or P O box if mail is not delivered to street address) Room/suite	) 215-9043
<b>Г</b> Тег	mınated	d	2401 S 31st Street	receipts \$ 159,310,909
┌ Am	ended r	return	City or town, state or country, and ZIP + 4	
☐ App	lication	pending	Temple, TX 76508	
			F Name and address of principal officer H(a) Is this a group	- watuum fa w
			Ernest Bovio affiliates?	Yes V No
			2401 S 31st Street Temple, TX 76508	
			n(b) Are all anniates	·
I Ta	x-exem	pt status		n a list (see instructions) tion number <b>&gt;</b>
1 W	ebsite	:⊫ wwv		
	n of org rt I		Corporation Trust Association Other ► L Year of formation 20	005 <b>M</b> State of legal domicile TX
Ра			escribe the organization's mission or most significant activities	
& Governance	r f s H c	research facilities specialty Hospital of the Sc subsidiai	White provides personalized, comprehensive, high quality health care services enhanced by man The System serves residents in a 29,000-square mile service area of Central Texas. It incl., two additional announced facilities, a regional health plan with 240,000+ members, and one group practices with more than 178 clinics at 65 clinic locations providing care in 46 medical Round Rock ("SWRR") is a subsidiary of Scott & White Healthcare ("SWHC")(EIN 26-45325 tott & White Healthcare System (the "System"). The Scott & White Healthcare Foundation ("Syry of SWHC, raises funds for the priority programs and services of the entire Scott & White System provided at cost approximately. \$60 million in unreimbursed charity care.	ludes 12 acute care hospital of the nation's largest multi- al specialties Scott & White 547), the parent corporation WF")(EIN 27-3513154), a
Activities &	2 0	Check th	nis box 🔭 if the organization discontinued its operations or disposed of more than 25% of its	s net assets
Ě			of voting members of the governing body (Part VI, line 1a)	<b>  3  </b> 10
Ę			of independent voting members of the governing body (Part VI, line 1b)	4 4
4			mber of individuals employed in calendar year 2011 (Part V, line 2a)	5 0
	<b>6</b> T	Total nur	mber of volunteers (estimate if necessary)	<b>6</b> 175
	<b>7</b> a⊺	Total unr	related business revenue from Part VIII, column (C), line 12	<b>7a</b> 0
	b≀	Net unre	lated business taxable income from Form 990-T, line 34	<b>7b</b> 0
			Prior Year	Current Year
		Contril	butions and grants (Part VIII, line 1h)	
a.	8			0 57,483
anne	9		m service revenue (Part VIII, line 2g)	5,7,55
- - - - -	9 10	Invest	m service revenue (Part VIII, line 2g)	146 158,730,277 0 0
Revenue	9 10 11	Invest Other	m service revenue (Part VIII, line 2g)	146 158,730,277 0 0
Revenue	9 10	Invest Other Total r	m service revenue (Part VIII, line 2g)	146 158,730,277 0 0 244 523,149
Revenue	9 10 11	Invest Other Total r 12)	m service revenue (Part VIII, line 2g)	146 158,730,277 0 0 244 523,149
Revenue	9 10 11 12	Invest Other Total r 12) . Grants	m service revenue (Part VIII, line 2g)	146 158,730,277 0 0 244 523,149 390 159,310,909
	9 10 11 12	Invest Other Total r 12) . Grants Benefit Salarie	im service revenue (Part VIII, line 2g)	146 158,730,277 0 0 244 523,149 390 159,310,909 0 0
	9 10 11 12 13 14 15	Invest Other Total r 12) . Grants Benefit Salarie 5-10)	Im service revenue (Part VIII, line 2g)	146 158,730,277 0 0 244 523,149 390 159,310,909 0 0 0 0
	9 10 11 12 13 14 15	Invest Other Total r 12) . Grants Benefit Salarie 5-10) Profes	im service revenue (Part VIII, line 2g)	146 158,730,277 0 0 244 523,149 390 159,310,909 0 0
Expenses Revenue	9 10 11 12 13 14 15 16a b	Invest Other Total r 12) Grants Benefit Salarie 5-10) Profes Total fui	im service revenue (Part VIII, line 2g)	146 158,730,277 0 0 244 523,149 390 159,310,909 0 0 0 0 809 54,980,363 0 0
	9 10 11 12 13 14 15 16a b	Invest Other Total r 12) . Grants Benefit Salarie 5-10) Profes Total fur	im service revenue (Part VIII, line 2g)	146
	9 10 11 12 13 14 15 16a b 17	Invest Other Total r 12) . Grants Benefit Salarie 5-10) Profes Total fut Other	Im service revenue (Part VIII, line 2g)	146
Expenses	9 10 11 12 13 14 15 16a b	Invest Other Total r 12) . Grants Benefit Salarie 5-10) Profes Total fut Other	Im service revenue (Part VIII, line 2g)	146 158,730,277 0 0 244 523,149 390 159,310,909 0 0 0 0 809 54,980,363 0 0 958 95,305,039 767 150,285,402 623 9,025,507
Expenses	9 10 11 12 13 14 15 16a b 17	Invest Other Total r 12) . Grants Benefit Salarie 5-10) Profes Total fut Other	Im service revenue (Part VIII, line 2g)	146 158,730,277 0 0 244 523,149 390 159,310,909 0 0 0 0 809 54,980,363 0 0 958 95,305,039 767 150,285,402 623 9,025,507
Expenses	9 10 11 12 13 14 15 16a b 17	Invest Other Total r 12) . Grants Benefit Salarie 5-10) Profes Total fur Other Total e	Immortincome (Part VIII, line 2g)	146
Expenses	9 10 11 12 13 14 15 16a b 17 18 19	Invest Other Total r 12) . Grants Benefit Salarie 5-10) Profes Total fut Other Total e Revenu	Im service revenue (Part VIII, line 2g)	146
Not Assets or Expenses Fund Balances	9 10 11 12 13 14 15 16a b 17 18 19	Invest Other Total r 12) . Grants Benefit Salarie 5-10) Profes Total fun Other Total e Reveni	Imment income (Part VIII, line 2g)	146 158,730,277 0 0 244 523,149 390 159,310,909 0 0 0 0 809 54,980,363 0 0 958 95,305,039 767 150,285,402 623 9,025,507 ent End of Year 312 39,218,287 480 1,537,518
Met Assets or Expenses Fund Balances	9 10 11 12 13 14 15 16a b 17 18 19	Invest Other Total r 12) . Grants Benefit Salarie 5-10) Profes Total fut Other Total e Revenue  Total a Total I Net as	100,888,   100,888,	146
Signature State of St	9 10 11 12 13 14 15 16a b 17 18 19 20 21 22 t III penaliedge aledge.	Invest Other Total r 12) . Grants Benefit Salarie 5-10) Profes Total fun Other Total e Revenu  Total a Total I Net as  Sign  ties of peand belief	In service revenue (Part VIII, line 2g)	146
Say Met Assets of Assets o	9 10 11 12 13 14 15 16a b 17 18 19 20 21 22 t III penaliedge aledge.	Invest Other Total r 12) .  Grants Benefit Salarie 5-10) Profes Total fun Other Total e Revenu  Total a Total I Net as  Sign  ties of peand belief	In service revenue (Part VIII, line 2g)	146
Signature State of St	9 10 11 12 13 14 15 16a b 17 18 19 20 21 22 t III penaliedge aledge.	Invest Other Total r 12) .  Grants Benefit Salarie 5-10) Profes Total fun Other Total e Reveni  Total a Total I Net as  Sign ties of pead belief	In service revenue (Part VIII, line 2g)	146
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Not Assets of Balances Expenses	9 10 11 12 13 14 15 16a b 17 18 19 20 21 22 1 22 1 22 1 22	Invest Other Total r 12) .  Grants Benefit Salaries 5-10) Profes Total fun Other Total a Reveni  Total I Net as  Sign Ities of peand belief	In service revenue (Part VIII, line 2g)	146
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Signal Paragram Paragram Prind Balances Prind Balan	9 10 11 12 13 14 15 16a b 17 18 19 20 21 22 t III penaliedge aledge.	Invest Other Total r 12) .  Grants Benefit Salaries 5-10) Profes Total fut Other Total e Revenue  Total a Total I Net as  Sign Ities of pead belief  Ernes Type  Preparer's gnature  Firm's na if self-en	In service revenue (Part VIII, line 2g)	146

**4e** Total program service expenses▶\$ 136,362,099

Part IV	Checklist	of Rea	uired	Schedules

	•		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	1	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 📆	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	3		No
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V	10		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
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		No
e	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.	11e		No
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? <i>If</i> "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
	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Part I	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S? If "Yes," complete Schedule F, Part II and IV.	15		No
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S ? If "Yes," complete Schedule F, Part III and IV	16		No
17	Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I	17		No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18		No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19		No
20a	Did the organization operate one or more hospitals? If "Yes," complete Schedule H	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? <b>Note.</b> 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		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to line 25	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? If "Yes," complete Schedule L, Part III	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
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	
C	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? If "Yes," complete Schedule L, Part IV	28c		N o
29	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? If "Yes," complete Schedule R, Part I	33		No
34	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1	34	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	35a	Yes	
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section $512(b)(13)$ ? If "Yes," complete Schedule R, Part V, line 2	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19?	38	Yes	

Part V	Statements Regarding Other IRS Filings and Tax Compliance

	Check if Schedule O contains a response to any question in this Part V		.┏	
			Yes	No
a	Enter the number reported in Box 3 of Form 1096 Enter -0 - if not applicable			
	<b>1a</b> 0			
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable  1b  0			
С	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		
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			
h	return			
U		2b		
a	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)  Did the organization have unrelated business gross income of \$1,000 or more during the			
a	year?	За		Νo
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b		
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			
а	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		No
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 services provided to the payor?	7a		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e		
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f		
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		
	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		
-	Sponsoring organizations maintaining donor advised funds.  Did the organization make any taxable distributions under section 49662	0-		
	Did the organization make any taxable distributions under section 4966?	9a 9b		
о О	Section 501(c)(7) organizations. Enter	50		
	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			
b	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 12b			
	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  Enter the aggregate amount of reserves on hand			
	13c			
	Did the organization receive any payments for indoor tanning services during the tax year?	14a		No
h	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.

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

Se	ection A. Governing Body and Management			
			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax			
Ia	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	
ь	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	venue Code.)			
			Yes	No
	Did the organization have local chapters, branches, or affiliates?	10a		No
Ь	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review the Form 990			
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes	
b	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	Yes	
13	Did the organization have a written whistleblower policy?	13	Yes	
14	Did the organization have a written document retention and destruction policy?	14		No
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
а	The organization's CEO, Executive Director, or top management official	15a	Yes	
b	Other officers or key employees of the organization	15b		No
	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	16a		No
h	taxable entity during the year?	104		1110
D	participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization status with respect to such arrangements?	16b		
Se	ection C. Disclosure			
17	List the States with which a copy of this Form 990 is required to be filed▶			

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 Dick Dixon

2401 S 31st Street Temple,TX 76508 (254)724-4733

## 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
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

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

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

(A) Name and Title	(B) Average hours per week (describe	unles: an	on (d e thai	n one son er ar	e box is bo nd a	x, oth		(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
	hours for related organizations in Schedule O)	Individual trustee or director	Institutional Trustee		Key employee	Highest compensated employee	Former		MISC)	related organizations
(1) Patricia M Currie Director, Vice President, System Chief Operating Of	40 00	х		х				0	480,343	46,740
(2) Ernest Bovio Director, President	40 00	Х		х				0	306,074	51,551
(3) James Mills Director	1 00	х						0	0	0
(4) Ted Hejl Director, Treasurer	1 00	х						0	0	0
(5) Stuart Whitlow Director, Secretary	1 00	х		х				0	0	0
(6) Franklin Chang MD Director, Chairman	40 00	Х		Х				0	331,921	46,686
(7) Tom Burdett Director	1 00	х						0	0	0
(8) Dennis L Laraway Director, System Chief Financial Officer	40 00	х		Х				0	444,702	42,397
(9) Dick L Dixon Director, System Chief Financial Officer	40 00	х						0	313,365	48,214
(10) Kelly Harris Director	40 00	х						0	69,126	13,676
(11) L Gill Naul MD Director	40 00	х						0	693,061	53,381
(12) James Carroll Executive Vice President	40 00			Х				0	401,331	39,063
(13) Clyde Chumbley MD Chief Medical Officer	40 00				х			0	370,024	83,032
(14) Cynthia Dunlap System Chief Nursing Executive	40 00				х			0	202,857	38,845
(15) Glen R Couchman MD System Chief Medical Officer	40 00				х			0	573,830	53,381
(16) Robert W Pryor MD System Chief Executive Officer	40 00				х			0	866,989	46,463
(17) Robin Watson MD Chief Medical Officer	40 00				х			0	380,382	48,214
	•									Form <b>990</b> (2011)

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

Name and Title	Average hours per week (describe hours	(C)  Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099- MISC)	(F) Estimated amount of other compensation from the organization and related	
	for related organizations in Schedule O)	Individual trustee or director	Institutional Trustee	Officei	Ke) emplojee	Highest compensated employee	Former		Miscy	organizations	
(18) Matthew L Chambers System Chief Information Officer	40 00				х			0	188,235	6,084	
(19) Marc R Hallee System Chief Human Resource Officer	40 00				х			0	450,015	6,951	
(20) Bernardine Patterson Pharmacy Director	40 00					х		0	131,879	18,337	
(21) Jason Cole Vice President	40 00					х		0	133,048	35,106	
(22) Lon Roark Pharmacist	40 00					х		0	126,497	19,156	
(23) Irene Frank Pharmacıst	40 00					х		0	136,773	20,163	
(24) Thu Le Pharmacıst	40 00					х		0	126,429	12,240	
(25) Alfred B Knight MD Former Officer	40 00						х	0	779,908	49,821	
(26) Kenneth A Johnson Former Officer	40 00						х	0	185,580	110,335	
(27) Dudley P Baker MD Former Officer	40 00						×	0	408,346	49,007	
(28) Gail VanZyl System Chief Nursing Executive	40 00						х	0	175,791	74,647	
1b Sub-Total							•				
c Total from continuation sheets	<u> </u>			•	•		<b>•</b>		0.276.506	1 012 100	
<ul><li>d Total (add lines 1b and 1c) .</li><li>2 Total number of individuals (incl</li></ul>						•	<u> </u>	0	8,276,506	1,013,490	

			Yes	No
3	Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If</i> " <i>Yes,"</i> complete Schedule <i>J</i> 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 I for such individual	4	Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for	•	103	
	services rendered to the organization? If "Yes," complete Schedule I for such person	5		No

### Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Aureus Healthcare 13609 California St Omaha, NE 68154	Staffing	377,696
P2P Staffing Corp 302 Knights Run Ave Tampa, FL 33602	Staffing	322,473
AMN Healthcare Inc File S6157 Los Angeles, CA 900746157	Staffing	310,843
Lighthouse Nursing 328 Antelope Trail Killeen, TX 76542	Staffing	209,663
Eagle Systems Inc PO Box 21115 Waco, TX 767021115	Security	188,744
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 \( \mathbb{P} \)

Form 99								Page <b>9</b>
Part V	<u>/##1</u>	Statement o	of Revenue		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512,513,or 514
\$ <u>\$</u>	1a	Federated cam	paigns 1a					91.
Contributions, gifts, grants and other similar amounts	b	Membership du	ıes <b>1b</b>					
₽ĕ	С	Fundraising eve	ents <b>1c</b>					
#£	d	Related organiz	zations 1d					
E S	е	Government grant	s (contributions) <b>1e</b>					
tion or or	f	All other contribute	ons, gifts, grants, and <b>1f</b>	57,483	j	į		
έ¥	g		ibutions included in					
풀출								
<u>ŏ≅</u>	h	Total. Add lines	s 1 a - 1 f	•	57,483			
ā				Business Code				
Program Service Revenue	2a	Net Patient Service	e Re	621990	158,730,277	158,730,277		
22	Ь							
M C e	C .							
ja Ja	d							
E	e	<del></del>						
Ď	f	All other progra	am service revenue					
<u>*</u>	g	Total. Add lines	s 2a-2f		158,730,277			
	3		ome (including dividen					
			ar amounts)					
	4		stment of tax-exempt bond	· · · · · · ·				
	5	Royalties	(ı) Real	(II) Personal				
	6a	Gross rents	(I) Keal	(II) Fersonal				
	b	Less rental						
	l c	expenses Rental income						
	d	or (loss)	me or (loss)	▶-				
	"	Net rental med	(i) Securities	(II) Other				
	7a	Gross amount from sales of assets other	(i) dedunited	(ii) Ceilei				
		than inventory						
	b	Less cost or other basis and						
	l c	sales expenses Gain or (loss)						
	d	Net gain or (los	L					
<u> </u>	8a		rom fundraising					
Other Revenue			s reported on line 1c)					
₫	Ь	Lace direct av	penses b					
₹	c		(loss) from fundraising	events 🗠				
	9a		rom gaming activities ne 19					
	b c		penses <b>b</b> (loss) from gaming acti	vities				
	10a	Gross sales of returns and allo	ınventory, less	.,,,,,,				
	ь		a oods sold b (loss) from sales of inv	entery <b>b</b>				
	С	Miscellaneous		Business Code				
	11a	Cafeteria		722210	355,959			355,959
	Ь	Gift Shop		453220	143,329			143,329
	С	Sale/Leasebac	k Transac	999999	23,861			23,861
	d	All other reven						
	е		s 11a-11d		523,149			
	12	Total revenue.	See Instructions .	*	159,310,909	158,730,277	0	523,149

### Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D) Check if Schedule O contains a response to any question in this Part IX

Do no	ot include amounts reported on lines 6b,	(A)	(B)	(C)	(D)
	, 9b, and 10b of Part VIII.	Total expenses	Program service expenses	Management and general expenses	Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21				
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members			]	
5	Compensation of current officers, directors, trustees, and key employees				
6	Compensation not included above, to disqualified persons (as defined under section $4958(f)(1)$ ) and persons described in section $4958(c)(3)(B)$				
7	Other salaries and wages	45,259,780	44,535,609	724,171	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)				
9	Other employee benefits	9,720,583	9,565,050	155,533	
10	Payroll taxes				
11	Fees for services (non-employees)				
а	Management				
b	Legal				
c	Accounting	3,509		3,509	
d	Lobbying				
e	Professional fundraising See Part IV, line 17				
f	Investment management fees				
g	Other	3,275,033	3,223,932	51,101	
12	Advertising and promotion	55,044	55,044		
13	Office expenses	663,806	653,185	10,621	
14	Information technology	280,745	280,745		
15	Royalties				
16	Occupancy	7,703,709	7,580,447	123,262	
17	Travel	1,614,202	1,588,374	25,828	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	43,649	43,649		
20	Interest	2,701,146	2,701,146		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	8,168,580	8,168,580		
23	Insurance				
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O )				
a	Patient Care Expense	30,001,872	30,001,872		
b	Bad Debt	25,389,526	25,389,526		
С	Overhead Shared Service	12,895,929	289,535	12,606,394	
d	Rent and Maintenance	1,887,794	1,887,794		
e					
f	All other expenses	620,495	397,611	222,884	
25	Total functional expenses. Add lines 1 through 24f	150,285,402	136,362,099	13,923,303	0
26	Joint costs. Check here ► ☐ If following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				rm <b>990</b> (2011)

Pa	irt X	Balance Sheet					
					(A) Beginning of year		(B) End of year
	1	Cash—non-interest-bearing			120,983	1	50,527
	2	Savings and temporary cash investments			,	2	<u>·</u>
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			20,987,059	4	21,525,311
	5	Receivables from current and former officers, directors, trustees highest compensated employees. Complete Part II of	s, key	employees, and			· · · · · · · · · · · · · · · · · · ·
		Schedule L				5	
	6	Receivables from other disqualified persons (as defined under spersons described in section $4958(c)(3)(B)$ Complete Part II of		4958(f)(1)) and			
/6		Schedule L				6	
Assets	7	Notes and loans receivable, net				7	
8	8	Inventories for sale or use			1,571,255	8	1,655,594
4	9	Prepaid expenses and deferred charges			72,048	9	
	10a	Land, buildings, and equipment cost or other basis <i>Complete Part VI of Schedule D</i>	10a	19,343,702			
	ь	Less accumulated depreciation	ccumulated depreciation 10b 4,809,63				
	11	Investments—publicly traded securities			11		
	12	Investments—other securities See Part IV, line 11		•		12	
	13	Investments—program-related See Part IV, line 11		13	1,452,791		
	14	Intangible assets		14			
	15	Other assets See Part IV, line 11		. •		15	
	16	Total assets. Add lines 1 through 15 (must equal line 34)			28,830,312	16	39,218,287
	17	Accounts payable and accrued expenses .			492,216	17	1,537,518
	18	Grants payable				18	
	19	Deferred revenue				19	
	20	Tax-exempt bond liabilities				20	
S	21	Escrow or custodial account liability Complete Part IV of Schedul		21			
Liabilities	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified					
æ		persons Complete Part II of Schedule L		22			
	23	Secured mortgages and notes payable to unrelated third parties			23		
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities (including federal income tax, payables to relate and other liabilities not included on lines 17-24) Complete Par	2,289,264	25	0		
	26	D Total liabilities. Add lines 17 through 25		2,781,480		1,537,518	
	20	Organizations that follow SFAS 117, check here F and comp	loto li	nos 27	2,701,400	20	1,337,310
φ		through 29, and lines 33 and 34.	nece ii	iles 27			
Fund Balance	27	Unrestricted net assets			26,048,832	27	37,680,769
	28	Temporarily restricted net assets		28			
=	29	Permanently restricted net assets		29			
		Organizations that do not follow SFAS 117, check here ► ar lines 30 through 34.	d com	plete			
s or	30	Capital stock or trust principal, or current funds				30	
Assets	31	Paid-in or capital surplus, or land, building or equipment fund				31	
AS	32	Retained earnings, endowment, accumulated income, or other fu	nds			32	
Net	33	Total net assets or fund balances			26,048,832	33	37,680,769
2	34	Total liabilities and net assets/fund balances			28 830 312	34	39 218 287

Ра	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		159,3	310,90		
2	Total expenses (must equal Part IX, column (A), line 25)	2			285,40		
3	Revenue less expenses Subtract line 2 from line 1	3		9,0	025,50		
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4		26,048,83			
5	Other changes in net assets or fund balances (explain in Schedule O)	5		2,6	506,43		
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	<b>6</b> 37,680,76				
Pai	rt XII Financial Statements and Reporting						
	Check if Schedule O contains a response to any question in this Part XII			୮	•		
				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 Schedule O		2c	Yes			
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were	issued		103			
u	on a separate basis, consolidated basis, or both	33464					
	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 th Single Audit Act and OMB Circular A-133?	e	За		No		
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	required	3b				

### OMB No 1545-0047

Inspection

#### **SCHEDULE A**

(Form 990 or 990EZ)

Name of the organization Scott & White Hospital Round Rock

Department of the Treasury Internal Revenue Service

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

**Public Charity Status and Public Support** 

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

**Employer identification number** 

Danie T	D	f D-	alati a Charaita Cha	/ A II				[20-3/49			
Part I			ublic Charity Sta te foundation becaus		_		•		instruction	IS .	
ie organ 1 – F											
_		•	ion of churches, or a			•	D)( 1)(A)(I)				
			d in <b>section 170(b)(1</b>				470(1)(	437437			
3 2			pperative hospital se							_	
4		A medical research organization operated in conjunction with a hospital described in <b>section 170(b)(</b> hospital's name, city, and state					(1)(A)(iii).	Enter the			
5	_	•	perated for the benefi	_	e or univer	sity owned or	operated by	a governme	ntal unit des	scribed in	
_			<b>(A)(iv).</b> (Complete P								
5	A feder	al, state, o	r local government o	governmen	tal unit de:	scribed in <b>sect</b>	tion 170(b)	(1)(A)(v).			
7	describ	ed ın	at normally receives (A)(vi) (Complete P		al part of it	s support fron	n a governn	nental unit or	from the ge	neral publ	С
з Г			t described in <b>sectio</b>		<b>A)(vi)</b> (C	omplete Part I	Π)				
9 —								ributions me	mhershin fe	es and on	055
,	An organization that normally receive receipts from activities related to its							•	· ·		,,,,
			oss investment inco								2
		•	ganızatıon after June				•			Jusinesse.	,
o [											
, 1	_	n organization organized and operated exclusively to test for public safety. See <b>section 509(a)(4).</b> n organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry					<b>.</b>		6		
	one or more publicly supported organizations des the box that describes the type of supporting orga  a Type I b Type II c				Type I	d complete lin II - Functiona	es 11e thro ally integrat	ough 11h	<b>d</b>	pe III - O	ther
<ul> <li>By checking this box, I certify that the other than foundation managers and other section 509(a)(2)</li> <li>If the organization received a written decheck this box</li> <li>Since August 17, 2006, has the organization</li> </ul>				her than one	or more p	ublicly suppor	ted organiz	ations descri pe II or Type	bed in secti	on 509(a)	(1) or
		g persons?	rectly or indirectly c	ontrols eith	er alone o	together with	nersons de	escribed in (ii	1	Yes	No
			governing body of th			_	i persons de	escribed iii (ii		lg(i)	+ 140
	, ,	•	er of a person descri			izacion:				.g(ii)	+
		-	•			\ nhovo2					+
L			lled entity of a perso						[11	g(iii)	
h	Provide	the followi	ng information about	the Support	eu organiz	ation(S)					
(i) Name of supported organization		ne of (ii) (described on col (i) listed in col (i) of your governing document? organization col (i) of your governing support?					otify the tion in f your	(v) Is t organiza col (i) or in the	he ition in ganized	A mo	vii) ount of oport?
			(see instructions))	Yes	No	Yes	No	Yes	No		
otal											

instructions

Sch	edule A (Form 990 or 99	90-EZ)2011						Page <b>2</b>
	(Complet	e only if you	checked the	box on line 5,	7, or 8 of Part	<b>(b)(1)(A)(iv)</b> 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	<b>(a)</b> 2007	<b>(b)</b> 2008	<b>(c)</b> 2009	(d) 2010	(e) 2011	( <b>f</b> ) 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	<b>endar year</b> (or fiscal yea	r beginning	<b>(a)</b> 2007	<b>(b)</b> 2008	<b>(c)</b> 2009	(d) 2010	<b>(e)</b> 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 <b>sto</b>	p here						<b>▶</b> □
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 <b>stop here.</b> The org  33 1/3% support test					6a and line 15 is	33 1/20% or m	ore check this
D	box and <b>stop here.</b> 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—	<b>2010.</b> If the ora	anization did not	check a hov on li	ne 13, 16a 16b	or 17a and lin	<b>▶</b>
,	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	<b>►</b> □

**▶**□

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	<b>Supplemental Information.</b> 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: 93493193009243

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.

f the organization answered "Yes,'	' to Form 990, Part IV	, Line 3, or Form 990-E	Z, Part V, line 46 (Politica	ıl Campaign Activities),
hen				

- ◆ 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

Provide a description of the organization's direct and indirect political campaign activities on behalf of or

Section 527 organizations Complete Part I-A only

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

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

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

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

Name	of the organization
Scott &	White Hospital Round Rock

Employer identification number

20-3749695

Part I-A	Complete if t	the organization i	<u>is exempt under</u>	section 501(c)	or is a section 52	7 organization.

- in opposition to candidates for public office in Part IV 2 Political expenditures
- 3 Volunteer hours

	Part I-B	Comple	te if the o	rganization is	exempt under	section 501(	c)(3).
--	----------	--------	-------------	----------------	--------------	--------------	--------

- 1 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

#### 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
- 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>b</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 <b>∠</b>
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  S1,000,000 but not over \$1,500,000  S1,000 but not over \$1,500,	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:  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  If the excess over \$1,000,000  Over \$1,000,000 but not over \$1,000,000  If the excess over \$1,000,000  If the excess over \$1,000,000  Over \$1,000,000 but not over \$1,000,000  If the excess over \$1,000,000  If the excess over \$1,000,000  Over \$1,000,000 but not over \$1,000,000  If the excess over \$1			expenses, and share of excess lob	bying expenditures)		_	•	
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  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:  Not over \$500,000  Over \$500,000 but not over \$1,000,000  Over \$1,000,000 but not over \$1,000,000  S175,000 plus 10% of the excess over \$1,000,000  Over \$1,000,000 but not over \$1,000,000  S175,000 plus 10% of the excess over \$1,000,000  Over \$1,000,000 but not over \$1,000,000  S175,000 plus 10% of the excess over \$1,000,000  Over \$1,000,000  Over \$1,000,000 but not over \$1,000,000  S175,000 plus 10% of the excess over \$1,000,000  Over \$1,000,000 but not over \$1,000,000  S175,000 plus 10% of the excess over \$1,000,000  Over \$1,000,000 but not over \$	3	Check	ıf the filing organization checked bo	ox A and "limited contro	ol" provisions app	ly	1	1
(The term "expenditures" means amounts paid or incurred.)  Ital Total lobbying expenditures to influence public opinion (grass roots lobbying)  b 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  Over \$500,000 but not over \$1,000,000  Over \$1,000,000 but not over \$1,000,000  S1225,000 plus 10% of the excess over \$1,000,000  Over \$17,000,000  Over \$17,000,000  S11,000,000  F11,000,000			Limits on Lobbying	Expenditures			(a) Filing	(b) Affiliated
Total lobbying expenditures to influence public opinion (grass roots lobbying)  b Total lobbying expenditures (add lines 1a and 1b)  d Other exempt purpose expenditures  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  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  S175,000 plus 15% of the excess over \$1,000,000  Over \$1,000,000 but not over \$1,000,000  S100,000 plus 15% of the excess over \$1,000,000  Over \$1,000,000  Over \$1,000,000  Over \$1,000,000  The lobbying nontaxable amount is:  Not over \$500,000  Over \$1,000,000  Over \$1,000,00					l.)		Organization's Totals	Group Totals
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: 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 \$1,7000,000  Over \$1,000,000 but not over \$1,7000,000  S225,000 plus 15% of the excess over \$1,000,000  Over \$1,7000,000  Over \$1,7000,000  F17,000,000  S225,000 plus 5% of the excess over \$1,500,000  Over \$1,7000,000  F17,000,000  S1,000,000  F17,000,000  F17,000,		<b>-</b>			1 \		100013	Totals
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:  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 \$1,000,000 but not over \$1,000,000  In the excess over \$1,000,000  F1,000,000  F1,000,0				· -				
d O ther exempt purpose expenditures  Total exempt 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:  The lobbying nontaxable amount 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 \$1,500,000  Over \$1,500,000 but not over \$1,500,000  Over \$1,000,000 but not over \$1,000,000  Over \$1,000					ying)			
Total exempt 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:			,	b)				
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:  Not over \$500,000  Over \$500,000 but not over \$1,000,000  Over \$1,000,000 but not over \$1,500,000  Over \$1,500,000 but not over \$1,500,000  Over \$17,000,000 but not over \$1,7000,000  Over \$17,000,000 but not over \$17,000,000  S225,000 plus 10% of the excess over \$1,000,000  Over \$17,000,000  Over \$17,000,000  Over \$17,000,000  S225,000 plus 5% of the excess over \$1,000,000  Over \$17,000,000  Over \$17,000,000  S1,000,000  S1,000,0	d	Otherexe	empt purpose expenditures					
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			
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 \$1,000,000 \$175,000 plus 10% of the excess over \$1,000,000 Over \$1,500,000 but not over \$17,000,000 \$225,000 plus 5% of the excess over \$1,500,000 Over \$17,000,000 \$1,000,00		If the an	ount on line 1e, column (a) or (b) is:	The lobbying nontax	able amount is:			
Over \$1,000,000 but not over \$1,500,000  Over \$1,500,000 but not over \$1,500,000  Over \$1,500,000 but not over \$1,500,000  Section \$225,000 plus 5% of the excess over \$1,500,000  Over \$17,000,000  g Grassroots nontaxable amount (enter 25% of line 1f)  h Subtract line 1g from line 1a If zero or less, enter -0-  i Subtract line 1ffrom 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.)  Lobbying Expenditures During 4-Year Averaging Period  Calendar year (or fiscal year beginning in)  (a) 2008  (b) 2009  (c) 2010  (d) 20  2a Lobbying ceiling amount		Not over \$5	500,000	20% of the amount on lii	ne 1e			
Over \$1,500,000 but not over \$17,000,000 \$225,000 plus 5% of the excess over \$1,500,000 Over \$17,000,000 \$1,00		Over \$500,	000 but not over \$1,000,000	\$100,000 plus 15% of the	e excess over \$500,0	000		
g Grassroots nontaxable amount (enter 25% of line 1f) h Subtract line 1g from line 1a If zero or less, enter -0- i Subtract line 1f from line 1c If zero or less, enter -0- 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.)  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		Over \$1,00	0,000 but not over \$1,500,000	\$175,000 plus 10% of the	e excess over \$1,000	,000		
g Grassroots nontaxable amount (enter 25% of line 1f) h Subtract line 1g from line 1a If zero or less, enter -0- i Subtract line 1ffrom 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.)  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		Over \$1,50	0,000 but not over \$17,000,000	\$225,000 plus 5% of the	excess over \$1,500,	000		
h Subtract line 1g from line 1a If zero or less, enter -0- i Subtract line 1f from line 1c If zero or less, enter -0- 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.)  Lobbying Expenditures During 4-Year Averaging Period  Calendar year (or fiscal year beginning in)  (a) 2008 (b) 2009 (c) 2010 (d) 20 2a Lobbying ceiling amount		Over \$17,0	00,000	\$1,000,000				
h Subtract line 1g from line 1a If zero or less, enter -0- i Subtract line 1f from line 1c If zero or less, enter -0- 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.)  Lobbying Expenditures During 4-Year Averaging Period  Calendar year (or fiscal year beginning in)  (a) 2008 (b) 2009 (c) 2010 (d) 20 2a Lobbying ceiling amount								
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.)  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		Grassroo	ts nontaxable amount (enter 25% of li	ne 1f)				
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.)  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	h	Subtract	line 1a from line 1a If zero or less. en	ter -0 -				
Jection 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 ceiling amount								
4-Year Averaging Period Under Section 501(h) (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					organization file	Form 4720 re	portina	
(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>b</b> Lobbying ceiling amount				(a) 2008	<b>(b)</b> 2009	(c) 2010	(d) 2011	<b>(e)</b> 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							

· · · · · · · · · · · · · · · · · · ·	,		2
Part II-B	Complete if the organiza	tion is exempt under section 501(c)(3) and has NOT filed Form 5768	
	(election under section !	01(h)).	

		(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?		Νo	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		Νo	
c	Media advertisements?		Νo	
d	Mailings to members, legislators, or the public?		Νo	
е	Publications, or published or broadcast statements?		Νo	
f	Grants to other organizations for lobbying purposes?	Yes		2,029
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		Νo	
i	Other activities? If "Yes," describe in Part IV		Νo	
j	Total lines 1c through 1i			2,029
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
C	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

-	Dues, assessments and similar amounts from members	_	
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	

#### 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
Part IV, Supplemental Information		Part II-B, Line 1(f) Scott & White Hospital Round Rock ("SWRR") maintains membership in the Texas Hospital Association A percentage of the dues paid to this organization is attributed to lobbying activities and is reported as grants to other organizations for lobbying purposes

5

DLN: 93493193009243

OMB No 1545-0047

**SCHEDULE D** (Form 990)

Department of the Treasury

**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

Open to Public

ntema	Revenue Service	orm 990. ► See separate instructions.		Inspection			
	me of the organization		Employer ide	entification number			
500	tt d Willie Hospital Roula Rock		20-374969	5			
Pa	The servation of land for public use (e.g., recreation or pleasure)  Preservation of answeration easements in the last day of the tax year  Total number of conservation easements modified, transferred, released, extinguished, or terminated by the organization have desemble to conservation easements modified, transferred, released, extinguished, or terminated by the organization during the reported on line 2(d) above satisfy the requirements of section 2 reports (and visual extended to monitoring, inspection, handling of violations, and the serious easements during the periodic monitoring, inspection, and enforcing conservation easements during the property subject to monitoring, inspection of an extended property subject to monitoring the periodic monitoring the periodic monitoring in the conservation of a periodic property is property. The periodic property is property is property, subject to the organization is exclusive legal control?  Put the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for chantable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit  Preservation inform all grantees, donors, and donor advisors in writing that grant funds may be used only for chantable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit  Preservation information inform all grantees, donors, and donor advisor, or for any other purpose to preservation easements. He donor advisor, or for any other purpose to preservation of any other purpose seament in the form of a conservation of any other purpose.  Preservation of land for public use (e.g., recreation or pleasure)  Preservation of an internation information in the form of a conservation easements or accounted in the conservation easements or accounted in (e.g., accounted the form of a conservation easements or accounted in (e.g., accounted the form of a conser						
	organization answered "Yes" to Form 99		(b) Fund	s and other assemble			
1	Total number at end of year	(a) Donor advised funds	(b) Fullu	s and other accounts			
2					_		
3							
4					_		
5	Did the organization inform all donors and donor advi		or advised		 o		
6	used only for charitable purposes and not for the ben conferring impermissible private benefit	efit of the donor or donor advisor, or for an	ny other purpos	☐ Yes ☐ No	0		
Pa	rt III Conservation Easements. Complete	<u>if the organization answered "Yes" to</u>	<u>5 Form 990, F</u>	Part IV, line 7.			
2	Preservation of land for public use (e.g., recreating Protection of natural habitat Preservation of open space  Complete lines 2a-2d if the organization held a quality processing the space of the organization held a quality process.	on or pleasure)  Preservation of an Preservation of a c	ertified histori	c structure			
	,	Γ	Held	at the End of the Year	_		
а	Total number of conservation easements		2a				
b	Total acreage restricted by conservation easements		2b				
c	Number of conservation easements on a certified his	storic structure included in (a)	2c				
d	Number of conservation easements included in (c) a	cquired after 8/17/06	2d				
3	Number of conservation easements modified, transfe	ے erred, released, extinguished, or terminate:	d by the organi	zation during			
	the taxable year 🛌						
4	Number of states where property subject to conserva	ation easement is located be					
5	Does the organization have a written policy regarding	g the periodic monitoring, inspection, hand	— lling of violatio		0		
6	Staff and volunteer hours devoted to monitoring, insp	pecting and enforcing conservation easem	ents during the	e year <b>►</b>			
7	Amount of expenses incurred in monitoring, inspecti	ng, and enforcing conservation easements	during the yea	ar			
	<b>▶</b> \$						
8	·	(d) above satisfy the requirements of sect	tion	┌ Yes ┌ No	0		
9	balance sheet, and include, if applicable, the text of t	the footnote to the organization's financial					
Par	t III Organizations Maintaining Collectio	ons of Art, Historical Treasures, o	or Other Sin	nilar Assets.			
1a	If the organization elected, as permitted under SFAS art, historical treasures, or other similar assets held	116, not to report in its revenue statement for public exhibition, education or researc	h in furtheranc				
b	If the organization elected, as permitted under SFAS historical treasures, or other similar assets held for provide the following amounts relating to these items	public exhibition, education, or research in					
	(i) Revenues included in Form 990, Part VIII, line 1		<b>►</b> \$	\$	_		
	(ii) Assets included in Form 990, Part X						
2	If the organization received or held works of art, histofollowing amounts required to be reported under SFA		•		_		
а	Revenues included in Form 990, Part VIII, line 1		<b>▶</b> \$	<b>.</b>			

Assets included in Form 990, Part X

Part	<b>311</b> Organizations Maintaining Co	llections of Art	t, His	<u>stori</u>	cal Tr	reası	ires, or C	the	<u>r Similar As</u>	sets (c	ontinued)
3	Using the organization's accession and othe items (check all that apply)	r records, check an	y of th	he fol	lowing '	that a	re a signific	ant u	se of its collec	tion	
а	Public exhibition		d	$\sqcap$	Loan	orexc	hange prog	rams			
b	Scholarly research		e	$\vdash$	Othei	r					
С	Preservation for future generations										
4	Provide a description of the organization's co	ollections and evol	ain ho	w tha	v furthe	ar tha	organization	1'c A1	zemnt nurnose	ın	
7	Part XIV						_			III	
5	During the year, did the organization solicit of assets to be sold to raise funds rather than t									┌ Yes	□ No
Par	t IV Escrow and Custodial Arrang Part IV, line 9, or reported an an	ements. Compl	ete ıf	the	organ	ızatıo					
1a	Is the organization an agent, trustee, custod included on Form 990, Part X?						or other ass	ets		┌ Yes	┌ No
b	If "Yes," explain the arrangement in Part XIV	/ and complete the	follov	ving t	able		-				
							-		An	nount	
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, lin	ne 21?	•						┌ Yes	┌ No
ь	If "Yes," explain the arrangement in Part XIV	•									
Pa	rt V Endowment Funds. Complete	f the organizatio	n ans	swere	ed "Ye						
		(a)Current Year	(b	<b>)</b> Prior	Year	(c)Tv	wo Years Back	(d)	Three Years Back	<b>(e)</b> Four `	Years Back
1a	Beginning of year balance							_			
b	Contributions							_			
С	Investment earnings or losses										
d	Grants or scholarships							_			
е	Other expenditures for facilities and programs										
f	Administrative expenses										
g	End of year balance										
2	Provide the estimated percentage of the yea	r end balance held	as								
а	Board designated or quasi-endowment 🕨										
ь	Permanent endowment -										
С	Term endowment ▶										
3a	Are there endowment funds not in the posses organization by	ssion of the organiz	zation	that a	are held	danda	admınıstere	d for	the	Yes	No
	(i) unrelated organizations								3a(		<del> ,</del>
	(ii) related organizations								3a(		
b	If "Yes" to 3a(II), are the related organizatio	ns listed as require	d on S	Sched	lule R?				31	<b>5</b>	Ī
4	Describe in Part XIV the intended uses of th								•		
Par	t VI Land, Buildings, and Equipme	ent. See Form 99	90, Pa	art X	, line :	10.			<b>-</b>		
	Description of property				Cost or s (invest		( <b>b)</b> Cost or o basis (othe		(c) Accumulated depreciation	( <b>d)</b> B	ook value
1a	Land										
Ь	Buildings										
c	Leasehold improvements										
	Equipment						19,343	3,702	4,809,63	8	14,534,064
	Othor						,		. , , = -		
	I. Add lines 1a-1e <i>(Column (d) should equal Fo</i>			), line	10(c).	)			<b>.</b>		14,534,064
	, , , , , , , , , , , , , , , , , , , ,	, , ,	, -,		, , , , ,				Schedule [		

Pari VIII Investments—Other Securities. See	Form 990, Part X, line 1.	
(a) Description of security or category	(b)Book value	(c) Method of valuation
(including name of security)	(5)200. Talab	Cost or end-of-year market value
(1)Financial derivatives		
(2)Closely-held equity interests		
Other		
Other		
Total. (Column (b) should equal Form 990, Part X, col (B) line 12)		
		12
Part VIII Investments—Program Related. See	Porm 990, Part X, line	
(a) Description of investment type	(b) Book value	<b>(c)</b> Method of valuation Cost or end-of-year market value
	-	Cost or end-or-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, lir	ne 15.	
(a) Descrip	otion	(b) Book value
Total. (Column (b) should equal Form 990, Part X, col.(B) line 1	25.)	
Part X Other Liabilities. See Form 990, Part X	(, line 25.	
Part X Other Liabilities. See Form 990, Part X	(, line 25.	
1 Other Liabilities. See Form 990, Part X 1 (a) Description of Liability	(, line 25.	
1 Other Liabilities. See Form 990, Part X 1 (a) Description of Liability	(, line 25.	
1 Other Liabilities. See Form 990, Part X 1 (a) Description of Liability	(, line 25.	
1 Other Liabilities. See Form 990, Part X 1 (a) Description of Liability	(, line 25.	
1 Other Liabilities. See Form 990, Part X 1 (a) Description of Liability	(, line 25.	
1 Other Liabilities. See Form 990, Part X 1 (a) Description of Liability	(, line 25.	
1 Other Liabilities. See Form 990, Part X 1 (a) Description of Liability	(, line 25.	
1 Other Liabilities. See Form 990, Part X 1 (a) Description of Liability	(, line 25.	
1 Other Liabilities. See Form 990, Part X 1 (a) Description of Liability	(, line 25.	
1 Other Liabilities. See Form 990, Part X 1 (a) Description of Liability	(, line 25.	
1 Other Liabilities. See Form 990, Part X 1 (a) Description of Liability	(, line 25.	
1 Other Liabilities. See Form 990, Part X 1 (a) Description of Liability	(, line 25.	
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1 Other Liabilities. See Form 990, Part X 1 (a) Description of Liability	(, line 25.	
1 Other Liabilities. See Form 990, Part X 1 (a) Description of Liability	(, line 25.	
Part X Other Liabilities. See Form 990, Part X  1 (a) Description of Liability	(, line 25.	
Part X Other Liabilities. See Form 990, Part X  1 (a) Description of Liability	(, line 25.	
Part X Other Liabilities. See Form 990, Part X  1 (a) Description of Liability	(, line 25.	

Par	t XI Reconciliation of Change in Net Assets from Form 990 to Financial Statemer	nts	
1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	
Part	Reconciliation of Revenue per Audited Financial Statements With Revenue p	er Re	turn
1	Total revenue, gains, and other support per audited financial statements	1	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
а	Net unrealized gains on investments		
b	Donated services and use of facilities		
c	Recoveries of prior year grants		
d	Other (Describe in Part XIV)		
e	Add lines <b>2a</b> through <b>2d</b>	2e	
3	Subtract line <b>2e</b> from line <b>1</b>	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)		
C	Add lines <b>4a</b> and <b>4b</b>	<b>4</b> c	
5	Total Revenue Add lines <b>3</b> and <b>4c.</b> (This should equal Form 990, Part I, line 12)	5	
	Reconciliation of Expenses per Audited Financial Statements With Expenses	per l	Return
1	Total expenses and losses per audited financial statements	1	
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
а	Donated services and use of facilities		
b	Prior year adjustments		
c	Other losses	]	
d	Other (Describe in Part XIV) 2d	]	
e	Add lines <b>2a</b> through <b>2d</b>	2e	
3	Subtract line <b>2e</b> from line <b>1</b>	3	
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
а	Investment expenses not included on Form 990, Part VIII, line 7b 4a		
b	Other (Describe in Part XIV)	]	
C	Add lines <b>4a</b> and <b>4b</b>	4c	
5	Total expenses Add lines <b>3</b> and <b>4c.</b> (This should equal Form 990, Part I, line 18)	5	
	t XIV Supplemental Information		
Com	plete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Pa	art IV. I	ines 1b and 2b.

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
Description of Uncertain Tax Positions Under FIN 48		FIN 48 Footnote Scott & White evaluates its income tax positions in accordance with ASC 740-10, Income Taxes - Overall, regarding accounting for uncertainty in income taxes ASC 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken in a tax return There are no material uncertain tax positions as of August 31, 2012 or 2011

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DLN: 93493193009243

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 Scott & White Hospital Round Rock **Employer identification number** 

20-3749695

D	art I Charity Care and	Certain O	ther Comr	nunity Renefits	at Cos		3/49095			
	Charley Care and	CCI CAIII O	ther comm	name, benefits	<u> </u>				Yes	No
1a	Did the organization have a cl	harity care po	olicy? If "No,	" skıp to questıon 6	a		1	1a	Yes	
Ь	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 be	st descr	rbes application o	f the charity		,	
	Applied uniformly to all ho Generally tailored to indiv		Is	Applied unifor	mly to m	ost hospitals				
3	Answer the following based or organization's patients during	•	_	y criteria that appli	s to the	largest number o	fthe			
а	Did the organization use Fede If "Yes," indicate which of the						are?	3a	Yes	
	<b>▽</b> 100% <b>┌</b> 150%		о <sub>0</sub> % Г	Other		%				
ь	Did the organization use FPG				d care?	Tf				
	"Yes," indicate which of the fo							3b	Yes	
	•	Ū	•	· ·			75.000000000000	30	165	
		_	_	_			%			
	T 200%	<b>I</b> 30	о% Г	350% <b></b>	400%					
С	If the organization did not use determining eligibility for free test or other threshold, regard	or discounte	d care Inclu	de in the description	n whethe	r the organization				
4	Did the organization's policy		•					4	Yes	
_	Did the organization budget a the tax year?	mounts for fre							Yes	
b	If "Yes," did the organization'	s charity car	e expenses e	xceed the budgeted	amount			5b		No
С	If "Yes" to line 5b, as a result care to a patient who was elig							5c		
6a	Did the organization prepare a	a community	benefit repor	tduring the tax year	?			6a		No
6b	If "Yes," did the organization	make ıt avaıl	able to the p	ublic?				6b		
	Complete the following table tworksheets with the Schedule	-	ksheets prov	ided in the Schedul	e H ınstr	ructions Do not si	ubmit these			
7	Charity Care and Certain O	ther Commu	nity 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) Perototal ex	
а	Charity care at cost (from Worksheet 1)			510,6	554		51	0,654	0	410 %
b	Medicaid (from Worksheet 3, column a)			5,107,0		2,919,770		, 7,232		750 %
c	Costs of other means-tested government programs (from			5,237,		_,,,,,,,	2,10	,		
	Worksheet 3, column b)			1,005,	26	711,464	29	3,662	0	240 %
a	<b>Total</b> Charity Care and Means-Tested Government Programs			6,622,7	782	3,631,234	2,99	1,548	2	400 %
e	Other Benefits Community health improvement services and community benefit operations (from (Worksheet 4)									
f	Health professions education									
g	(from Worksheet 5) Subsidized health services									
_	(from Worksheet 6)			11,466,9	943	10,956,960	50	9,983	0	410 %
h i	Research (from Worksheet 7) Cash and in-kind contributions for community benefit (from			38,2	200		2	8,200	0	030 %
j ·	Worksheet 8)  Total Other Benefits			11,505,:		10,956,960		8,200		440 %
-	Total. Add lines 7d and 7j			18,127,9		14,588,194		9,731		840 %

Pa	rt II Community Building	ng Activitie	<b>s</b> Complete t	this table if the	organ	ızatı	on co	nducte	ed any commu	nity l	ouildin	9
	activities.	(a) Number of activities or programs (optional)	<b>(b)</b> Persons served (optional)	(c) Total communi building expense	у (		ect offs evenue	_	(e) Net communi building expense		(f) Perco	
1	Physical improvements and housing											
2	Economic development											
3	Community support			14,	735				14	,735	0	010 %
4				2.,						,,,,,,		010 70
5	Environmental improvements  Leadership development and training											
	for community members											
	Coalition building											
7	Community health improvement advocacy											
8	Workforce development											
9	Other				_							
10 Dat	Total  *t IIII Bad Debt, Medicar	o & Collec	tion Practic		735				14	,735	0	010 %
FEI	Bad Debt, Medicar	e, & conec	uon Practic	es								
Sect	ion A. Bad Debt Expense										Yes	No
1	Did the organization report ba			e with Heathcare F	inancı	al Ma	anage	ment A	ssociation	1	Yes	
2	Statement No 15? Enter the amount of the organ				•	· .	2		7,014,656		163	
3	Enter the estimated amount of		· ·		ole to				7,014,030	-		
	patients eligible under the org	_		•		.	3					
4	Provide in Part VI the text of the In addition, describe the costinationale for including a portion	ng methodolog	jy used in dete	rmining the amour								
Sect	ion B. Medicare											
5	Enter total revenue received f	rom Medicare (	(including DSH	and IME)			5		36,442,185			
6	Enter Medicare allowable cost	s of care relati	ing to payment	s on line 5		.	6		49,917,690			
7	Subtract line 6 from line 5 Th	ıs ıs the surplu	ıs or (shortfall)	)		[	7		-13,475,505			
8	Describe in Part VI the extent Also describe in Part VI the c Check the box that describes	osting method	ology or source	e used to determır	e the	amou						
	Cost accounting system	<b> </b> ✓ Co	st to charge ra	itio <b>I</b>	O th	ner						
Sect	ion C. Collection Practices											
9a	Did the organization have a wr	itten debt coll	ection policy d	uring the tax year	•					9a	Yes	
b	If "Yes," did the organization's contain provisions on the colle assistance? Describe in Part	ection practice VI	s to be followe	d for patients who	are kr	own	to qua	lify for	financial	9b	Yes	
Pa	rt IV Management Com	panies and	Joint Ventu	ires (see instru	ctions	)						
	(a) Name of entity	(b	<ul> <li>Description of p activity of entit</li> </ul>		profit		ation's stock p %	e	) Officers, directors, trustees, or key mployees' profit % r stock ownership%	pro	<b>e)</b> Physic ofit % or ownershi	stock
1		<u> </u>										
2												
3								$\top$		1		
4										+		
5												
6								$\top$		+		
7		1								+		
8										+		
9		1						+		+		
10										+		
11								$\top$				
12		+						+		+		
13								+		+		

Part	Part V Facility Information									
	on A. Hospital Facilities	Licene	Gener	Childre	Teach	Critica	Resea	ER-24 hours	ER-other	
(lıst ır	order of size from largest to smallest)	Licensed hospital	General medical &	Children's hospital	Teaching hospital	d acces	Research facility	hours	her	
How many hospital facilities did the organization operate du the tax year?1		pital	cal & surgical	ptal	ptal	Ortical access hospital	lity			
Namo	and address									
Name	and address									Other (Describe)
1	Scott & White Hospital Round Rock 300 University Blvd Round Rock,TX 78665	X	х					х		
		+				<u> </u>				
		+				<del>                                     </del>				
						1				
		-				<u> </u>				
		+				<del>                                     </del>				
		+				<del> </del>				

# 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 )

Scott & White Hospital Round Rock

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

			Yes	No	
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)					
1	During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	1		No	
	If "Yes," indicate what the Needs Assessment describes (check all that apply)				
	a A definition of the community served by the hospital facility				
	<b>b</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				
	e The health needs of the community				
	f Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups				
	g The process for identifying and prioritizing community health needs and services to meet those needs				
	h The process for consulting with persons representing the community's interests				
	i Information gaps that limit the hospital facility's ability to assess the community's health needs				
	i Other (describe in Part VI)				
2	Indicate the tax year the hospital facility last conducted a Needs Assessment 20				
	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				
	<b>b</b> Available upon request from the hospital facility				
	c Other (describe in Part VI)				
6	If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)				
	a 🖊 Adoption of an implementation strategy to address the health needs of the hospital facility's community				
	<b>b</b> Execution of the implementation strategy				
	c Development of a community-wide community benefit plan for the facility				
	d Participation in community-wide community benefit plan				
	e Inclusion of a community benefit section in operational plans				
	f Adoption of a budget for provision of services that address the needs identified in the CHNA				
	g Prioritization of health needs in the community				
	h Prioritization of services that the hospital facility will undertake to meet health needs in its community				
	i Other (describe in Part VI)				
7	Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No,"				
	explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7			
Fir	nancial Assistance Policy				
	Did the hospital facility have in place during the tax year a written financial assistance policy that				
	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 100 000000000000%				
	If "No," explain in Part VI the criteria the hospital facility used				

P	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 375 0000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a 🔽 Income level			
	<b>b</b> Asset level			
	c Medical indigency			
	d   Insurance status			
	e Uninsured discount			
	f Medicaid/Medicare			
	g			
	h Cother (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	Yes	l
	Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	a ▼ The policy was posted at all times on the hospital facility's web site			
	b The policy was attached to all billing invoices			
	c ▼ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d  The policy was posted in the hospital facility's admissions offices			
	e The policy was provided, in writing, to patients upon admission to the hospital facility			
	f ▼ The policy was available upon request			
	g ▼ Other (describe in Part VI)			
Bil	ling and Collections			
	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial			
	assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's			
	policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
	a Reporting to credit agency			
	b Lawsuits			
	c Liens on residences			
	d Body attachments or arrests			
	e Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before			l
	making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16		No
	If "Yes," check all actions in which the hospital facility or a third party engaged			
	a Reporting to credit agency			
	b Lawsuits			
	c   Liens on residences			
	d  Body attachments			
	e / Other similar actions (describe in Part VI)			
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
	a Notified patients of the financial assistance policy upon admission			
	<b>b</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 C Other (describe in Part VI)	, '	, ,	

## Part V Facility Information (continued)

<b>P</b> 0	nicy Relating to Emergency Medical Care			
			Yes	No
18	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	18	Yes	
		i		
	The hospital facility did not provide care for any emergency medical conditions	i		
	<b>b</b> The hospital facility's policy was not in writing			
	c The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part	i		
	<u>VI</u> )	i		
	d \ Other (describe in Part VI)			
Inc	dividuals Eligible for Financial Assistance			
19	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
	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			
	The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
	d  Other (describe in Part VI)			
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	20		No
	If "Yes," explain in Part VI			
21	Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient?			
		21		Νo
	If "Yes," explain in Part VI			

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

Part V	Facility	Information	(continued	)
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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)

low many non-hospital facilities did the organization operate during the tax year?				
Name and address	Type of Facility (Describe)			
1				
2				
3				
4				
5				
5				
7				
В				
9				

#### 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 1<sub>1</sub>, 3, 4, 5c, 6<sub>1</sub>, 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
		Part I, Line 6a Scott & White Hospital Round Rock ("SWRR") did not prepare a community benefit report for the fiscal year ending August 31, 2012 SWRR is located in Williamson County Texas, and Williamson County completed a county needs assessment in January 2011 While SWRR was not actively involved in conducting the assessment, the assessment is being used to reassess the current programs and services to better serve the community

Identifier	ReturnReference	Explanation
		Part I, Line 7 The costing method used for Schedule H is the cost to charge ratio, as calculated in Schedule H, Worksheet 2 This method was applied to the costs reported on lines 7a, 7b, 7c and 7g

Identifier	ReturnReference	Explanation
		Part I, L7 Col(f) Bad debt expense subtracted from total expenses on Part IX of the Form 990 to calculate the operating expenses used in calculating the percentage in column (f) is \$25,389,526

Identifier	ReturnReference	Explanation
		Part III, Line 4 In the Scott & White Hospital Round Rock ("SWRR") accounting system, bad debt is recorded as the cost of forgone charges. To calculate the cost of bad debt for purposes of Schedule H, Part III, line 2, the cost to charge ratio calculated in Worksheet 2 of the Schedule H Instructions was applied. Due to patient screenings which occur prior to recording bad debt charges, bad debt expense should not contain community benefit expenditures. Audited financial statement footnote. The presentation of the provision for bad debts as a reduction of patient service revenue is based on an entity-wide assessment of the significance of patient revenue that is recognized without assessing patients' ability to pay Scott & White has experienced an increase in write-off trends related to bad debt and charity across the system driven by changes in insurance plan structures shifting financial responsibility away from the health plan to individuals and general economic conditions. There have been no significant
		changes to the charity care policies for the year ended August 31, 2012

Identifier	ReturnReference	Explanation
		Part III, Line 8 Scott & White Hospital Round Rock (SWRR) is a nonprofit hospital that voluntarily participates in the Medicare program Medicare payments received do not cover the costs incurred to provide services to Medicare patients. In reporting the community benefit portion of the American Hospital Association/Texas Hospital Association survey, the Medicare short-fall is included in community benefit reporting Costing methodology/source. The Medicare revenue and costs are from the Medicare Cost Report which has a year end May 31, 2012. All payments to providers of services must be based on the reasonable cost of services covered under title XVIII of the Social Security Act. Reasonable cost includes all necessary and proper costs incurred in rendering the services. Reasonable cost takes into account both direct and indirect costs of providers of services, including normal standby costs. The general services or overhead cost is stepped down and allocated through statistical data to equitably allocate the expenses to the hospital service departments.

Identifier	ReturnReference	Explanation
		Part III, Line 9b The Scott & White Healthcare Financial Assistance Policy has as section for coordination with collection policies. It states "not withstanding any other provision of any other policy or provision at S&W regarding billing and collection matters, S&W will not engage in extraordinary collection actions before it makes reasonable efforts to determine whether an individual who has an unpaid billing from S&W is eligible for financial assistance under this Policy. "Reasonable efforts" includes notification to the patient by S&W of this Policy upon admission or discharge and in written and oral communications with the patient regarding the patient's billings, including invoices, telephone calls, and such other communications as may be set forth in future guidance from the U.S. Department of the Treasury or Internal Revenue Service."

Identifier	ReturnReference	Explanation
Scott & White Hospital Round Rock		Part V, Section B, Line 13g In addition to the methods of publication listed in question 13, Scott & White Hospital Round Rock ("SWRR") annually posts a notice in the principal newspaper of its service area

Identifier	ReturnReference	Explanation
		Part VI, Line 3 Scott & White Hospital Round Rock ("SWRR") provides patients with information regarding eligibility for financial assistance in a number of ways Patients are notified of the Financial Assistance Policy upon admission or discharge and in written and oral communications with the patient regarding patient billing statements including phone contact information for patients seeking information regarding billings, invoices and telephone calls Scott & White personnel attempt to screen uninsured patients for eligibility for financial assistance, as well as alternative funding sources, prior to providing services. When screening prior to services is not possible, Scott & White personnel attempt to screen uninsured patients prior to billing. Scott & White financial counselors contacting patients regarding outstanding accounts attempt to screen patients for eligibility for financial assistance and opportunities for alternative funding sources.

Identifier	ReturnReference	Explanation
		Part VI, Line 4 The Scott & White Healthcare System provides care for patients in 35 counties in the state of Texas covering 29,000+ square miles Eighty-five percent of the patients come from the primary service area including the counties of Bell, Brazos, Coryell, Falls, Lampasas, McLennan, Milam, and Williamson Eight percent of patients come from the secondary service area including Blanco, Bosque, Brown, Burleson, Burnet, Comanche, Grimes, Hamilton, Hays, Hill, Hood, Johnson, Lee, Leon, Limestone, Llano, Madison, Mills, Robertson, San Saba, Somervell, Travis and Washington counties In Scott & White's primary service area, the total population is 1,268,822 and the median household income is \$46,930 Twenty-seven percent of the population is under the age of 17, 42% is between the ages of 18 and 44, 21% is between the ages of 45 and 64, and 10% of the population is over 65 The top three ethnicities in the primary service area are Caucasion Non-Hispanic with 61 08% of the population, 20 67% are Hispanic and 12% are African American Scott & White Hospital Round Rock ("SWRR") is located in Williamson County, Texas Between 2000 and 2012, Williamson County was the 9th fastest growing county in teh U S with over 81% growth Round Rock is the largest and one of the fastest growing cities in the county Over the past decade the city has added about 44,000 people and has experienced economic and demographic changes A greater percent of residents have higher educational attainment, the poverty rate has increased, and the county has become more racially and ethnically diverse

Identifier	ReturnReference	Explanation
		Part VI, Line 5 All Scott & White Healthcare System facilities are operated in a manner that furthers exempt purposes Scott & White Healthcare officers and executives plan and direct the activities of all System facilities under the direction and oversight of the Scott & White Healthcare Board of Trustees The SWRR Board of Directors is comprised of persons residing in the service area As explained in response to Form 990 Part VI, Section A, Question 7b, the SWRR Board of Directors does not consist of a majority of independent directors because SWRR relies on the Scott & White Healthcare Board of Trustees, which is controlled by a majority of community trustees, to meet community board standards Surplus funds are reinvested in facilities, equipment and programs to further SWRR's exempt purposes SWRR maintains an emergency room following EMTALA requirements and has an open medical staff SWRR is operated for the benefit of the public and no part of income inures to any private individual or serves a private interest Surplus funds are used to improve the quality of patient care, expand facilities, advance medical training and education and fund research Scott & White Healthcare has a Financial Assistance Policy that all hospitals in the Scott & White Healthcare System follow, including SWRR, which provides assistance to individuals with incomes up to 375% of the
]		Federal Poverty Guidelines

Identifier	ReturnReference	Explanation
		Part VI, Line 6 Scott & White provides personalized,
		comprehensive, high quality health c are service enhanced by medical education and research through 12 acute care hospital
		faci lities, a regional health plan, and one of the nation's largest
		multi-specialty group practices Scott & White Hospital Round
		Rock ("SWRR") is a subsidiary of Scott & White Healthc are
		("SWHC")(EIN 26-4532547), the parent corporation of the
		Scott & White Healthcare Syst em (the "System") The Scott & White Healthcare Foundation (SWF)(EIN 27-3513154), a
		subsi diary of SWHC, raises funds for the priority programs and
		services of the entire Scott & W hite System The System
		includes 12 hospital sites, two additional announced facilities,
		m ore than 178 clinics at 65 clinic locations providing care in 46 medical specialties and a 240,000+ member health plan
		serving residents in a 29,000-square mile service area. The S
		cott & White Healthcare System provided at cost
		approximately \$60 million in unreimbursed charity care, \$46
		million in unreimbursed Medicaid, \$4 5 million in unreimbursed indigent care, \$21 million in unreimbursed subsidized services,
		\$63 million in unreimbursed health professions education, \$13
		million in unreimbursed research, \$1 million in other communit
		y benefits, and had a Medicare shortfall of approximately \$96
		million in the fiscal year e nding August 31, 2012 The Scott & White Healthcare System employs over 1,000 physicians a nd
1		scientists and 300+ advanced practice professionals. The
		System has more than 14,000 em ployees and in the fiscal year
		ending August 31, 2012 served over 537,000 unique patients
		accounting for 2 2 million patient visits Scott & White Memorial Hospital ("SWMH"), locat ed in Temple, Texas, is the flagship
		hospital of the Scott & White Healthcare System and is the only
		Level I Trauma Center between Dallas and Austin, Texas The
		McLane Children's Hospital Scott & White is the only stand-
		alone children's hospital between Dallas and Austi n, Texas Scott & White Hospital Round Rock had 17,245 patient
		observation days (excluding newborns), 5,146 surgical cases,
		4,407 admissions and 22,729 emergency room visits for the
		fiscal year ending August 31, 2012 SWRR completed a 58,000
		square-foot expansion in April of 2012 adding 26 hospital beds, which are a combination of ICU and general medical sur
		gical beds, four new operating rooms (increasing to a total of
		nine), an endoscopy suite ( resulting in a total of three suites),
		and eight additional Emergency Department beds to increase from 11 to 19 Scott & White Hospital Round Rock serves the
		community through projects such as concussion testing local
		athletes through its Concussion Center, offering 25 area high
		school students internships through its annual three-week-long
		Junior Volunteer Explorer Program and recruiting patients for a Phase III lung cancer trial aimed at preventing the disease's
		recurrence in previously treated patients Scott & White strives
		to do more than merely meet the healthcare needs of patients
		Employees go into the community to educate about living a
		healthier life Targeted populations are provided information on their specific needs. For example, physicians specializing in
		geriatric care hold regular s eminars discussing subjects such
		as preventing injury from falls, questions patients shoul d be
		asking their doctor, how to maintain a healthy lifestyle with
		limited mobility, and m ore Health educational programs regarding prevention and treatment are offered free or at
		minimal cost to all community members in a variety of subject
		areas, such as weight loss, smoking cessation, education on
		coping with a diagnosis, support groups for families, child
		safety, heart disease education, diabetes education, sex education for teens, domestic violence prevention and many
		more Staff and physicians attend health fairs in the community
		and provide regular community presentations about health
		issues for different populations Clinics in the region offer healthy cooking classes led by a Scott & White dietician to
		instruct families in creating easy and cost effective healthy
		meals As an integrated he alth care delivery system, Scott &
		White is able to leverage the Scott & White Health Plan to
		provide health education information to the community and is actively working to make that information more widely available
		Scott & White uses various forms of media to promo te health in
		the community The System website, blogs, social media,
		printed flyers, and n ewspaper and magazine articles written by
		staff and physicians throughout the year provide information that community members can use to enhance personal health
		A specific website has been created specifically to instruct on
		wellness initiatives (wellness sw org) Also , Scott & White staff
		dedicate many hours of service serving on community boards
		and colla borative groups whose missions are to improve the overall health of the community. In addition to these efforts,
		the hospital has designated
<u>r</u>	•	<u> </u>

Identifier	ReturnReference	Explanation
Identifier		Explanation  specific funds to be used to enhance healthy initiatives occurring in each community. For example, Scott & White provides substantial financial and in-kind support for multiple free clinics to assist in providing better access and more affordable healthcare to the medically underserved. Scott & White is one of sixteen major U.S. health systems to be part of the National High Value Healthcare Collaborative ("HVHC"). This partnership is designed to improve healthcare, lower costs and move best practices out to the national provider community. The Dartmouth Institute for Health Policy and Clinical Practice leads the collaborative which is studying nine prevalent condition/disease specific areas that have been shown to have wide variation in rates, costs and outcomes nationally. Additional high variation, high cost conditions that affect diverse populations will be added over time. The heal thcare systems in this group are responsible for 50 million patients and are using private dollars and research and grant funds to identify ways to get the most out of every health care dollar. In June of 2012, the HVHC received a \$26 million grant from the Center for Medicare and Medicaid Innovation. ("CMMI") CMMI projects the project funded by this grant will save \$64 million over three years, largely due to reduced utilization and costs that have been shown to occur when patients are engaged and empowered to make health care decision s based on their own values and preferences. The entire Scott & White Healthcare System ser ves patients qualifying for federal Medicare and state Medicaid programs. Services for indigent patients and uninsured and underinsured patients are provided according to provisions of the Scott & White Health care Financial Assistance Policy, which provides assistance to individuals with incomes up to 375% of the Federal Poverty. Guidelines. Scott & White also serves private pay patients and contracts with health plans and insurance companies to provide medical services for their participants
<u>,                                      </u>	•	Schedule H (Form 990) 201:

Identifier	ReturnReference	Explanation
Reports Filed With States	Part VI, Line 7	TX

DLN: 93493193009243

OMB No 1545-0047

**Schedule J** (Form 990)

Department of the Treasury Internal Revenue Service

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

**Compensated Employees** ► Complete if the organization answered "Yes" to Form 990, Part IV, question 23.

► Attach to Form 990. ► See separate instructions.

Open to Public Inspection

Name	of	the	orgar	nizatio	n
Scott &	Wh	nte l	Hospital	Round	Roc

**Employer identification number** 

20-3749695

Pa	It I Questions Regarding Compensation	<u>n</u>				
					Yes	No
1a	Check the appropriate box(es) if the organization pro 990, Part VII, Section A, line 1a Complete Part II		•			
	First-class or charter travel		Housing allowance or residence for personal use			
	Travel for companions	$\Gamma$	Payments for business use of personal residence			
	Tax idemnification and gross-up payments	Г	Health or social club dues or initiation fees			
	Discretionary spending account	Γ	Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the oreimbursement orprovision of all the expenses described.			1b		
2	Did the organization require substantiation prior to officers, directors, trustees, and the CEO/Executiv			2		
3	Indicate which, if any, of the following the organizat organization's CEO/Executive Director Check all t		y			
	Compensation committee		Written employment contract			
	✓ Independent compensation consultant	<u> </u>	·			
	Form 990 of other organizations	⊽	Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, or a related organization	, Part VII	I, Section A, line $1a$ with respect to the filing organization			
а	Receive a severance payment or change-of-control	l paymen	nt?	4a		Νo
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?					No
c	Participate in, or receive payment from, an equity-based compensation arrangement?		4c		No	
	If "Yes" to any of lines $4a-c$ , list the persons and $p$	rovide th	e applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only m	nust comp	plete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A compensation contingent on the revenues of	, line 1a,	did the organization pay or accrue any			
а	The organization?			5a		Νo
b	Any related organization?			5b		No
	If "Yes," to line 5a or 5b, describe in Part III					
6	For persons listed in form 990, Part VII, Section A compensation contingent on the net earnings of $\ensuremath{N}$	, line 1a,	did the organization pay or accrue any			
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 payments not described in lines 5 and 6? If "Yes,"			7	Yes	
8	Were any amounts reported in Form 990, Part VII, subject to the initial contract exception described i					
	in Part III			8		No
9	If "Yes" to line 8, did the organization also follow th section 53 4958-6(c)?	he rebutt	able presumption procedure described in Regulations	9		

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

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

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

(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation		(6) Datumana ant	(D) Nambarral I	(F) Tabal of and	(F) C	
(A) Name	(i) Base compensation	W-2 and/or 1099-MI:  (ii) Bonus & incentive compensation	(iii) Other reportable compensation	(C) Retirement and other deferred compensation	<b>(D)</b> Nontaxable benefits	(E) Total of columns (B)(ı)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
See Additional Data Table							

### Part III Supplemental Information

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

Ident if ier	Return Reference	Explanation
	,	Discretionary bonuses are an element of various Scott & White Healthcare System (the "System") compensation plans. The Scott & White Healthcare Board of Trustees, which is the governing body of the Scott & White Healthcare System and the Board Compensation Committee have approved plans designed to measure performance based on differing job functions. The Board of Trustees approves the bonus pools reserved for the various plans. The Board of Trustees determines and approves the bonus, if any, for the System's Chief Executive Officer and other executive level personnel.

Software ID: Software Version:

**EIN:** 20-3749695

Name: Scott & White Hospital Round Rock

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

(A) Name		(B) Breakdown o	f W-2 and/or 1099-MI	SC compensation	(C) Deferred	( <b>D)</b> Nontaxable	(E) Total of columns	(F) Compensation
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation	compensation	benefits	(B)(ı)-(D)	reported in prior Form 990 or Form 990-EZ
Patricia M Currie	(I) (II)	0 479,377	0	0 966	0 31,850	0 14,890	0 527,083	0
Ernest Bovio	(1)	0	0 0	0 420	0 31,850	19,701	0 357,625	0
Franklın Chang MD	(ı) (ıı)	308,924	0 19,691	0 3,306	0 31,850	0 14,836	0	0
Dennis L Laraway	(I) (II)		0 446	0 0	0 31,850	0 10,547	0 487,099	0
Dick L Dixon	(I) (II)		0 0		0 31,850	0 16,364	0 361,579	0 0
L Gill Naul MD	(I) (II)		0	_	0 31,850	0 21,531	0 746,442	0 0
James Carroll	(I) (II)		0	0 2,772	0 31,850	0 7,213	0 440,394	0 0
Clyde Chumbley MD	(1) (11)		0	0 9,762	0 65,010	0 18,022	0 453,056	0 0
Cynthia Dunlap	(1) (11)	0 201,891	0	0 966	0 26,914	0 11,931	0 241,702	0 0
Glen R Couchman MD	(I) (II)		0	0 1,806	0 31,850	0 21,531	0 627,211	0 0
Robert W Pryor MD	(I) (II)	0 864,217	0 0	0 2,772	0 31,850	0 14,613	0 913,452	0 0
Robin Watson MD	(1) (11)	0 364,347	0 15,615	0 420	0 31,850	0 16,364	0 428,596	0 0
Matthew L Chambers	(1) (11)		0 10,000	0 5,650	0 0	0 6,084	0 194,319	0
Marc R Hallee	(1) (11)	346,430	0 90,000	0 13,585	0 0	0 6,951	0 456,966	0
Bernardine Patterson	(1) (11)		0	0 124	0 13,364	0 4,973	0 150,216	0 0
Jason Cole	(1) (11)	0 132,670	0	· ·	0 18,233	0 16,873	0 168,154	0 0
Irene Frank	(I) (II)		0 101	0 133	0 8,409	0 11,754	0 156,936	0 0
Alfred B Knight MD	(I) (II)	0 776,441	0		0 31,850	0 17,971	0 829,729	0

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

(A) Name		(B) Breakdown of	f W-2 and/or 1099-MIS	SC compensation	(C) Deferred (D) Nontaxable (E) Total of columns			(F) Compensation
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) O ther compensation	compensation	benefits	(B)(ı)-(D)	reported in prior Form 990 or Form 990-EZ
Kenneth A Johnson	(I)	0 87,665	0	0 97,915	0 107,579	0 2,756	0 295,915	0 0
Dudley P Baker MD	(I) (II)	0 404,638	0	0 3,708	0 31,850	0 17,157	0 457,353	0 0
Gaıl VanZyl	(ı) (ıı)	0 146,865		0 28,926	0 67,190	0 7,457	0 250,438	0

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DLN: 93493193009243

# Schedule L

(Form 990 or 990-EZ)

Department of the Treasury Internal Revenue Service

## **Transactions with Interested Persons**

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

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

OMB No 1545-0047

2011

Open to Public Inspection

	<b>of the organization</b> White Hospital Round Rock							E	mployer ic	lent if ica	tion numb	er
Scott &	Willie Hospital Round Rock							2	0-37496	9 5		
Part I												
	Complete if the organizat	ion ans	wered "	Yes" on Forr	m 990, F I	Part IV, line 25a c	or 25b,	or Form	990-EZ,	Part V , li	ine 40b	
1 (a) Name of disqualified person (b) Description of tran						of trans	action		Cor	<b>(c)</b> Corrected?		
1	(a) Name of alsq.	aamiica	person			(b) Desc	.iiptioii	UI LIAIIS	action		Yes	No
											1.05	""
	nter the amount of tax imposection 4958	ed on tl	ne organ		agers or				/ear undei	·		
	nter the amount of tax, if any	on line .	2. abo							\$ ——		
										т —		
Part :							_					
	Complete if the organiz	zation a T	nswere	d "Yes" on F I	orm 990	), Part IV, line 26	, or For	m 990-l		, line 38	<u>а</u> Т	
			oan to				(e)	In	(f) Approv	ed .	(g)Writt	:en
(a) Na	me of interested person and purpose		m the zation?	(c)Orig principal a		(d)Balance due	ie default? by		by boar		agreement?	
	purpose		1	principal a	announc			T	committee?			
		То	From				Yes	No	Yes	No	Yes	No
								-				
								+				<del>                                     </del>
								†				
Total					<b>▶</b> \$	•				•		
Part I												
	Complete If the orga	nızatıc	n ansv	vered "Yes	" on Fo	rm 990, Part IV	, line i	27.				
	(a) Name of interested pers	on	(1			een interested per ganization	son	<b>(c)</b> A n	nount of gi	ant or ty	pe of assi	stance
			$\overline{}$	an	ia che or	gamzacion	+					
			+				-+					

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

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

Complete ii the organizatio	ili aliswered tes oli	ronni 990, Part IV, ili	ie zoa, zob, or zoc.		
(a) Name of interested person	(b) Relationship between interested person and the	(c) A mount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
	organization			Yes	No
(1) Julie Couchman	Family of Key Employee		Employee of the Scott & White Healthcare System		No
(2) Jarrod Pryor	Family of Officer		Employee of the Scott & White Healthcare System		No
(3) John Carroll	Family of Officer		Employee of the Scott & White Healthcare System		No
(4) Marjo Carroll	Family of Officer		Employee of the Scott & White Healthcare System		No
(5) Brett Dixon	Family of Director		Employee of the Scott & White Healthcare System		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

Schedule L (Form 990 or 990-EZ) 2011

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DLN: 93493193009243

SCHEDULE O (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

## Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

2011
Open to Public Inspection

Name of the organization Scott & White Hospital Round Rock	Employer identification number
	20-3749695

Identifier	Return Reference	Explanation
		Form 990, Part V, Line 1a Scott & White Hospital Round Rock ("SWRR") does not file Forms 1096 or 1099 All expenditures for goods and services are made by Scott & White Memorial Hospital, which has filed all required reporting forms

ldentifier	Return Reference	Explanation
		Form 990, Part V, Line 2a Employees of the Scott & White Healthcare System are employed by Scott & White Memorial Hospital ("SWMH")(EIN 74-1166904) or Scott & White Clinic ("SWC")(EIN 74-2958277) This is done to achieve parity and consistency in compensation and benefits offered to employees and to reduce administration costs. Consistent with this practice, employee Form W-2's are filed by Scott & White Memorial Hospital or Scott & White Clinic For financial reporting purposes, compensation, benefits and other employee costs are assigned to the Scott & White entity for which services are rendered. Oversight of and responsibility for the activities of employees are vested in the board of directors and management of the Scott & White entity to which such employees are assigned. All required employment forms have been filed by Scott & White Memorial Hospital and Scott & White Clinic.

Identifier	Return Reference	Explanation
	Section A, line 6	Scott & White Hospital Round Rock's ("SWRR") sole member is Scott & White Healthcare ("SWHC")(EIN 26-4532547), an organization exempt from tax under IRC section 501(c)(3) and a public charity under IRC section 509(a)(3)

ldentifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 7a	Scott & White Hospital Round Rock's ("SWRR") sole member is Scott & White Healthcare ("SWHC")(EIN 26-4532547), an organization exempt from tax under IRC section 501(c)(3) and a public charity under IRC section 509(a)(3) Election of the SWRR Board of Directors requires the approval of the Scott & White Healthcare Board of Trustees, by majority vote The majority of the Scott & White Healthcare Board of Trustees is comprised of individuals who are representative of the community

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 7b	Scott & White Hospital Round Rock's ("SWRR") sole member is Scott & White Healthcare ("SWHC")(EIN 26-4532547), an organization exempt from tax under IRC section 501(c)(3) and a public charity under IRC section 509(a)(3) Actions taken by the SWRR Board of Directors are subject to oversight and approval of the Scott & White Healthcare Board of Trustees The majority of the Scott & White Healthcare Board of Trustees is comprised of individuals who are representative of the community

Identifie	Return Reference	Explanation
		Members of the Scott & White Hospital Round Rock ("SWRR") Board of Directors were each provided a copy of Form 990 prior to filing with the IRS. A meeting was held to allow the Directors to ask questions and provide feedback with respect to the information presented in the Form 990.

ldentifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 12c	Annually, a written questionnaire is provided to all persons identified as being subject to the Scott & White Healthcare System Conflict of Interest Policy (Tax), requesting responses to questions designed to identify potential conflicts. Responses are monitored and reviewed by System personnel and follow-ups are initiated as required. The Conflict of Interest Policy (Tax) is reviewed before each board meeting or board committee meeting. Board members or persons having business with the Board are asked to identify conflicts which may arise with respect to business conducted by the Board or committee during the meeting.

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 15a	The compensation review process is performed annually. All physician compensation is reviewed including pay, production data and total compensation. The physician compensation is then benchmarked against industry standards using data from ten different industry surveys. This review is performed by an independent consultant and presented to the Scott & White Healthcare Board of Trustees Compensation Committee. Scott & White Healthcare ("SWHC")(EIN 26-4532547) is the parent corporation of Scott & White Hospital Round Rock ("SWRR") Compensation for the Scott and White Healthcare System (the "System") Officers along with regional Chief Executive Officers and Chief Medical Officers are reviewed annually. An independent consultant compares total compensation to benchmark surveys. The Scott & White Healthcare Board of Trustees Compensation Committee reviews the compensation and comparability data annually.

Identifier	Return Reference	Explanation
		The Scott & White Hospital Round Rock ("SWRR") governing documents and Conflict of Interest Policy (Tax) are available to the public upon request. SWRR does not have separately audited financial statements. The audited financial statements of the Scott & White Healthcare System are available at http://www.dacbond.com.and.upon.request

Identifier	Return Reference	Explanation
		Form 990, Part VII Average hours per week recorded in column B for the Officers, Directors, Key Employees and Highly Compensated Employees represent total hours worked for the entire Scott & White Healthcare System

ldentifier	Return Reference	Explanation
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 5	Reorganization adjustment 2,606,430 Total to Form 990, Part XI, Line 5 2,606,430

Identifier	Return Reference	Explanation
	Form 5471	Disclosure Statement Related to Forms 5471, Information Return of U.S. Persons With Respect to Certain Foreign Corporations, Filed on Behalf of the Taxpayer Under the constructive ownership rules of IRC Sections 958(a) and (b) The taxpayer is required to file Forms 5471, Information Return of U.S. Persons With Respect to Certain Foreign Corporations, as a Category 5 filer with respect to certain controlled foreign corporations (CFCs). These filing requirements are or will be satisfied through the filing of Forms 5471 for these CFCs by other U.S. taxpayers identified below who have the same filing requirement. Taxpayer Name. Scott & White Memorial Hospital Taxpayer Address. 2401 S. 31st Street Temple, TX 76508 Taxpayer Identification. Number of U.S. tax return with which the Forms 5471 were or will be filed. 74-1166904 IRS. Service Center where U.S. tax return was or will be filed.

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

DLN: 93493193009243

SCHEDULE R (Form 990)

## **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.

2011

Schedule R (Form 990) 2011

**Employer identification number** 

Open to Public
Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization

Scott & White Hospital Round Rock

				20-37	49695			
Part I Identification of Disregarded Entities (Comp	olete if the organizati	on answered "Yes	" on Form 990	, Part IV, line 3	3.)			
(a) Name, address, and EIN of disregarded entity	<b>(b)</b> Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	<b>(f)</b> Direct controlling entity			
(1) Scott & White Properties Opportunities LLC 2401 S 31st Street Temple, TX 76508 45-2920812	Investment	TX			Scott & \	White Properties Holdings	Inc	
(2) Scott & White Properties Management LLC 2401 S 31st Street Temple, TX 76508 45-2920980	Investment	TX				White Properties nities LLC		
Part II Identification of Related Tax-Exempt Organ or more related tax-exempt organizations during  (a) Name, address, and EIN of related organization		(c) Legal domicile (state or foreign country)	(d) Exempt Code sect	(e)	status	(f) Direct controlling entity	Section 5	g) 512(b)(13 trolled
							Yes	No
See Additional Data Table								

Cat No 50135Y

Part III	Identification of Related Organizations Taxable as a Partnership (Complete if the organization answered "Yes" on Form 990, Part IV, lin	ie 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>(b)</b> Primary activity	(c) Legal domicile (state or foreign country)	,	(e) Predominant income (related, unrelated, excluded from tax under sections 512- 514)	<b>(f)</b> Share of total income	(g) Share of end-of- year assets			Disproprtionate		Disproprtionate		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	20 of managing -1 partner?		<b>(k)</b> Percentage ownership
							Yes	No		Yes	No	İ				
									·							

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.)

<b>(a)</b> 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	<b>(h)</b> Percentage ownership
See Additional Data Table							

che	edule R (Form 990) 2011		Рa	age <b>3</b>
Pa	Transactions With Related Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, 35A, or 36.)			
	Note. Complete line 1 if any entity is listed in Parts II, III or IV		Yes	No
<b>1</b> D	uring 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		No
b	Gift, grant, or capital contribution to related organization(s)	1b		No
c	Gift, grant, or capital contribution from related organization(s)	<b>1</b> c		No
d	Loans or loan guarantees to or for related organization(s)	1d		No
е	Loans or loan guarantees by related organization(s)	1e		No
f	Sale of assets to related organization(s)	1f		No
g	Purchase of assets from related organization(s)	1g		No
h	Exchange of assets with related organization(s)	1h		No
i	Lease of facilities, equipment, or other assets to related organization(s)	1i		No
j	Lease of facilities, equipment, or other assets from related organization(s)	1j		No
k	Performance of services or membership or fundraising solicitations for related organization(s)	1k		No
ı	Performance of services or membership or fundraising solicitations by related organization(s)	11		No
m	Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1m		No
n	Sharing of paid employees with related organization(s)	1n		No
0	Reimbursement paid to related organization(s) for expenses	10	Yes	
р	Reimbursement paid by related organization(s) for expenses	1р		No
q	O ther transfer of cash or property to related organization(s)	1q	Yes	
r	Other transfer of cash or property from related organization(s)	1r		No
		, .		
2	If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds	5		
				-

(a) Name of other organization	Transaction type(a-r)	(c) Amount involved	Method of determining amount involved
(1) Scott & White Memorial Hospital	0	101,207,207	Cost
(2) Scott & White Memorial Hospital	Q	3,742,056	Cost
(3)			
(4)			
(5)			
(6)			

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

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

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

## Part VII Supplemental Information

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

Identifier Return Reference Explanation

# Software ID: Software Version:

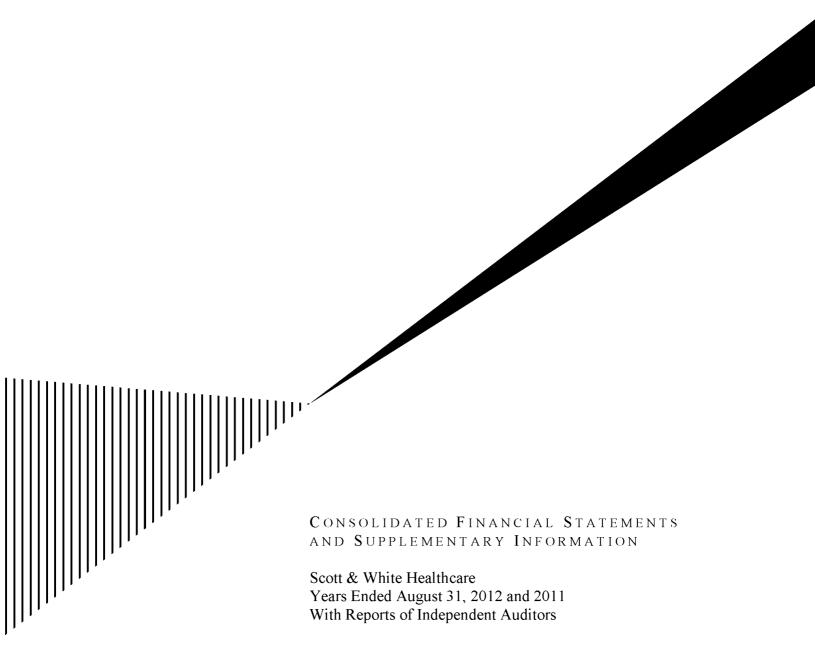
**EIN:** 20-3749695

Name: Scott & White Hospital Round Rock

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations										
(a) Name, address, and EIN of related organization	<b>(b)</b> Primary Activity	(c) Legal Domicile (State or Foreign Country)	<b>(d)</b> Exempt Code section	(e) Public charity status (if 501(c) (3))	(f) Direct Controlling Entity	<b>g</b> Section 512 (b)(13) controlled organization				
Scott & White Healthcare  2401 S 31st Street Temple, TX 76508	O perational Support	тх	501 (c) (3)	Line 11a, I	N/A		No			
26-4532547 Scott & White Memorial Hospital  2401 S 31st Street Temple, TX 76508 74-1166904	Hospital Services	тх	501 (c) (3)	Line 3	Scott & White Healthcare	Yes				
Scott & White Clinic  2401 S 31st Street Temple, TX 76508 74-2958277	Physician Services	тх	501 (c) (3)	Line 9	Scott & White Healthcare	Yes				
Scott & White Continuing Care Hospital  2401 S 31st Street Temple, TX 76508 20-2850920	Hospital Services	тх	501 (c) (3)	Line 3	Scott & White Healthcare	Yes				
Scott & White EMS Inc  2401 S 31st Street Temple, TX 76508 75-3242749	Emergency Transportation	тх	501 (c) (3)	Line 9	Scott & White Memorial Hospital	Yes				
Hillcrest Baptist Medical Center  100 Hillcrest Medical Blvd  Waco, TX 76712  74-1161944	Hospital Services	тх	501 (c) (3)	Line 3	Scott & White Memorial Hospital	Yes				
Scott & White Hospital-Brenham  2401 S 31st Street  Temple, TX 76508  74-2519752	Hospital Services	тх	501 (c) (3)	Line 3	Scott & White Healthcare	Yes				
Scott & White Healthcare Foundation  2401 S 31st Street Temple, TX 76508 27-3513154	Fundraising	тх	501 (c) (3)	Line 7	Scott & White Healthcare	Yes				
Scott & White Healthplan  2401 S 31st Street Temple, TX 76508 74-2052197	HMO/Insurance	тх	501 (c) (4)		Scott & White Healthcare	Yes				
Scott & White Hospital-Taylor  2401 S 31st Street  Temple, TX 76508  74-1595711	Hospital services	тх	501 (c) (3)	Line 3	Scott & White Healthcare	Yes				
Scott & White Hospital-Llano  2401 S 31st Street Temple, TX 76508  27-3026151	Hospital Services	тх	501 (c) (3)	Line 3	Scott & White Healthcare	Yes				
Scott & White Hospital-College Station  2401 S 31st Street Temple, TX 76508  27-4434451	Hospital Services	тх	501 (c) (3)	Line 3	Scott & White Healthcare	Yes				
Brenham Hospital Services Corporation  2401 S 31st Street Temple, TX 76508 74-2605157	O perational Support	тх	501 (c) (3)	Line 11a, I	Scott & White Healthcare	Yes				
Scott & White Foundation-Brenham  2401 S 31st Street Temple, TX 76508 74-2460815	Fundraising	тх	501 (c) (3)	Line 7	Scott & White Hospital- Brenham	Yes				
Brenham Care Center  2401 S 31st Street  Temple, TX 76508  74-2663229	Healthcare	тх	501 (c) (3)	Line 9	Scott & White Hospital- Brenham	Yes				
Hillcrest Family Health Center  100 Hillcrest Medical Blvd  Waco, TX 76712  74-2730350	Physician Services	тх	501 (c) (3)	Line 11c III-FI	Hillcrest Baptist Medical Center	Yes				
Hillcrest Physician Services  100 Hillcrest Medical Blvd  Waco, TX 76712  74-2967081	Physician Services	тх	501 (c) (3)	Line 11c III-FI	Hillcrest ,Baptist Medical Center	Yes				
Scott & White Lake of the Hills Regional Medical Center  2401 S 31st Street Temple, TX 76508	Hospital Services	тх	501 (c) (3)	Line 3	Scott & White Healthcare	Yes				
45-1608264	l		l	l	ĺ	I				

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

(a) Name, address, and EIN of related organization	<b>(b)</b> Primary activity	<b>(c)</b> 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
Scott & White Properties Holdings Inc 2401 S 31st Street Temple, TX 76508 45-2920596	Investment	тх	N/A	С			
Scott & White Properties Inc 2401 S 31st Street Temple, TX 76508 74-2497061	Hotel Services	ΤX	N/A	С			
Scott & White Assurance Ltd 23 Lime Tree Bay Grand Cayman, Grand Cayman CJ 98-0589956	Investment Company	CJ	N/A	С			
Hillcrest Holdings Inc 3000 Herring St Waco, TX 76708 74-2793367	O perational Support	тх	N/A	С			
Atumida 2401 S 31st Street Temple, TX 76508 27-0583030	Research	тх	N/A	С			
Insurance Company of Scott & White 2401 S 31st Street Temple, TX 76508 74-3092083	Insurance	тх	N/A	С			
Charitable Remainder Trust #1 PO Box 6101 Temple, TX 765036101 52-6854329	Investment Trust	ТХ	N/A	Т			
Charitable Remainder Trust #2 PO Box 6101 Temple, TX 765036101 20-6463694	Investment Trust	тх	N/A	Т			
Charitable Remainder Trust #3 PO Box 6101 Temple, TX 765036101 41-6504860	Investment Trust	тх	N/A	Т			
Charitable Remainder Trust #4 PO Box 6101 Temple, TX 765036101 74-2751167	Investment Trust	тх	N/A	Т			
Charitable Remainder Trust #5 PO Box 6101 Temple, TX 765036101 74-6391353	Investment Trust	ТХ	N/A	Т			
Charitable Remainder Trust #6 PO Box 6101 Temple, TX 765036101 74-6397360	Investment Trust	ТХ	N/A	Т			
Charitable Remainder Trust #7 PO Box 6101 Temple, TX 765036101 74-2751168	Investment Trust	тх	N/A	Т			
Charitable Remainder Trust #8 PO Box 6101 Temple, TX 765036101 74-6423552	Investment Trust	тх	N/A	Т			
Phil and June Hivnor Charitable 2401 S 31st Street Temple, TX 765080001 90-0850773	Investment Trust	ТХ	N/A	Т			
Nelda I Staller Charitable Remainder Unitrust No 1 2401 S 31st Street Temple, TX 765080001 32-6224724	Investment Trust	тх	N/A	Т			



Ernst & Young LLP



# Consolidated Financial Statements and Supplementary Information

Years Ended August 31, 2012 and 2011

## **Contents**

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Ernst & Young LLP

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## Report of Independent Auditors

The Board of Trustees Scott & White Healthcare

We have audited the accompanying consolidated balance sheets of Scott & White Healthcare as of August 31, 2012 and 2011, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended These consolidated financial statements are the responsibility of Scott & White Healthcare's management Our responsibility is to express an opinion on these consolidated 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 Scott & White Healthcare's internal control over financial reporting. Our audits include 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 Scott & White Healthcare'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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Scott & White Healthcare at August 31, 2012 and 2011, and the consolidated changes in its net assets and its cash flows for the years then ended in conformity with U S generally accepted accounting principles

As discussed in Note 3 to the consolidated financial statements, Scott & White Healthcare changed its presentation of the provision for bad debts effective September 1, 2011

December 21, 2012

1210-1402658

Ernst + Young LLP

## Consolidated Balance Sheets

	August 31 2012 2011			31 2011
		(In Tho	บรสา	
Assets		(277-2776)		
Current assets				
Cash and cash equivalents	\$	144,689	\$	102,848
Assets limited as to use, current portion		4,526		24,464
Accounts receivable				
Patient service, less allowance for doubtful accounts				
(\$173,324 and \$124,878 in 2012 and 2011, respectively)		213,278		194,039
Premiums, less allowance for doubtful accounts (\$91 and				
\$228 in 2012 and 2011, respectively)		48,064		80,092
Other		43,826		42,928
Inventory		26,224		22,658
Total current assets		480,607		467,029
Assets limited as to use				
For restricted purposes		139,242		127,684
Internally designated for specific purposes		501,853		489,105
Held by trustees under bond agreements		186,994		282,484
5		828,089		899,273
Less current portion		(4,526)		(24,464)
•		823,563		874,809
Property and equipment, net		977,610		908,265
Investment in unconsolidated entity		40,293		39,797
Interest in net assets of supporting foundations		6,983		6,171
Other assets		37,120		37,338
Total assets	\$ 2	2,366,176	\$ 2	2,333,409

2 1210-1402658

	August 31		
	2012	2011	
	(In The	ousands)	
Liabilities and net assets			
Current liabilities			
Accounts payable	\$ 55,150	\$ 70,660	
Accrued expenses and other liabilities	102,438	99,595	
Medical claims payable	25,244	21,707	
Due to third-party payers	10,428	11,236	
Current portion of long-term debt	34,658	103,254	
Total current liabilities	227,918	306,452	
Long-term debt, less current portion	1,005,543	977,864	
Self-insured liabilities	27,813	32,701	
Interest rate swap agreements	144,467	106,939	
Pension and other postretirement benefit liabilities	41,161	29,171	
Other liabilities	44,049	40,691	
Total liabilities	1,490,951	1,493,818	
Commitments and contingencies			
Net assets			
Attributable to noncontrolling interests in consolidated			
entities	11,609	9,580	
Attributable to Scott & White Healthcare			
Unrestricted	748,952	734,230	
Temporarily restricted	76,669	58,109	
Permanently restricted	37,995	37,672	
Total net assets	875,225	839,591	
Total liabilities and net assets	\$ 2,366,176	\$ 2,333,409	

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See accompanying notes.

## Consolidated Statements of Operations

	•	Year Ended A	August 31 2011
		(In Thous	sands)
Unrestricted revenues and other support Patient service (net of contractuals) and premium revenue Provision for bad debts	\$	2,153,281 \$ (214,794)	1,996,144 (169,303)
Net patient service and premium revenue		1,938,487	1,826,841
Other operating revenue		108,676	91,887
Total operating revenue		2,047,163	1,918,728
Operating expenses			
Salaries and wages		887,289	819,881
Employee benefits		176,694	164,848
Supplies		325,969	315,751
Purchased services		239,529	256,595
Staff enrichment		20,120	18,864
Medical claims		215,341	182,777
Depreciation		90,052	81,240
Interest		27,163	26,727
Total operating expenses		1,982,157	1,866,683
Operating income		65,006	52,045
Nonoperating gains (losses)			
Contributions, gifts, and bequests		1,018	1,202
Investment income		16,818	40,882
Interest rate swap activity		(49,044)	3,924
Research, education, and other nonoperating activity		(17,740)	(5,947)
		(48,948)	40,061
Excess of revenues and gains over expenses and losses		16,058	92,106
Less excess of revenues and gains over expenses and losses			
attributable to noncontrolling interests in consolidated entities		(1,780)	(829)
Excess of revenues and gains over expenses and losses attributable to Scott & White Healthcare	\$	14,278 \$	91,277

See accompanying notes.

## Consolidated Statements of Changes in Net Assets

	Year Ended August 31 2012 2011		
		(In Thousa	nds)
Unrestricted net assets			
Excess of revenues and gains over expenses and losses			
attributable to Scott & White Healthcare	\$	14,278 \$	91,277
Net assets released from restriction for capital expenditures		12,677	3,293
Change in pension and other postretirement benefit liabilities		(13,460)	(226)
Other		1,227	(3,573)
Change in unrestricted net assets attributable to Scott & White Healthcare		14,722	90,771
Temporarily restricted net assets			
Contributions, gifts, and bequests		38,111	29,621
Investment income		3,154	6,307
Net assets released from restrictions for expenditures		(21,391)	(23,842)
Other		(1,314)	(3,376)
Change in temporarily restricted net assets attributable to		10.500	0.710
Scott & White Healthcare		18,560	8,710
Permanently restricted net assets			
Contributions, gifts, and bequests		322	2,614
Other		1	473
Change in permanently restricted net assets attributable to			
Scott & White Healthcare		323	3,087
Change in net assets attributable to Scott & White Healthcare Change in net assets attributable to noncontrolling interests in		33,605	102,568
consolidated entities		2,029	931
Total change in net assets		35,634	103,499
Net assets at beginning of year		839,591	736,092
Net assets at end of year	\$	875,225 \$	839,591
<u> </u>		<u> </u>	

See accompanying notes.

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## Consolidated Statements of Cash Flows

	Year Ended August 31 2012 2011		0
		(In Thouse	ands)
Operating activities			
Increase in net assets	\$	35,634 \$	103,499
Adjustments to reconcile increase in net assets to net cash			
provided by operating activities			
Unrealized gains on investment securities		(3,911)	(17,422)
Depreciation expense		90,052	81,240
Amortization of bond discounts		738	624
Gain on sale or disposal of assets, net		(5,899)	(87)
Recognition of deferred gains		(3,737)	(6,270)
Provision for bad debts		214,794	169,303
Contribution from acquisitions		_	(14,463)
Change in value of interest rate swap agreements		37,528	(16,343)
Change in investment in unconsolidated entities		(496)	(1,201)
Change in interest in net assets of supporting foundations		(812)	3,382
Change in pension and other postretirement liabilities		11,990	(328)
Changes in operating assets and liabilities, net of acquisitions			
Assets limited as to use – trading		13,155	(25,278)
Accounts receivable		(202,903)	(196,204)
Other assets		218	648
Inventory		(3,566)	(826)
Accounts payable		(15,510)	7,573
Accrued expenses and other liabilities		5,860	(5,588)
Medical claims payable		3,537	1,921
Due to third-party payers		(808)	(5,739)
Self-insured liabilities		(4,888)	(2,755)
Net cash provided by operating activities		170,976	75,686
Investing activities			
Decrease in assets limited as to use – other than trading		61,940	52,233
Property and equipment acquired		(173,937)	(193,086)
Proceeds from sale of property and equipment		6,604	473
Cash obtained in acquisitions			1,498
Net cash used in investing activities		(105,393)	(138,882)

## Consolidated Statements of Cash Flows (continued)

	Year Ended August 31		
		2012	2011
		(In Thousa	nds)
Financing activities			
Proceeds from borrowings	\$	90,163 \$	66,848
Repayment of long-term debt		(131,818)	(72,537)
Proceeds from sale-leaseback		17,913	
Net cash used in financing activities		(23,742)	(5,689)
Net increase (decrease) in cash and cash equivalents		41,841	(68,885)
Cash and cash equivalents at beginning of year		102,848	171,733
Cash and cash equivalents at end of year	\$	144,689 \$	102,848

See accompanying notes.

#### Notes to Consolidated Financial Statements

August 31, 2012

#### 1. Organization

Scott & White Healthcare (SWH) is a nonprofit corporation exempt from federal taxes under Section 501(a) of the Internal Revenue Code (IRC) as an organization described in Section 501(c)(3) of the IRC Scott & White Healthcare controlled entities and noncontrolled affiliate entities include over 1,700 licensed hospital beds, over 60 clinic locations, and a health maintenance organization primarily serving the central and eastern regions of Texas

Scott & White Healthcare and subsidiaries are collectively referred to herein as Scott & White

Scott & White has adopted a strategic plan to expand both hospital and clinic operations for the purpose of enhancing Scott & White's relative importance to managed care networks, expanding and capturing market share, and broadening the integrated delivery system to capture a higher number of complex cases

Effective September 1, 2010, Scott & White consummated a Membership Interest Agreement to become the sole member of Johns Community Hospital (JCH) located in Taylor, Texas Simultaneous with this agreement, the corporate name of JCH was changed to Scott & White Hospital – Taylor (SWHT) SWHT is included in the consolidated financial statements beginning September 1, 2010

Effective January 1, 2011, Scott & White consummated an Asset Purchase Agreement with the Llano County Hospital Authority, d b a Llano Memorial Healthcare System (LMHS), located in Llano, Texas Under the terms of the Asset Purchase Agreement, substantially all assets and liabilities of the LMHS were transferred to Scott & White Hospital – Llano (SWHL), an entity formed by Scott & White to complete this transaction Scott & White is the sole member of SWHL SWHL is included in the consolidated financial statements beginning January 1, 2011

Assets acquired and liabilities assumed in the aforementioned transactions were \$20,735,000 and \$6,272,000, respectively. These transactions required nominal consideration from Scott & White and were accounted for as acquisitions under Accounting Standards Codification (ASC) 958-805, Not-for-Profit Entities – Business Combinations. As such, a contribution equal to the fair value of net assets acquired less consideration paid was recognized by Scott & White at each date of acquisition. Total contributions recognized as a result of these transactions were \$14,463,000 and are included in research, education, and other nonoperating activity in the consolidated statement of operations and statement of changes in net assets in 2011

## Notes to Consolidated Financial Statements (continued)

## 1. Organization (continued)

The following table presents total operating revenue, net operating income, and the total change in net assets of the acquired entities discussed in this note that are included in the consolidated statements of operations and statements of changes in net assets of Scott & White

	ear Ended august 31 2011	
Total operating revenue	\$ 30,067	
Net operating income	(689)	
Total change in net assets	14,010	

The following table is a pro forma presentation of total operating revenue, net operating income, and total change in net assets of Scott & White as if the acquired entities discussed in this note had occurred on September 1, 2010 This pro forma presentation was prepared using the historical financial statements of JCH, LMHS, and Scott & White The pro forma presentation is not necessarily indicative of the results that would have occurred had JCH and LMHS been acquired on September 1, 2010

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	Year Ended August 31 2011
Total operating revenue Net operating income Total change in net assets	\$ 1,927,253 52,533 88,632

## 2. Significant Accounting Policies

## **Principles of Consolidation**

The equity method of accounting is used for investments in entities in which Scott & White has significant influence but not control Entities in which Scott & White has control but not sole membership are included in the consolidated financial statements, with a noncontrolling interest reported in the balance sheet and in the excess or deficit of revenues and gains over expenses and

## Notes to Consolidated Financial Statements (continued)

#### 2. Significant Accounting Policies (continued)

losses All entities in which Scott & White has sole membership are consolidated in the consolidated financial statements All significant intercompany accounts and transactions among entities included in the consolidated financial statements have been eliminated in consolidation

#### **Cash Equivalents**

Scott & White considers all undesignated highly liquid investments with maturities of three months or less when purchased to be cash equivalents

#### Inventory

Inventory is stated at cost (first-in, first-out method), which is not in excess of market value

#### **Accounts Receivable**

Patient accounts receivable are stated at estimated net realizable value Scott & White maintains allowances for uncollectible accounts for estimated losses resulting from a payer's inability to make payments on accounts Scott & White uses a balance sheet approach to establish the allowance based on historical write-offs, payer type, and the aging of the accounts Accounts are written off when collection efforts have been exhausted Management continually monitors and adjusts, as necessary, allowances associated with its receivables. The majority of uncollectible accounts are from uninsured patients and patient copays and deductibles

Significant concentrations of gross patient accounts receivable from state and federal government-related programs were 32% and 30% at August 31, 2012 and 2011, respectively

Premiums receivable are established for medical premium revenue and generally are not collateralized Premiums receivable also include annual settlements under the cost contract established between Scott & White's health maintenance organization and the Centers for Medicare and Medicaid Services (CMS) At August 31, 2012 and 2011, the settlement amounts receivable under this contract were \$30,775,000 (cost years 2009, 2011, and 2012) and \$62,062,000 (cost years 2006 through 2011), respectively

Significant concentrations of premiums receivable were 99% from state and federal government-related programs at August 31, 2012 and 2011

## Notes to Consolidated Financial Statements (continued)

## 2. Significant Accounting Policies (continued)

#### Assets Limited as to Use

Assets limited as to use include assets held for donor or other restricted purposes, assets designated by the Scott & White Board of Trustees for specific purposes such as facility replacement and initiatives that promote the Scott & White mission, and assets held in trust under bond agreements

Assets limited as to use primarily consist of cash, cash equivalents, debt securities, equity securities, and alternative investments Assets limited as to use are classified as trading or other than trading based on the manner in which Scott & White manages its investment portfolio Investments in cash equivalents, debt securities, and equity securities are stated at fair value

## **Property and Equipment**

Property and equipment are recorded at cost at the date of acquisition or estimated fair value at the date of donation Depreciation is computed on the straight-line method using the estimated economic lives of the depreciable assets, generally ranging from 2 to 40 years. The amortization related to assets recorded under capital leases is included within depreciation expense.

Expenditures that materially increase values, change capacities, or extend useful lives are capitalized Routine maintenance and repair items are charged to operating expenses. The estimated useful lives of the classes of depreciable assets are as follows

Land improvements	2 to 25 years
Buildings and improvements	5 to 40 years
Fixed and movable equipment	3 to 20 years

Scott & White evaluates whether events and circumstances have occurred that would require a revision to the remaining estimated useful life of long-lived assets or would indicate that the remaining balance of an asset is not recoverable. The assessment of possible impairment is based on whether the carrying amount of an asset exceeds the expected total undiscounted value of cash flows expected to result from the use of the asset and its eventual disposition. No impairment charges were recorded in 2012 or 2011

## Notes to Consolidated Financial Statements (continued)

## 2. Significant Accounting Policies (continued)

Property and equipment and related accumulated depreciation are as follows

	August 31		
		2012	2011
	(In Thousands)		
Land and improvements	\$	71,104 \$	70,825
Buildings and improvements		784,206	732,602
Fixed and movable equipment		726,456	713,947
Construction in progress		173,661	123,590
		1,755,427	1,640,964
Less accumulated depreciation		(777,817)	(732,699)
	\$	977,610 \$	908,265

Scott & White accounts for asset retirement obligations under the provisions of ASC 410-20, *Asset Retirement Obligations*, regarding accounting for conditional asset retirement obligations The asset retirement obligation as of August 31, 2012 and 2011, was \$9,317,000 and \$9,115,000, respectively, which is recorded in other liabilities in the consolidated balance sheets and relates to required future asbestos remediation

#### **Derivative Financial Instruments**

Scott & White accounts for its derivatives under ASC 815-10, *Derivatives and Hedging*, regarding accounting for derivative instruments and hedging activities Scott & White utilizes interest rate swap agreements (derivative agreements) to mitigate interest rate exposures Scott & White's derivative agreements are measured at fair value and are reflected in the consolidated balance sheets as either a long-term asset or long-term liability. None of Scott & White's derivative financial instruments qualify for hedge accounting at August 31, 2012 or 2011. Changes in the fair value of the derivative agreements and the expense, representing the net of the payments made or received under the derivative agreements, are recorded as a component of nonoperating gains (losses) in the consolidated statements of operations

## Notes to Consolidated Financial Statements (continued)

## 2. Significant Accounting Policies (continued)

#### **Interest in Net Assets of Supporting Foundations**

Scott & White accounts for its interest in the net assets of supporting foundations under ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*, regarding transfers of assets to a not-for-profit organization or charitable trust that raises or holds contributions for others At August 31, 2012 and 2011, Scott & White's interest in the net assets of supporting foundations not eliminated upon consolidation was approximately \$6,983,000 and \$6,171,000, respectively

## **Medical Claims Payable**

Medical claims payable represent management's best estimate of the ultimate net cost of all reported and unreported claims and claim adjustment expenses incurred through August 31, 2012 and 2011 Reserves for unpaid claims are actuarially estimated using individual case-basis valuations and statistical analysis These estimates are subject to the effects of trends in claim severity and frequency Although considerable variability is inherent in such estimates, management believes that reserves for unpaid claims are adequate The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known Such adjustments are included in operations when determined There were no material adjustments to these estimates recorded during the years ended August 31, 2012 and 2011

## Contributions, Gifts, and Bequests

Scott & White records contributions, gifts, and bequests of cash or other assets at estimated fair value on the date of receipt If a contribution, gift, or bequest of cash or other assets is received by Scott & White with a time or purpose restriction, Scott & White records the contribution, gift, or bequest as a temporarily or permanently restricted contribution

When a time or purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of operations as research, education, and other nonoperating activity or in the consolidated statements of changes in net assets as net assets released from restrictions

Scott & White's temporarily restricted net assets are primarily restricted for research, education, capital projects, and medical care programs

## Notes to Consolidated Financial Statements (continued)

## 2. Significant Accounting Policies (continued)

Scott & White's permanently restricted net assets are primarily restricted for educational and research purposes Unless explicitly restricted by donors, income from permanently restricted net assets is recorded as temporarily restricted until appropriated for expenditure

Pledges and grants receivable are scheduled to be collected as follows

	August 31		
		2012	2011
	(In Thousands)		
Less than one year	\$	5,733 \$	1,070
One to five years		13,771	1,544
Greater than five years		83	114
		19,587	2,728
Less discount to net present value		(545)	(370)
Reserve for uncollectible pledges		(1,976)	(234)
Total pledges receivable, net	\$	17,066 \$	2,124

#### **Net Patient Service and Premium Revenue**

Net patient service revenue is recognized in the period in which services are performed Net patient service revenue is reported at estimated net realizable amounts due from patients, third-party payers, and others for services rendered and includes estimated revenue adjustments due to audits, reviews, and investigations Revenue adjustments are considered in the recognition of revenue in the period the related services are rendered, and such amounts are adjusted in future periods as better information becomes known or as years are no longer subject to such audits, reviews, or investigations

Premium revenue is recognized during the period in which members are entitled to receive covered health care benefits Unearned premiums are determined on a daily pro rata basis For the years ended August 31, 2012 and 2011, net patient service and premium revenue included premium revenue of \$572,196,000 and \$546,559,000, respectively

## Notes to Consolidated Financial Statements (continued)

## 2. Significant Accounting Policies (continued)

#### **Charity Care**

Scott & White provides care without charge or at amounts less than its established rates to patients who meet certain criteria under its charity policy Because Scott & White does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue In 2012, prior to application of disproportionate share funds of approximately \$12,621,000 received from the state of Texas, the cost of charity care provided to patients was approximately \$77,817,000 In 2011, prior to application of disproportionate share funds of approximately \$17,898,000 received from the state of Texas, the cost of charity care provided to patients was approximately \$75,358,000 The cost basis of charity care was determined using a cost-to-charge ratio methodology defined by the American Hospital Association

#### **Health Insurance Program Reimbursement**

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and are subject to interpretation Federal regulations require the submission of annual cost reports covering medical costs and expenses associated with services provided to program beneficiaries Medicare and Medicaid cost report settlements are estimated in the period services are provided to beneficiaries. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The 2012 and 2011 net patient service revenue increased approximately \$6,536,000 and \$1,364,000, respectively, due to changes in allowances previously estimated as a result of the final settlements for years that are no longer subject to audits, reviews, or investigations. Scott & White believes that it is in compliance with all applicable Medicare and Medicaid laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing

Medicare cost reports filed by Scott & White for all years before 2007 have been audited and settled as of August 31, 2012

Amounts due to the Medicare and Medicaid programs totaled approximately \$10,428,000 and \$11,236,000 at August 31, 2012 and 2011, respectively, and are reported in due to third-party payers in the consolidated balance sheets

## Notes to Consolidated Financial Statements (continued)

## 2. Significant Accounting Policies (continued)

#### **Nonoperating Gains and Losses**

Nonoperating gains and losses include unrestricted contributions, gifts and bequests, investment income, research and education expenditures net of assets released from restrictions for research and education expenditures and related grant income, interest rate swap activity, income from investment in unconsolidated entity, contributions recorded as a result of acquisitions, and other income, gains, and losses unrelated to Scott & White's primary operations

#### **Performance Indicator**

The performance indicator is excess of revenues and gains over expenses and losses in the consolidated statements of operations, which includes all changes in unrestricted net assets other than net assets released from restrictions for capital expenditures, changes in unrestricted net assets due to acquisitions, change in pension and other postretirement benefit liabilities, and unrealized gains and losses on other-than-trading investment securities

#### **Income Tax**

Scott & White evaluates its income tax positions in accordance with ASC 740-10, *Income Taxes* – *Overall*, regarding accounting for uncertainty in income taxes ASC 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return There are no material uncertain tax positions as of August 31, 2012 or 2011

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management of Scott & White to make assumptions, estimates, and judgments that affect the amounts reported in the financial statements, including the notes thereto, and related disclosures of commitments and contingencies, if any Scott & White considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of its consolidated financial statements, including the following recognition of net patient receivables and related revenues, including contractual allowances and provisions for bad debt, settlements with state and federal government programs, reserves for losses and expenses related to health care professional and general liabilities, determination of

## Notes to Consolidated Financial Statements (continued)

## 2. Significant Accounting Policies (continued)

fair values of certain financial instruments, risks and assumptions for measurement of medical claims incurred but not reported, and defined benefit liabilities Management relies on historical experience and on other assumptions believed to be reasonable under the circumstances in making its judgments and estimates Actual results could differ materially from these estimates

#### **New Accounting Pronouncements**

In April 2009, the Financial Accounting Standards Board (FASB) issued ASC 958-805, *Not-for-Profit Entities – Business Combinations*, which governs the accounting for mergers and acquisitions of not-for-profit entities. Certain provisions of ASC 958-805 became effective for Scott & White on December 15, 2009, while certain other provisions became effective for Scott & White on September 1, 2010. Adoption of ASC 958-805 resulted in the recognition of a contribution pursuant to the acquisitions of LMHS and JCH during the fiscal year ended August 31, 2011. See Note 2

In January 2010, the FASB issued Accounting Standards Update (ASU) 2010-06, *Improving Disclosures about Fair Value Measurements* ASU 2010-06 requires additional disclosures about fair value measurements, including transfers in and out of Levels 1 and 2 and a higher level of disaggregation for the different types of financial instruments. For the reconciliation of Level 3 fair value measurements, information about purchases, sales, issuances, and settlements are required to be presented separately. This ASU was effective for Scott & White beginning September 1, 2010, for all disclosures except those pertaining to Level 3 activity, which became effective for Scott & White beginning September 1, 2011. Adoption of ASU 2010-06 did not have a material effect on the consolidated financial statements.

In August 2010, the FASB issued ASU 2010-23, *Measuring Charity Care for Disclosure*, which is intended to reduce the diversity in practice regarding the measurement basis used in the disclosure of charity care. This update requires that cost be used as the measurement basis for charity care. Cost can be defined as the direct and indirect cost of providing care. Disclosure of the method used for determining this cost is also required. This ASU was effective for Scott & White beginning September 1, 2011. Adoption of ASU 2010-23 did not have a material effect on the consolidated financial statements.

In August 2010, the FASB issued ASU 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*, which is intended to reduce the diversity in practice regarding the accounting for medical malpractice claims and similar liabilities and their related anticipated

## Notes to Consolidated Financial Statements (continued)

## 2. Significant Accounting Policies (continued)

insurance recoveries This update clarifies that health care entities should not net insurance recoveries against a related claim liability Additionally, the amount of the claim liability should be determined without consideration of insurance recoveries. This update was effective for Scott & White beginning September 1, 2011. Adoption of ASU 2010-24 did not have a material effect on the consolidated financial statements.

In July 2011, the FASB issued ASU 2011-07, Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities, which is intended to increase transparency about a health care entity's net patient service revenue and related allowance for doubtful accounts. This update requires certain health care entities to change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue. Additionally, these health care entities are required to provide enhanced disclosures about their policies for recognizing revenue and assessing bad debts. Scott & White has elected to adopt the provision of ASU 2011-07 at August 31, 2012, as permitted by this standard. The provision for bad debts has been reclassified from an operating expense to a deduction from patient service revenues, and the prior year has been reclassified to conform to this presentation (See the consolidated statement of operations and Note 3)

#### **Out of Period Adjustments**

In fiscal year 2011, management identified certain accounting errors related to prior fiscal periods' financial statements Management determined the impact of these misstatements to be immaterial to Scott & White's consolidated financial position and results of operations for each of the fiscal periods affected, and recorded out of period adjustments to correct these misstatements in the fiscal year ended August 31, 2011 These out of period adjustments resulted in a decrease in operating income and a decrease in net assets of \$8,097,000 for the fiscal year ended August 31, 2011 No such adjustments were made in the fiscal year ended August 31, 2012

The out of period adjustments recorded by management in fiscal year 2011 were related to an overstatement of receivables associated with the cost contract between Scott & White's health maintenance organization and CMS (see Note 3), the elimination of a deferred tax benefit at one of Scott & White's for-profit subsidiaries recorded in error, and cutoff issues of certain expenses

## Notes to Consolidated Financial Statements (continued)

#### 3. Net Patient Service Revenue and Net Patient Accounts Receivable

The presentation of the provision for bad debts as a reduction of patient service revenue is based on an entity-wide assessment of the significance of patient revenue that is recognized without assessing patients' ability to pay The following is a summary of Scott & White's patient service revenue, net of contractual allowances (before the provision for bad debts) by major payer Medicare and Medicaid managed plans are grouped with Medicare and Medicaid, respectively

	August 31  2012
	(In Thousands)
Medicare	\$ 562,184
Medicaid	110,724
Commercial	578,794
Self-insured	54,945
All other/self-pay	274,438
	\$ 1,581,085

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Noncompliance with Medicare and Medicaid laws and regulation subjects Scott & White to significant regulatory action, including substantial fines and penalties, as well as exclusion from the Medicare and Medicaid programs.

The allowance for doubtful accounts was approximately \$173,324,000 and \$124,878,000 as of August 31, 2012 and 2011, respectively These balances as a percentage of accounts receivable net of contractual allowances were approximately 45% and 39% as of August 31, 2012 and 2011, respectively

Scott & White has experienced an increase in write-off trends related to bad debt and charity across the system driven by changes in insurance plan structures shifting financial responsibility away from the health plan to individuals and general economic conditions. There have been no significant changes to the charity care policies for the year ended August 31, 2012.

## Notes to Consolidated Financial Statements (continued)

#### 3. Net Patient Service Revenue and Net Patient Accounts Receivable (continued)

The following is a summary of Scott & White's allowance for doubtful accounts activity

	August 31 2012	
	(In	Thousands)
Balance at beginning of period	\$	124,878
Provision for bad debts		214,794
Accounts written off, net of recoveries and other		(166,348)
Balance at end of period	\$	173,324

## 4. Investment in Unconsolidated Entity

In fiscal year 2008, Scott & White acquired a 32% membership interest in Metroplex Adventist Hospital (MAH), a Texas nonprofit corporation, located in Killeen, Texas Prior to execution of the membership interest agreement, Adventist Health System Sunbelt Healthcare Corporation was the sole member of MAH Scott & White accounts for its interest in MAH under the equity method of accounting

At August 31, 2012 and 2011, the difference between the amount at which the investment in MAH was carried and Scott & White's interest in the underlying net assets of MAH was \$7,038,000 and \$9,972,000, respectively. The excess cost over interest in the underlying net assets of MAH is being amortized over 10 years, which was determined to be the lesser of the approximate remaining life of the assets to which the excess cost over carrying value relates or the period of time from the consummation of the membership interest agreement to the point at which the membership interest agreement may be terminated without cause

#### 5. Self-Insured Liabilities

Scott & White self-insures substantially all of its professional liability risk through a wholly owned insurance subsidiary Commercial insurance policies are maintained to insure claims exceeding \$7,000,000 individually or \$35,000,000 in the aggregate during 2012 on a claims-made basis Self-insured liabilities are recorded for incurred but not reported claims and reported claims based on estimates by independent actuaries Assets have been designated to satisfy professional and general liabilities and are reported in the consolidated balance sheets as assets limited as to use for restricted purposes

## Notes to Consolidated Financial Statements (continued)

#### 6. Reinsurance of Health Maintenance Organization Medical Claims

Scott & White's health maintenance organization cedes certain premium revenues and medical claims under reinsurance agreements. The ceded reinsurance agreements provide Scott & White with increased capacity to write larger risks and maintain its exposure to loss within its capital resources. Scott & White's health maintenance organization is currently a party to reinsurance contracts under which it is reimbursed for a percentage of claim expenses incurred in excess of a deductible and up to a maximum benefit per member per year.

Under these contracts, Scott & White is not relieved of its primary obligation to provide health care coverage to members The annual deductible ranged from \$100,000 to \$700,000 per member for the year ended August 31, 2012, and ranged from \$100,000 to \$600,000 per member for the year ended August 31, 2011 The maximum benefit per member ranged from \$3,000,000 to \$10,000,000 for the year ended August 31, 2012, and ranged from \$4,000,000 to \$10,000,000 for the year ended August 31, 2011 Coinsurance benefits for the years ended August 31, 2012 and 2011, vary by type of service

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## Notes to Consolidated Financial Statements (continued)

## 7. Long-Term Debt

	August 31			
		2012		2011
		(In Tho	แรสห	ıds)
Revenue bonds. Series 2010, interest at 5 36%, payable semiannually, principal payable through 2045	\$	341,155	\$	344,325
Revenue bonds. Series 2008-1, variable rate interest payable monthly (0 17% at August 31, 2012), principal payable	Ψ	·	Ψ	
annually through 2041 (principal payments begin in 2030) Revenue bonds. Series 2008-2, variable rate interest payable monthly (0 14% at August 31, 2012), principal payable		85,775		85,775
annually through 2046 (principal payments begin in 2030) Revenue bonds, Series 2008A, interest at 5 31%, payable		94,395		94,395
semiannually, principal payable annually through 2031 FHA Revenue bonds. Series 2006, interest at 4 60%, payable		154,355		159,600
semiannually, principal payable annually through 2035		226,890		231,910
Revenue bonds, Series 1999, interest at 5 75%, payable semiannually, principal payable annually through 2024		_		6,310
Revenue bonds. Series 2004, interest at 4 06%, payable semiannually, principal payable annually through 2014		4,300		4.392
Note payable, interest at 5 25% and principal payable quarterly		-,		
beginning in 2011 through 2012		_		19,933
Tax-exempt note payable, variable rate interest, payable monthly, matures 2017		56,225		56,225
Note payable, variable rate interest payable quarterly, matured		,		
2012		_		30,000
Note payable, fixed interest payable monthly, matured 2012		_		20,000
Note payable, variable rate interest payable monthly, principal		<b>-</b> 0.000		
paid annually, matures 2017		50,000		-
Interim financing and lines of credit		50,300		50,300
Capital lease and other obligations		10,573		12,458
Net unamortized discount		1,073,968 (33,767)		(34,505)
Less current maturities		(34,658)		(103,254)
Long-term portion of debt	<u> </u>	1,005,543	\$	977,864
v portion of <b>40</b> 00	<u> </u>	1,000,010	*	<i>&gt;,,,</i> ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,

## Notes to Consolidated Financial Statements (continued)

#### 7. Long-Term Debt (continued)

Scott & White's Series 2008 Revenue Bonds were issued as variable rate demand bonds in June 2008 They were originally issued in three subseries with a total par amount of \$236,395,000 In October 2010, the Series 2008-3 Revenue Bonds were refunded with a tax-exempt note in the amount of \$56,225,000 as part of a strategy to manage maturities of the irrevocable direct-pay letters of credit used to support the payment of principal and interest on the Series 2008 Revenue Bonds The direct-pay letter of credit associated with the Series 2008-3 Revenue Bonds was terminated at the time of refunding The irrevocable direct-pay letters of credit associated with the Series 2008-1 and Series 2008-2 Revenue Bonds were replaced in April 2011 in advance of their stated expirations Unless either remaining direct-pay letter of credit is extended, terminated early, or replaced, the letters of credit supporting the Series 2008-1 and Series 2008-2 Revenue Bonds will expire April 11, 2015 and 2014, respectively

In June 2010, Scott & White issued Series 2010 Revenue Bonds with a total par amount of \$345,775,000 The majority of the proceeds are being used to fund development and construction costs of various expansion and construction projects The Series 2010 Revenue Bonds mature on various dates through August 2045

Scott & White's Series 2006 FHA Revenue Bonds were issued in December 2006 The Series 2006 Bonds were issued in two subseries consisting of Series 2006A bonds (tax-exempt) in the amount of \$208,375,000 and Series 2006B bonds (taxable) in the amount of \$31,755,000, with a total par amount of \$240,130,000 The Series 2006 FHA Revenue Bonds are subject to optional early redemption after August 1, 2016 To satisfy a requirement under the Series 2006 FHA Revenue Bonds master indenture, a guaranteed investment contract was purchased and is held in trust in an amount equivalent to one year of debt service The guaranteed investment contract has a value of \$17,615,000 at August 31, 2012 and 2011 The Series 2006 FHA Revenue Bonds are secured by trust revenue and FHA mortgage insurance

As of August 31, 2012 and 2011, Scott & White has \$115,173,000 and \$143,393,000, respectively, in additional long-term debt, which includes capitalized leases, notes payable to others, and lines of credit drawn

The bond indentures and other interim financing agreements, including the revolving lines of credit, each contain certain restrictive covenants, including minimum levels of cash and debt service coverage Management believes Scott & White is in compliance with all financial covenants

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## Notes to Consolidated Financial Statements (continued)

#### 7. Long-Term Debt (continued)

The maturities of Scott & White's long-term debt as of August 31, 2012, are shown below (in thousands)

2013	\$ 35,379
2014	23,357
2015	53,364
2016	18,544
2017	19,339
Thereafter	 923,985
	1,073,968
Less unamortized discount	(33,767)
	\$ 1,040,201

Total interest expense incurred during fiscal 2012 and 2011 was approximately \$27,163,000 and \$26,727,000, respectively, net of approximately \$17,149,000 and \$18,605,000 of capitalized interest costs in 2012 and 2011, respectively. Interest paid during fiscal years 2012 and 2011 was approximately \$44,116,000 and \$46,072,000, respectively, including amounts capitalized

The estimated fair value of Scott & White's debt is \$1,144,224,000 and \$1,121,168,000 at August 31, 2012 and 2011, respectively Fair values were derived from market quotes obtained from an independent financial advisor

#### 8. Interest Rate Swap Agreements

Interest rate swap agreements (derivative agreements) between Scott & White and third parties (counterparties) provide for the periodic exchange of payments between the parties based on changes in a defined index and a fixed rate Derivative agreements expose Scott & White to market risk and credit risk

Credit risk is the risk that contractual obligations of the counterparties will not be fulfilled Concentrations of credit risk relate to groups of counterparties that have similar economic or industry characteristics which would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions Counterparty credit risk is managed by requiring high credit standards for Scott & White's counterparties. The counterparties to these contracts are financial institutions that carry investment-grade credit ratings. The interest rate swap agreements contain certain collateral provisions applicable to Scott & White and counterparties to mitigate credit risk. Scott & White does not anticipate nonperformance by its counterparties.

## Notes to Consolidated Financial Statements (continued)

## 8. Interest Rate Swap Agreements (continued)

Market risk is the adverse effect on the value of Scott & White's swap agreements that results from a change in interest rates. The market risk associated with interest rate changes is managed by establishing and monitoring parameters which limit the types and degrees of market risk that may be undertaken. Management also mitigates market risk through periodic reviews of its derivative positions in the context of its blended cost of capital. Scott & White can terminate any of the swap agreements at any time and would make or receive a payment depending on the fair value of the swap agreements on the date of termination.

At August 31, 2012, Scott & White has interest rate swap agreements with a total notional amount of \$566,285,000, as compared to \$570,375,000 at August 31, 2011 These include five fixed payer interest rate swap agreements associated with the Series 2008-1 and 2008-2 variable rate demand bonds and a tax-exempt note executed in October 2010 Additionally, Scott & White has two forward fixed payer interest rate swap agreements originally associated with variable rate demand bonds that were refunded in August 2008 In February 2011, Scott & White entered into two forward fixed receiver interest rate swap agreements with the intent to offset the cash flows of the forward fixed payer swaps

Scott & White has experienced negative mark-to-market valuations in its swap positions resulting in liabilities to the counterparties that exceeded contractually established thresholds In August 2010, to manage the collateral posting requirements, Scott & White amended all swap agreements with the counterparties to allow letters of credit to become a form of eligible collateral when liability thresholds are exceeded. In January 2011, to further manage the impact of future negative mark-to-market valuations on its swap transactions, Scott & White amended two of the five fixed payer interest rate swaps to remove collateral posting requirements Additionally, the three unamended fixed payer swap agreements were novated to new counterparties. The new terms of the novated swap agreements included favorable increases in the minimum threshold above which collateral postings are required At August 31, 2012, a letter of credit for an amount not to exceed \$65,000,000 was available for collateral support related to the four fixed forward swap agreements outstanding at that date The counterparty holds the undrawn letter of credit, and an actual draw would only be initiated if an event of default or a termination event occurs and is continuing Since Scott & White's credit rating determines the required collateral threshold amount related to each swap, a downgrade in credit rating could have a significant impact on collateral posting requirements

## Notes to Consolidated Financial Statements (continued)

## 8. Interest Rate Swap Agreements (continued)

Net settlement payments on interest rate swap agreements totaled \$11,516,000 and \$12,419,000 for the years ended August 31, 2012 and 2011, respectively Net settlement payments and the change in fair value on interest rate swap agreements are reported in interest rate swap activity in the nonoperating section of the consolidated statements of operations. The fair value of interest rate swap agreements is reported in long-term liabilities on the consolidated balance sheets.

The following tables summarize Scott & White's swap transactions, including the fair value of each swap at August 31, 2012 and 2011, and the gain (loss) recorded relative to each agreement (in thousands)

			Interest	** *					 
Counterparty	Description	Termination Date	Rate Agreements	Notional Amount	8	Fair V //31/2012	 ue /31/2011	Change in   	r V alue //31/2011
e ounter party	Description	Ditt	rigiteinens	· · · · · · · · · · · · · · · · · · · ·		,01,2012	 	 ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	 ,01,2011
Deutsche Bank	Fixed Paver	2041	2	\$ 85,775	\$	(26.843)	\$ (19.062)	\$ (7.781)	\$ (19.062)
Wells Fargo	Fixed Paver	2046	1	56,225		(20.106)	(13.517)	(6.590)	(13.517)
Goldman Sachs	Fixed Paver	2041 & 2046	2	94,395		(31,759)	(22.406)	(9.353)	1,423
JP Morgan	Forward fixed payer	2045	2	164,945		(76,762)	(59.396)	(17.366)	2,923
JP Morgan	Forward fixed receiver	2045	2	164,945		11,003	7.442	3.562	7.442
				\$ 566,285	\$	(144.467)	\$ (106.939)	\$ (37.528)	\$ (20,791)

#### 9. Employee Benefit Plans

#### **Defined Contribution Plans**

Scott & White provides defined contribution plans to eligible employees. There are three types of primary contributions to these plans employer automatic contributions, employee contributions, and employer matching contributions. Employer automatic contributions are based on a percentage of each participant's compensation and can vary based on years of service Employer matching contributions are based on each participant's contribution to his or her plan account each payroll period. Scott & White's contribution expense to its defined contribution plans was approximately \$58,465,000 and \$55,564,000 in 2012 and 2011, respectively

#### **Defined Benefit Plans**

Scott & White has two defined benefit retirement plans at August 31, 2012 These two defined benefit retirement plans are collectively referred to herein as the Pension Plans The Pension Plans are currently frozen Benefits under the Pension Plans are based on each employee's years of service and compensation computed as of the date the Pension Plans were frozen

## Notes to Consolidated Financial Statements (continued)

## 9. Employee Benefit Plans (continued)

The following section sets forth a reconciliation of benefit obligations, plan assets, and balance sheet position for the Pension Plans (in thousands)

	August 31				
	2012 20			2011	
Change in benefit obligation					
Benefit obligation at beginning of year	\$	48,836	\$	49,111	
Interest cost		2,360		2,331	
Actuarial loss (gain)		9,991		(1,024)	
Benefits paid		(1,771)		(1,582)	
Benefit obligation at end of year		59,416		48,836	
Change in plan assets					
Fair value of plan assets at beginning of year		32,905		29,697	
Return on plan assets		3,835		3,375	
Employer contributions		2,148		1,415	
Benefits paid		(1,771)		(1,582)	
Fair value of plan assets at end of year		37,117		32,905	
Funded status	\$	(22,299)	\$	(15,931)	

The amounts recognized as a change in unrestricted net assets totaled \$(8,576,000) and \$2,421,000 for the years ended August 31, 2012 and 2011, respectively. The amount in unrestricted net assets that has not yet been recognized as a component of net periodic benefit cost is \$13,915,000 at August 31, 2012, which consists entirely of an actuarial net loss. Of this amount, \$983,000 is expected to be recognized in expense during FY 2013.

## Notes to Consolidated Financial Statements (continued)

## 9. Employee Benefit Plans (continued)

Components of net periodic benefit cost for the period were as follows (in thousands)

	August 31				
		2012		2011	
Interest cost	\$	2,360	\$	2,331	
Expected return on plan assets		(2,648)		(2,372)	
Amortization of actuarial loss		228		395	
Net periodic benefit (income) cost	\$	(60)	\$	354	

Weighted-average assumptions used to determine net periodic benefit cost were as follows

	August 31			
	2012	2011		
Discount rate	4.97%	4 84%		
Expected long-term return on plan assets	8.00%	8 00%		

In determining the expected long-term rate of return on plan assets, a building block approach was used Historical markets are studied and long-term historical relationships between equities and fixed income are preserved consistent with the widely accepted capital market principle that assets with higher volatility generate a greater return over the long run Current market factors such as inflation and interest rates are evaluated before long-term market assumptions are determined The long-term portfolio return is established via a building block approach with proper consideration of diversification and rebalancing Peer data and historical returns are reviewed to check for reasonability and appropriateness

Information for pension plans with accumulated benefit obligations in excess of plan assets is as follows (in thousands)

	August 31				
		2012	2011		
Projected benefit obligation	\$	59,416	\$	48,836	
Accumulated benefit obligation		59,416		48,836	
Fair value of plan assets		37,117		32,905	

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## Notes to Consolidated Financial Statements (continued)

## 9. Employee Benefit Plans (continued)

The following section sets forth information on the assets of the Texas Hospital Association Retirement Trust (Master Trust), in which the Pension Plans participate

The weighted-average asset allocations for the Master Trust by asset category were as follows

	Percent o Trust A Augu	Assets
	2012	2011
Equity securities	86%	86%
Debt securities	12	12
Cash	2	2
Total	100%	100%

A total return investment approach is used, whereby a mix of equities and fixed income investments is used to maximize the long-term return of plan assets for a prudent level of risk Risk tolerance is established through careful consideration of plan liabilities, plan funded status, and corporate financial condition. The investment portfolio contains a diversified blend of equity and fixed income investments. Furthermore, equity investments are diversified across U.S. and non-U.S. stocks, as well as growth, value, and small and large capitalizations. Investment risk is measured and monitored on an ongoing basis through quarterly investment portfolio reviews, annual liability measurements, and periodic asset/liability studies.

The Master Trust invests plan assets for the plans of approximately 30 participating hospitals. The Master Trust includes assets for both defined benefit and defined contribution plans. The investment objectives for the Master Trust reflect two general goals.

- 1 To provide returns that improve the funded status of the participating hospitals' plans over time and reduce pension costs
- 2 To receive favorable performance from the pension fund's active managers in exchange for the fees paid to the investment management fund

## Notes to Consolidated Financial Statements (continued)

## 9. Employee Benefit Plans (continued)

Based on the Master Trust's risk posture, the trustees developed the following asset mix targets

	TargetAllocation
Large cap U S equities	50%
Small cap U S equities	15%
International equities	10%
Fixed income	25%

The Pension Plans' interest in the Master Trust is considered an asset measured at fair value using Level 2 inputs from the perspective of the Pension Plans At August 31, 2012, 47% and 53% of the assets in the Master Trust were measured using Level 1 and Level 2 inputs, respectively At August 31, 2011, 48% and 52% of the assets in the Master Trust were measured using Level 1 and Level 2 inputs, respectively

The following table illustrates the minimum contributions Scott & White must make to the Pension Plans in fiscal year 2013, as well as the estimated pension benefit payments, which reflect expected future service, as appropriate, that are projected to be paid each fiscal year through 2022 (in thousands)

Minimum funding fiscal year 2013	\$ 1.948

	Pa	yments
Estimated benefit payments		
Fiscal year ending August 31, 2013	\$	1,933
Fiscal year ending August 31, 2014		2,069
Fiscal year ending August 31, 2015		2,187
Fiscal year ending August 31, 2016		2,335
Fiscal year ending August 31, 2017		2,472
Fiscal years ending August 31, 2018 through August 31, 2022		14,235

## Notes to Consolidated Financial Statements (continued)

## 9. Employee Benefit Plans (continued)

#### **Other Postretirement Benefits**

Certain Scott & White employees participate in Scott & White's postretirement benefit plan that provides medical and dental benefits to retirees who meet specific eligibility requirements upon retirement. The plan is unfunded and requires covered retirees to contribute a portion of the cost of benefits based on age at retirement and years of service. Scott & White uses an incremental cost approach in estimating the annual accrued cost related to the postretirement benefit plan, which is based on estimates by independent actuaries. Such an approach is considered appropriate since substantially all of the health care benefits are provided by Scott & White to retirees, using Scott & White's health maintenance organization to manage the care provided

The following section sets forth a reconciliation of benefit obligations, plan assets, and balance sheet position for the post retirement benefit obligation (in thousands)

	August 31			
	 2012		2011	
Change in benefit obligation				
Benefit obligation at beginning of year	\$ 13,240	\$	10,084	
Employer service cost	<b>785</b>		481	
Interest cost	591		566	
Actuarial loss	5,018		1,762	
Plan participants' contributions	2,068		2,380	
Benefits paid	(2,749)		(2,769)	
Administrative expenses paid	(91)		(102)	
Plan change	_		838	
Benefit obligation at end of year	18,862		13,240	
Change in plan assets				
Fair value of plan assets at beginning of year	_		_	
Employer contributions	772		491	
Plan participants' contributions	2,068		2,380	
Benefits paid	(2,749)		(2,769)	
Administrative expenses paid	(91)		(102)	
Fair value of plan assets at end of year	 _			
Funded status	\$ (18,862)	\$	(13,240)	

## Notes to Consolidated Financial Statements (continued)

## 9. Employee Benefit Plans (continued)

The amount recognized as a change in unrestricted net assets totaled \$(4,883,000) and \$(2,647,000) for the years ended August 31, 2012 and 2011, respectively. The amount in unrestricted net assets that has not yet been recognized as a component of net periodic benefit cost is \$8,124,000 at August 31, 2012, which consists of an actuarial net loss of \$7,383,000 and a net prior service cost of \$741,000. Of this amount, \$442,000 is expected to be recognized in expense during FY 2013.

Components of net periodic benefit cost for the period were as follows (in thousands)

	August 31			
		2012		2011
Interest cost	\$	591	\$	566
Employer service cost		<b>785</b>		481
Net prior service cost (credit) amortization		56		(47)
Net loss amortization		<b>78</b>		
Net periodic benefit cost	\$	1,510	\$	1,000

Weighted-average assumptions used to determine net periodic benefit cost were as follows

	Augus	August 31		
	2012	2011		
Discount rate	4.6%	5 2%		
Health care cost trend rate	9.0%	9 0%		
Ultimate health care cost trend rate	5.0%	5 0%		
Year of ultimate trend rate	2031	2030		
Expected long-term return on plan assets	N/A	N/A		

The effect of a 1% increase in the assumed health care cost trend rates on the accumulated postretirement benefit obligation and on the aggregate of employer service cost and interest cost as of and for the year ended August 31, 2012, would be an increase of \$2,602,000 and \$229,000, respectively The effect of a 1% decrease in the assumed health care cost trend rates on the accumulated postretirement benefit obligation and on the aggregate of employer service cost and interest cost as of and for the year ended August 31, 2012, would be a decrease of \$2,130,000 and \$184,000, respectively

## Notes to Consolidated Financial Statements (continued)

## 9. Employee Benefit Plans (continued)

The following table illustrates Scott & White's expected future net benefit payments (in thousands)

	Payn	nents
Estimated benefit payments by plan year		
Fiscal year ending August 31, 2013	\$	941
Fiscal year ending August 31, 2014		987
Fiscal year ending August 31, 2015		999
Fiscal year ending August 31, 2016		1,104
Fiscal year ending August 31, 2017		1,163
Fiscal years ending August 31, 2018 through August 31, 2022		6,956

#### 10. Assets Limited as to Use

Scott & White's investment portfolio includes investments classified as trading and other-than-trading Investments classified as trading were \$707,488,000 and \$796,636,000 at August 31, 2012 and 2011, respectively

Investments classified as other-than-trading were \$120,601,000 and \$102,637,000 at August 31, 2012 and 2011, respectively The cost basis of investments classified as other-than-trading was \$117,478,000 and \$100,250,000 at August 31, 2012 and 2011, respectively Investments in other-than-trading fixed income securities with stated maturities are presented in the table below by their contractual maturity

	August 31		
	2012		2011
	(In Thousands)		
Less than 1 year	\$ 36,670	\$	21,881
1–5 years	23,392		40,407
6–10 years	51,377		29,643
Greater than 10 years	 5,478		2,186
	\$ 116,917	\$	94,117

## Notes to Consolidated Financial Statements (continued)

## 10. Assets Limited as to Use (continued)

All interest and dividends, realized gains (losses), and unrealized gains (losses) on investments classified as trading as well as all interest and dividends and realized gains (losses) on investments classified as other-than-trading are included in investment income in the consolidated statements of operations Investment income included in the consolidated statements of operations consists of the following

	Y	Year Ended August 31 2012 2011		
		(In Thousands)		
Net realized gains	\$	4,504	\$	14,081
Net unrealized gains		983		18,068
Dividends and interest		11,331		8,733
	\$	16,818	\$	40,882

Unrealized gains (losses) on investments classified as other-than-trading were \$1,247,000 and \$(689,000) for the years ended August 31, 2012 and 2011, respectively Unrealized gains (losses) on investments classified as other-than-trading are included in other changes in unrestricted net assets in the consolidated statements of changes in net assets

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## Notes to Consolidated Financial Statements (continued)

## 10. Assets Limited as to Use (continued)

Scott & White's assets limited as to use include

	August 31			
		2012		2011
	(In Thousands)			nds)
Cash and cash equivalents	\$	159,757	\$	128,398
U S government obligations		155,762		291,778
Corporate fixed income investments		149,525		157,859
Mutual funds – fixed income		74,036		42,047
Equity securities		83,080		70,160
Mutual funds – equity		152,104		163,416
Alternative investments		32,246		35,128
Other		21,579		10,487
		828,089		899,273
Less current portion of assets limited as to use		(4,526)		(24,464)
-	\$	823,563	\$	874,809

Scott & White's alternative investments are primarily partnership investment trusts and provide Scott & White with a proportionate share of the investment gains and losses Certain alternative investments have liquidity limitations, in some cases over extended periods of time, or may employ leverage, which may lead to additional risk of loss

## 11. Functional Expenses

The functional classification of Scott & White operating expenses is as follows

Year Ended August 31			
2	2012		
	(In Thousands)		
\$ 7	31,689	\$	695,821
6	49,617		599,889
	46,981		39,157
2	25,910		212,992
3	27,960		318,824
\$ 1,9	82,157	\$ 1	,866,683
	\$ 7 6 2 3	2012 (In The	2012 (In Thousan  \$ 731,689 \$ 649,617 46,981 225,910 327,960

# Notes to Consolidated Financial Statements (continued)

## 12. Commitments and Contingencies

## **Operating Leases**

Scott & White leases equipment and property space under operating leases Rent expense totaled approximately \$34,949,000 and \$30,661,000 in 2012 and 2011, respectively

Future minimum lease commitments under operating leases that have initial or remaining lease terms in excess of one year are as follows as of August 31, 2012 (in thousands)

2013	\$ 33,824
2014	26,980
2015	20,310
2016	16,593
2017	14,542
Thereafter	36,040
	\$ 148,289

## Sale-leaseback Agreements

Scott & White accounts for sale-leaseback transactions under the provisions of ASC 840-40, *Sale-Leaseback Transactions*.

During fiscal year 2012, Scott & White entered into two sale-leaseback transactions Property and equipment with an approximate carrying value of \$13,863,000 was sold for \$17,913,000 Concurrent with the sales, Scott & White entered into operating lease agreements to leaseback the sold property and equipment As a result of these transactions, Scott & White recorded deferred gains of approximately \$4,050,000 to be recognized as a reduction of lease expense over a period equal to the term of the operating lease At August 31, 2012 the deferred gain related to these sale-leaseback transactions remaining to be recognized was approximately \$3,668,000 and is included in other liabilities in the consolidated balance sheets

#### Other

Scott & White is a defendant in various legal proceedings arising in the ordinary course of business. Although the results of litigation cannot be predicted with certainty, management believes the outcome of pending litigation will not have a material adverse effect on Scott & White's consolidated financial statements

# Notes to Consolidated Financial Statements (continued)

#### 13. Fair Values of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price) ASC 820, Fair Value Measurement, establishes a fair value hierarchy that prioritizes the inputs used to measure fair value A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of the fair value hierarchy defined by ASC 820-10 are listed below in order of priority

Level 1 – Fair value is based on unadjusted quoted prices for identical assets or liabilities in an active market that the reporting entity has the ability to access at the measurement date

Level 2 – Fair value is based on quoted prices in markets that are not active, quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability

Level 3 – Fair value is based on prices or valuation techniques that require inputs which are both significant to the fair value measurements and unobservable. These inputs reflect management's judgment about the assumptions that a market participant would use in pricing the investment and are based on the best available information, some of which may be internally developed

Scott & White estimates the values of its U S government agency securities, certain corporate fixed income securities, and interest rate swap agreements using Level 2 inputs U S government agency securities and certain corporate fixed income securities are valued primarily using a market approach using inputs such as evaluated bid prices provided by third-party pricing services when quoted market values are not available Interest rate swaps are valued using an income approach that utilizes present value techniques which are affected by inputs such as interest rate curves and credit rating Valuation of Scott & White's Level 3 asset is based on redemption value

# Notes to Consolidated Financial Statements (continued)

## 13. Fair Values of Financial Instruments (continued)

In addition, Scott & White has alternative investments, primarily partnership investment trusts (investment trusts), which provide Scott & White with a proportionate share of the investment gains and losses and take their positions in part through derivative contracts. Investments in investment trusts are accounted for using the equity method of accounting and are therefore excluded from the scope of ASC 820-10

	Financial Assets and Liabilities at Fair Value as of August 31, 2012								
		Level 1		Level 2		Level 3			
			(In	Thousands	)				
Assets									
Assets limited as to use									
Cash equivalents	\$	142,777	\$	_	\$	_			
U S government obligations		_		155,762		_			
Corporate fixed income investments		131,512		18,013		_			
Mutual funds – fixed income		56,421		_		_			
Equity securities		83,080		_		_			
Mutual funds – equity		152,104		_		_			
Guaranteed investment contract		_		_		17,615			
Total assets limited as to use	\$	565,894	\$	173,775	\$	17,615			
Liabilities									
Interest rate swap agreements	\$	_	\$	144,467	\$	_			

Assets limited as to use not included in the table above include \$16,980,000 in cash, \$32,246,000 of alternative investments, and \$21,579,000 of assets pledged or contributed, which are not financial assets that are marked to fair value on a recurring basis

In accordance with ASC 820-10, the following table presents a reconciliation of the beginning and ending balances of Scott & White's Level 3 assets (in thousands)

	Lev	el 3 Assets
Beginning balance as of September 1, 2011	\$	17,615
Interest income		844
Redemptions		(844)
Ending balance as of August 31, 2012	\$	17,615

# Notes to Consolidated Financial Statements (continued)

# 13. Fair Values of Financial Instruments (continued)

	Financial Assets and Liabilities at Fair Value as of August 31, 2011							
		Level 1		Level 2		Level 3		
			(In	Thousands)				
Assets								
Assets limited as to use								
Cash equivalents	\$	113,117	\$	_	\$	_		
U S government obligations		_		291,778		_		
Corporate fixed income investments		140,244		_		_		
Mutual funds – fixed income		42,047		_		_		
Equity securities		70,160		_		_		
Mutual funds – equity		163,416		_		_		
Guaranteed investment contract		_		_		17,615		
Total assets limited as to use	\$	528,984	\$	291,778	\$	17,615		
Liabilities								
Interest rate swap agreements	\$	_	\$	106,939	\$			

Assets limited as to use not included in the table above include \$15,281,000 in cash, \$35,128,000 of alternative investments, and \$10,487,000 of assets pledged or contributed, which are not financial assets that are marked to fair value on a recurring basis

In accordance with ASC 820-10, the following table presents a reconciliation of the beginning and ending balances of Scott & White's Level 3 assets (in thousands)

	Leve	el 3 Assets
Beginning balance as of September 1, 2010	\$	17,615
Interest income		844
Redemptions		(844)
Ending balance as of August 31, 2011	\$	17,615

# Notes to Consolidated Financial Statements (continued)

#### 14. Endowments

Scott & White's endowment consists of approximately 100 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, 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

Endowment net asset composition by type of funds as of August 31, 2012, is as follows (in thousands)

	Uni	restricted	mporarily testricted	ermanently Restricted
Board-designated endowment Donor-restricted endowment	\$	44,515	\$ 7,622	\$ - 35,363
	\$	44,515	\$ 7,622	\$ 35,363

The change in endowment net assets for the fiscal year ended August 31, 2012, is as follows (in thousands)

	Uni	restricted	porarily stricted	manently estricted
Endowment assets, beginning of year	\$	46,395	\$ 6,910	\$ 35,030
Investment income		1,466	1,055	_
Net appreciation		344	625	
Total investment income		1,810	1,680	_
Contributions to endowment		1,026	_	333
Appropriated for expenditure		(4,716)	(968)	_
Endowment assets, end of year	\$	44,515	\$ 7,622	\$ 35,363

# Notes to Consolidated Financial Statements (continued)

## 14. Endowments (continued)

Endowment net asset composition by type of funds as of August 31, 2011, is as follows (in thousands)

	Uni	restricted	nporarily estricted	manently estricted
Board-designated endowment Donor-restricted endowment	\$	46,395 -	\$ - 6,910	\$ - 35,030
	\$	46,395	\$ 6,910	\$ 35,030

The change in endowment net assets for the fiscal year ended August 31, 2011, is as follows (in thousands)

	Uni	restricted	nporarily estricted	rmanently estricted
Endowment assets, beginning of year	\$	40,188	\$ 4,831	\$ 32,416
Investment income		1,142	1,812	_
Net appreciation		5,478	1,320	
Total investment income		6,620	3,132	_
Contributions to endowment		1,450	_	2,614
Appropriated for expenditure		(1,863)	(1,053)	
Endowment assets, end of year	\$	46,395	\$ 6,910	\$ 35,030

## **Interpretation of Relevant Law**

The Board of Trustees of Scott & White has interpreted the Texas enacted version of 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 stipulations to the contrary As a result of this interpretation, Scott & White 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 the 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 in permanently restricted net assets is classified as temporarily restricted net assets until those

# Notes to Consolidated Financial Statements (continued)

## 14. Endowments (continued)

amounts are appropriated for expenditure by Scott & White in a manner consistent with the standard of prudence prescribed by Texas law In accordance with Texas law, if relevant, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds

- (1) The duration and preservation of the endowment fund
- (2) The purposes of the institution and the endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the institution
- (7) The investment policy of the organization

#### **Return Objectives and Risk Parameters**

Scott & White has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets Endowment assets include donor-restricted assets that Scott & White must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested among various asset classes to produce investment returns that exceed the price and yield results of the respective benchmark asset classes and peer groups while assuming a moderate level of investment risk. Actual returns in any given year vary

### **Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, Scott & White relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends) Scott & White oversees its investment portfolio through an Investment Committee of the Scott & White Board of Trustees, and uses the recommendations of an independent investment consultant to manage the funds within the portfolio and review asset allocations

# Notes to Consolidated Financial Statements (continued)

#### 14. Endowments (continued)

## Spending Policy and How the Investment Objectives Relate to Spending Policy

The appropriation for expenditure in any year will not exceed the Board of Trustees' approved appropriation and spending rate. The Board of Trustees' approved appropriation and spending rate takes into account Scott & White's historical long-term rate of return on investments and Scott & White's policy of acting to preserve the purchasing power of the endowment fund. As such, Scott & White's Board of Trustees has resolved that each fiscal year the lesser of 75% of an endowment fund's investment return or 5% of the invested fund balance of an endowment fund (as of the end of the previous fiscal year) may be appropriated for expenditure

In establishing this policy, Scott & White considered the long-term expected return on its endowment Accordingly, over the long term, Scott & White expects the current spending policy to allow its endowment to grow at a rate comparable to annual inflation. This is consistent with Scott & White's objective to maintain the purchasing power of the endowment assets

#### **Funds With Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level required to be retained perpetually by the donor or the Texas enacted version of UPMIFA In accordance with generally accepted accounting principles, deficiencies of this nature that are reported in unrestricted net assets were \$1,125,000 and \$1,079,000 as of August 31, 2012 and 2011, respectively

## 15. Subsequent Events

On December 14, 2012, Scott & White Healthcare and Baylor Health Care System entered into an agreement of intent to merge their governance through the creation of a new nonprofit, tax-exempt parent corporation. The anticipated transaction would be a merger, with equal representation of board members under the name of Baylor Scott & White Health and a combination of certain operations. A definitive agreement is pending further negotiations, due diligence, the approval of appropriate regulatory bodies, and Board approvals. Management from both organizations anticipates no current combined debt restructuring plans as a result of the proposed merger. Management expects finalization of a definitive merger agreement in calendar year 2013.

Management has evaluated subsequent events through December 21, 2012, the date the financial statements were available to be issued

Supplementary Information



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# Report of Independent Auditors on Supplementary Information

The Board of Trustees Scott & White Healthcare

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole The accompanying consolidating balance sheet as of August 31, 2012, and the related consolidating statement of operations for the year then ended, 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 consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole

December 21, 2012

1210-1402658 44

Ernst + Young LLP

# Consolidating Balance Sheets (Unaudited)

August 31, 2012

Cash and cash equivalents   Sample		S&W Obligated Group		SWHP		НВМС		Other Entities <sup>1</sup>	Eliminating Entries	Co	SWH onsolidated
Current assets         Cash and eash equivalents         \$ 101,901         \$ 25,064         \$ 14,938         \$ 2,786         \$ -         \$ 144,689           Assets limited as to use, current portion         1,595         -         1,516         1,415         -         4,526           Accounts receivable, net patient         193,486         -         27,254         13,100         (20,562)         213,278           Premium         -         48,064         -         -         -         48,064           Other         33,753         8,671         4,216         (1,821)         (993)         43,826           Total accounts receivable Inventor         12,254         8,777         3,428         1,465         -         26,224           Total current assets         343,289         90,576         51,352         16,945         (21,555)         305,168           Internally designated for specific purposes         136,595         2,200         17         430         -         139,242           Held by trustees under bond agreements         143,651         -         41,613         1,730         -         186,994           Less current portion         (1,595)         -         (1,516)         (1,415)         -         828,089 </th <th></th> <th></th> <th></th> <th></th> <th></th> <th>(In The</th> <th>ous</th> <th>ands)</th> <th></th> <th></th> <th></th>						(In The	ous	ands)			
Cash and cash equivalents Assets limited as to use, current portion         \$ 101.901         \$ 25.064         \$ 14.938         \$ 2.786         \$ - \$ 144.689           Assets limited as to use, current portion         1.595         - \$ 1.516         1.415         - \$ 4.526           Accounts receivable, net Patient         193.486         - \$ 27.254         13.100         (20.562)         213.278           Premium         - \$ 48.064         - \$ - \$ - \$ - \$ 48.064         - \$ - \$ - \$ - \$ 48.064         - \$ - \$ - \$ - \$ 48.064           Other         33.753         8.671         4.216         (1821)         (993)         43.826           Total accounts receivable         227.239         56.735         31.470         11.279         (21.555)         305.168           Inventor         12.554         8.777         3.428         1.465         - \$ 26.224           Total current assets         136.595         2.200         17         430         - \$ 139.242           Internally designated for specific purposes         146.370         34.794         41.977         8.712         - \$ 501.853           Held by trustees under bond agreements         143.651         - \$ 41.613         1.730         - \$ 828.089           Less current portion         (1.595)         - \$ (1.516)         (1.415											
Assets limited as to use, current portion 1.595 — 1.516 1.415 — 4.526  Accounts recervable, net Patient 193.486 — 27.254 13.100 (20.562) 213.278  Premium — 48.064 — 7 — 7 — 48.064  Other 33.753 8.671 4.216 (1.821) (99.3) 43.826  Total accounts recervable 227.239 56.735 31.470 11.279 (21.555) 305.168  Inventor 12.554 8.777 3.428 1.465 — 26.224  Total current assets 343.289 90.576 51.352 16.945 (21.555) 480.607  Assets limited as to use  For restricted purposes 136.595 2.200 17 430 — 139.242  Internally designated for specific purposes 416.370 34.794 41.977 8.712 — 501.853  Held by trustees under bond agreements 143.651 — 41.613 1.730 — 186.994  Less current portion (1.595) — (1.516) (1.415) — 43.260  Total assets limited as to use 695.021 36.994 83.607 10.872 — 828.089  Less current portion (1.595) — (1.516) (1.415) — 43.260  Total assets limited as to use 695.021 36.994 82.091 9.457 — 823.563  Property and equipment, net 801.685 18.313 132.242 25.370 — 977.610  Investment in unconsolidated entity Interest in net assets of supporting foundations — — 6.983 — — — 6.983  Other assets 170.431 3.798 2.435 651 (140.195) 37.120				A = 0.24	•	1.4.020	45	<b>2. 7</b> 0. c		45	1.1.4.600
Portion   1.595   -   1.516   1.415   -   4.526	•	\$ 101.90	1 8	25,064	\$	14.938	\$	2,786	5 –	\$	144.689
Accounts receivable, net Patient Patie		1.50	_			1.516		1 115			1.506
Patient Premium         193.486   - 48.064   - 48.064   - 5   - 48.064   - 6   - 6   48.064   - 6   - 6   - 6   48.064   - 6   - 6   - 6   - 6   48.064   - 6   - 6   - 6   - 6   48.064   - 6   - 6   - 6   - 6   - 6   48.064   - 6	•	1.59	)	_		1.516		1.415	_		4.526
Premium Other         3 - 48.064 Other         33.753 8.671         4.216 (1.821)         993) 43.826           Total accounts recervable Inventor         227.239 56.735         31.470 11.279 (21.555)         305.168 1.255 305.168           Inventor         12.554 8.777 3.428 1.465 - 26.224         - 26.224           Total current assets         343.289 90.576 51.352 16.945 (21.555) 480.607           Assets limited as to use For restricted purposes Internally designated for specific purposes Held by trustees under bond agreements         416.370 34.794 41.977 8.712 - 501.853           Held by trustees under bond agreements         696.616 36.994 83.607 10.872 - 828.089           Less current portion         (1.595) - (1.516) (1.415) - (4.526)           Total assets limited as to use         695.021 36.994 82.091 9.457 - 823.563           Property and equipment, net         801.685 18.313 132.242 25.370 - 977.610           Investment in unconsolidated entity Interest in net assets of supporting foundations         40.151 142 40.293           Other assets         170.431 3.798 2.435 651 (140.195) 37.120		102.10	_			27.25.1		12 100	(20) 5(2)		212.279
Other         33,753         8,671         4,216         (1,821)         (993)         43,826           Total accounts receivable Inventor         12,554         8,777         3,428         1,465         —         26,224           Total current assets         343,289         90,576         51,352         16,945         (21,555)         480,607           Assets limited as to use           For restricted purposes Internally designated for specific purposes         416,370         34,794         41,977         8,712         —         501,853           Held by trustees under bond agreements         143,651         —         41,613         1,730         —         186,994           Less current portion         (1,595)         —         (1,516)         (1,415)         —         828,089           Less current portion         (1,595)         —         (1,516)         (1,415)         —         823,563           Property and equipment, net         801,685         18,313         132,242         25,370         —         977,610           Investment in unconsolidated entity Interest in net assets of supporting foundations         —         —         6,983         —         —         —         6,983           Other assets         170,431		193,480	)	19.06.1		27,254		15,100	(20,362)		
Total accounts receivable   227.239   56.735   31.470   11.279   (21.555)   305.168   Inventory   12.554   8.777   3.428   1.465   - 26.224		22.75	-			1 216		(1.921)	(003)		
Inventory         12.554         8.777         3.428         1.465         -         26.224           Total current assets         343.289         90.576         51.352         16.945         (21.555)         480.607           Assets limited as to use           For restricted purposes         136.595         2.200         17         430         -         139.242           Internally designated for specific purposes         416.370         34.794         41.977         8.712         -         501.853           Held by trustees under bond agreements         143.651         -         41.613         1.730         -         186.994           Less current portion         (1.595)         -         (1.516)         (1.415)         -         828.089           Less current portion         (1.595)         -         (1.516)         (1.415)         -         823.563           Property and equipment, net         801.685         18.313         132.242         25.370         -         977.610           Investment in unconsolidated entity         40.151         142         -         -         -         40.293           Interest in net assets of supporting foundations         -         -         6.983         -										-	
Total current assets   343,289   90,576   51,352   16,945   (21,555)   480,607									(21.555)		
Assets limited as to use For restricted purposes Internally designated for specific purposes Held by trustees under bond agreements  143.651									(21.555)		
For restricted purposes Internally designated for specific purposes Held by trustees under bond agreements  143.651	Total current assets	343.28	)	90.5/6		51.352		16,945	(21,555)		480,607
For restricted purposes Internally designated for specific purposes Held by trustees under bond agreements  143.651	Accets limited as to use										
Internally designated for specific purposes		136.59	5	2.200		17		.130	_		139 2.12
purposes       416.370       34.794       41.977       8.712       -       501.853         Held by trustees under bond agreements       143.651       -       41.613       1.730       -       186.994         Less current portion       (1.595)       -       (1.516)       (1.415)       -       828.089         Less current portion       (1.595)       -       (1.516)       (1.415)       -       (4.526)         Total assets limited as to use       695.021       36.994       82.091       9.457       -       823.563         Property and equipment, net       801.685       18.313       132.242       25.370       -       977.610         Investment in unconsolidated entity foundations       40.151       142       -       -       -       40.293         Other assets       170.431       3.798       2.435       651       (140.195)       37.120		150,57	,	_,_00		1 /		450			137,272
Held by trustees under bond agreements		416 370	)	3.1 79.1		41 977		8 712	_		501.853
agreements         143.651         -         41.613         1.730         -         186.994           Less current portion         (1.595)         -         (1.516)         (1.415)         -         828.089           Less current portion         (1.595)         -         (1.516)         (1.415)         -         (4.526)           Total assets limited as to use         695.021         36.994         82.091         9.457         -         823.563           Property and equipment, net         801.685         18.313         132.242         25.370         -         977.610           Investment in unconsolidated entity foundations         40.151         142         -         -         -         40.293           Interest in net assets of supporting foundations         -         -         6.983         -         -         -         6.983           Other assets         170.431         3.798         2.435         651         (140.195)         37.120		11027	,	31,771		11.277		0.712			301,035
Comparison   Com		143,65	[	_		41,613		1,730	_		186,994
Total assets limited as to use 695.021 36.994 82.091 9.457 - 823.563  Property and equipment, net 801.685 18.313 132.242 25.370 - 977.610  Investment in unconsolidated entity Interest in net assets of supporting foundations 6.983 6.983  Other assets 170.431 3.798 2.435 651 (140.195) 37.120		696,61	<u> </u>	36,994		83,607		10,872	_		828,089
Property and equipment, net 801.685 18.313 132.242 25.370 - 977.610  Investment in unconsolidated entity 40.151 142 40.293  Interest in net assets of supporting foundations 6.983 6.983  Other assets 170.431 3.798 2.435 651 (140.195) 37.120	Less current portion	(1.59)	5)	_		(1.516)		(1.415)	_		(4.526)
Investment in unconsolidated entity 40.151 142 40.293 Interest in net assets of supporting foundations 6.983 6.983 Other assets 170.431 3.798 2.435 651 (140.195) 37.120	Total assets limited as to use	695,02		36,994		82,091		9,457	-	•	823,563
Interest in net assets of supporting foundations 6.983 6.983 Other assets 170,431 3.798 2.435 651 (140,195) 37,120	Property and equipment, net	801,68	5	18,313		132,242		25.370	-		977.610
foundations         -         -         6.983         -         -         6.983           Other assets         170,431         3.798         2.435         651         (140,195)         37,120	Investment in unconsolidated entity	40,15	l	142		_		_	_		40,293
foundations         -         -         6.983         -         -         6.983           Other assets         170,431         3.798         2.435         651         (140,195)         37,120	Interest in net assets of supporting										
		-	-	_		6,983		_	_		6,983
Total assets \$ 2.050,577 \$ 149.823 \$ 275,103 \$ 52,423 \$ (161,750) \$ 2,366,176	Other assets	170,43	l	3,798		2,435		651	(140.195)		37,120
	Total assets	\$ 2,050,57	7 \$	149,823	\$	275,103	\$	52,423	\$ (161.750)	\$	2,366,176

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	S&W Obligated Group		SWHP		нвмс		Other Entities <sup>1</sup>	Eliminating Entries	SWH Consolidated
	Group	-	эмпг	-	(In The			Entries	Consolidated
Liabilities and net assets					(111 111)	J1130	ana 37		
Current habilities									
Accounts payable	\$ 44.197	S	1.964	S	9,526	S	456	\$ (993)	\$ 55,150
Accrued expenses and other					,			(,,,,	
liabilities	78,867		12.033		10,561		977	_	102,438
Medical claims payable	_		45.806		_		_	(20,562)	25,244
Due to third-party pavers	8,224		_		1.515		689	_	10,428
Current portion of long-term debt	13,361		15,000		5.714		583	_	34,658
Total current liabilities	144,649		74,803		27,316	-	2,705	(21,555)	227.918
								()	
Long-term debt, less current portion	813,184		_		187,151		10,857	(5,649)	1,005,543
Self-insured liabilities	27,743		_		_		70	_	27.813
Interest rate swap agreements	144,467		_		_		_	_	144,467
Pension and other postretirement									
benefit liabilities	31,507		_		_		9,654	_	41,161
Other liabilities	25,411		14.954		3,254		430	_	44,049
Total liabilities	1,186,961	-	89,757	-	217,721	•	23,716	(27,204)	1,490,951
Commitments and contingencies	_		_		-		_	_	_
Net assets									
Attributable to noncontrolling interests									
in consolidated entities	_		_		_		_	11,609	11.609
Attributable to SWH									
Unrestricted	748.952		60,066		50,382		26.959	(137,407)	748.952
Temporarily restricted	76,669		_		5,430		647	(6,077)	76.669
Permanently restricted	37.995				1,570		1,101	(2.671)	37.995
Total net assets	863,616		60,066		57,382		28,707	(134,546)	875.225
Total liabilities and net assets	\$ 2,050,577	\$	149,823	\$	275,103	\$	52,423	\$ (161.750)	\$ 2,366,176

<sup>&</sup>lt;sup>1</sup>Scott & White Hospital - Brenham, Brenham Care Center, and Scott & White Foundation - Brenham were acquired on July 1, 2010 Scott & White Hospital-Taylor was acquired September 1, 2010 Scott & White - Llano was acquired January 1, 2011 All are included within Other Entities

# Consolidating Statements of Operations (Unaudited)

# Twelve Months Ended August 31, 2012

	S&W Obligated	SWHP	нвмс	Other Entities <sup>1</sup>	Eliminating	SW H Consolidated
	Group	SWHP		ousands)	Entries	Consolidated
Unrestricted revenues and other support			(111 1 11	ousanas)		
Patient service (net of contractuals) and						
premium revenue	\$ 1,525,783 \$	572,674 \$	248,128	\$ 86,024	\$ (279,328)	\$ 2,153,281
Provision for bad debts	(167.556)	(41)	(31,406)	(15,791)		(214,794)
Net patient service and premium revenue	1,358,227	572,633	216,722	70,233	(279,328)	1.938,487
Other operating revenue	55,131	47,367	6.379	12,019	(12,220)	108,676
Total operating revenue	1,413,358	620,000	223,101	82,252	(291,548)	2,047,163
Operating expenses						
Salaries and wages	732,835	30,292	88,455	35,707	_	887,289
Employee benefits	144,577	6,534	18,502	8,006	(925)	176,694
Supplies	234,402	43,586	37,876	10,105	_	325,969
Purchased services	145,487	40,500	43.621	21.693	(11,772)	239,529
Staff enrichment	16,293	1.359	1.830	638	_	20,120
Medical claims	_	494,192	_	_	(278,851)	215,341
Depreciation	75.524	532	12,035	1,961	_	90,052
Interest	12.442	160	13,304	1.257	_	27,163
Total operating expenses	1.361,560	617,155	215,623	79.367	(291.548)	1,982,157
Operating income	51,798	2.845	7.478	2.885	-	65,006
Nonoperating gains (losses)						
Contributions, gifts, and bequests	639	_	1	378	_	1.018
Investment income	12,126	1.692	1.494	1,506	_	16,818
Interest rate swap activity Research, education, and other	(49,044)	_	-	_	-	(49.044)
nonoperating activity	(21,444)	(1.232)	(143)	5,079	_	(17,740)
Subsidiary operations gains	20,203	_		_	(20,203)	_
, ,	(37,520)	460	1,352	6,963	(20,203)	(48.948)
Excess of revenues and gains over						
expenses and losses	14,278	3,305	8,830	9,848	(20, 203)	16,058
Less excess of revenues and gams over expenses and losses attributable to noncontrolling interest in consolidated entities					(1.780)	(1.780)
Excess of revenues and gains over					(1,780)	(1,760)
expenses and losses attributable to SWH	14.278	3,305	8,830	9,848	(21.983)	14,278

<sup>&</sup>lt;sup>1</sup>Scott & White Hospital - Brenham. Brenham Care Center, and Scott & White Foundation - Brenham were acquired on July 1, 2010 Scott & White Hospital-Taylor was acquired September 1, 2010

Scott & White - Llano was acquired January 1, 2011 All are included within Other Entities

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