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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 10-01-2011 and ending 09-30-2012

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

C Name of organization
ST MICHAELS HOSPITAL OF STEVENS POINT INC

Doing Business As

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

City or town, state or country, and ZIP + 4
STEVENS POINT, WI 54481

D Employer identification number
39-0808443

E Telephone number
(715) 346-5000

G Gross receipts $ 184,874,666

F Name and address of principal officer

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

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

H(c) Group exemption number ▶ 0928

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

J Website: ▶ www ministryhealth org/SMH/

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1955 | **M** State of legal domicile WI

Part I Summary

1 Briefly describe the organization's mission or most significant activities
ST MICHAELS MISSION AS A CATHOLIC HOSPITAL IS TO FURTHER THE HEALING MINISTRY OF JESUS BY CONTINUALLY IMPROVING THE HEALTH AND WELL-BEING OF ALL PEOPLE, ESPECIALLY THE POOR WE PROVIDE ACUTE HEALTH CARE SERVICES TO THE COMMUNITY REGARDLESS OF A PERSON'S ABILITY TO PAY

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	15
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	14
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	1,132
6	Total number of volunteers (estimate if necessary)	**6**	224
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	470,570	478,101
9	Program service revenue (Part VIII, line 2g)	178,377,977	180,977,702
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	332,932	725,695
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	2,275,158	2,615,965
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	181,456,637	184,797,463
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	22,470	23,961
14	Benefits paid to or for members (Part IX, column (A), line 4)		0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	99,757,205	105,358,672
16a	Professional fundraising fees (Part IX, column (A), line 11e)		0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	61,269,959	64,045,399
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	161,049,634	169,428,032
19	Revenue less expenses Subtract line 18 from line 12	20,407,003	15,369,431
Net Assets or Fund Balances		**Beginning of Current Year**	**End of Year**
20	Total assets (Part X, line 16)	137,877,646	147,993,843
21	Total liabilities (Part X, line 26)	30,045,533	31,589,990
22	Net assets or fund balances Subtract line 21 from line 20	107,832,113	116,403,853

Part II Signature Block

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

Sign Here

****** | 2013-08-08
Signature of officer | Date

JEFFREY MARTIN President
Type or print name and title

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed ▶☐	Preparer's taxpayer identification number (see instructions)
Firm's name (or yours if self-employed), address, and ZIP + 4 ▶			EIN ▶
			Phone no ▶

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

ST MICHAELS MISSION AS A CATHOLIC HOSPITAL IS TO FURTHER THE HEALING MINISTRY OF JESUS BY CONTINUALLY IMPROVING THE HEALTH AND WELL-BEING OF ALL PEOPLE, ESPECIALLY THE POOR WE PROVIDE ACUTE HEALTH CARE SERVICES TO THE COMMUNITY REGARDLESS OF A PERSON'S ABILITY TO PAY

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

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

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

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 146,868,447 including grants of $ 23,961) (Revenue $ 183,054,701)

SAINT MICHAEL'S HOSPITAL PROVIDES INPATIENT AND OUTPATIENT HEALTH CARE SERVICES REGARDLESS OF THE INDIVIDUAL'S ABILITY TO PAY OR METHOD OF PAYMENT IN ADDITION, THE HOSPITAL PROVIDES EDUCATIONAL PROGRAMS AND SERVICES ON HEALTH CARE ISSUES TO THE COMMUNITY IT SERVES SEE SCHEDULE H FOR FURTHER DETAILS

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

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

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ $ 146,868,447

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules *(continued)*

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	**1a**	141		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1c**	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	1,132			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b**	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**		No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**		No
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?			**4a**		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**		No
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**		No
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**		No
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**	0			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**		No
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**		No
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**		No
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			**9a**		No
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**		No
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	**11a**				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**		No
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			**13a**		No
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**				
c	Enter the aggregate amount of reserves on hand	**13c**				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**		No

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	15		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	14		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2		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				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

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

Section C. Disclosure

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

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

☐ Own website ☑ Another's website ☑ Upon request

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

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

JEFF BADGER VP CORP FIN TRS
4941 KIRSCHLING CT
STEVENS POINT, WI 54481
(715) 346-5000

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) JEFFREY MARTIN President	30 00	X		X				0	804,211	45,600
(2) SUE BUDJAC BOARD MEMBER	25	X						0	0	0
(3) JAMES SCHUH VICE CHAIR	25	X		X				0	0	0
(4) RICK RETTLER BOARD MEMBER	25	X						0	0	0
(5) DICK OKRAY SECRETARY/TREAS	25	X		X				0	0	0
(6) JIM ANDERSON BOARD MEMEBER	25	X						0	0	0
(7) JEFF LANDIN BOARD MEMBER	25	X						0	0	0
(8) JOE KINSELLA Chairman	25	X		X				0	0	0
(9) ANDREW HALVERSON BOARD MEMBER	25	X						0	0	0
(10) JAMES DEWEERD MD BOARD MEMBER	25	X						0	0	0
(11) NADINE DAVY BOARD MEMBER	25	X						0	0	0
(12) BERNIE PATTERSON BOARD MEMBER	25	X						0	0	0
(13) KATHY DAVIES BOARD MEMBER	25	X						0	0	0
(14) ANDREW BRAUN MD BOARD MEMBER	25	X						0	0	0
(15) SISTER PAT BELONGIA BOARD MEMBER	25	X						0	0	0
(16) ALLEN PENNEBECKER VP-FACILITY SER	40 00			X				0	217,107	42,985
(17) PAULETTE BESSEN VP-PATIENT CARE	40 00			X				0	39,648	2,704

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) WILLIAM HINNER ASST TREASURER	1 00			X				0	338,703	47,433
(19) DR G DAVIDSON SR DENTIST	40 00					X		149,477	0	18,908
(20) K DEMARS MASTER BLACK BELT	40 00					X		126,970	0	22,807
(21) C THOMPSON CLNCL PHARMACIST	40 00					X		154,623	0	11,620
(22) D GROEN DIRECTOR, PHARMACY	40 00					X		143,529	0	23,412
(23) M KLIENBAUM CLNCL PHARMACIST	40 00					X		120,192	0	5,471
(24) GRACE MCBRIDE VP-PATIENT CARE	40 00						X	0	88,969	15,513

1b	**Sub-Total** . . . . . ▶			
c	**Total from continuation sheets to Part VII, Section A** . . . . ▶			
d	**Total (add lines 1b and 1c)** . . . . . ▶	694,791	1,488,638	236,453

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 13

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
NEW RESOURCES CONSULTING LLC 1000 N WATER STREET MILWAUKEE, WI 53202	STAFFING	558,683
MARSHFIELD LABORATORIES 1000 NORTH OAK AVENUE MARSHFIELD, WI 54449	MEDICAL SERVICES	829,301
MARSHFIELD CLINIC 1000 NORTH OAK AVENUE MARSHFIELD, WI 54449	MEDICAL SERVICES	392,906
HEALTHCARE BUSINESS SERVICE INC PO BOX 989 MARSHFIELD, WI 54449	BILLING SERVICE	1,141,806
HALL RENDER KILLIAN HEATH & LYMAN 39778 TREASURY CENTER CHICACO, IL 60694	LEGAL	806,615

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 24

Part VIII Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	4,892				
	b	Membership dues					
	c	Fundraising events					
	d	Related organizations	86,894				
	e	Government grants (contributions)	16,727				
	f	All other contributions, gifts, grants, and similar amounts not included above	369,588				
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		478,101			
Program Service Revenue			Business Code				
	2a	REFERENCE LAB	621500	79,090			79,090
	b	PROGRAM SERVICES-RENTS	531120	948,765	948,765		
	c	PROGRAM SERVICES-HOSPITAL	900099	129,382,720	129,382,720		
	d	PROGRAM SERVICES-CLINIC	621400	50,567,127	50,567,127		
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		180,977,702			
	3	Investment income (including dividends, interest and other similar amounts)		733,322	162,095		571,227
	4	Income from investment of tax-exempt bond proceeds		0			
	5	Royalties		0			
			(i) Real / (ii) Personal				
	6a	Gross rents	10,228				
	b	Less rental expenses	1,381				
	c	Rental income or (loss)	8,847				
	d	Net rental income or (loss)		8,847			8,847
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	68,195				
	b	Less cost or other basis and sales expenses	75,822				
	c	Gain or (loss)	-7,627				
	d	Net gain or (loss)		-7,627			-7,627
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events		0			
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities		0			
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory		0			
		Miscellaneous Revenue	Business Code				
	11a	OTHER OPERATING INCOME	900099	583,374	583,374		
	b	HOSPICE ALLOCATION	621610	573,866	573,866		
	c	CAFETERIA	722210	613,124			613,124
	d	All other revenue		836,754	836,754		
	e	**Total.** Add lines 11a–11d		2,607,118			
	12	**Total revenue.** See Instructions		184,797,463	183,054,701		1,264,661

Part IX Statement of Functional Expenses

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

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21	0			
2	Grants and other assistance to individuals in the United States See Part IV, line 22	23,961	23,961		
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	0			
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	82,513,012	75,470,767	7,042,245	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	5,767,232	5,696,030	71,202	
9	Other employee benefits	12,495,916	10,666,890	1,829,026	
10	Payroll taxes	4,582,512	4,298,344	284,168	
11	Fees for services (non-employees)				
a	Management	0			
b	Legal	632,174		632,174	
c	Accounting	0			
d	Lobbying	0			
e	Professional fundraising *See Part IV, line 17* . .	0			
f	Investment management fees	17,828		17,828	
g	Other	2,631,727	2,046,651	585,076	
12	Advertising and promotion	958,222	33,239	924,983	
13	Office expenses	14,316,054	13,782,838	533,216	
14	Information technology	2,263,443	2,261,743	1,700	
15	Royalties . .	0			
16	Occupancy	2,103,491	2,097,434	6,057	
17	Travel	273,398	249,561	23,837	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	507,376	442,872	64,504	
20	Interest	354,162	354,162		
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	7,423,739	7,301,660	122,079	
23	Insurance	488,047	449,018	39,029	
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	STATE ASSESSMENT	4,325,241	4,325,241		
b	PHARMACEUTICALS	4,601,319	4,585,574	15,745	
c	BAD DEBT	6,358,782	6,358,782		
d	PURCHASE SERVICES	16,947,104	8,887,158	8,059,946	
e					
f	All other expenses	-156,708	-2,463,478	2,306,770	
25	**Total functional expenses.** Add lines 1 through 24f	169,428,032	146,868,447	22,559,585	0
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing			1	0
	2	Savings and temporary cash investments		51,761,488	2	50,401,661
	3	Pledges and grants receivable, net			3	0
	4	Accounts receivable, net		20,829,172	4	22,988,364
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	0
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L			6	0
	7	Notes and loans receivable, net		962,327	7	1,419,358
	8	Inventories for sale or use		2,509,848	8	2,325,012
	9	Prepaid expenses and deferred charges		353,837	9	445,015
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 153,411,156			
	b	Less accumulated depreciation	10b 109,225,148	41,287,332	10c	44,186,008
	11	Investments—publicly traded securities		12,138,571	11	15,980,312
	12	Investments—other securities See Part IV, line 11		6,238,548	12	7,801,648
	13	Investments—program-related See Part IV, line 11			13	0
	14	Intangible assets		435,973	14	400,000
	15	Other assets See Part IV, line 11		1,360,550	15	2,046,465
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		137,877,646	16	147,993,843
Liabilities	17	Accounts payable and accrued expenses		20,040,801	17	23,655,461
	18	Grants payable			18	
	19	Deferred revenue		69,568	19	53,981
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		9,935,164	25	7,880,548
	26	**Total liabilities.** Add lines 17 through 25		30,045,533	26	31,589,990
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		107,828,446	27	116,400,186
	28	Temporarily restricted net assets		3,667	28	3,667
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		107,832,113	33	116,403,853
	34	Total liabilities and net assets/fund balances		137,877,646	34	147,993,843

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	184,797,463
2	Total expenses (must equal Part IX, column (A), line 25)	2	169,428,032
3	Revenue less expenses Subtract line 2 from line 1	3	15,369,431
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	107,832,113
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-6,797,691
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	116,403,853

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ST MICHAELS HOSPITAL OF STEVENS POINT INC

Employer identification number
39-0808443

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

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

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

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

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

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

_____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

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

Section C. Computation of Public Support Percentage

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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

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

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

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

Facts And Circumstances Test

Explanation

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SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ **Complete if the organization is described below.**
▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**

OMB No 1545-0047

2011

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
ST MICHAELS HOSPITAL OF STEVENS POINT INC	39-0808443

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

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

2 Political expenditures ▶ $

3 Volunteer hours

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

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

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

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

4a Was a correction made? ☐ Yes ☑ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

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

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

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		9,729
j	Total lines 1c through 1i			9,729
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?		No	

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
Part II-B, Line 1i	Part II-B, Line 1i - Other Activities Description	ST MICHAEL'S HOSPITAL OF STEVENS POINT INC BELONGS TO A NUMBER OF TRADE ASSOCIATIONS (WHA, CHA, AHA, RWHC) THESE ASSOCIATIONS ARE PAID ANNUAL DUES AND A PERCENTAGE OF THE DUES ARE RELATED TO LOBBYING DONE BY THE TRADE ASSOCIATION LOBBY PERCENTAGES RANGE BETWEEN 3%-25% OF THE ANNUAL AMOUNTS THE AMOUNT REPORTED ON SCHEDULE C, PT II-B, LINE 1(I) REPRESENTS THE SUM OF ALL TRADE ASSOCIATION DUES RELATED TO LOBBY EXPENSE

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ST MICHAELS HOSPITAL OF STEVENS POINT INC

Employer identification number
39-0808443

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		3,226,265		3,226,265
b Buildings		84,676,140	60,579,210	24,096,930
c Leasehold improvements		2,095,851	1,651,666	444,185
d Equipment		58,230,301	46,994,272	11,236,029
e Other		5,182,599		5,182,599
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				44,186,008

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶	7,801,648	

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

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

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

(a) Description	(b) Book value
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
Third Party Liabilities	2,778,310
NP - MHC (RELATED PARTY) BOND REFINANCE	802,655
NP - MHC (RELATED PARTY)	4,282,577
DUE TO CHRISTIAN WORKPLACE	17,006
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	7,880,548

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

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

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

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

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
Part XI, Line 8	Part XI, Line 8 Other Changes in Net Assets or Fund Balances	MARKET ADJUSTMENTS $1353596 MDC EQUIP FUNDED BY SMH FDTN $39044 FUND BALANCE TRANSFER - FOUNDATION $ -116420 MHC RISK CAPITAL TRANSFER $ -3200000 SJH OUTREACH ALLOCATION $ -3999996 HOSPICE/HOME HEALTH $ -245057 EHR FUNDING AND DEPRECIATION $ -628551 INTERENTITY TRANSFERS $ -307

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ST MICHAELS HOSPITAL OF STEVENS POINT INC

Employer identification number
39-0808443

Part I Charity Care and Certain Other Community Benefits at Cost

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

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			2,888,808		2,888,808	1 770 %
b Medicaid (from Worksheet 3, column a)			24,418,799	15,541,672	8,877,127	5 440 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			905,253	104,648	800,605	0 490 %
d **Total** Charity Care and Means-Tested Government Programs			28,212,860	15,646,320	12,566,540	7 700 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			1,165,608	16,677	1,148,931	0 700 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)			1,632,271	1,245,491	386,780	0 240 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			376,585	9,797	366,788	0 220 %
j **Total** Other Benefits			3,174,464	1,271,965	1,902,499	1 160 %
k **Total.** Add lines 7d and 7j			31,387,324	16,918,285	14,469,039	8 860 %

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 **Total**						

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense	2	6,358,782		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3			
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	43,440,821		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	58,789,019		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-15,348,198		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures (see instructions)

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

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

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
0	ST MICHAELS HOSPITAL OF STEVEN 900 ILLINOIS AVENUE STEVENS POINT,WI 54481	X	X					X		

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

ST MICHAELS HOSPITAL OF STEVEN

Name of Hospital Facility:

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

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	1		
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☐ A definition of the community served by the hospital facility			
b ☐ Demographics of the community			
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☐ How data was obtained			
e ☐ The health needs of the community			
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☐ The process for identifying and prioritizing community health needs and services to meet those needs			
h ☐ The process for consulting with persons representing the community's interests			
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ___			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		
5 Did the hospital facility make its Needs Assessment widely available to the public?	5		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a ☐ Hospital facility's website			
b ☐ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☐ Execution of the implementation strategy			
c ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in community-wide community benefit plan			
e ☐ Inclusion of a community benefit section in operational plans			
f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☐ Prioritization of health needs in the community			
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	9	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 0000%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 0000% If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a ☑ Income level			
	b ☑ Asset level			
	c ☑ Medical indigency			
	d ☑ Insurance status			
	e ☑ Uninsured discount			
	f ☑ Medicaid/Medicare			
	g ☐ State regulation			
	h ☐ Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	a ☑ The policy was posted at all times on the hospital facility's web site			
	b ☑ The policy was attached to all billing invoices			
	c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d ☑ The policy was posted in the hospital facility's admissions offices			
	e ☑ The policy was provided, in writing, to patients upon admission to the hospital facility			
	f ☑ The policy was available upon request			
	g ☐ Other (describe in Part VI)			

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments or arrests			
	e ☑ Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16		No
	If "Yes," check all actions in which the hospital facility or a third party engaged			
	a ☐ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments			
	e ☐ Other similar actions (describe in Part VI)			
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
	a ☑ Notified patients of the financial assistance policy upon admission			
	b ☑ Notified patients of the financial assistance policy prior to discharge			
	c ☑ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
	d ☑ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
	e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

Part V Facility Information *(continued)*

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

How many non-hospital facilities did the organization operate during the tax year? **20**

	Name and address	Type of Facility (Describe)
1	See Additional Data Table	
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

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

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
	Part VI - Additional Information	While there is growing agreement in the United States about what constitutes a non-profit hospital's 'community benefit', this is a work in progress The organization provided significant charity care and other community benefits as defined by the IRS But in addition, we believe that we provide a critically important community benefit, which is not quantified Our hospital, like most hospitals, was created and is maintained in order to provide care locally-care that without our hospital, would not be available locally

Identifier	ReturnReference	Explanation
	Part V - Explanation of Number of Facility Type	HOSPITAL FACILITY 1 ST MICHAELS HOSPITAL OF STEVENS POINT INC IS A FULLY ACCREDITED, ACUTE-CARE FACILITY OFFERING A COMPREHENSIVE RANGE OF SERVICES TO THE RESIDENTS OF STEVENS POINT, WI AND SURROUNDING COMMUNITIES THE HOSPITAL WAS ORIGINALLY MADE POSSIBLE THROUGH THE EFFORTS OF THE SISTERS OF THE SORROWFUL MOTHER WHO RALLIED THE COMMUNITY AND RAISED THE NECESSARY FUNDS TO BUILD THE FACILITY NEARLY 100 YEARS AGO ON ITS PRESENT SITE TODAY, THE HOSPITAL SHARES A CAMPUS WITH MINISTRY MEDICAL GROUP, A MULTI-SPECIALTY PRACTICE WITH MORE THAN 75 PHYSICIANS

Identifier	ReturnReference	Explanation
	Part VI - States Where Community Benefit Report Filed	WI

Identifier	ReturnReference	Explanation
	Part VI - Affilated Health Care System Roles and Promotion	The organization is part of an affiliated health care system called Ministry Health Care, Inc The mission of Ministry as a Catholic health care system is to further the healing ministry of Jesus by continually improving the health and well being of all people, especially the poor, in the communities served Ministry supports such non-hospital facilities as the Agape Community Center As a community center, it has the unique advantage of welcoming youth, adults, families and seniors into the facility through a broad range of educational, social, recreational, cultural, health and life-long learning opportunities in an impoverished portion of Milwaukee Our Catholic Identity expects leaders to initiate and support efforts to reach out to the poor and vulnerable people, especially where no one else wants to go Health care can become very bureaucratic and burdened with oversight of finances, regulatory requirements and strategic planning Our focus on these issues may cause us to lose touch with those for whom we have a primary responsibility-those who are poor and vulnerable Tithing of time allows us to look into the face of the poor, hear the voice of the poor, and help us better understand the daily challenges and barriers they face As an affiliated health system, all leaders with direct reports are required to provide service to the poor This also includes physician leaders and hourly supervisory staff The organization has a foundation which is not included within the operations of the organization The foundation provides programs and cash donations which help support the mission of the organization and the affiliated health care system

Identifier	ReturnReference	Explanation
	Part VI - Explanation Of How Organization Furthers Its Exempt Purpose	The organization strives to further its exempt purposes by the following (1) The organization's governing board consists primarily of persons who reside within the primary service area They are not employees of the organization (2) As mentioned, the organization provides several services which are not otherwise available being in a rural setting (3) Based on the organization's mission, emergency rooms are made available to all patients regardless of the ability to pay (4) The organization also participates in the education and training of healthcare professionals through internship programs Certain specialized services available include Dental Services to primarily the indigent, Fertility Clinic services and WIC home visits to new mothers and infants

Identifier	ReturnReference	Explanation
	Part VI - Community Building Activities	Community-building activities include programs that, while not directly related to health care, provide opportunities to address the root causes of health problems, such as poverty, homelessness, and environmental problems These activities support community assets by offering the expertise and resources of the organization Costs for these activities include cash, in-kind donations, and expenditures for the development of a variety of community health programs and partnerships St Michaels Hospital is involved in suicide prevention working in conjunction with Portage County and participates in other community efforts such as the HIV/AIDS Ministry project, the Hunger Prevention Coalition, Elder abuse education/prevention and a support group at Oakridge Senior Center MANY EMPLOYEES ALSO VOLUNTEER IN THE COMMUNITY FOR PROGRAMS INCLUDING MEDICAL MISSION TRIPS, MEALS ON WHEELS, HABITAT FOR HUMANITY, OPERATION BOOTSTRAP, AMONG OTHERS

Identifier	ReturnReference	Explanation
	Part VI - Community Information	St Michael's Hospital serves Stevens Point, WI and the surrounding villages and towns, including Plover, Whiting, Custer, Park Ridge, Stockton, and the Town of Hull It is located in the center of the state in Portage County According to 2010 census information, the city of Stevens Point has a population of over 26,000 while Portage County's population exceeds 70,000 The racial makeup of the city is 91 7% White, 4 68% Asian, 0 92% African American, 0 43% Native American, and 2 27% from other races The population age is widespread, with 16 0% under the age of 18, 31 2% from 18 to 24, 27 3% from 25 to 49, 13 5% from 50 to 64, and 12 0% who were 65 years of age or older Based on 2010 estimates, the per capita income for the city was $21,653 About 17 3% of the population had incomes below the poverty line Unemployment rates between October 2011 and September 2012 averaged about 8 0% Like much of the country, the area continues to feel the effects of the economic downturn and has experienced a very slow recovery after the significant loss of jobs since 2009 Stevens Point is home to the University of WisconsinStevens Point, which enrolls almost 10,000 students in both undergraduate and graduate degree programs Mid-State Technical College (MSTC), a technical college, is also located in the city Major employers include Sentry Insurance, the University of Wisconsin-Stevens Point, Ministry Health Care, Associated Banc-Corp and Travel Guard

Identifier	ReturnReference	Explanation
	Part VI - Patient Education of Eligibility for Assistance	MHC has financial counselors located at every hospital If a patient indicates they are unable to pay their bill at any point during pre-service, admission, discharge or billing process, the financial counselors will assist the patient in either securing a funding source (grants, COBRA coverage, Disability benefits, Medicaid, VA, etc) if eligible or assist them in completing a financial assistance application

Identifier	ReturnReference	Explanation
	Part VI - Needs Assessment	The organization performs community needs assessments as needed Planning workgroups consisting of community partners are formed to define the community and its needs through review of Health People Initiatives, census documents, and local government health and welfare agencies Considering other community resources/assets, data collection methods are used to identify particular problems or subgroups and areas known to have high poverty rates and to be underserved The data is analyzed and priorities are set based on trending information which may target a specific need When a need is identified, the hospital develops a plan to implement a program either through community collaboration or individually Outcomes from the programs are measured and considered in subsequent community needs assessments Community benefit plans are presented to senior leadership and board members to ensure the findings are incorporated into the organization's strategy and policy development For example, senior leaders are required to provide direct service to the poor hours as part of their performance goals

Identifier	ReturnReference	Explanation
Number of Hospital Facility - 0	Part V, Line 15e - Other Collection Actions Against a Patient	We make every effort to determine patient's eligibility for assistance prior to billing If patient is uncooperative or unresponsive, the patient account may be referred to a collection agency for further billing effort If patient does indicate inability to pay, we will stop collection efforts and work with patient to complete a financial assistance application We do not file liens, lawsuits, or report to credit agency, until all determination efforts have been exhausted

Identifier	ReturnReference	Explanation
	Part III, Line 9b - Provisions On Collection Practices For Qualified Patients	THE ORGANIZATION HAS A DEBT COLLECTION POLICY WHICH SETS FORTH COLLECTION PRACTICES FOR PATIENTS WHO ARE KNOWN TO QUALIFY OR MAY QUALIFY FOR FINANCIAL ASSISTANCE UNDER THE CHARITY CARE PROGRAM SUFFICIENT FINANCIAL COUNSELING SUPPORT IS MADE AVAILABLE TO PATIENTS SO THEY CAN EASILY ACCESS PATIENT FINANCIAL SERVICE REPRESENTATIVES AND HAVE THEIR QUESTIONS ANSWERED, AND GAIN AN UNDERSTANDING OF THE REASONS WHY THEY OWE A BALANCE ACCOUNTS ARE DESIGNATED AS CHARITY CARE IN THE BUSINESS OFFICES SO NO ADDITIONAL TIME IS SPENT ON COLLECTION EFFORTS

Identifier	ReturnReference	Explanation
	Part III, Line 8 - Explanation Of Shortfall As Community Benefit	THE SHORTFALL ASSOCIATED WITH MEDICARE SHOULD BE CONSIDERED A COMMUNITY BENEFIT FOR SEVERAL REASONS FIRST, IRS REV RUL 69-545, WHICH ESTABLISHED THE COMMUNITY BENEFIT STANDARD FOR NON-PROFIT HOSPITALS, STATES THAT IF A HOSPITAL SERVES PATIENTS WITH GOVERNMENT HEALTH BENEFITS, INCLUDING MEDICARE, THEN THIS IS AN INDICATION THAT THE HOSPITAL OPERATES TO PROMOTE THE HEALTH OF THE COMMUNITY THIS IMPLIES THAT TREATING MEDICARE PATIENTS IS A COMMUNITY BENEFIT SECOND, FOR-PROFIT SPECIALTY HOSPITALS HAVE BEEN CARVING OUT CERTAIN HIGH-MARGIN SERVICES (IE CARDIAC, ORTHOPEDICS, AND ONCOLOGY), LEAVING GENERAL ACUTE CARE HOSPITALS WITH LOWER-MARGIN MEDICARE SERVICES THIS INDICATES THAT MEDICARE LOSSES CAN BE A RESULT OF RENDERING THESE LOWER-MARGIN SERVICES (WHICH BENEFIT THE COMMUNITY) RATHER THAN INEFFICIENT OPERATIONS LASTLY, THE COMMUNITY WHICH THE ORGANIZATION SERVES HAS MEDICARE AS THE LARGEST PAYER THE ORGANIZATION MUST ACCEPT THESE PATIENTS REGARDLESS OF WHETHER THEY MAKE A SURPLUS OR DEFICIT FROM PROVIDING SUCH SERVICES IF THE MEDICARE PARTICIPATION IS PREMISED ON THIS FACT, THEN PROVIDING MEDICARE SERVICES PROMOTES ACCESS TO HEALTHCARE SERVICES WHICH IS A COMMUNITY BENEFIT THE DEMOGRAPHIC OF THE COMMUNITY IS ALSO AN AGING AND UNDERSERVED POPULATION WHO EXPERIENCE ISSUES WITH ACCESS TO HEALTHCARE SERVICES WITHOUT TAX-EXEMPT HOSPITALS PROVIDING MEDICARE SERVICES, CMS WOULD BEAR THE BURDEN OF DIRECTLY PROVIDING SERVICES TO THE ELDERLY

Identifier	ReturnReference	Explanation
	Part III, Line 4 - Bad Debt Expense	NO FOOTNOTE EXISTS IN THE ORGANIZATION'S FINANCIAL STATEMENTS THAT DESCRIBES BAD DEBT EXPENSE BAD DEBT EXPENSE IS RECORDED IN A CONSISTENT MANNER WITH THE ORGANIZATION'S COLLECTIONS POLICIES BAD DEBT EXPENSE INCLUDES ACCOUNTS WHICH ARE WRITTEN OFF AND ESTIMATES MADE ON LIVE ACCOUNTS BASED ON HISTORICAL PAYMENT TRENDS AND ACCOUNT MODELING A NUMBER OF PATIENTS ARE TRULY UNABLE TO PAY THEIR OUT-OF-POCKET LIABILITY, BUT DO NOT COMPLETE THE PROCESS REQUIRED TO APPLY FOR FINANCIAL ASSISTANCE UNDER THE HOSPITAL'S CHARITY CARE POLICY THESE PATIENTS WOULD QUALIFY FOR CHARITY CARE IF THEY COMPLETED THE CHARITY APPLICATION, SO THE BAD DEBT EXPENSE ASSOCIATED WITH TREATING THEM SHOULD BE TREATED AS COMMUNITY BENEFIT THE ADMINISTRATIVE REQUIREMENTS TO DETERMINE WHETHER PATIENTS WHO DO NOT COOPERATE WITH THE FINANCIAL ASSISTANCE PROCESS WOULD HAVE QUALIFIED FOR CHARITY CAN BE BURDENSOME, PARTICULARLY FOR SMALL BALANCES THE ORGANIZATION CONTINUES SERVING PATIENTS EVEN AFTER THE PATIENTS HAVE GENERATED SIGNIFICANT BAD DEBT WHICH IS EVIDENCE THAT THE CARE IS GIVEN FOR COMMUNITY BENEFIT MOTIVATIONS

Identifier	ReturnReference	Explanation
	Part I, Line 7, Column F - Explanation of Bad Debt Expense	BAD DEBT EXPENSE OF $6,358,782 IS EXCLUDED FROM TOTAL OPERATING EXPENSES OF $169,429,142 WHEN CALCULATING PERCENTAGE OF TOTAL EXPENSE IN PART 1, LINE 7, COL F

Identifier	ReturnReference	Explanation
	Part I, Line 7 - Explanation of Costing Methodology	Amounts calculated in Part I, Line 7 are determined both on a cost accounting system and a cost-to-charge ratio Other Benefits are determined based on the direct and indirect costs (where allocated) associated with a program net of earned revenue Detail for each program/activity is maintained and determined at the department level Charity care and means-tested programs are determined based on a cost-to-charge ratio consistent with Worksheet 2, Ratio of Patient Care Cost to Charges

Identifier	ReturnReference	Explanation
	Part I, Line 6a - Related Organization Community Benefit Report	As part of Ministry Health Care, Inc , the organization files an annual community benefit report on its webpage The report can be viewed by visiting www ministryhealth org/MinistryHealth/Community nws

Additional Data

Software ID: 11000144
Software Version: 2011v1.5
EIN: 39-0808443
Name: ST MICHAELS HOSPITAL OF STEVENS POINT INC

Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility (list in order of size from largest to smallest) How many non-hospital facilities did the organization operate during the tax year? **20** Name and address	Type of Facility (Describe)
MINISTRY MEDICAL GROUP OCCUPATIONAL MEDICINE 601 S CENTER AVENUE MERRILL, WI 54452	OCCUPATIONAL HEALTH SERVICES
MINISTRY MEDICAL GROUP OCCUPATIONAL MEDICINE 601 S CENTER AVENUE MERRILL, WI 54452	OCCUPATIONAL HEALTH SERVICES
MINISTRY MEDICAL GROUP OCCUPATIONAL MEDICINE 601 S CENTER AVENUE MERRILL, WI 54452	OCCUPATIONAL HEALTH SERVICES
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MINISTRY MEDICAL GROUP OCCUPATIONAL MEDICINE 601 S CENTER AVENUE MERRILL, WI 54452	OCCUPATIONAL HEALTH SERVICES
MINISTRY MEDICAL GROUP OCCUPATIONAL MEDICINE 601 S CENTER AVENUE MERRILL, WI 54452	OCCUPATIONAL HEALTH SERVICES
MINISTRY MEDICAL GROUP OCCUPATIONAL MEDICINE 601 S CENTER AVENUE MERRILL, WI 54452	OCCUPATIONAL HEALTH SERVICES

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ST MICHAELS HOSPITAL OF STEVENS POINT INC

Employer identification number
39-0808443

Part I General Information on Grants and Assistance

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

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

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

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

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

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . ▶ 0

3 Enter total number of other organizations listed in the line 1 table . . . ▶ 0

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

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
(1) CHRISTIAN WORKPLACE COMMITTEE-EMPLOYEES IN NEED ASSISTANCE	218	23,961			

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

Identifier	Return Reference	Explanation
Grantmaker's Description of How Grants are Used		THE CHRISTIAN WORKPLACE COMMITTEE HELPS EMPLOYEES OF ST MICHAEL'S HOSPITAL OR MINISTRY MEDICAL GROUP WHO EXPERIENCE AN UNEXPECTED PERSONAL LOSS OR CRISIS THE NEED IS DOCUMENTED AND EVALUATED BY COMMITTEE MEMBERS AND ALLOCATED BASED ON FUNDS AVAILABLE CASH IS NOT GIVEN DIRECTLY TO THE EMPLOYEE IN NEED, RATHER FUNDS ARE PROVIDED THROUGH PAYMENTS MADE DIRECTLY TO UTILITY COMPANIES, LANDLORDS, HOSPITALS, ETC GAS AND GROCERY GIFT CARDS ARE PURCHASED TO ENSURE FUNDS ARE USED AS INTENDED THE COMMITTEE ALSO ASSISTS WITH BACK-TO-SCHOOL EXPENSES, HOLIDAY MEAL BASKETS AND CAMP SCHOLARSHIPS

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ST MICHAELS HOSPITAL OF STEVENS POINT INC

Employer identification number
39-0808443

Part I Questions Regarding Compensation

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

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

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) WILLIAM HINNER	(i) (ii)	238,588	56,804	43,311	30,531	16,902	386,136	
(2) JEFFREY MARTIN	(i) (ii)	422,518	208,046	173,647	29,556	16,044	849,811	
(3) GRACE MCBRIDE	(i) (ii)	61,587	2,434	24,948	8,924	6,589	104,482	
(4) DR G DAVIDSON	(i) (ii)	145,948		3,529	3,048	15,860	168,385	
(5) D GROEN	(i) (ii)	136,980		6,549	2,939	20,473	166,941	
(6) C THOMPSON	(i) (ii)	138,270	16,233	120	2,801	8,819	166,243	
(7) ALLEN PENNEBECKER	(i) (ii)	113,299	34,736	69,072	25,432	17,553	260,092	

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
Sch J, Part I, Line 1a	Part I, Line 1a Relevant information in regards to selections on 1a	SOCIAL CLUB DUES PROVIDED ON BEHALF OF JEFFREY MARTIN $ 5,064

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ST MICHAELS HOSPITAL OF STEVENS POINT INC

Employer identification number
39-0808443

Identifier	Return Reference	Explanation
	FORM 990 PART XI QUESTION 2b - AUDIT	MINISTRY HEALTH CARE INC ENGAGES THE SERVICES OF MCGLADREY & PULLEN TO DO A CONSOLIDATED AUDIT OF IT'S HEATH CARE FACILITIES AND RELATED FOUNDATIONS WHILE SAINT MICHAELS HOSPITAL OF STEVENS POINT INC DOES NOT HAVE ITS OWN INDIVIDUAL AUDIT, IT IS PART OF THE CONSOLIDATED AUDIT PERFORMED
	FORM 990 PART IX LINE 24 - OTHER EXPS	EXECUTIVES ARE EMPLOYED BY MINISTRY HEALTH CARE INC (39-1490371) AND THEIR SALARIES AND BENEFITS ARE ALLOCATED TO INDIVIDUAL FACILITIES BASED ON HOURS DEDICATED ST MICHAELS REIMBURSES THE CORPORATE OFFICE FOR ITS SHARE AND THESE EXPENSES ARE INCLUDED ON FORM 990, PART IX, LINE 24 UNDER MHC EXECUTIVE SERVICES PLEASE SEE FORM 990 PART VII SECTION A AND SCHEDULE J FOR ADDITIONAL DISCLOSURES REGARDING EXECUTIVE COMPENSATION
	CLINIC PHYSICIAN SERVICES	ST MICHAELS HOSPITAL IS HOSPITAL-BASED FOR MEDICARE REIMBURSEMENT PURPOSES IT'S PHYSICIAN CLINIC SERVICES ARE PROVIDED BY MINISTRY MEDICAL GROUP (39-1965593) WHOSE PARENT CORPORATION IS MINISTRY HEALTH CARE INC (39-1490371) THESE SERVICES INCLUDE PHYSICIAN SALARIES AND BENEFITS HOSPITAL-BASED REVENUE AND EXPENSES GENERATED BY THE CLINICS ARE INCLUDED ON THIS FORM 990
Form 990, Part VI, Line 19	Form 990, Part VI, Line 19 Other Organization Documents Publicly Available	THE MINISTRY WEB PAGE IS AVAILABLE TO THE PUBLIC FOR INSPECTION WITH A GOOD DEAL OF INFORMATION REGARDING WHO MINISTRY HEALTH CARE IS AND THE ENTITIES INCLUDED ALONG WITH OUR MISSION THE ARTICLES OF INCORPORATION, BYLAWS, CONFLICTS POLICY AND FINANCIAL STATEMENTS ARE NOT INCLUDED ON ANY WEB PAGE HOWEVER, IF AN INQUIRY IS MADE FOR ANY DOCUMENTS THEY ARE SHARED AS APPROPRIATE
Form 990, Part VI, Line 15b	Form 990, Part VI, Line 15b Compensation Review and Approval Process for Officers and Key Employees	THE MINISTRY BOARD OF DIRECTORS HAS A COMPENSATION COMMITTEE THAT IS ASSISTED BY AN INDEPENDENT OUTSIDE CONSULTING FIRM, SULLIVAN COTTER SULLIVAN COTTER, IN PARTNERSHIP WITH THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS, REVIEWS MARKET DATA FOR COMPENSATION AND BENEFITS AND COMPARABILITY DATA ON EVERY MINISTRY HEALTH CARE EXECUTIVE
Form 990, Part VI, Line 12c	Form 990, Part VI, Line 12c Explanation of Monitoring and Enforcement of Conflicts	THE BOARD MEMBERS COMPLETE A "BOARD OF DIRECTORS CONFLICT OF INTEREST & INSIDER TRANSACTION POLICY QUESTIONNAIRE" EACH YEAR A STANDARD ANNUAL REFRESHER IS COMPLETED IN THE FALL EACH YEAR ANY SIGNIFICANT REPORTED ITEMS ARE CORRECTED PROMPTLY THROUGH THE MINISTRY CORPORATE COMPLIANCE OFFICER AND LOCAL ADMINISTRATOR
Form 990, Part VI, Line 11	Form 990, Part VI, Line 11 Form 990 Review Process	FORM 990 IS COMPLETED THROUGH JOINT EFFORTS OF A SHARED FINANCE FUNCTION ALONG WITH GUIDANCE OF LEGAL COUNCIL WHEN DEEMED NECESSARY AND CORPORATE OVERSIGHT THE FORM IS PRESENTED TO THE HOSPITAL'S GOVERNING BODY AT THE BOARD COMMITTEE MEETING THE PRESIDENT AND FINANCE DIRECTOR PRESENT AND BRIEFLY EXPLAIN THE FORM AND ITS PURPOSE
Form 990, Part VI, Line 7b	Form 990, Part VI, Line 7b Describe Decisions of Governing Body Approval by Members or Shareholders	MINISTRY HEALTH CARE INC (39-1490371) AS CORPORATE MEMBER HAS CERTAIN RESERVED POWERS WHICH INCLUDE TO DEFINE LONG-RANGE GOALS, STRATEGIC PLANS AND LONG-TERM OBJECTIVES, TO INITIATE AND APPROVE ALL AMENDMENTS TO THE ARTICLES OF INCORPORATION AND BYLAWS, TO INITIATE AND APPROVE LONG-TERM BORROWING, TO APPROVE ALL CAPITAL AND OPERATING BUDGETS IN EXCESS OF CERTAIN AMOUNTS, TO APPROVE SELECTION AND RETENTION OF INDEPENDENT AUDIT FIRM AND LEGAL COUNSEL AND SUCH OTHER MATTERS AS STATED IN THE CORPORATE BYLAWS
Form 990, Part VI, Line 7a	Form 990, Part VI, Line 7a How Members or Shareholders Elect Governing Body	MINISTRY HEALTH CARE INC (39-1490371) HAS THE POWER TO APPOINT AND REMOVE, WITH OR WITHOUT CAUSE, THE DIRECTORS, AUTHORIZE VACANCIES, AND DETERMINE THE NUMBER OF DIRECTORS
Form 990, Part VI, Line 6	Form 990, Part VI, Line 6 Explanation of Classes of Members or Shareholder	MINISTRY HEALTH CARE INC (39-1490371) IS SOLE CORPORATE MEMBER AND HAS CERTAIN RESERVED POWERS OVER ITS WHOLLY OWNED HEALTH CARE FACILITIES INCLUDING ST MICHAELS HOSPITAL INC

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
ST MICHAELS HOSPITAL OF STEVENS POINT INC

Employer identification number
39-0808443

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) SAINT MICHAELS FOUNDATION OF STEVENS POI 900 ILLINOIS AVENUE STEVENS POINT, WI 54481 39-1657410	FOUNDATION	WI	501(C)(3)	11-1	N/A	Yes	
(2) MINISTRY HEALTH CARE INC 11925 W LAKE PARK DRIVE MILWAUKEE, WI 53224 39-1490371	MANAGEMENT COMPANY	WI	501(C)(3)	11-O	N/A		No

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership

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

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

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

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

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

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

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

Schedule R (Form 990) 2011

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	

Additional Data

Return to Form

Software ID: 11000144
Software Version: 2011v1.5
EIN: 39-0808443
Name: ST MICHAELS HOSPITAL OF STEVENS POINT INC

Form 990, Schedule R, Part V - Transactions With Related Organizations

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)	(d) Method of determining amount involved
(1)	SAINT MICHAELS FOUNDATION OF STEVENS POI	q	116,420	GL DETAIL
(2)	SAINT MICHAELS FOUNDATION OF STEVENS POI	n	141,838	PAYROLL JRNL
(3)	SAINT MICHAELS FOUNDATION OF STEVENS POI	c	86,894	DISB JRNL
(4)	MINISTRY HEALTH CARE INC	q	3,200,000	COST
(5)	MINISTRY HEALTH CARE INC	o	9,421,315	COST
(6)	MINISTRY HEALTH CARE INC	n	7,839,811	PAY RECORDS
(7)	MINISTRY HEALTH CARE INC	ı	265,820	SQ FTG FMV
(8)	MINISTRY HEALTH CARE INC	e	5,047,942	PRINCIPAL PYMTS

Ministry Health Care, Inc. and Affiliates

Consolidated Financial Statements as of and for the Years Ended September 30, 2012 and 2011, and Independent Auditor's Report

MINISTRY HEALTH CARE, INC. AND AFFILIATES

TABLE OF CONTENTS

McGladrey

Independent Auditor's Report

To the Board of Directors of
Ministry Health Care, Inc

We have audited the accompanying consolidated balance sheets of Ministry Health Care, Inc and Affiliates (collectively the "Corporation") as of September 30, 2012 and 2011, and the related consolidated statements of operations, changes in total net assets, and cash flows for the years then ended These consolidated financial statements are the responsibility of the Corporation'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 of America Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation We believe that our audits provide a reasonable basis for our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Ministry Health Care, Inc and Affiliates as of September 30, 2012 and 2011, and the results of their operations, changes in their total net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America

McGladrey LLP

Milwaukee, Wisconsin
January 25, 2013

Ministry Health Care, Inc. and Affiliates

Consolidated Balance Sheets
As of September 30, 2012 and 2011
(In thousands)

	2012	2011
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 299,429	$ 178,080
Assets limited as to use (Note 4)	42,018	43,375
Net patient accounts receivable — less allowances for uncollectible accounts and charity care of $46,533 in 2012 and $37,955 in 2011 (Note 11)	205,715	160,421
Other current assets (Note 15)	81,378	63,712
Total current assets	628,540	445,588
ASSETS LIMITED AS TO USE (Notes 3 and 4)		
Under trust and bond indenture	54,986	51,812
Board restricted	685,742	523,443
Other restricted	65,455	59,942
Total assets limited as to use	806,183	635,197
PROPERTY AND EQUIPMENT — Net (Note 5)	667,490	485,413
INVESTMENTS IN AFFILIATES AND OTHER ASSETS (Notes 1 and 15)	29,868	139,031
LEASE RECEIVABLE (Note 8)	21,617	22,939
TOTAL	$ 2,153,698	$ 1,728,168

(Continued)

Ministry Health Care, Inc. and Affiliates

Consolidated Balance Sheets (Continued)
As of September 30, 2012 and 2011
(In thousands)

	2012	2011
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current installments of long-term debt (Note 6)	$ 18,547	$ 14,934
Long-term debt being remarketed (Note 6)	30,595	32,225
Accounts payable, accrued expenses, and other liabilities (Note 2)	176,855	127,506
Medical claims liability (Note 10)	84,335	-
Estimated amounts due to third-party payors (Note 9)	14,548	23,565
Total current liabilities	324,880	198,230
LONG-TERM LIABILITIES (Notes 7 and 14)	125,247	63,919
LONG-TERM DEBT — Less current installments, debt being remarketed, and unamortized bond discount/premium (Note 6)	669,124	560,805
Total liabilities	1,119,251	822,954
COMMITMENTS AND CONTINGENCIES (Notes 5, 8, 14 and 18)		
NET ASSETS (Notes 4, 16, and 18)		
Unrestricted	970,174	855,066
Temporarily restricted	15,709	8,113
Permanently restricted	48,564	42,035
Total net assets	1,034,447	905,214
TOTAL	$ 2,153,698	$ 1,728,168

See Notes to Consolidated Financial Statements

Ministry Health Care, Inc. and Affiliates

Consolidated Statements of Operations
For the Years Ended September 30, 2012 and 2011
(In thousands)

	2012	2011
REVENUES		
Net patient service revenue (Notes 9 and 12)	$ 1,240,113	$ 1,114,102
Premium revenue	522,609	-
Other operating revenue (Notes 2 and 9)	58,629	51,107
Total revenue	1,821,351	1,165,209
EXPENSES		
Salaries and wages	591,827	454,514
Employee benefits (Notes 2 and 14)	168,013	125,637
Medical claims expense (Note 10)	355,116	-
Medical and surgical supplies	109,592	94,377
Drugs	47,700	42,222
Other expenses (Note 9)	321,127	244,393
Provision for bad debts	49,389	36,225
Depreciation and amortization (Note 5)	72,215	60,290
Interest (Note 2)	16,954	15,575
Total expenses	1,731,933	1,073,233
INCOME FROM OPERATIONS	89,418	91,976
NON-OPERATING GAINS (LOSSES)		
Excess of fair value over recorded value of affiliate (Note 1)	4,547	-
Other — net (Notes 2, 4, and 6)	(4,433)	7,694
EXCESS OF REVENUE OVER EXPENSES	$ 89,532	$ 99,670

See Notes to Consolidated Financial Statements

Ministry Health Care, Inc. and Affiliates

Consolidated Statements of Changes in Total Net Assets
For the Years Ended September 30, 2012 and 2011
(In thousands)

	2012	2011
UNRESTRICTED NET ASSETS		
Excess of revenue over expenses	$ 89,532	$ 99,670
Change in net unrealized gains and losses on investments (Note 4)	49,240	7,946
Net assets released from restrictions for capital	160	4,302
Increase in pension liability (Note 13)	(14,391)	-
Redemption of noncontrolling interest (Note 1)	(20,000)	-
Other	10,567	(3,071)
Increase in unrestricted net assets	115,108	108,847
TEMPORARILY RESTRICTED NET ASSETS		
Restricted contributions	4,523	2,658
Change in net unrealized gains and losses on investments (Note 4)	818	(249)
Net assets released from restrictions	(2,059)	(6,180)
Adjustment due to sole sponsorship of affiliate (Note 1)	4,747	-
Change in interest of net assets of Foundations (Note 15)	(433)	(16)
Increase (decrease) in temporarily restricted net assets	7,596	(3,787)
PERMANENTLY RESTRICTED NET ASSETS		
Contributions	91	37
Adjustment due to sole sponsorship of affiliate (Note 1)	1,809	-
Investment return, change in net unrealized gains and losses on trust assets and other (Note 4)	4,629	(2,111)
Increase (decrease) in permanently restricted net assets	6,529	(2,074)
INCREASE IN TOTAL NET ASSETS	129,233	102,986
NET ASSETS		
Beginning of year	905,214	802,228
End of year	$ 1,034,447	$ 905,214

See Notes to Consolidated Financial Statements

Ministry Health Care, Inc. and Affiliates

Consolidated Statements of Cash Flows
For the Years Ended September 30, 2012 and 2011
(In thousands)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in total net assets	$ 129,233	$ 102,986
Adjustments to reconcile increase in total net assets to net cash provided by operating activities		
Depreciation and amortization	72,215	60,290
Provision for bad debts	49,389	36,225
(Gain) loss from sales of property and equipment	201	(25,347)
Decrease in investments in unconsolidated affiliates	(65,979)	(1,631)
Change in net unrealized losses/(gains) on investments and losses on investments other-than-temporarily impaired	(54,375)	8,973
Restricted contributions	(4,614)	(2,695)
Interest rate swaps	(1,557)	8,159
Change in pension liability	14,391	-
Excess of fair value over recorded value of affiliate	(4,547)	-
Redemption of noncontrolling interest	20,000	-
Adjustment due to sole sponsorship of affiliate	(6,556)	-
Changes in operating assets and liabilities, before acquisition of affiliate (Note 1)		
Patient accounts receivable	(44,079)	(48,780)
Accounts payable, accrued expenses, and other liabilities	12,865	(4,811)
Estimated amounts due to third-party payors	(9,848)	8,648
Other assets and liabilities	20,693	327
Net cash provided by operating activities	127,432	142,344
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investments in unconsolidated affiliates	-	(23,054)
Purchase of affiliate, net of cash acquired	(26,198)	-
Additions to property and equipment	(91,724)	(53,025)
Purchases of investments	(47,034)	(265,443)
Proceeds from sales or maturities of investments	61,032	147,810
Change in interest of trust	-	338
Proceeds from sales of property and equipment	1,581	30,391
Net cash used in investing activities	(102,343)	(162,983)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	296,298	1,987
Payments on long-term debt	(188,967)	(14,200)
Redemption of noncontrolling interest	(20,000)	-
Adjustment due to sole sponsorship of affiliate	6,556	-
Debt issuance costs	(2,241)	-
Restricted contributions	4,614	2,695
Net cash provided by (used in) financing activities	96,260	(9,518)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	121,349	(30,157)
CASH AND CASH EQUIVALENTS		
Beginning of year	178,080	208,237
End of year	$ 299,429	$ 178,080
THE NET CHANGE IN CASH, CASH EQUIVALENTS, AND ASSETS LIMITED AS TO USE IS AS FOLLOWS		
Net increase (decrease) in cash and cash equivalents	$ 121,349	$ (30,157)
Net increase in assets limited as to use	160,841	104,483
(Decrease) increase in collateral under securities lending program	(11,052)	11,052
NET INCREASE	$ 271,138	$ 85,378

(Continued)

Ministry Health Care, Inc. and Affiliates

Consolidated Statements of Cash Flows (Continued)
For the Years Ended September 30, 2012 and 2011
(In thousands)

	2012	2011
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	$ 21,650	$ 25,222
Cash paid for income taxes	4,991	-
NONCASH INVESTING ACTIVITIES		
Additions to property and equipment in accounts payable	$ 3,665	$ 1,953
Acquisition of affiliate		
Acquisition price	$ 147,500	
Less Cash acquired	(121,302)	
Acquisition price, net of cash acquired	$ 26,198	
Net assets acquired (Note 1)		
Fair value of assets acquired	$ 502,103	
Fair value of liabilities assumed	(174,302)	
Net assets acquired	$ 327,801	

See Notes to Consolidated Financial Statements

1. ORGANIZATION AND BASIS FOR CONSOLIDATION

Ministry Health Care, Inc ("Ministry") is a Wisconsin non-stock, tax-exempt corporation that manages, promotes and supports the health care and related ministries of the Milwaukee region of the Sisters of the Sorrowful Mother ("SSM") The sole corporate member of Ministry is Marian Health System, Inc ("Marian"), which is primarily governed by members of the SSM Congregation

The consolidated financial statements include the accounts of Ministry and certain of the following affiliates which Ministry is the sole sponsor Ministry also co-sponsors certain affiliates which are accounted for under the equity method of accounting (except as described below) Collectively these entities are referred to as Ministry

Affiliate Organization	Location
Solely Sponsored	
Affinity Health System	
Calumet Medical Center (CMC)	Chilton, WI
Network Health System (NHS)	
Affinity Medical Group	Fox Valley of Wisconsin
Network Health Plan (NHP)	Fox Valley of Wisconsin
Network Health Insurance Corporation (NHIC)	Fox Valley of Wisconsin
Mercy Medical Center	Oshkosh, WI
St Elizabeth Hospital	Appleton, WI
Agape Community Center	Milwaukee, WI
Door County Memorial Hospital	Sturgeon Bay, WI
Good Samaritan Health Center	Merrill, WI
Howard Young Health Care, Inc	
Howard Young Medical Center, Inc	Woodruff, WI
Eagle River Memorial Hospital, Inc	Eagle River, WI
Ministry Home Care	
Ministry Home Care Services	Various in Wisconsin
Ministry Medical Group	
Northern Region	Various in Wisconsin
Central Region	Various in Wisconsin
Our Lady of Victory Hospital	Stanley, WI
Sacred Heart Hospital	Tomahawk, WI
Saint Clare's Hospital	Weston, WI
St Elizabeth's Hospital	Wabasha, MN
St Joseph's Hospital	Marshfield, WI
St Mary's Hospital	Rhinelander, WI
St Michael's Hospital	Stevens Point, WI
Co-Sponsored	
Diagnostic and Treatment Center	Weston, WI
Flambeau Hospital and Price County Clinics	Park Falls and Phillips, WI

NHP and NHIC are for-profit entities selling health insurance products to organizations within Northeastern Wisconsin

Ministry and Wheaton Franciscan Healthcare, Inc ("WFH") operated an integrated health care delivery system in the Fox Valley of Wisconsin through Affinity Health System, Inc ("Affinity") Ministry and WFH established common management of Affinity and its affiliates Ministry and WFH were equal corporate members of Affinity As the corporate members of Affinity, Ministry and WFH had certain reserve powers over Affinity and indirectly over the other Affinity affiliates In addition, Ministry exclusively held selected reserved powers over Mercy Medical Center ("Mercy")

Effective February 8, 2012, Ministry purchased the 50 percent ownership of Affinity previously held by WFH for an aggregate purchase price of $167,500 Affinity continues to maintain its local board of directors and mission of providing quality healthcare to the communities served, especially the poor This acquisition allows Ministry to continue its mission of providing cost efficient care to area communities This transition was accounted for in accordance with the guidance in Not-For-Profit Entities Mergers and Acquisitions The operating results of the acquired entities have been included in the consolidated financial statements since the date of the acquisition

Prior to the acquisition, the collective excess of revenue over expenses plus depreciation of Mercy Medical Center and St Elizabeth Hospital were shared equally between Ministry and WFH Because Ministry held selected reserved powers over Mercy, the prior consolidated financial statements include the balance sheet, results of operations, and cash flows of Mercy, adjusted for the impact of the aforementioned income sharing Ministry also recorded its 50 percent sponsorship interest in Calumet Medical Center and NHS on the equity method, which was recorded as investments in affiliates on the consolidated balance sheet The equity method amount recorded in the 2012 consolidated financial statements reflects the activity from October 1, 2011 through February 8, 2012 The amounts of excess of revenue over expenses related to Affinity reflected in the consolidated financial statements for the years ended September 30, 2012 and 2011 were $3,503 (October 1, 2011 to February 8, 2012) and $9,559, respectively

Prior to the sole sponsorship transaction, Mercy had notes receivable from Affinity of $255,721 These notes receivable were eliminated by adjusting Ministry's investment in Affinity of $(79,967) to $175,754 This adjusted value was then remeasured to the investment in Affinity at fair value of $144,000, resulting in a remeasurement loss of $31,754

The fair value of Affinity and the ownership interest previously held by Ministry were based on Ministry's estimate of the fair value at the transaction date Ministry engaged an independent valuation firm to assist in the determination of the fair value The purchase price was then allocated to Mercy and the remainder of Affinity based on their relative fair value to Affinity as a whole The fair value of the health care providers (hospitals and clinics) was determined using a discounted cash flow approach, and the fair value of NHP was determined using a weighted average of a discounted cash flow valuation (37 5 percent) and market based valuations derived by examining comparable companies and comparable transactions (62 5 percent)

Ministry purchased the remaining noncontrolling interest in Mercy as part of this transaction The purchase price allocated to the redemption of the noncontrolling interest in Mercy based on Mercy's relative fair value to Affinity as a whole was determined to be $20,000 Because there was no change in control over Mercy as a result of this transaction, the redemption of the noncontrolling interest was recorded as a charge to net assets

The following represents the consideration given to Wheaton in exchange for its 50 percent ownership of Affinity, the fair value at time of sale and related gain

Consideration transferred	$	147,500
Fair value of 50% previously owned		144,000
Bargain purchase gain recognized		36,301
Fair value of net assets acquired	$	327,801

In accordance with the accounting guidance in Not-For-Profit Entities Mergers and Acquisitions, Ministry remeasured its previously held 50 percent interest in Affinity after the note receivable elimination discussed above at fair value and recognized a net non-operating gain of $4,547 (bargain purchase gain of $36,301 less remeasurement loss of $31,754) as excess of fair value over recorded value of affiliate on the consolidated statement of operations The bargain purchase gain arose because the purchase price was negotiated with Wheaton, another Catholic health system committed to the same service-based mission as Ministry

Affinity had a note payable to Wheaton in the amount of $52,565 that was paid off on February 8, 2012 This was included in the consideration transferred

The fair value of Affinity's assets and liabilities acquired were estimated by management based on quoted market prices, actuarial calculations and third-party appraisals for material property and equipment The following is a summary of the net estimated fair value of assets acquired and liabilities assumed

Cash	$	121,302
Patient accounts receivable, net of amounts not expected to be collected of $8,889		50,604
Other current assets		24,382
Assets limited as to use, primarily investments		
Board restricted		135,877
Other restricted		4,427
Property and equipment		161,327
Investments in affiliates and other assets		1,799
Accounts payable, accrued expenses, and other liabilities		(44,602)
Medical claims payable		(70,505)
Estimated amounts due to third-party payors		(831)
Long-term liabilities, primarily pension liability		(55,979)
Total	$	327,801

Net assets acquired include temporarily restricted net assets of $4,747 and permanently restricted net assets of $1,809 and exclude intercompany debt between the acquired entity and Ministry of $81,535

The following financial information attributable to the acquired entities since the acquisition date is included in the consolidated financial statements This excludes Mercy Medical Center which was previously a component of the consolidated Ministry group

	2012
Total revenue	$ 664,365
Excess of revenues over expenses	8,324
Changes in unrestricted net assets	2,337
Changes in temporarily restricted net assets	85
Changes in permanently restricted net assets	57

The following presents unaudited consolidated pro forma financial information for the years ended September 30, 2012 and 2011 as if the closing of the acquisition of Affinity had occurred on October 1, 2010

	2012	2011
Total revenue	$ 2,131,910	$ 2,004,587
Excess of revenues over expenses	87,422	108,511
Changes in unrestricted net assets	139,541	(3,751)
Changes in temporarily restricted net assets	3,495	(1,757)
Changes in permanently restricted net assets	4,734	(1,826)

The unaudited consolidated pro forma financial information is not necessarily indicative of the results of operations that would have occurred if the affiliation had been completed on the date indicated, nor is it indicative of future operating results Total transaction costs related to the acquisition of $1,691 have been recorded in other non operating gains (losses) – net

Ministry had a 7 percent note receivable from Affinity in the amount of $13,900 as of September 30, 2011 Ministry also had another note receivable with Affinity bearing interest of 6 percent in the amount of $26,262 as of September 30, 2011 These notes, along with other advances to Affinity, which totaled $106,064 at September 30, 2011, are included in investments in affiliates and other assets in the accompanying consolidated balance sheet Upon Ministry's purchase of the remaining interest in Affinity effective February 8, 2012, all intercompany balances between Ministry and Affinity are eliminated in consolidation

Ministry is one of two corporate members of Flambeau Hospital, Inc ("Flambeau Hospital") and shares certain contractual reserved powers over two physician clinics in Flambeau Hospital's service area (collectively, "Price County") Marshfield Clinic is the other corporate member and serves as the managing member Ministry and Marshfield Clinic jointly govern Price County Ministry accounts for Price County on the equity method The amounts of excess of revenue over expenses related to Price County reflected in the consolidated financial statements for the years ended September 30, 2012 and 2011 were $302 and $696, respectively Ministry's investment in Price County was $3,712 and $3,420 at September 30, 2012 and 2011, respectively

Saint Clare's Hospital ("Saint Clare's") is a 107 bed hospital located in Weston, Wisconsin which opened in October 2005 Ministry also operates a medical office building on the Saint Clare's campus The Diagnostic and Treatment Center ("DTC") is a corporation formed to provide the majority of the ancillary services on the campus Saint Clare's and Marshfield Clinic are the two equal corporate members of the DTC The DTC is accounted for on the equity method The amounts of excess of revenue over expenses related to the DTC reflected in the consolidated financial statements for the years ended September 30, 2012 and 2011 were $7,091 and $6,953 respectively Ministry's investment in the DTC was $4,955 and $4,865 at September 30, 2012 and 2011, respectively

Entities of which Ministry controls 50 percent are presented on the equity method of accounting Ministry's share of the results of operations of entities accounted for on the equity method are included in other expenses, other operating revenue, or non-operating gains (losses) – net, as appropriate, in the accompanying consolidated statements of operations

All significant intercompany accounts and transactions have been eliminated in preparing the consolidated financial statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates — The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements Estimates also affect the reported amounts of revenue and expenses during the reporting period Actual results could differ from those estimates and are subject to change in the near term

Cash and Cash Equivalents — Cash and cash equivalents, some of which are classified as assets whose use is limited, include certain investments in highly liquid debt instruments with original maturities of three months or less

Ministry maintains its cash in bank deposit accounts, which at times may exceed federally insured limits Management regularly monitors Ministry's cash balances along with the financial condition of the financial institutions to minimize this potential risk

Accounts Receivable — Patient accounts receivable are stated at net realizable value Ministry maintains allowances for uncollectible accounts and estimated losses resulting from a payor's inability to make payments on accounts Ministry estimates the allowance for uncollectible accounts based upon management's evaluation of the collectability of its accounts receivable based on factors such as the length of time the receivable is outstanding, payor class, historical experience, trends in healthcare coverage, and business and economic conditions Accounts receivable are written off against the allowance for doubtful accounts when they are deemed uncollectible Recoveries of receivables previously written off are recorded as a reduction of the provision for uncollectible accounts when received Patient receivables, where a third-party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual adjustments or discounts provided to third-party payors The past due status of receivables is determined on a case-by-case basis depending on the payor responsible Interest is generally not charged on past due accounts Receivables or payables related to estimated settlements on various payor contracts, primarily Medicare and Medicaid, are reported as amounts due from or to third-party programs Significant changes in payor mix, business office operations, economic conditions or trends in federal and state governmental health care coverage could affect Ministry's collection of accounts receivable, cash flows and results of operations

Assets Limited as to Use — Assets limited as to use include assets restricted by donors, assets held by trustees under indenture agreements, and assets designated by the boards or management Amounts available to meet current liabilities are classified as current assets

Investments and Investment Income — Investments in equity and debt securities are measured at fair value The fair value of investments is disclosed in Note 3 Investment income or loss (including realized gains and losses on investments, interest and dividends unless the income is restricted by donor or law) is included in the excess of revenue over expenses Unrealized gains and losses on investments, all of which are other than trading securities, are excluded from the excess of revenue over expenses Management periodically assesses investments for impairment in cases where market value has been below cost for either an extended period of time or by a significant amount Other-than-temporary declines in the fair market value of investments are recorded as non-operating gains (losses) - net in the consolidated statements of operations

Securities Held Under Repurchase Agreements — Ministry has entered into a repurchase agreement with a bank, whereby the Corporation authorizes the bank to transfer excess deposits for the purpose of purchasing certain U S government obligations (see Note 4) Ministry simultaneously agrees to resell, and the bank agrees to repurchase, such securities on a daily basis in amounts sufficient to maintain a minimum cash balance As consideration for the arrangement, Ministry receives a rate of return on the related securities The agreement can be terminated at any time without penalty to Ministry Amounts transferred to purchase securities are not deposits and therefore are not insured by the Federal Deposit Insurance Corporation

Inventory — Inventory of supplies, included in other current assets, is stated at the lower of cost (first-in, first-out) or market

Property and Equipment — Property and equipment are recorded at cost Donated property and equipment are recorded at fair value at the date of donation Interest costs incurred on borrowed funds during the period of construction are capitalized as a component of the cost of acquiring those assets Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method Equipment under capital lease obligations is amortized on the straight-line method over the shorter of the lease term or the estimated useful life of the equipment

Ministry periodically assesses the recoverability of long-lived assets (including property and equipment and intangibles) when indications of potential impairment exist Management considers such factors as current results, trends, market conditions, future prospects and other economic factors in determining the impairment of an asset Ministry did not record any property impairment losses in 2012 or 2011

Effective June 1, 2011, the Corporation sold the assets related to its outpatient dialysis services to a third-party In connection with the Corporation's disposal of those assets, it recognized a net gain of $26,771 during the year ended September 30, 2011, recorded within non-operating gains (losses) – net Ministry recorded $8,737 of operating revenue and $387 of a net loss in relation to the outpatient dialysis services for the year ended September 30, 2011 The carrying amount of the Property and Equipment – Net and Other Current Assets included as part of the disposed component was $977 and $407, respectively

Investments in Non-Consolidated Affiliates — Investments in affiliates which are not consolidated are accounted for under the equity method of accounting Under the equity method of accounting, Ministry's share of the income or loss of the affiliate is recorded in other operating revenue, other operating expenses, or non-operating gains (losses) - net in the accompanying consolidated statements of operations

Swap Agreements — Ministry has a program to actively manage its interest cost and exposure to interest rate movements through the use of swaps The program seeks to achieve lower interest cost consistent with an acceptable level of risk given varying interest rate environments Swaps are related to existing outstanding debt or investments Ministry's swaps do not qualify for hedge accounting treatment and accordingly are recorded at fair value as an asset or liability with the change in fair value recorded in non-operating gains (losses) - net

Ministry formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking swap transactions This process includes linking all interest rate swap agreements to specific assets or liabilities on the balance sheet

Pension Plan — Ministry recognizes the funded status of its solely-sponsored defined benefit pension plan in the consolidated balance sheet, with a corresponding adjustment to unrestricted net assets The adjustment to unrestricted net assets represents the net unrecognized actuarial gains and losses These amounts are amortized as net periodic benefit cost

Temporarily and Permanently Restricted Net Assets — Temporarily restricted net assets are those whose use by Ministry has been limited by donors to a specific time period or purpose Permanently restricted net assets have been restricted by donors to be maintained by Ministry in perpetuity and only the income from the investment of the principal can be expended Substantially all temporarily restricted net assets consist of funds for capital projects and other donor designated programs

When a donor restriction expires, such as when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as other operating revenue or in the statements of changes in total net assets as net assets released from restrictions Unrestricted contributions and donor-restricted contributions for operating purposes whose restrictions are met in the same year as received are reported as other operating revenue

Revenue — Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered Reimbursable amounts from third-party payors are estimated in the period the related services are rendered and adjusted in future periods as final settlements are determined Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined Laws and regulations regarding government and other payment programs are complex and subject to interpretation As a result, there is a reasonable possibility that recorded estimated settlements could change by a material amount

Other operating revenue (i e , rental, retail pharmacy, cafeteria, and dietary revenue and net assets released from restrictions for operations) consists of revenue that is integral to operations but not directly related to patient care

Premiums are due to NHP and NHIC in advance of their respective coverage periods and are recognized as revenue in the period in which NHP and NHIC are obligated to provide services to members Membership contracts are on a yearly basis subject to cancellation by the subscriber or NHP/NHIC upon 90 days written notice Premiums received in advance are included in accrued expenses and other liabilities in the consolidated balance sheets and totaled $3,264 at September 30, 2012

Contributions — Unrestricted contributions are recorded as other income, restricted contributions are recorded as additions to restricted net asset balances Unconditional promises to give are reported at fair value at the date the pledge is received Conditional promises to give are reported at fair value when the conditions on which they depend are substantially met Contributions of property, plant, and equipment are recorded as temporarily restricted net assets at the fair value as of the date of the contribution Upon expenditure in accordance with a donor's restrictions and when the asset is placed in service, net assets restricted for capital acquisitions are reported as direct additions to unrestricted assets, and assets restricted for operating purposes are reported as an increase to other operating revenue

Health Care Services Cost — Medical claims expense includes health care services costs for fees charged by nonaffiliated physicians, hospitals, and other providers for health care services provided to NHP and NHIC members NHP and NHIC reimburse nonaffiliated hospitals at fee for service or percent of charges if contracted with a national preferred provider organization (PPO) network, and other nonaffiliated providers using fee for service, percent of charges, or usual and customary fee schedules

At September 30, 2012, medical claims payable to nonaffiliated entities totaled $84,335 and are recorded as medical claims liability in the accompanying consolidated balance sheet This liability represents the estimated ultimate net cost of all reported and unreported claims incurred through September 30 and is based on historical experience Those estimates are subject to the effects of trends in claim severity and frequency Although considerable variability is inherent in such estimates, management believes that the liability for medical claims payable is adequate The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known, such adjustments are included in income from operations

Reinsurance — Reinsurance premiums are reported as expenses when incurred Reinsurance recoveries are reported as reductions to expense when received or accrued as a receivable NHP recorded reinsurance premiums expense of $2,685 and reinsurance recoveries of $2,921 during the period ended September 30, 2012

Loss Contracts — NHP enters into contracts to provide identified healthcare services to group members for specified periods (generally one year) in return for fixed insurance premiums NHP recognizes, in the year of contractual commitment, any losses on these contracts when it is probable that expected future healthcare costs and maintenance costs under a group of existing contracts will exceed anticipated future premiums and recoveries on those contracts At September 30, 2012 no losses on such contracts were determined to be probable, therefore, no loss was accrued

Employee Health Care Benefits — Ministry converted its employee health benefit to a self-funded product effective January 1, 2011 Premiums previously paid to a third-party and expensed totaled $16,179 for the year ended September 30, 2011 Total expenses under the self-funded arrangement were $80,154 and $39,048 for the years ended September 30, 2012 and 2011, respectively Coverage available to employees under the plan has not changed To limit the losses on individual claims, Ministry has entered into a stop-loss insurance agreement on non-domestic claims with a third-party on both medical and pharmaceutical claims at a $750 individual claim deductible level The Affinity plan has a stop-loss deductible insurance agreement at $375 per employee individual claim

Interest Expense — Interest expense of approximately $7,827 and $10,156 in 2012 and 2011, respectively, related to the proceeds of various bond issues, is recorded as a non-operating expense (included in non-operating gains (losses) – net) because the related proceeds have not been expended for use in operations All other interest expense is recorded as an operating expense

Deferred Financing Expenses and Amortization of Bond Discount/Premium — The deferred financing costs and original issue discount/premium in conjunction with the issuance of long-term debt are amortized over the terms of the respective debt issues using the effective interest method Amortization of certain financing costs is recorded as operating expense Amortization of other financing costs is recorded as a non-operating expense (included in non-operating gains (losses) – net) because, generally, these loan proceeds have not been expended for use in operations

Excess of Revenue over Expenses — The consolidated statements of operations include the excess of revenue over expenses Changes in unrestricted net assets which are excluded from the excess of revenue over expenses, consistent with industry practice, include changes in unrealized gains and losses on investments except for unrealized losses on investments deemed other-than-temporarily impaired, capital contributions, pension-related changes other than net periodic pension cost, and other items required by generally accepted accounting principles to be reported as a component of the change in unrestricted net assets

For purposes of presentation, transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as revenue and expenses Peripheral or incidental transactions are reported as non-operating gains or losses

Federal Income Taxes — Ministry and its affiliates, except NHP and NHIC, are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and are exempt from federal income taxes pursuant to Section 501(a) of the Code These organizations are, however, subject to federal and state income taxes on any net unrelated business income under the provisions of Section 511 of the Code

NHP and NHIC account for income taxes using the asset and liability method Under this method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases

Ministry recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position Examples of tax positions for Ministry's not-for-profit corporations include their tax-exempt status and various positions related to the potential sources of unrelated business taxable income (UBIT) The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement

Risks and Uncertainties — Ministry utilizes various investment instruments, including mutual funds and investment contracts Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements

Subsequent Events — Management of Ministry has evaluated all material subsequent events requiring disclosure or recognition in the consolidated financial statements through January 25, 2013, which was the date the consolidated financial statements were issued

Ministry's parent organization, Marian Health Care, has entered into a memorandum of understanding with Ascension Health to merge assets and liabilities of both organizations The transaction is expected to be finalized by end of the 2013 fiscal year

Pending Accounting Standards — In July 2011, the FASB issued ASU 2011-07, Health Care Entities (Topic 954) – Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities ASU 2011-07 requires health care entities that recognize significant amounts of patient service revenue at the time the services are rendered even though they do not assess the patient's ability to pay, 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 (net of contractual allowances and discounts) Additionally, ASU 2011-07 requires those health care entities to provide enhanced disclosure about their policies for recognizing revenue and assessing bad debts, disclosures of patient service revenue (net of contractual allowances and discounts) as well as qualitative and quantitative information about changes in the allowance for doubtful accounts The provisions of ASU 2011-07 are effective for fiscal years and interim periods within those years ending after December 15, 2012, with early adoption permitted The changes to the presentation of the provision for bad debts related to patient service revenue in the statement of operations should be applied retrospectively to all prior periods presented Ministry is assessing the impact of the implementation of ASU 2011-07 on its financial statements

In July 2011, the FASB issued guidance on fees paid to the federal government by health insurers The objective of this guidance is to address how health insurers should recognize and amortize fees mandated by the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act These amendments specify that the liability for the fee should be estimated and accrued in the applicable calendar year in which the fee is payable with a corresponding deferred cost The deferred cost is amortized to expense using the straight-line method over the calendar year that it is payable unless another method more appropriately allocates the fee These amendments are effective for calendar years beginning after December 31, 2013, when the fee initially becomes effective Ministry is assessing the impact of the implementation of ASU 2011-07 on its financial statements

3. FAIR VALUE MEASUREMENTS

Ministry applies the *Fair Value Measurements and Disclosures* Topic of the Accounting Standards Codification 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 The fair value hierarchy applies to all financial instruments that are being measured and reported on a fair value basis, and it ranks the quality and reliability of the information used to determine fair values Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories

Level 1 – Quoted market prices in active markets for identical assets and liabilities

Level 2 – Observable market prices based on inputs or unobservable inputs that are corroborated by market data

Level 3 – Unobservable prices based on inputs that are not corroborated by market data Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities

The assets and liabilities measured at fair value on a recurring basis are investments and interest rate swap agreements The fair values of Ministry's investments included in Level 1 were determined through quoted prices in active markets Shares of mutual funds are valued at quoted market prices, which represent the net asset value of shares held by Ministry at year-end The fair values of the Level 2 investments are primarily determined using quoted prices for similar assets in active markets and other inputs from observable market data Components of Level 2 investments are recorded at net asset value, which is based on the fair value of the respective fund's underlying investments

The beneficial interest in trust is recorded at fair value based on the underlying value of the assets in the trust The trust reported as Level 3 is a perpetual trust managed by a third-party and is invested in mutual funds and other securities that are traded in active markets with observable inputs, which would result in Level 1 or Level 2 hierarchal reporting However, considering the restrictive nature of the trust, Ministry has classified the asset as Level 3 The fair values of Level 3 hedge funds are based on the net asset value, which is based on the fair value of the underlying investments The fair value of the Level 3 interest rate swap agreements were determined through dealer counterparties and other independent market sources in addition to unobservable non-performance risk assumptions Due to the volatility of the capital markets, there is a reasonable possibility of significant changes in fair value and additional gains or losses in the near term subsequent to September 30, 2012

These methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values Furthermore, while Ministry believes these valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value as of the reporting date

The tables below and the next page present the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy as of September 30, 2012 and 2011

	2012			
	Assets and Liabilities Measured at Fair Value			
	Total	Level 1	Level 2	Level 3
Assets				
Assets limted as to use				
U S government and agency securities	$ 315,500	$ -	$ 315,500	$ -
Corporate bonds and asset backed securities	9,424	-	9,424	-
Mutual funds				
Money market	22,596	22,596	-	-
Fixed income	31,778	31,778	-	-
Balanced funds	11,272	11,272	-	-
Small cap	5,951	5,951	-	-
Mid cap	4,934	4,934	-	-
Large cap	16,428	16,428	-	-
International	5,909	5,909	-	-
Growth	3,296	3,296	-	-
Common trust funds				
U S Equity Fund	216,448	-	216,448	-
International Equity Fund	42,711	-	42,711	-
Bond Index Funds	24,577	-	24,577	-
Long-term certificates of deposit	1,038	1,038	-	-
Other	1,029	-	-	1,029
Beneficial interest in trust	40,021	-	-	40,021
Total	$ 752,912	$ 103,202	$ 608,660	$ 41,050
Liabilities				
Interest rate swaps	$ 25,737	$ -	$ -	$ 25,737

	2011			
	Assets and Liabilities Measured at Fair Value			
	Total	Level 1	Level 2	Level 3
Assets				
Assets limited as to use				
U S government and agency securities	$ 223,631	$ -	$ 223,631	$ -
Corporate bonds and asset backed securities	1,778	-	1,778	-
Tax-exempt variable rate demand bonds	14,985	-	14,985	-
Mutual funds				-
Money market	7,968	7,968	-	-
Fixed income	30,173	30,173	-	-
Balanced funds	5,678	5,678	-	-
Small cap	3,726	3,726	-	-
Mid cap	1,861	1,861	-	-
Large cap	6,624	6,624	-	-
International	1,130	1,130	-	-
Growth	2,518	2,158	-	-
Common trust funds				
U S Equity Fund	164,039	-	164,039	-
International Equity Fund	37,126	-	37,126	-
Bond Index Funds	47,989	-	47,989	-
Securities pledged under securities lending agreement	10,837	10,837	-	-
Beneficial interest in trust	35,451	-	-	35,451
Total	$ 595,514	$ 70,155	$ 489,548	$ 35,451
Liabilities				
Payable under securities lending agreement	$ 11,052	$ 11,052	$ -	$ -
Interest rate swaps	26,594	-	-	26,594
	$ 37,646	$ 11,052	$ -	$ 26,594

While there were no changes in the fair value methodologies used at September 30, 2012 and 2011, certain securities were reclassified from Level 1 to Level 2 to better reflect the inputs used to determine fair value

Changes in the Level 3 assets measured at fair value on a recurring basis are summarized as follows

	2012	2011
Balance, October 1	$ 35,451	$ 37,659
Investments acquired upon sole sponsorship of Affinity	1,112	-
Investment return, change in net unrealized gains and losses and other	5,982	(746)
Distributions	(1,495)	(1,462)
Balance, September 30	$ 41,050	$ 35,451

Changes in the Level 3 liabilities measured at fair value on a recurring basis are summarized as follows

	2012	2011
Balance, October 1	$ 26,594	$ 18,435
Receipts under swap agreements	4,071	4,466
Payments under swap agreements	(3,591)	(3,884)
Net change in fair value of swap agreements included in excess of revenue over expenses	(1,337)	7,577
Balance, September 30	$ 25,737	$ 26,594

The following tables disclose the fair value and redemption frequency for those assets whose fair value is estimated using the net asset value per share as of September 30, 2012 and 2011

	2012			
	Fair Value Estimated Using Net Asset Value Per Share			
	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Period
Common trust funds				
U S Equity Fund (A)	$ 216,448	$ -	Daily	3 days
International Equity Fund (B)	42,711	-	Semi-monthly	3 days
Bond Index Funds (C)	24,577	-	Daily	3 days
Other investments				
Permal Private Equity (D)	368	53	—	Paid at maturity
Paradigm Equities (E)	89	-	Liquidating	Liquidating
Hatteras (F)	498	-	Quarterly	65 days
	$ 284,691	$ 53		

	2011			
	Fair Value Estimated Using Net Asset Value Per Share			
	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Period
Common trust funds				
U S Equity Fund (A)	$ 164,039	$ -	Daily	3 days
International Equity Fund (B)	37,126	-	Semi-monthly	3 days
Bond Index Funds (C)	47,989	-	Daily	3 days
	$ 249,154	$ -		

(A) The objective of the fund is to provide broad exposure to the U S equity market The fund seeks to approximate, as closely as practicable, before expenses, the performance of the Russell 3000 Index over the long term The fund implements a screen of certain social or environmental criteria Accordingly, the fund's risk characteristics will vary from those of the Index

(B) The objective of the fund is to provide broad exposure to global equity markets The fund seeks to approximate, as closely as practicable, before expenses, the performance of the MSCI EAFE Index over the long term The fund implements a screen of certain social or environmental criteria Accordingly, the fund's risk characteristics will vary from those of the Index

(C) The objective of the funds is to provide broad exposure to the government bond market The funds seek to approximate, as closely as practicable, before expenses, the performance of the Barclays Capital U S ABS Index, the Barclays Capital U S Intermediate and Long Government Bond Index, the Barclays Capital U S Credit Bond and the Barclays Capital U S MBS Index The funds implement a screen of certain social or environmental criteria Accordingly, the funds' risk characteristics will vary from those of the Indices

(D) Permal Private Equity Opportunity includes investments in other private equity funds The fair values of the investments in this fund have been estimated using the net asset value per share of the investments This fund cannot be redeemed until the fund matures which is 10 years plus an optional 2 years, at which time it will be liquidated

(E) Paradigm Equities includes investments in other hedge funds The fair values of the investments in this fund have been estimated using the net asset value per share of the investments This fund is currently being redeemed It is unknown at this time when the fund will be fully liquidated

(F) Hatteras includes investments in other alternative investment funds including hedge funds and private equity funds The fair values of the investment in this fund have been estimated using the net asset value per share of the investment

Except as otherwise noted, the carrying amounts reported in the consolidated balance sheets of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, and estimated amounts due to third-party payors approximate fair value The fair value of debt is disclosed in Note 6 and the fair values of interest rate swaps are disclosed in Note 7

4. ASSETS LIMITED AS TO USE

Assets limited as to use at September 30, 2012 and 2011 were comprised of the following

	2012	2011
Assets designated by board and/or management	$ 709,440	$ 555,636
Assets with trustee	74,488	77,786
Temporarily restricted by donors for specified purposes	15,709	9,597
Beneficial interest in trust	40,021	35,451
Permanently restricted	8,543	102
Total	$ 848,201	$ 678,572

Howard Young Medical Center, Inc is the sole beneficiary of the Howard Young Medical Center Trust ("Trust") The corpus of the Trust is permanently restricted Realized and unrealized gains on investments are retained in the Trust corpus Interest and dividend income earned on Trust investments has been and shall be received in perpetuity at least annually for use in operations by Howard Young Medical Center, Inc The assets of this trust are measured at the fair value of the related investments The Trust assets were $40,021 and $35,451 at September 30, 2012 and 2011, respectively

As of September 30, 2012 and 2011, Ministry's assets limited as to use consisted of the following

	2012	2011
Cash and cash equivalents	$ 95,288	$ 83,418
U S government and agency securities	315,500	223,631
Corporate bonds and asset backed securities	9,424	1,778
Tax-exempt variable rate demand bonds	-	14,985
Mutual funds	102,165	59,318
Common trust funds	283,736	249,154
Long-term certificates of deposit	1,038	-
Other	1,029	-
Securities pledged under securities loan agreement-commercial paper	-	10,837
Beneficial interest in trust	40,021	35,451
Total	$ 848,201	$ 678,572

At September 30, 2012 the unrealized losses and related fair value of the investments for which fair value is less than cost, summarized by security type, were as follows

	Less Than 12 months		12 Months or Greater		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U S government and agency securities	$ 2,094	$ (12)	$ 28,415	$ (687)	$ 30,509	$ (699)
Corporate bonds and asset backed securities	1,091	(51)	968	(91)	2,059	(142)
Common and preferred stocks	926	(96)	923	(220)	1,849	(316)
Mutual funds	506	(10)	9,003	(233)	9,509	(243)
Total	$ 4,617	$ (169)	$ 39,309	$ (1,231)	$ 43,926	$ (1,400)

At September 30, 2011, the unrealized losses and related fair value of the investments for which fair value is less than cost, summarized by security type, were as follows

	Less Than 12 months		12 Months or Greater		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U S government and agency securities	$ 3,023	$ (3)	$ 11,209	$ (555)	$ 14,232	$ (558)
Corporate bonds and asset backed securities	755	(93)	512	(30)	1,267	(123)
Mutual funds	31,878	(637)	2,632	(315)	34,510	(952)
Total	$ 35,656	$ (733)	$ 14,353	$ (900)	$ 50,009	$ (1,633)

There were no other-than-temporary impairment losses in 2012 Ministry recorded $14,510 of losses deemed other than temporarily impaired in 2011, which is included in non-operating gains (losses) - net Management does not believe there are any other material amounts of investments that are other than temporarily impaired

Ministry has a security lending arrangement with a financial institution whereby certain of Ministry's marketable securities are loaned to designated counterparties (borrowers) in exchange for cash collateral Such arrangements involve risk of loss arising from the potential non-performance of the borrowers The minimum collateral required is 102 percent of the market value of the securities on loan at the time of initiating the loan On a daily basis, securities on loan are marked to market and collateral levels are adjusted, if collateral falls below 100 percent of the loan, to maintain a collateralization level of 100 percent of the loan A third-party agent holds collateral in custody The market value of the loaned securities was $10,837 at September 30, 2011 In exchange for loaned securities, Ministry received cash collateral of $11,052 at September 30, 2011 The investments purchased with the cash collateral are shown as both an asset and liability of Ministry and are included in assets limited as to use and long-term liabilities in the accompanying consolidated balance sheets There were no securities loaned as of September 30, 2012

The composition of investment returns on assets limited as to use for the years ended September 30, 2012 and 2011 was as follows

	2012	2011
Interest and dividend income	$ 17,506	$ 17,239
Net realized gains on sales of investments	5,015	614
Impairment losses recognized	-	(14,510)
Change in net unrealized gains and losses on investments	54,375	5,537
Total investment returns	$ 76,896	$ 8,880

Investment returns are included in the accompanying consolidated statements of operations and the consolidated statements of changes in total net assets for the years ended September 30, 2012 and 2011 were as follows

	2012	2011
Non-operating gains (losses) - net	$ 22,521	$ 3,343
Change in net unrealized gains and losses on investments	54,375	5,537
Total investment returns	$ 76,896	$ 8,880

5. PROPERTY AND EQUIPMENT

A summary of property and equipment at September 30, 2012 and 2011 is as follows

	2012	2011
Land	$ 29,907	$ 22,469
Land improvements	18,127	13,718
Buildings and fixed equipment	942,750	708,387
Movable equipment	603,632	450,367
Construction in progress	62,580	22,194
	1,656,996	1,217,135
Less accumulated depreciation	989,506	731,722
Property and equipment - net	$ 667,490	$ 485,413

Ministry has various hospital and clinic construction projects which will be completed at various times over the next year In addition, construction in progress includes costs related to an electronic health record system being implemented over multiple years It is anticipated the projects will be funded with assets limited as to use

6. LONG-TERM DEBT

A summary of long-term debt at September 30, 2012 and 2011 is as follows

	2012	2011
Hospital facility revenue bonds — Ministry Restricted Group		
Series 1993A — Principal maturities due annually through 2022 at an interest rate of 6 1%	$ 25,890	$ 25,890
Series 1997A — Principal maturities due annually through 2026 at interest rates from 5 6% to 5 9%	49,890	50,905
Series 2002A — Principal maturities due annually through 2032 at interest rates from 5 0% to 5 5%	-	152,280
Series 2004 — Principal maturities due annually through 2034 at interest rates from 4 0% to 5 0%	113,100	114,430
Series 2009		
Series A — Principal maturities due annually through 2029, and interest rates are reset at various intervals (effective rates of 1 1% and 1 9% for 2012 and 2011, respectively)	76,930	81,640
Series B — Principal maturities due annually through 2022, and interest rates are reset weekly (effective rate of 0 4% for 2012 and 2011)	12,225	15,585
Series 2010		
Series A — Principal maturities due annually through 2023 at interest rates from 2 0% to 5 0%	50,370	50,670
Series B — Principal maturities due annually through 2035 at interest rates from 3 5% to 5 3%	60,000	60,000
Series C — Principal maturities due annually through 2036, and interest rates are reset weekly (effective rate of 0 4% for 2012 and 0 2% for 2011)	20,000	20,000
Series 2012		
Series A — Principal maturities due annually through 2029 at a fixed interest rate	60,000	-
Series B — Principal maturities due annually through 2029 at a variable interest rate based on a percentage of LIBOR plus a fixed percentage	60,000	-
Series C — Principal maturities due annually through 2029 at interest rates from 2 5% to 5 0%	144,790	-
Hospital facility revenue bonds — Howard Young Medical Center		
Series 1998 — Principal maturities due annually through 2028 at interest rates from 5 0% to 5 1%	-	14,860
Series 2000 — Eagle River Hospital - Principal maturities due annually through 2030 at interest rates from 5 8% to 5 9%	-	9,475
Series 2012 — Howard Young Health Care, Inc - Principal maturities due annually through 2030 at interest rates from 2 5% to 5 0%	21,372	-
Other	15,460	15,304
Total long-term debt	$ 710,027	$ 611,039

(Continued)

	2012	2011
Total long-term debt	$ 710,027	$ 611,039
Less		
Current installments	18,547	14,934
Long-term debt being remarketed	30,595	32,225
Unamortized bond discount/premium	(8,239)	3,075
Long-term debt - less current installments, debt being remarketed, and unamortized bond discount/premium	$ 669,124	$ 560,805

Ministry and certain of the solely sponsored hospitals have formed a restricted group ("Restricted Group") under a master trust indenture ("Indenture") The related revenue bonds have been issued by the Wisconsin Health and Educational Facilities Authority on behalf of the Restricted Group

Pursuant to the Indenture, the Restricted Group participating hospitals have executed contribution agreements with Ministry and have pledged their accounts receivable as security for the bonds Those agreements provide that, in the event they receive written direction from Ministry to do so, the Restricted Group hospitals will transfer to Ministry, by loan or contribution, such of their revenue and assets as necessary to enable Ministry to make debt service payments on the bonds issued under the Indenture and to comply with the Indenture's other provisions

The Indenture contains various covenants and restrictions including provisions limiting the amount of additional liens and indebtedness which may be incurred and requirements for maintenance of certain financial ratios by the Restricted Group

Effective February 8, 2012, $60,000 of Series 2012 A Bonds and $60,000 of Series 2012B Bonds were issued related to the Affinity sole sponsorship Effective May 1, 2012, $144,790 of Series 2012C Bonds were issued to refund Series 2002 Bonds The loss incurred as a result of the refunding of the Series 2002A Bonds was $6,853, which includes the write-off of the unamortized bond discount, payment of a call premium, and the write-off of deferred financing fees The loss was recorded in non-operating gains (losses) - net in the consolidated statement of operations

The Series 2010C Bonds are repriced and can be put back to Ministry on a weekly basis by the bondholders In the event the Series 2010C Bonds cannot be remarketed, Ministry is obligated to repay the bonds Therefore these bonds are classified as long-term debt being remarketed on the balance sheet The 2010C Bonds have been successfully remarketed since issuance

The Series 2009A Bonds can be put back to Ministry at various future dates, ranging from one week to two months, as determined by the respective mode of each tranche The Series 2009A Bonds are supported by a letter of credit which expires on April 30, 2016 In the event the Series 2009A Bonds cannot be remarketed, the letter of credit will be drawn upon and Ministry will owe that amount, over a 5 year period, to the letter of credit bank There have been no draws upon the letter of credit The Series 2009B Bonds are repriced and can be put back to Ministry on a weekly basis by the bondholders In the event the Series 2009B Bonds cannot be remarketed, Ministry is obligated to repay the bonds Therefore these bonds are classified as long-term debt being remarketed on the balance sheet The Series 2009B Bonds have been successfully remarketed since issuance

The Howard Young Health Care, Inc ("Howard Young") bonds are collateralized by substantially all revenue of the issuing entities and by a mortgage on certain assets In addition, the loan documents contain various covenants and restrictions including the maintenance of certain financial ratios During 2012, the Series 1998 and Series 2000 Bonds were refunded with the issuance of Series 2012 Bonds The loss incurred as a result of the refunding was $1,031, which includes the write-off of the unamortized bond discount, payment of a call premium, and the write-off of deferred financing fees The loss was recorded in non-operating gains (losses) - net in the consolidated statement of operations

Assuming the Series 2009 A Bond letters of credit are renewed under similar terms and that the applicable bonds are not successfully remarketed, aggregate scheduled principal payments and sinking fund deposits on long-term debt are as follows

2013 - Current portion	$ 18,547
2013 - Debt being remarketed	30,595
2014	18,107
2015	18,783
2016	19,059
2017	19,908
Thereafter	585,028
Total	$ 710,027

The estimated fair value of long-term debt, based on discounted cash flows at estimated current borrowing rates, was approximately $748,000 and $622,000 at September 30, 2012 and 2011, respectively

7. SWAP AGREEMENTS

Ministry maintains interest-rate risk management and cost of capital reduction strategies that use swap derivative instruments to minimize significant, unanticipated earnings fluctuations caused by interest-rate volatility Ministry's specific goal is to lower the cost of its borrowed funds or increase the return on financial assets Additional information regarding Ministry's risk-management strategy relative to swap agreements is included in Note 2 to the financial statements

Ministry has a fixed payer swap, for which it pays a fixed rate and receives a variable rate, in the notional amount of $75,100 which expires on August 1, 2029 Ministry has a basis swap, for which it pays a tax-exempt variable rate and receives a percentage of a taxable variable rate, to hedge against rising interest costs on Ministry's variable rate debt As of September 30, 2012 and 2011, the basis swap has a notional amount of $120,000 which expires on February 17, 2028 Finally, Ministry has interest rate swap agreements in place which effectively convert the interest payments on $75,780 of Series 1993 and Series 1997 Bonds from fixed rates to variable rates during the terms of the swaps These swaps expire at various dates through February 15, 2015

The net fair value of the swap agreements of $25,737 and $26,594 at September 30, 2012 and 2011, respectively, has been reflected as a long-term liability in the accompanying consolidated balance sheets with the offsetting valuation change impact included in non-operating gains (losses) - net Ministry received net swap payments of $480 and $582 during the years ended September 30, 2012 and 2011, respectively, which are recorded in non-operating gains (losses) - net in the accompanying consolidated statements of operations

Ministry's swap agreements contain various collateralization provisions, affecting both Ministry and the swap counterparty, with collateral posting levels which are dependent on the magnitude of the value of the swaps and the credit ratings of the parties At September 30, 2012, Ministry had posted $25,145 as collateral pursuant to the fixed payer swap, which is included in assets limited as to use in the consolidated balance sheet

8. LEASES AND COMMITMENTS

Ministry leases office space and equipment from third-parties under noncancelable operating leases which expire at various dates during the next five years Total rent expense for operating leases during 2012 and 2011, including rents renewable annually, was $14,382 and $7,504, respectively Future minimum lease payments are as follows

2013	$ 9,465
2014	6,920
2015	4,109
2016	2,310
2017	1,402
Thereafter	2,366
Total	$ 26,572

Ministry leases offices under operating leases primarily to physicians and the DTC Rentals received are recorded as other operating revenue when incurred Future minimum rentals to be received under these agreements are as follows

2013	$ 2,494
2014	2,182
2015	1,867
2016	1,380
2017	1,339
Thereafter	7,287
Total	$ 16,549

Ministry leases an ancillary services facility under a direct financing lease to the DTC At September 30, 2012 and 2011, Ministry had $22,940 and $24,196, respectively, of leases receivable under this agreement The future minimum lease payments to be received for each of the next five years are $2,400 per year and total $31,024 over the term of the agreement as of September 30, 2012

Ministry has entered into various physician employment contracts which include noncancelable commitments as of September 30, 2012, payable as follows $8,598 in 2013, $2,978 in 2014, and $232 in 2015 The physician employment contracts generally include performance expectations which management believes will result in revenue production to help fund these commitments

Ministry's clinics have various physician employment agreements which are production based All amounts due under these agreements have been paid or accrued as of September 30, 2012 and 2011

At September 30, 2012, Ministry had commitments of $32,164 related to construction and information technology projects

Ministry is subject to various legal proceedings and claims that are incidental to its normal business activities In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the consolidated financial position or results of operations of Ministry

Under the regulations and statutes of the Wisconsin Office of the Commissioner of Insurance (OCI), NHP is required to maintain surplus reserves, or total minimum net assets, determined as a percentage of subscriber premiums The compulsory surplus requirement for NHP is approximately $10,727 at September 30, 2012 In certain cases, the OCI also requires organizations to maintain an additional security surplus reserve that, if required of NHP, would be approximately an additional $3,004 at September 30, 2012 Management believes NHP's net asset balance at September 30, 2012, determined in accordance with accounting practices prescribed by the OCI, is sufficient to meet the compulsory and security reserve requirements.

NHP has reinsurance agreements with an unaffiliated insurance company that limit NHP's losses on individual claims Under terms of these agreements prior to January 1, 2009, the insurance company reimburses NHP for a percentage of eligible inpatient hospital and medical costs and an additional umbrella policy for catastrophic coverage in excess of a deductible, up to a lifetime limit of $5,000,000 per member As of January 1, 2009, NHP entered into a new reinsurance agreement, under which the insurance company reimburses NHP for a percentage of all eligible service costs in excess of a deductible, up to a $5,000,000 lifetime limit Union groups with contracts that have no lifetime limit are grandfathered in with no limits

9. NET PATIENT SERVICE REVENUE

A summary of gross and net patient service revenue for the years ended September 30, 2012 and 2011 is as follows

	2012	2011
Gross patient service revenue		
Inpatient		
Routine services	$ 305,951	$ 336,195
Ancillary services	772,296	670,450
Outpatient	1,329,710	1,102,639
Total gross patient service revenue	2,407,957	2,109,284
Less provisions for contractual adjustments under third-party reimbursement programs and charity care	1,167,844	995,182
Net patient service revenue	$ 1,240,113	$ 1,114,102

Certain inpatient acute and hospital outpatient and home health services rendered to Medicare beneficiaries are paid at prospectively determined rates These rates vary according to patient classification systems that are based on clinical, diagnostic and other factors Certain of the hospitals which meet Medicare guidelines as critical access or sole community hospitals, as well as certain inpatient non-acute services and medical education costs related to Medicare beneficiaries, are paid based upon cost reimbursement methods For cost reimbursed methods, the hospitals are reimbursed at tentative rates with final settlement determined after submission of annual cost reports and audits by the Medicare fiscal intermediary Clinics are reimbursed based on federally established fee schedules for Medicare patients

Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed primarily based upon prospectively determined rates

The percentage of net patient service revenue applicable to services provided to Medicare and Medicaid patients was approximately 45 percent in 2012 and 2011

During the years ended September 30, 2012 and 2011, the State of Wisconsin enacted a hospital assessment under which hospitals were assessed a percentage of their revenues In turn, the State of Wisconsin revised the level of Medicaid reimbursement to those hospitals, improving Medicaid reimbursement for most hospitals Ministry's assessment for the years ended September 30, 2012 and 2011, including its proportional interest in the Affinity hospitals, of $23,833 and $25,230, respectively, is included in other expenses in the accompanying consolidated statements of operations Ministry management estimates that $38,582 and $46,412 of additional Medicaid reimbursement, including its proportional interest in the Affinity hospitals, was received during the years ended September 30, 2012 and 2011, respectively

Ministry has entered into reimbursement agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations The basis for reimbursement to the Corporation under these agreements is primarily based on discounts from established charges

The health care industry is subject to numerous laws and regulations of federal, state and local governments Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as unknown and unasserted regulatory actions Over the last number of years, federal government activity has increased with respect to investigations and allegations concerning possible violations of regulations which could result in the imposition of fines and penalties, as well as repayments of previously billed and collected revenue from patient services Management believes that Ministry is in substantial compliance with current laws and regulations which may have a material effect on Ministry's financial position or results of operations

The Centers for Medicare & Medicaid Services (CMS) implemented a project using recovery audit contractors (RACs) as part of CMS's further efforts to assure accurate payments The project uses the RACs to search for potentially inaccurate Medicare payments that may have been made to health care providers and that were not detected through existing CMS program integrity efforts Once a RAC identifies a claim it believes is inaccurate, it makes a deduction from or addition to the provider's Medicare reimbursement in an amount estimated to equal the overpayment or underpayment Ministry will deduct from revenue amounts assessed under the RAC audits at the time a notice is received until such time that estimates of net amounts due can be reasonably estimated Ministry does not anticipate incurring significant RAC assessments, however, the outcomes of such assessments are unknown and cannot be reasonably estimated

The Health Information Technology for Economic and Clinic Health (HITECH) portion of the American Recovery and Reinvestment Act of 2009 includes incentives through Medicare and Medicaid reimbursement systems to foster electronic health record (EHR) adoption In order to be eligible for EHR incentive funding, eligible hospitals and professionals must use a certified EHR system, report quality measures, and achieve "meaningful use," as defined by HITECH During 2012, Ministry participated in the program and recognized revenue of $4,894 in meaningful use incentive payments from Medicare and $7,154 in payments from Medicaid, which have been reflected as other operating revenue for the year ended September 30, 2012 Incentive payments are subject to retrospective adjustments and audit Additionally, compliance with the meaningful use criteria is subject to audit by the federal government

10. MEDICAL CLAIMS

Total medical claims expense includes payments made by NHP and NHIC to outside healthcare providers during the year and amounts payable at the end of the year The amount payable at the end of the year includes management's estimate of claims incurred but not reported based on actuarially developed estimates utilizing statistics developed from prior claim payment experience and other factors affecting future payments To the extent that actual expenses received subsequent to the end of the prior year differ from the estimate, the difference is recorded in the year such claims are reported to Ministry

Claims and aggregate health claim reserve activity related to outside providers for the plan during 2012 are as follows

	2012
Balance as of February 8, 2012	$ 70,505
Incurred related to	
Period of February 8 to September 30, 2012	355,843
Prior periods	(727)
Total medical claims incurred	355,116
Paid related to	
Period of February 8 to September 30, 2012	271,509
Prior periods	69,777
Total medical claims paid	341,286
Balance at end of year	$ 84,335

The foregoing table indicates a $727 redundancy in the February 8, 2012 claims reserves due to lower than anticipated medical claims Included in medical claims liability and medical claims expense at September 30, 2012 is $84,335 for estimates of costs of services provided through such dates but not reported to NHP and NHIC by the outside providers

11. CONCENTRATIONS OF CREDIT RISK

Ministry grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements This mix of gross receivables from patients and third-party payors at September 30, 2012 and 2011 was as follows

	2012	2011
Medicare	38%	36%
Medicaid	13	13
Other third-party payors	31	34
Self pay	18	17
Total	100%	100%

12. COMMUNITY AND PARTIALLY REIMBURSED CARE

Ministry's hospitals and clinics have policies of providing health care services, without charge or at amounts less than established rates, to those unable to pay a portion of their charges and who meet certain eligibility criteria established in community care policies ("Community Care") Because collection of amounts determined to qualify as Community Care is not pursued, they are not reported as revenue

Ministry's hospitals and clinics are providers under the Title XIX Wisconsin and Minnesota Medical Assistance ("Medicaid") and Wisconsin County General Relief ("County") programs Under these programs, the hospitals and clinics are legally bound to accept the amount determined by the state or county as payment in full for each patient's charges Accordingly, services provided under the Medicaid and County programs are reported as gross patient service revenue (Note 9) Ministry's hospitals and clinics maintain records and monitor the level of unreimbursed and partially reimbursed care they provide Ministry determines the costs associated with providing such charity care by aggregating the direct and indirect costs of providing care including salaries, wages, benefits, supplies and other expenses estimated as a ratio of total charges The cost of charity and partially reimbursed care for the years ended September 30, 2012 and 2011 are summarized as follows

	2012	2011
Costs of services provided		
Community care	$ 18,146	$ 15,155
Medicaid unreimbursed	67,967	47,798
Total	$ 86,113	$ 62,953

Certain Ministry hospitals financially support projects endorsed by the Ministry Fund The Ministry Fund is a management designation of assets to improve the health and provide services to disadvantaged area residents Monies are maintained at the local hospitals and expended for various specific charitable projects designed to serve their communities Ministry's hospitals have expensed $218 and $233 in 2012 and 2011, respectively, as support for these projects Operating expenses include costs incurred by the hospitals to implement the projects

Ministry's hospitals also support a variety of activities through Marian Ministry contributed $773 and $752 in 2012 and 2011, respectively, to Marian to support its activities, including other similar charitable activities

In summary, Ministry's Community Care activities for the years ended September 30, 2012 and 2011 were as follows

	2012	2011
Community care	$ 18,146	$ 15,155
Contributions for		
Ministry Fund	218	233
Marian Health System	773	752
Total	$ 19,137	$ 16,140

Ministry also provides a variety of additional community benefits including community education programs, counseling, clinics, medical education and research and other cash and in-kind contributions for the benefit of the local or broader communities Expenses related to these community benefit activities and the unreimbursed cost of care activities for Medicaid enrollees totaled $110,736 and $65,050 for the years ended September 30, 2012 and 2011, respectively

13. INCOME TAXES

NHP and NHIC are for-profit entities and are required to file federal tax returns

Income tax payable consists of the following components

	2012
Federal income taxes	$ 583
State income taxes	271
Income tax payable	$ 854

NHP paid approximately $4,991 in estimated federal taxes during 2012 The income tax payable at September 30, 2012 of $854 is recorded in accrued expenses and other liabilities in the combined balance sheets For federal tax purposes, NHP files consolidated tax returns with NHIC

Deferred taxes result from the effect of transactions that are recognized in different periods for financial and tax reporting purposes The deferred taxes relate primarily to a portion of the provision for estimated incurred but not reported claims, accruals, and depreciation on property and equipment, and results in a net deferred tax liability of $68 at September 30, 2012

The net deferred tax liability at September 30 is comprised of the following components

	2012
Gross deferred tax assets	$ 2,078
Gross deferred tax liabilities	(2,146)
Net deferred tax liability	$ (68)

The deferred tax liability is included in other current assets in the accompanying consolidated balance sheets

The income tax provision consists of the following major components included in non-operating gains (losses), net

	2012
Current income tax expense	$ 4,144
Deferred income tax expense	1,976
	$ 6,120

NHP's income tax expense differs from the amount obtained by applying the federal statutory rate of 35 percent to income before income taxes as follows

	2012
Income tax expense at statutory rate of 35%	$ 5,295
State income tax, net of federal rate	1,195
Other, including change in accrual	(370)
Total income tax expense	$ 6,120

As of September 30, 2012, there are no operating losses or tax credit carry forwards available for federal or state tax purposes

Ministry files income tax returns in the U S federal jurisdiction and various states With few exceptions, Ministry is no longer subject to income tax examinations by the U S federal, state or local tax authorities for years before 2008

14. PENSION PLANS

Ministry and certain solely sponsored hospital affiliates participate in a pension plan sponsored by Marian The Marian Health System Employee Retirement Plan ("Plan") is a multi-employer plan which provides defined benefits to employees of participating hospital affiliates, along with employees of other Marian and SSM related participating employers, who began employment prior to January 1, 2006 Ministry and the participating employers' employees become participants in the Plan upon the attainment of age 21 and the completion of 1,000 hours of service Benefits under the Plan are based on employee years of credited service and compensation, as defined, paid either in lump sum or annuity form Contributions to the Plan, which are also the amounts expensed in the financial statements, are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future Upon termination of the Plan or withdrawal of a participating employer, if assets in the participating employer's are insufficient to pay all liabilities with respect to its participants, an assessment will be made on the accounts of the other participating employers Plan information is not publically available

Ministry's and its participating employers' proportional share of the Plan's assets and obligations and assumptions based on an actuarial valuation as of September 30, 2012 and 2011 were as follows

	(Unaudited)	
	2012	2011
Plan assets at fair value	$ 264,418	$ 229,911
Present value of benefit obligation (includes effect of future compensation increases)	271,485	256,515
Plan assets less than present value of benefit obligation	$ (7,067)	$ (26,604)
Accumulated benefit obligation (excludes effect of future compensation increases)	$ 239,489	$ 224,798
Assumptions used in actuarial valuation		
Discount rate	8 0 %	8 0 %
Expected return on plan assets	8 0 %	8 0 %

Ministry's proportionate share of the fair value of the plan assets represents 62 percent of total assets held Because this is a multi-employer plan, all assets are available to pay benefits to all participants regardless of which participating employer contributed to them, and therefore no assets or liabilities of the plan are actually segregated However, the employers in the Plan have a historical practice of funding their own liabilities Ministry and the other participating employers have not accrued for the underfunded projected benefit obligation of the Plan However, on an accumulated benefit obligation basis, Ministry employers are fully funded Additionally, the Plan's financial statements for the years ended September 30, 2012 and 2011 indicate that the Plan is over 80 percent funded

Ministry's contributions are 47 percent of the total fiscal year contributions to the plan Ministry's pension expense and contributions and benefits paid for the years ended September 30, 2012 and 2011 were as follows

	2012	2011
Pension expense and contributions	$ 10,917	$ 10,074
Benefits paid (unaudited)	16,374	13,734

The same employers also sponsor a tax sheltered annuity retirement plan, which entails employer matching of 50 percent of employee contributions, up to a defined limit Ministry's expense relating to employer matching for that plan was $5,497 and $5,210 for the years ended September 30, 2012 and 2011, respectively

Certain other affiliates, along with Ministry and the participating employers, also participate in various other pension plans and supplemental compensation plans which are primarily defined contribution plans Expense under these plans amounted to $19,384 and $13,288 for the years ended September 30, 2012 and 2011, respectively

Affinity sponsors the Affinity Health System, Inc Retirement Plan (the Affinity Plan) and a related trust to provide defined retirement benefits for employees of Affinity with the exception of CMC Employees become participants in the Affinity Plan upon the attainment of age 21 and the completion of 1,000 hours of service Benefits under the Affinity Plan are based on the employee's years of credited service and covered compensation, as defined Contributions to the Affinity Plan are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future

Data and assumptions relative to the Affinity Plan as of and for the period from February 8, 2012 to September 30, 2012 are as follows

	2012
Actuarial present value of benefit obligations	
Accumulated benefit obligation	$ 209,833
Change in projected benefit obligation	
Projected benefit obligation at February 8, 2012	$ 202,560
Service cost	5,970
Interest cost	7,094
Actuarial loss	17,037
Benefits and expenses paid	(6,266)
Projected benefit obligation at end of year	226,395
Change in plan assets	
Fair value of plan assets at February 8, 2012	147,455
Actual return on plan assets	9,547
Employer contributions	10,353
Benefits and expenses paid	(6,266)
Fair value of plan assets at end of year	161,089
Funded status	$ (65,306)
Amounts not yet reflected in net periodic pension cost and included as an accumulated debit to unrestricted net assets	
Accumulated loss	$ (14,391)
Net pension liability consists of the following	
Noncurrent pension liability included in long-term liabilities	$ 65,305

	2012
Components of net periodic pension cost	
Service cost	$ 5,970
Interest cost on projected benefit obligation	7,093
Expected return on plan assets	(6,902)
Net periodic pension cost	$ 6,161
Assumptions used	
Discount rate to determine projected benefit obligation	
Active grandfathered lump-sum benefit	8 00%
All other liabilities	3 58
Discount rate to determine net periodic pension cost	
Active grandfathered lump-sum benefit	8 00
All other liabilities	4 44
Rate of increase in compensation levels	
Age 25 – 34	5 43
Age 35 – 44	4 76
Age 45 – 54	4 01
Age 55 – 64	3 18
Age 65 and older	2 27
Expected long-term rate of return on plan assets	7 00%

The discount rates reflect the best estimate of the value of the plan because the liabilities are valued using current market rates through the use of the Mercer Yield Curve, except for the portion of actively-employed grandfathered participants' benefits that are assumed to be paid as a lump sum, which is valued at the plan's conversion rate of 8 percent Currently 70 percent of benefits are assumed to be paid as a lump sum The long-term rate of return on assets reflects historical returns and future expectations for returns in each asset class, as well as targeted asset allocation percentages within the pension portfolio Affinity's investment strategy is of a long-term nature and is intended to ensure that funds are available to pay benefits as they become due and to maximize the trust's total return at an appropriate level of investment risk

The target investment policy is 65 percent equity securities and 35 percent fixed income securities The asset allocation of the pension plan at September 30 is as follows

	2012
Domestic equity securities	48%
International equity securities	11
U S government obligations	19
Corporate debt obligations	17
Money market fund	5
Total	100%

The contributions for the Affinity Plan for the year ending September 30, 2013 are estimated to be $13,478 The benefits expected to be paid in each year from 2013 through 2017 are $10,148, $11,476 $11,547, $12,233 and $12,897, respectively The aggregate benefits expected to be paid in the five years from 2017 through 2021 are $68,730

The following table presents the Affinity Plan's fair value hierarchy for those assets measured at fair value on a recurring basis as of September 30, 2012

	2012			
	Total	Level 1	Level 2	Level 3
Investments				
Cash and cash equivalents	$ 10,725	$ 10,725	$ -	$ -
U S government and agency securities	22,842	-	22,842	-
Corporate bonds	21,214	-	21,214	-
Foreign bonds	3,400	-	3,400	-
Municipal bonds	1,854	-	1,854	-
Domestic common stocks	56,911	56,911	-	-
Foreign stocks	18,112	18,112	-	-
UBS – U S Small Cap Equity Fund	26,031	-	26,031	-
Total	$ 161,089	$ 85,748	$ 75,341	$ -

See Note 3 for descriptions of the fair value hierarchy and the fair value determination methods for different classes of investments

15. FOUNDATIONS

Various foundations ("Foundations") solicit and hold certain funds on behalf of Ministry's respective hospitals The purposes of the Foundations are to receive and maintain funds for charitable, religious, scientific, literary and educational purposes on behalf of the hospitals and other tax-exempt organizations The accompanying consolidated financial statements include the assets, liabilities and results of operations for certain of the Foundations

Pledges receivable over one year are discounted at 3 percent Pledges receivable at September 30, 2012, consisted of the following

Amounts receivable	
In less than one year	$ 874
In one to five years	2,171
Thereafter	1,254
Less — discount	(400)
Less — allowance for uncollectible pledges	(95)
Net pledges receivable	$ 3,804

Pledges receivable due in less than one year are recorded as other current assets on the consolidated balance sheets Pledges receivable due in one year or greater are recorded within investments in affiliates and other assets on the consolidated balance sheets

Certain other Foundations are not consolidated in the accompanying financial statements because the affiliates do not control those Foundations Net assets of $2,211 and $9,629, representing Ministry's beneficial interest in nonconsolidated Foundations, are included in other current assets and investments in affiliates and other assets in the accompanying consolidated balance sheets at September 30, 2012 and 2011, respectively

Ministry affiliates periodically receive transfers of funds from the Foundations not consolidated within the accompanying financial statements for capital or other needs Such transfers of funds are reported in the accompanying financial statements as contributions from these Foundations The amounts received in fiscal year 2012 prior to the Affinity acquisition were $158 and $906 for the year ended September 30, 2011

16. ENDOWMENT FUNDS

Ministry applies guidance regarding the net asset classification and disclosures for funds subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) This guidance provides a framework for disclosures about an organization's endowment funds

Ministry's endowments are held at its various affiliates' Foundations These endowments consist of several different donor-restricted endowment funds, and funds designated by the respective Foundation's boards, as endowments established for a variety of purposes consistent with the Foundations' missions Net assets associated with these endowment funds are classified and reported as unrestricted, permanently restricted or temporarily restricted based on the existence or absence of donor imposed restrictions

Ministry's management has interpreted the Wisconsin UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds, absent explicit donor stipulations to the contrary As a result of this interpretation, the Corporation has classified 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 portions of the donor-restricted endowment fund that are not classified in permanently restricted net assets are classified as temporarily restricted net assets until appropriated for expenditure by the Foundation Each Foundation Board has adopted investment and spending policies designed to earn a rate of return that will meet or exceed the sum of the distribution rate, anticipated inflation, investment fees and administrative costs

Ministry's endowment net asset composition by fund type was as follows as of September 30, 2012 and 2011

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	$ -	$ 699	$ 6,704	$ 7,403
Board-designated	3,561	-	-	3,561
Total	$ 3,561	$ 699	$ 6,704	$ 10,964

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	$ -	$ 540	$ 6,520	$ 7,060
Board-designated	3,071	-	-	3,071
Total	$ 3,071	$ 540	$ 6,520	$ 10,131

The changes in endowments by net asset class for Ministry were as follows for the years ended September 30, 2012 and 2011

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets beginning of year	$ 3,071	$ 540	$ 6,520	$ 10,131
Investment return	396	679	1	1,076
Fee allocation	(14)	(11)	-	(25)
Contributions to endowment	7	-	149	156
Reclassification/transfers/other	101	(509)	34	(374)
Endowment net assets end of year	$ 3,561	$ 699	$ 6,704	$ 10,964

	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets beginning of year	$ 2,885	$ 621	$ 6,359	$ 9,865
Investment return	30	1	-	31
Fee allocation	(15)	(10)	-	(25)
Contributions to endowment	341	1	139	481
Reclassification/transfers/other	(170)	(73)	22	(221)
Endowment net assets end of year	$ 3,071	$ 540	$ 6,520	$ 10,131

17. MALPRACTICE INSURANCE

Ministry has professional liability insurance with limits of $1,000 per claim and $3,000 in aggregate for claims made during a policy year The deductible limits for this coverage are the same as the policy limits, effectively making most of Ministry self-insured for any losses up to these limits An estimate of claims incurred but not reported is recorded within accrued liabilities Ministry's losses in excess of these amounts are generally fully covered through its mandatory participation in the Injured Patient and Families Compensation Fund ("Fund") of the State of Wisconsin Ministry also has additional professional liability insurance with an aggregate limit of $20,000 for affiliates that do not participate in the Fund Professional liability insurance expense totaled $2,132 and $2,421 for the years ended September 30, 2012 and 2011, respectively

18. AFFILIATIONS

Ministry is the sole corporate member of Howard Young Howard Young is the sole corporate member of the other Howard Young entities listed in Note 1 Ministry is also the sole corporate member of Door County Memorial Hospital, Inc ("Door County") If Ministry and Howard Young or Door County were to terminate the affiliations, their net assets as of the affiliation dates plus one-half of the increase in the net assets since the affiliation dates or the net assets as of the date of termination, whichever is less, would be distributed to a not-for-profit entity designated by the Howard Young Board of Directors or to the Door County Memorial Hospital Foundation, and such entities may not be related to Ministry

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